



Cornerstone Insurance Plc

UNAUDITED ANNUAL REPORT

31 DECEMBER 2021

Company information and statement of accounting policies

1.1 Reporting entity

Cornerstone Insurance Plc (the Company) was incorporated on 26 July 1991 as a private limited liability company and converted to a public limited liability company on 17 June 1997. The Company's principal activity continues to be the provision of risk underwriting and related financial services to its customers. Such service includes the provision of Life and Non-life insurance services for both corporate and individual customers.

The Company has three subsidiaries - Fin Insurance Company Limited, Cornerstone Takaful Nigeria Limited and Cornerstone Leasing & Investment Limited. Cornerstone Leasing and Investment Limited commenced operations on 1 July 2004 and provides convenient asset acquisition options to both corporate organisations and individuals. Fin Insurance Company Limited was incorporated in 1981 as Yankari Insurance Company Limited. The name was changed to Fin Insurance Company Limited in 2008. The main activity of the subsidiary is the provision of General Insurance business. This includes Marine Insurance, Motor Insurance, Accident Insurance, Fire Insurance and other Non-life insurance services. Cornerstone Takaful Nigeria Limited is a company incorporated in Nigeria and its primary activity is the provision of Takaful insurance business. Cornerstone Takaful Nigeria Limited commenced operation on 1 April 2020. Cornerstone Insurance Plc has 99.99% equity interest in Cornerstone Takaful Nigeria Limited.

The Company currently has authorized share capital of ₦9.25 billion divided into 18.5 billion units of ordinary shares of 50k each with a fully paid up capital of ₦9.083 billion. The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria. These consolidated financial statements comprise the financial records of Company and its subsidiaries (together referred to as "the Group").

1.2 Principal activities

The Group is engaged in various business lines ranging from property-casualty insurance, life/ health insurance and leasing. The Group's products are classified at inception, for accounting purposes, as either Insurance contracts or Investment contracts. A contract that is classified as insurance contract remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period; unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

1.3 Going concern

These consolidated and separate financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future and has no intention or need to reduce substantially its business operations. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out to ensure that there are no going concern threats to the operation of the Group.

2.1 Basis of accounting

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars. The financial statements were authorised by the Board of directors on 27 January 2022.

2.2 Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.3 Basis of measurement

These consolidated and separate financial statements have been prepared under the historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

- financial instruments at fair value through profit or loss measured at fair value.
- available-for-sale financial instruments measured at fair value
- insurance contract liabilities measured at present value of projected cash flows
- investment properties measured at fair value

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

2.5 Reporting period

The financial statements have been prepared for a 12-month period from 1 January 2021 to 31 December 2021.

3 Significant Account Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

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

3.1 Basis of Consolidation

Business combination and goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Following the licence approval for Cornerstone Takaful Nigeria Limited (CTNL) and its subsequent commencement of operations as a stand alone Company, the financial position of CNTL has been consolidated and therefore included in the Group statement of financial position as at 31 December 2021.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Non-controlling interests

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Insurance contracts

(i) Classification

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

Insurance contracts are those contracts when the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Group's insurance contract liabilities represent its liability to the policy holders. Liabilities for unpaid claims are estimated on case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate. The liability comprises reserves for unexpired risk, outstanding claims and incurred but not reported claims.

Financial guarantee contracts are recognised as insurance contracts. Liability adequacy testing is performed to ensure that the carrying amount of the liability for financial guarantee contracts is sufficient.

At the end of each accounting period, the insurance contract liability is reflected as determined by the actuarial valuation report.

The Group also insure events associated with human life (for example, death or survival) over a long duration and has short term life insurance contracts which protect the Company's policyholders from the consequences of events (such as death or disability) that would affect the ability of the insured or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured or the beneficiary.

A number of insurance and investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- That is likely to be a significant portion of the total contractual benefits.
- Whose amount or timing is contractually at the discretion of the Company; and
- That are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract
 - realised and/or unrealized investment returns on a specified pool of assets held by the Company
 - the profit or loss of the Company, fund or other entity that issues the contract.

Long-term insurance business (i.e. long-term insurance contracts with fixed and guaranteed terms, and long-term insurance contracts without fixed terms and with discretionary participation features -DPF) includes insurance business of all or any of the following classes, namely: life insurance business, superannuation business and business incidental to any such class of business. For contracts with DPF features, the actuary calculates the bonus due to the policy holders and is accounted for as part of the insurance or investment contract liabilities.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuation of human life and any contract securing the grant of an annuity for a term dependent upon human life.

(ii) Recognition and Measurement of Insurance contracts

Premium

Premium income is recognised on assumption of risks.

Gross written premiums for insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Company by insurance brokers and have been duly certified. Gross written premiums are stated gross of taxes payable and stamp duties that are payable to relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Gross premium income is gross written premiums less changes in unearned premium.

Claims

Claims incurred comprise claims and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims. Claims and claims handling expenses are charged to profit or loss as incurred.

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Adjustments to the amount of claims provisions established in prior years are accounted for prospectively in the financial statements for the period in which the adjustments are made, and disclosed separately if material.

Claims and loss adjustment expenses are recognised in statement of profit or loss when incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Salvage and subrogation reimbursement

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example salvage). The

Company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

(iii) Insurance contract liabilities

These represent the Company's liabilities to the policyholders. They comprise the unearned premium, outstanding claims and the incurred but not reported claims. At the end of each reporting period, these liabilities are reflected as determined by an actuarial valuation.

Unearned premium provision

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relate to the unexpired terms of policies in force at the end of the reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis. The change in the provision is recorded in the income statement to recognise revenue over the period of the risk.

Reserve for unexpired risk

A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

Reserve for outstanding claims

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Reserve for incurred but not reported claims (IBNR)

A provision is made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test report from the registered actuary engaged by the Group.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is recognised in profit or loss by increasing the carrying amount of the related insurance liabilities.

The Liability Adequacy Test (LAT) was carried out by a recognized firm of actuaries, O&A Hedge Actuarial Consulting (FRC/2019/0000012909)

Actuarial valuation

An actuarial valuation of the insurance contract liabilities is conducted annually to determine the liabilities on the existing policies as at the date of the valuation. Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to profit or loss. See note 48 for further details on actuarial valuation techniques, methodologies, assumptions etc.

3.3 Revenue recognition

(i) Gross premium written

Gross premium written comprises the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognized at the point of attachment of risk to a policy, gross of commission expense, and before deducting cost of reinsurance cover and unearned portion of the premium. Gross premium written and unearned premiums are measured in accordance with the policies set out in 3.2(ii) of the statement of accounting policies respectively.

(ii) Gross premium income

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

(iii) Fees and commission income

Fees and commission income consists primarily of insurance agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income are recognized as the services are provided.

(iv) Investment income on financial assets

Investment income on financial assets is composed of interest income and dividend income.

Interest income is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

(v) Realized gains and losses and unrealized gains and losses

Realized gains and losses on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

(vi) Other operating income

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income and profit on disposal of property and equipment. Rental income is recognized on an accrual basis. This also includes mudarabah income from the Takaful insurance

3.4 Expense recognition

(i) Claims expenses

Claims expenses consist of claims and claims handling expenses incurred within the reporting period, less the amount recoverable from the reinsurance companies.

(ii) Insurance claims and claims incurred

Gross claims consist benefits and claims paid/payable to policyholders, which include changes in the gross valuation of insurance contract liabilities, except for gross change in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

(iii) Underwriting expenses

Underwriting expense include acquisition costs and maintenance expense. Acquisition costs comprise direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies and clients. All underwriting expenses are charged to profit or loss as they accrue or become payable.

(iv) Management expenses

Management expenses are recognised in profit or loss when goods are received or services rendered. They are expenses other than claims, maintenance and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

3.5 Reinsurance contracts

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

Reinsurance assets and liabilities

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contracts. Reinsurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due.

Reinsurance expense

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

Prepaid reinsurance premiums

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

Insurance claims recoverable from reinsurance companies

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

3.6 Investment contracts

Investment contracts are those contracts that transfer financial risks with no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Group enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are termed investment contract liabilities and are initially measured at fair value and subsequently at amortised cost.

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

3.7 Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business which has not expired at the reporting date, are deferred by recognizing an asset. Acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

Deferred acquisition costs are amortised systematically over the life of the contracts at each reporting date.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank and call deposits and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and used by the Group to manage its short term commitments. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

3.9 Financial Instruments

Classification

The classification of the Group's financial assets depends on the nature and purpose of the financial assets and are determined at the time of initial recognition. The financial assets have been recognised in the statement of financial position and measured in accordance with their assigned classifications.

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss (FVTPL);
- held-to-maturity financial assets; and
- loans and receivables.

- available-for-sale financial assets

The Group's financial liabilities are classified as other financial liabilities. They include trade and other payables.

Initial recognition

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as fair value through profit and loss.

Subsequent Measurement

Subsequent to initial recognition, financial assets are measured either at fair value or amortised cost, depending on their categorization as follows:

Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial asset at fair value through profit or loss are measured at fair value and changes therein, including any interest expense or dividend income, are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and this prevents the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassification that are so close to maturity that changes on the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassification after the Group has collected substantially all the asset's original principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

Loans and receivables

Loans and receivables on the statement of financial position comprise trade receivables and other receivables.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

When the asset is impaired, the impairment losses are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognized in profit or loss as impairment losses.

Available-for-sale financial assets

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired where upon the cumulative gains and losses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment. As at the reporting date, the Group's investment in quoted equities are classified as available for sale financial assets except for investment in MTN Nigeria which is classified as fair value through profit or loss.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses a valuation technique that maximises the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk and managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Identification and measurement of impairment

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Group considers evidence of impairment for loans and receivables and held-to-maturity investments individually and collectively. Assets showing signs of deterioration are assessed for individual impairment. All individually significant loans and receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the carrying amount and current fair value out of equity to profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed, with the amount of the reversal recognised in profit and loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. The Group writes off certain loans and receivables when they are determined to be uncollectible.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group 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 transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On de-recognition of the financial assets, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss. The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

3.10 Trade receivables

Trade receivables comprise premium receivables. Premium receivables are those for which credit notes issued by brokers are within 30 days after the reporting date, in conformity with the “NO PREMIUM, NO COVER” NAICOM policy.

3.11 Foreign currency transactions

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date. Foreign currency differences are generally recognised in profit or loss.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3.12 Trade and other payables

Trade payables

Trade payables are recognized when due. These include amounts due to agents, reinsurers and co-assurers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

Accruals and other payables

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

3.13 Other receivables and prepayments

Other receivables principally consist of accrued income, intercompany receivable and sundry debtors. Prepayments are essentially prepaid rents, prepaid insurance and other prepaid balances. Other receivables are measured at amortised cost.

3.14 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation (including property under construction for such) or for both purposes, but not for sale in the ordinary course of business.

Recognition and measurement

Investment properties are measured initially at cost plus any directly attributable expenses.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values of the investment properties are evaluated and assessed annually by an accredited external valuer.

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period of de-recognition. The carrying amount of the asset represents the fair value of the asset as at the date of the latest valuation before disposal.

Transfers

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

3.15 Investment in joint venture

A joint venture is an arrangement in which the Group has joint control as well as rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which the joint control ceases. The Group evaluates its investment in joint venture in line with the provisions of IFRS11 - Joint Venture.

3.16 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Depreciation is calculated over their estimated useful lives at the following rates:

Land	Not depreciated
Leasehold improvements	Over the shorter of the useful life of the item or the lease period
Office equipments	4 years
Furniture and fittings	5 years
Computer equipment	4 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

De-recognition

An item of property and equipment is derecognised 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or the value in use.

3.17 Intangible assets

Computer software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition is included in profit or loss in the year the asset is derecognised.

3.18 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.19 Income and deferred tax

Current tax

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

Minimum tax

The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- 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;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and 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.

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

3.20 Statutory deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act 2003. The deposits are only available as a last resort to the Group if it goes into liquidation. Statutory deposits are measured at amortised cost.

3.21 Hypothecation of assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 such that policyholders' assets and funds are not co-mingled with shareholders'.

In particular, investment securities and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders. The assets hypothecated are shown in note 44 of the financial statements.

3.22 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.23 Employee benefits

Short-term employee benefits/Personnel expenses

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Group contributes to a defined contribution pension scheme for its employees. Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Group contribute 8% and 10% respectively of basic salary, housing, and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators in line with the Pension Reform Act 2014 and circulars of the National Pension Commission.

3.24 Earnings/loss per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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. Earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

3.25 Leases

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of office spaces and plant and machinery with shorter non-cancellable period (i.e., three to five years) where this is expressly stated in the lease contract or enforceable at law per the lease contract. The Company typically exercises its option to renew for these leases because there will be a significant negative effect on its operation if a replacement asset is not readily available. The renewal periods for leases of office spaces are not included as part of the lease term as these are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.26 Segment reporting

Operating segments are identified and reported in consonance with the internal reporting policy of the Group that are regularly reviewed by the Chief Executive who allocates resources to the segment and assesses their performance thereof.

The Group's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

- Non-life insurance
- Life insurance
- Takaful insurance
- Fin Insurance
- Leasing

3.27 Contingent liabilities and assets

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are never recognised but are disclosed in the financial statements when they arise.

3.28 Share capital and other reserves

Share capital

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.

Where any of the Group entities purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

Treasury shares

Own equity instruments which are acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Retained earnings/Accumulated losses

Retained earnings/Accumulated losses comprises undistributed profit/(loss) from previous years and the current year. Retained earnings/Accumulated losses is classified as part of equity in the statement of financial position.

Contingency reserve

The Nigerian Insurance regulations require the Group to make an annual appropriation to a statutory reserve. As stipulated by section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

AFS fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

3.29 Discontinued operation

For discontinued operations, the Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

4 Critical accounting estimates, judgement and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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.

(a) Valuation of insurance contract liabilities

Long term insurance contract liabilities

The liability for long term insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the income statement over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the income statement.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality on standard industry rates published in the UK assured lives mortality tables A67/70 which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing long term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The valuation of the long term insurance contract liabilities was done by Mr. Layemo B. Abraham (FRC/2016/NAS/00000015764) of O & A Hedge Actuarial Consultant (FRC/2019/00000012909).

Short term insurance contract liabilities

For short term insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a period of time before the ultimate claims cost can be established with certainty. An assessment is also performed to confirm if an additional reserve is required to be held if the unearned premium reserve is inadequate to cover all the future expected claims cost. Unearned premium (UPR) is assessed on a time apportioned basis.

The ultimate cost of outstanding claims is estimated by using one of the range of standard actuarial claims projection techniques - Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding 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, (for example 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.

The Liability Adequacy Test (LAT) was carried out by Mr. Layemo B. Abraham (FRC/2016/NAS/00000015764) of O & A Hedge Actuarial Consultant (FRC/2019/00000012909). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Sensitivity analysis has been included in note 48.

(b) Fair value measurement

The Group measures fair values using the following hierarchy of methods:

Level 1: Quoted market price in an active market for an identical instrument

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Valuation of land and building

On a determined basis, the Group engages the services of external, independent and qualified valuers to determine the fair value of the land and buildings depending on the measurement model adopted by the entities within the Group.

Valuation of investment properties

The Group's investment property is held for the purpose of capital appreciation and rental income generation. The Group's investment properties were revalued by an external, independent firm of estate surveyors and valuers, Orji & Partners. The name of the principal valuer is Mr. F.C Orji with FRC number (FRC/2013/NIESV/0000003947). Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40.

(c) Income taxes

Non-life business

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act as amended by the Finance Act 2020. It states that an Insurance business shall be taxed as:

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria

The profit on which tax may be imposed, shall be ascertained by taking the gross premium, interest and other income receivable in Nigeria less reinsurance expenses. The following shall also be deducted from the balance so arrived at:

- a reserve fund for unexpired risks in the financial year computed on a time apportionment basis of the risks accepted during the financial year.
- claims and outgoings provided that any amount not utilised towards settlement of claims and outgoings shall be added to the total profits of the following year.

Life Business

The profits on which tax may be imposed in an insurance company is a life insurance company, whether proprietary or mutual, other than a Nigerian company which carries on business through a permanent establishment in Nigeria shall:

- be the investment income captured for tax purposes to income derived from the investment of shareholders' fund.

The Directors have adopted current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

(d) Deferred tax assets

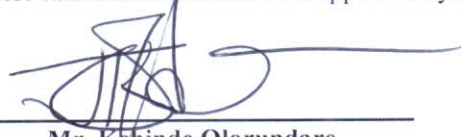
Deferred tax assets are recognised for all unused tax losses, temporary differences between carrying amounts and tax bases of assets and liabilities to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Consolidated and Separate Statements of Financial Position
As at 31 December

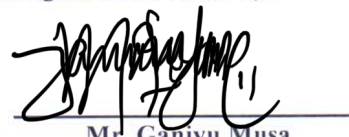
<i>In thousands of naira</i>	<i>Note</i>	Group 2021	Group 2020	Company 2021	Company 2020
Assets					
Cash and cash equivalents	6	14,406,763	11,662,703	9,720,290	8,175,263
Financial assets	7	18,492,687	18,402,727	14,329,383	14,065,366
Trade receivables	8	307,672	154,580	255,793	108,675
Other receivables and prepayments	9	966,945	612,224	962,760	789,101
Reinsurance assets	10	9,017,830	7,719,422	8,225,607	7,197,096
Deferred acquisition costs	11	865,647	567,596	720,420	466,196
Investment in joint venture	12	-	271,295	-	137,738
Deferred tax assets	23(c)	838,000	838,000	838,000	838,000
Investment in subsidiaries	13	-	-	3,620,547	3,620,847
Investment properties	14	602,000	602,000	-	-
Property and equipment	15	1,874,863	1,780,019	610,878	570,093
Intangible assets	16	12,007	17,648	3,599	13,500
Statutory deposit	17	1,200,000	1,200,000	500,000	500,000
Total Assets		48,584,414	43,828,214	39,787,277	36,481,875
Liabilities					
Investment contract liabilities	18	3,780,389	3,674,861	3,333,905	3,226,593
Insurance contract liabilities	19	19,848,436	18,746,225	17,874,540	17,203,861
Trade payables	20	2,760,333	1,619,695	2,497,221	1,403,882
Other payables and accruals	21	579,777	842,766	410,623	676,316
Deferred commission income	22	950,194	770,626	847,681	704,472
Current tax liabilities	23(b)	660,052	445,799	584,146	276,964
Employees benefit obligations	24	5,183	3,793	3,159	1,769
Total liabilities		28,584,364	26,103,764	25,551,275	23,493,856
Equity					
Share capital	25(a)	9,083,196	9,083,196	9,083,196	9,083,196
Share premium	25(b)	183,165	183,165	183,165	183,165
Treasury shares	25(c)	(67,130)	(58,440)	(67,130)	(58,440)
Retained Earnings/(Accumulated deficit)	25(d)	5,483,086	3,101,415	1,183,228	(431,800)
Contingency reserve	25(e)	4,646,890	4,017,271	3,782,975	3,305,027
Fair value reserves	25(f)	377,224	1,132,194	70,569	906,871
Shareholders' funds		19,706,430	17,458,800	14,236,002	12,988,019
Non-controlling interest	25(g)	293,620	265,650	-	-
Total equity		20,000,050	17,724,450	14,236,002	12,988,019
Total liabilities and equity		48,584,414	43,828,214	39,787,277	36,481,875

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

These financial statements were approved by the Board on 27 January 2022 and signed on its behalf by:



Mr. Kehinde Olorundare
Chief Financial Officer
FRC/2013/ICAN/00000000731



Mr. Ganiyu Musa
Group Managing Director/CEO
FRC/2013/ICAN/000000003110

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December

<i>In thousands of naira</i>	<i>Note</i>	Group 2021	Group 2020	Company 2021	Company 2020
Gross premium written	26(a)	20,922,575	17,539,219	18,288,670	15,787,124
Changes in unearned premium	26(b)	(1,428,253)	(1,820,508)	(1,282,333)	(1,576,275)
Gross premium income	26(b)	19,494,322	15,718,711	17,006,337	14,210,849
Changes in life fund	26(c)	(993,246)	(634,469)	(993,246)	(634,469)
Changes in life annuity fund	26(c)	903,803	(1,902,099)	903,803	(1,902,099)
Reinsurance expense	26(d)	(10,805,179)	(7,579,125)	(9,490,862)	(6,877,674)
Net premium income		8,599,700	5,603,018	7,426,032	4,796,607
Fees and commission income	27	2,268,892	1,617,999	1,989,041	1,447,461
Net underwriting income		10,868,592	7,221,017	9,415,073	6,244,068
Gross claims incurred	28(a)	(4,469,133)	(7,264,175)	(3,862,645)	(6,693,005)
Insurance claims recoveries from reinsurers	28(b)	1,642,642	3,308,904	1,351,635	3,201,106
Net claims expenses		(2,826,491)	(3,955,271)	(2,511,010)	(3,491,899)
Acquisition cost	29(a)	(2,069,398)	(1,709,394)	(1,645,396)	(1,447,008)
Maintenance cost	29(b)	(768,849)	(467,093)	(670,402)	(328,792)
Underwriting expenses		(2,838,247)	(2,176,487)	(2,315,798)	(1,775,800)
Underwriting results		5,203,854	1,089,258	4,588,265	976,369
Gain/(Loss) on deposit administration / investment contracts	18(a)	379,703	258,008	379,703	258,008
Investment income	30	1,242,449	1,157,830	725,608	732,354
Fair value changes in investment property	14	-	42,000	-	-
Fair value changes in financial assets - FVTPL	31	(725,173)	1,799,740	(725,173)	1,799,740
Net exchange gain	32(a)	1,322,124	1,349,534	691,488	935,838
Net trading income	32(b)	-	255,394	-	45,101
Other operating income	33	1,674	225,794	-	113,053
Share of profit/(loss) in joint venture	12(a)	125,087	(283,010)	79,715	(155,378)
Impairment losses on financial assets	34	(17,315)	(841,519)	(17,315)	(868,832)
Personnel expenses	35	(2,242,984)	(1,868,699)	(1,765,808)	(1,465,209)
Depreciation	15	(246,805)	(219,290)	(198,994)	(168,018)
Amortisation	16	(13,203)	(16,927)	(10,199)	(16,568)
Other Operating Expenses	36	(1,541,399)	(1,128,368)	(1,257,304)	(881,196)
Finance cost	37	(61,632)	(52,654)	(47,011)	(28,136)
Profit before income and minimum tax		3,426,380	1,767,092	2,442,975	1,277,126
Minimum tax	23(a)	-	-	-	-
Profit after minimum tax		3,426,380	1,767,092	2,442,975	1,277,126
Income tax expense	23(a)	(389,913)	427,764	(350,000)	461,045
Profit for the year from continuing operations		3,036,467	2,194,856	2,092,975	1,738,171
Profit from discontinued operations	5.8	-	-	-	36,748
Profit for the year		3,036,467	2,194,856	2,092,975	1,774,919
Attributable to shareholders		3,011,290	2,181,076	2,092,975	1,774,919
Attributable to non-controlling interest holders		25,177	13,780	-	-
Other comprehensive income, net of tax		3,036,467	2,194,856	2,092,975	1,774,919
<i>Items within OCI that may be reclassified to profit or loss</i>					
Fair value changes on available-for-sale securities	7(a)(iv)	(752,177)	707,043	(836,302)	672,249
		(752,177)	707,043	(836,302)	672,249
Other comprehensive income, net of tax		(752,177)	707,043	(836,302)	672,249
Total comprehensive (loss)/income for the year		2,284,290	2,901,899	1,256,673	2,447,168
Attributable to shareholders		2,256,320	2,886,964	1,256,673	2,447,168
Attributable to non-controlling interest		27,970	14,935	-	-
		2,284,290	2,901,899	1,256,673	2,447,168
Basic and diluted earning per share (Kobo)	38	17	12	12	10

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the period 1 October to 31 December

In thousands of naira	Group	Group	Company	Company
	Oct - Dec 2021	Oct - Dec 2020	Oct - Dec 2021	Oct - Dec 2020
Gross premium written	6,486,437	4,929,323	5,925,376	4,310,292
Changes in unearned premium	(1,643,028)	(156,609)	(1,804,022)	(146,383)
Gross premium income	4,843,409	4,772,714	4,121,354	4,163,909
Changes in life fund	138,992	(1,155,240)	138,992	(1,155,240)
Changes in life annuity fund	236,503	919,932	236,503	919,932
Reinsurance expense	(2,858,890)	(2,275,211)	(2,393,267)	(1,974,868)
Net premium income	2,360,014	2,262,195	2,103,581	1,953,733
Fees and commission income	568,818	491,709	485,760	424,721
Net underwriting income	2,928,832	2,753,904	2,589,340	2,378,454
Gross claims incurred	420,716	(1,729,822)	412,608	(1,600,395)
Insurance claims recoveries from reinsurers	(868,538)	630,712	(836,270)	523,713
Net claims expenses	(447,822)	(1,099,110)	(423,662)	(1,076,682)
Acquisition cost	(425,309)	(411,402)	(287,242)	(290,071)
Maintenance cost	(147,901)	(25,636)	(127,410)	14,491
Underwriting expenses	(573,210)	(437,038)	(414,652)	(275,580)
Underwriting results	1,907,800	1,217,756	1,751,027	1,026,192
Gain/(Loss) on deposit administration / investment contracts	379,703	(164,427)	379,703	(164,427)
Investment income	(113,756)	323,586	(253,135)	164,709
Fair value changes in investment property	-	-	-	-
Fair value changes in financial assets - FVTPL	205,912	644,397	205,912	799,627
Net exchange gain	870,620	283,276	461,694	267,115
Net trading income	-	166,832	-	-
Other operating income	89	44,016	(11)	31,542
Share of profit/(loss) in joint venture	305	-	(0)	-
Impairment losses on financial assets	(17,315)	-	(17,315)	-
Personnel expenses	(711,255)	(605,064)	(591,348)	(455,508)
Depreciation	(94,519)	(16,111)	(79,410)	(17,664)
Amortisation	(3,114)	(3,343)	(2,147)	(3,033)
Other Operating Expenses	(586,219)	(1,220,920)	(465,525)	(1,103,824)
Finance cost	(19,971)	(11,409)	(18,242)	(9,744)
Profit before income and minimum tax	1,818,281	658,589	1,371,202	534,985
Minimum tax	-	-	-	-
Profit after minimum tax	1,818,281	658,589	1,371,202	534,985
Income tax expense	(317,597)	13,261	(296,411)	16,413
Profit for the year from continuing operations	1,500,684	671,850	1,074,791	551,398
Profit from discontinued operations				
Profit for the year	1,500,684	671,850	1,074,791	551,398
Attributable to shareholders	1,487,320	669,465	1,074,790	551,398
Attributable to non-controlling interest holders	13,364	2,386	-	-
	1,500,684	671,851	1,074,790	551,398
Other comprehensive income, net of tax				
<i>Items within OCI that may be reclassified to profit or loss</i>				
Fair value changes on available-for-sale securities	36,050	195,894	(9,087)	73,111
	36,050	195,894	(9,087)	73,111
Other comprehensive income, net of tax	36,050	195,894	(9,087)	73,111
Total comprehensive (loss)/income for the year	1,536,734	867,744	1,065,703	624,509
Attributable to shareholders	1,521,396	866,615	1,065,703	624,509
Attributable to non-controlling interest	15,338	1,130	-	-
	1,536,734	867,745	1,065,703	624,509

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2021
Group

<i>In thousands of naira</i>	Share Capital	Share Premium	Retained Earnings/(Losses)	Treasury Shares	Contingency Reserve	Fair Value Reserves	Shareholders' Equity	Non Controlling Interest	Total
At 1 January 2021	9,083,196	183,165	3,101,415	(58,440)	4,017,271	1,132,194	17,458,800	265,650	17,724,450
Total comprehensive income for the year									
Profit for the year	-	-	3,011,290	-	-	-	3,011,290	25,177	3,036,467
Fair value changes on available-for-sale securities	-	-	-	-	-	754,970	754,970	2,793	752,177
Total other comprehensive income for the year	-	-	3,011,290	-	-	(754,970)	2,256,320	27,970	2,284,290
<i>Transactions with owners, recorded directly in equity</i>									
Transfer to contingency reserve	-	-	(629,619)	-	629,619	-	-	-	-
Bonus issues transferred from Share Premium	-	-	-	-	-	-	-	-	-
Share issuing cost	-	-	-	-	-	-	-	-	-
Addition to treasury shares	-	-	-	(8,690)	-	-	(8,690)	-	(8,690)
Total contributions by and distributions to equity holders	-	-	(629,619)	(8,690)	629,619	-	(8,690)	-	(8,690)
Balance as at 31 December 2021	9,083,196	183,165	5,483,086	(67,130)	4,646,890	377,224	19,706,430	293,620	20,000,050
For the year ended 31 December 2020									
Group									
<i>In thousands of naira</i>	Share Capital	Share Premium	Retained Earnings/(Losses)	Treasury Shares	Contingency Reserve	Fair Value Reserves	Shareholders' Equity	Non Controlling Interest	Total
At 1 January 2020	7,364,754	1,947,166	1,392,250	(48,175)	3,545,360	426,306	14,627,661	250,715	14,878,376
Total comprehensive income for the year									
Profit for the year	-	-	2,181,076	-	-	-	2,181,076	13,780	2,194,856
Fair value changes on available-for-sale securities	-	-	-	-	-	705,888	705,888	1,155	707,043
Total other comprehensive income for the year	-	-	2,181,076	-	-	705,888	2,886,964	14,935	2,901,899
<i>Transactions with owners, recorded directly in equity</i>									
Transfer to contingency reserve	-	-	(471,911)	-	471,911	-	-	-	-
Bonus issues transferred from Share Premium	1,718,442	(1,718,442)	-	-	-	-	-	-	-
Share issuing cost	-	(45,559.50)	-	-	-	-	(45,560)	-	(45,560)
Addition to treasury shares	-	-	-	(10,265)	-	-	(10,265)	-	(10,265)
Total contributions by and distributions to equity holders	1,718,442	(1,764,002)	(471,911)	(10,265)	471,911	-	(55,824.50)	-	(55,825)
Balance as at 31 December 2020	9,083,196	183,165	3,101,415	(58,440)	4,017,271	1,132,194	17,458,800	265,650	17,724,450

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

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2021
Company

<i>In thousands of naira</i>	Share Capital	Share Premium	Retained Earnings/(Losses)	Treasury Shares	Contingency Reserve	AFS Fair Value Reserve	Shareholders' Equity	Total
At 1 January 2021	9,083,196	183,165	(431,800)	(58,440)	3,305,027	906,871	12,988,019	12,988,019
Total comprehensive income for the year								
Profit for the year	-	-	2,092,975	-	-	-	2,092,975	2,092,975
Fair value changes on available-for-sale securities	-	-	-	-	-	(836,302)	(836,302)	(836,302)
Total other comprehensive income for the year	-	-	2,092,975	-	-	(836,302)	1,256,673	1,256,673
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	(477,948)	-	477,948	-	-	-
Bonus issues transferred from Share Premium	-	-	-	-	-	-	-	-
Share issue cost	-	-	-	-	-	-	-	-
Addition to treasury shares	-	-	-	(8,690)	-	-	(8,690)	(8,690)
Total contributions by and distributions to equity holders	-	-	(477,948)	(8,690)	477,948	-	(8,690)	(8,690)
Balance as at 31 December 2021	9,083,196	183,165	1,183,228	(67,130)	3,782,975	70,569	14,236,002	14,236,002

For the year ended 31 December 2020
Company

<i>In thousands of naira</i>	Share Capital	Share Premium	Retained Earnings/(Losses)	Treasury Shares	Contingency Reserve	AFS Fair Value Reserve	Shareholders' Equity	Total
At 1 January 2020	7,364,754	1,947,166	(1,844,004)	(48,175)	2,942,312	234,622	10,596,675	10,596,675
Total comprehensive income for the year								
Loss for the year	-	-	1,774,919	-	-	-	1,774,919	1,774,919
Fair value changes on available-for-sale securities	-	-	-	-	-	672,249	672,249	672,249
Total other comprehensive income for the year	-	-	1,774,919	-	-	672,249	2,447,168	2,447,168
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	(362,715)	-	362,715	-	-	-
Bonus issues transferred from Share Premium	1,718,442	(1,718,442)	-	-	-	-	-	-
Share issue cost	-	(45,560)	-	-	-	-	(45,560)	(45,560)
Addition to treasury shares	-	-	-	(10,265)	-	-	(10,265)	(10,265)
Total contributions by and distributions to equity holders	1,718,442	(1,764,002)	(362,715)	(10,265)	362,715	-	(55,825)	(55,825)
Balance as at 31 December 2020	9,083,196	183,165	(431,800)	(58,440)	3,305,027	906,871	12,988,019	12,988,019

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

Consolidated and Separate Statements of Cash Flows
For the year ended 31 December

<i>In thousands of naira</i>	<i>Note</i>	Group 2021	Group 2020	Company 2021	Company 2020
Cash flows from operating activities					
Insurance premium received	45(i)	20,769,483	17,448,946	18,141,552	15,740,673
Deposit liabilities - contributions during the year	18	1,755,742	1,396,936	1,472,623	1,205,513
Deposit liabilities - withdrawals during the year	18	(1,820,511)	(1,293,203)	(1,535,608)	(1,129,608)
Reinsurance premium paid	45(iii)	(11,817,429)	(11,068,738)	(10,411,989)	(10,322,823)
Commission received	22(a)	2,448,460	2,123,552	2,132,249	1,919,973
Claims paid during the year	28(a)	(4,996,525)	(4,601,817)	(4,563,740)	(4,142,858)
Reinsurance claims recovered		1,381,275	2,320,790	1,138,106	2,320,790
Commission paid	45(iv)	(2,362,324)	(1,981,876)	(1,902,904)	(1,668,722)
Maintenance cost paid	29(b)	(817,365)	(467,093)	(718,918)	(328,792)
Other operating income	33	1,535	189,280	-	113,053
Personnel and employee expenses	35&24	(2,219,270)	(1,868,483)	(1,764,418)	(1,464,993)
Other operating cash flows		1,454,253	(315,118)	859,974	(708,947)
		3,777,324	1,883,176	2,846,927	1,533,260
Tax paid	23(b)	(154,906)	(102,231)	(42,817)	(80,021)
Net cash flows from operating activities		3,622,419	1,780,944	2,804,110	1,453,238
Investing activities:					
Interest received		1,516,508	439,463	1,080,142	331,059
Dividend received	45(ii)	263,441	331,086	195,466	264,097
Purchase of property and equipment	15	(341,650)	(147,444)	(239,779)	(122,255)
Purchase of intangibles	16	(7,562)	(5,211)	(298)	(704)
Redemptions on loans to policyholders		57,581	103,373	57,581	103,373
Proceeds from sale of property and equipment	45(iii)	139	48,000	0	15,000
Purchase of financial assets		(2,461,344)	(7,156,641)	(2,461,344)	(4,331,519)
Investment in subsidiary	13(i)	-	-	-	(200,000)
Addition to loans to policy holders		(59,096)	(60,665)	(59,096)	(60,665)
Proceeds from sale of financial assets		223,946	3,788,892	223,946	2,614,239
Net cash flows from investing activities		(808,037)	(2,659,146)	(1,203,382)	(1,387,374)
Financing activities:					
Share issuing cost	25(b)	-	(45,560)	-	(45,560)
Treasury share	25(c)	(8,690)	(10,265)	(8,690)	(10,265)
Finance cost	37	(61,632)	(52,654)	(47,011)	(28,136)
Net cash flows from financing activities		(70,322)	(108,479)	(55,701)	(83,961)
Net increase/(decrease) in cash and cash equivalents		2,744,060	(986,681)	1,545,027	(18,097)
Cash and cash equivalents, beginning of the year		11,662,703	12,649,384	8,175,263	8,193,360
Cash and cash equivalents, end of the year		14,406,763	11,662,703	9,720,290	8,175,263

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

Life Business Revenue Account
For the year ended 31 December

<i>In thousands of naira</i>	<i>Note</i>	Individual life	Annuity	Group Life	Total 2021	Total 2020
Gross premium written	26(a)	231,950	383,812	4,751,832	5,367,594	5,544,913
Changes in life and life annuity funds	26(c)	-	903,803	(913,246)	(9,443)	(2,536,568)
Gross premium income		231,950	1,287,615	3,838,586	5,358,151	3,008,345
Reinsurance expense	26(d)	(28,529)	-	(1,913,141)	(1,941,670)	(1,596,114)
Net premium		203,421	1,287,615	1,925,445	3,416,481	1,412,231
Fees and commission income		35,598	-	729,283	764,881	571,466
		239,019	1,287,615	2,654,728	4,181,362	1,983,697
Gross claims incurred	28(a)	99,947	370,384	2,047,552	2,517,883	2,027,167
Insurance claims recoveries from reinsurers	28(i)	-	-	(1,300,936)	(1,300,936)	(888,435)
Net claims expenses		99,947	370,384	746,616	1,216,947	1,138,732
Underwriting expenses		(10,232)	-	(209,612)	(219,844)	(704,087)
Underwriting results		128,841	917,231	1,698,499	2,744,571	140,878

Life Deposit Administration Revenue Account
 For the year ended 31 December

<i>In thousands of naira</i>	<i>Note</i>	2021	2020
Income			
Interest income	18(a)	550,000	422,435
Expenses			
Guaranteed interest	18(a)	(170,297)	(164,427)
Gain/(Loss) on deposit administration / investment contracts		379,703	258,008

Non-life Business Revenue Account
For the year ended 31 December

<i>In thousands of naira</i>	Motor	Fire	Accident	Bond	Engineering	Oil & Gas & Aviation	Marine	Total 2021	Total 2020
Income									
Gross premium written	1,704,011	2,089,462	789,340	18,442	3,212,099	4,518,896	588,826	12,921,076	10,242,211
Changes in unearned premium	(50,978)	(464,032)	(23,641)	939	(308,237)	(426,074)	(10,310)	(1,282,333)	(1,576,275)
Gross premium earned	1,653,033	1,625,430	765,699	19,381	2,903,862	4,092,822	578,516	11,638,743	8,665,936
Reinsurance cost	(48,373)	(1,094,358)	(201,552)	(11,435)	(2,781,697)	(3,525,532)	(248,635)	(7,911,582)	(6,802,450)
Movement in prepaid reinsurance cost	(14,780)	148,678	40,043	(424)	(5,324)	198,086	(3,889)	362,390	1,520,890
Net premium earned	1,589,880	679,750	604,190	7,522	116,841	765,376	325,992	4,089,551	3,384,376
Commission earned	8,410	247,474	49,421	2,355	630,467	213,258	72,775	1,224,160	875,995
Total income	1,598,290	927,224	653,611	9,877	747,308	978,634	398,767	5,313,711	4,260,371
Expenses									
Gross claims paid	(804,776)	(547,314)	(376,864)	-	(51,496)	(289,590)	(56,285)	(2,126,325)	(2,135,311)
Movement in outstanding claims	72,585	(341,951)	324,774	(1,177)	39,602	624,360	63,370	781,563	(2,530,527)
Gross claims incurred	(732,191)	(889,265)	(52,090)	(1,177)	(11,894)	334,770	7,085	(1,344,762)	(4,665,838)
Reinsurance claims recoveries	57,095	542,949	(95,608)	59	(55,278)	(370,039)	(28,479)	50,699	2,312,669
Net claims incurred	(675,096)	(346,316)	(147,698)	(1,118)	(67,172)	(35,269)	(21,394)	(1,294,063)	(2,353,169)
Acquisition cost	(162,856)	(258,658)	(137,878)	(3,373)	(479,968)	(291,883)	(98,047)	(1,432,663)	(975,094)
Maintenance cost	(87,474)	(107,261)	(40,520)	(947)	(164,890)	(231,973)	(30,227)	(663,291)	(96,619)
Underwriting expenses	(250,330)	(365,919)	(178,398)	(4,320)	(644,858)	(523,856)	(128,274)	(2,095,954)	(1,071,713)
Total expenses	(925,426)	(712,235)	(326,096)	(5,438)	(712,030)	(559,125)	(149,668)	(3,390,017)	(3,424,882)
Underwriting results	672,864	214,989	327,515	4,439	35,278	419,509	249,099	1,923,694	835,489

Notes to the Financial Statements (cont'd)
For the year ended 31 December 2021

6 Cash and cash equivalents

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Cash	804	813	494	467
Balances with banks	2,562,663	3,483,133	1,925,180	1,969,187
Short-term deposits	11,843,296	8,178,757	7,794,616	6,205,609
	14,406,763	11,662,703	9,720,290	8,175,263
Current	14,406,763	11,662,703	9,720,290	8,175,263
Non-current	-	-	-	-
	14,406,763	11,662,703	9,720,290	8,175,263

The short-term deposits are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

7 Financial assets

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Available-for-Sale (AFS) financial assets (see note (a) below)	6,624,992	7,226,470	5,173,281	5,975,537
Financial assets at fair value through profit or loss (FVTPL) (see note (b) below)	8,863,435	7,206,517	8,863,435	7,171,687
Loans and receivables (see note (c) below)	292,667	288,274	292,667	288,274
Held-to-Maturity investments (see note (d) below)	2,711,593	3,681,466	-	629,868
	18,492,687	18,402,727	14,329,383	14,065,366
Current	158,432	2,423,766	158,432	629,868
Non-current	18,334,255	15,978,961	14,170,951	13,435,498
	18,492,687	18,402,727	14,329,383	14,065,366

(a) Available-for-Sale (AFS) financial assets

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Quoted equity securities measured at fair value	1,228,123	1,336,291	583,733	776,906
Unquoted equity securities measured at cost *	87,500	87,500	87,500	87,500
Investment in CAPIC funds measured at cost *(see note (i) below)	1,773,043	1,823,500	1,773,043	1,823,500
Investment in Valualliance fund measured at fair value	269,130	-	269,130	-
Investment in insurance pool measured at cost *	101,654	94,720	101,654	94,720
Bonds measured at fair value (see note (ii) below)	4,002,165	4,719,144	3,217,764	4,027,596
	7,461,615	8,061,155	6,032,824	6,810,222
Impairment of CAPIC fund	(859,543)	(834,685)	(859,543)	(834,685)
	6,602,072	7,226,470	5,173,281	5,975,537

(b) **Financial assets at fair value through profit or loss (FVTPL)**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Bonds measured at fair value	5,762,613	4,497,425	5,762,613	4,497,425
Investment in MTN ordinary shares	3,100,822	2,709,092	3,100,822	2,674,262
	<u>8,863,435</u>	<u>7,206,517</u>	<u>8,863,435</u>	<u>7,171,687</u>

(c) **Loan and receivables**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Loans to policyholders (see note (ii) below)	301,500	297,107	301,500	297,107
Allowance for impairment (see note (i) below)	(8,833)	(8,833)	(8,833)	(8,833)
	<u>292,667</u>	<u>288,274</u>	<u>292,667</u>	<u>288,274</u>

(i) **Movement in allowance for impairment**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	8,833	8,833	8,833	8,833
Net (write-back) / charge during the year	-	-	-	-
Balance, end of the year	<u>8,833</u>	<u>8,833</u>	<u>8,833</u>	<u>8,833</u>

(d) **Held-to-Maturity investments**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Bonds	2,711,593	1,257,700	-	-
Long-term deposits	-	2,423,766	-	629,868
Treasury bills and commercial paper	-	-	-	-
	<u>2,711,593</u>	<u>3,681,466</u>	<u>-</u>	<u>629,868</u>

8 Trade receivables

(a) Trade receivables comprise:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Due from brokers, agents and other insurance companies	1,623,013	1,469,921	1,379,541	1,232,423
	1,623,013	1,469,921	1,379,541	1,232,423
Allowance for impairment (see note (c) below)	(1,315,341)	(1,315,341)	(1,123,748)	(1,123,748)
	307,672	154,580	255,793	108,675
Current	307,672	154,580	255,793	108,675
Non-current	-	-	-	-
	307,672	154,580	255,793	108,675

(b) The age analysis of gross insurance trade receivables as at year-end is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Within 30 days	307,672	154,580	255,793	108,675
More than 30 days	1,315,341	1,315,341	1,123,748	1,123,748
	1,623,013	1,469,921	1,379,541	1,232,423

(c) The movement in allowance for impairment of trade receivables is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	1,315,341	1,319,465	1,123,748	1,127,872
Write-back during the year	-	(4,124)	-	(4,124)
Balance, end of the year	1,315,341	1,315,341	1,123,748	1,123,748

9 Other receivables and prepayments

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-financial				
Prepaid insurance	29,501	40,134	29,501	40,134
Withholding tax receivable	1,068	959	-	-
Stock of stationery	5,496	5,496	5,496	5,496
VAT control	114,250	235,250	114,250	235,250
Prepaid housing allowance	71,322	74,433	50,201	55,341
Subscription	-	139,993	-	139,993
Other prepaid balances (see note (a) below)	499,729	49,188	460,891	12,513
	721,366	545,453	660,339	488,727
Financial				
Due from subsidiaries	-	-	240,633	245,888
Dividend receivable	9,833	9,833	-	-
Receivables from Meristem	9,312	9,312	9,312	9,312
Insurance recoverable	3,221	3,221	3,221	3,221
Due from Staff	26,644	28,910	25,281	26,124
Other receivables (see note (c) below)	604,613	423,539	394,695	386,550
	653,623	474,815	673,142	671,095
Total other receivables and prepayments	1,374,989	1,020,268	1,333,481	1,159,822
Allowance for impairment (see note (e) below)	(408,044)	(408,044)	(370,721)	(370,721)
	966,945	612,224	962,760	789,101
Current	966,945	612,224	962,760	789,101
Non-current	-	-	-	-
	966,945	612,224	962,760	789,101

10 Reinsurance assets

(a) Reinsurance assets are analyzed as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Prepaid reinsurance - Non-life	3,398,136	2,949,493	2,981,015	2,683,937
Prepaid reinsurance - Life	1,120,431	667,822	1,120,431	667,824
Additional Unexpired Risk Reserve (AURR) - Non-life	90,441	25,144	76,452	11,155
Prepaid reinsurance - Life and Non-life	4,609,008	3,642,459	4,177,898	3,362,916
Reinsurers' share of outstanding claims - Non-life (see note (ii) below)	2,546,208	2,741,250	2,306,465	2,576,541
Reinsurers' share of outstanding claims - Life (see note (iii) below)	345,475	371,603	345,475	371,603
Reinsurers' share of Incurred but not reported - Non-life (see note (iv) below)	558,459	805,128	505,715	780,412
Reinsurers' share of Incurred but not reported - Life (see note (v) below)	144,905	105,624	144,905	105,624
Reinsurers' share of claims paid - receivable - Non-life (see note (vi) below)	545,259	497,233	545,259	497,233
Reinsurers' share of claims paid - receivable - Takaful (see note (vi) below)	68,626	53,358	-	-
Reinsurers' share of claims paid - receivable - Life (see note (vii) below)	697,123	-	697,123	-
	9,515,063	8,216,655	8,722,840	7,694,329
Allowance for impairment (see note (viii) below)	(497,233)	(497,233)	(497,233)	(497,233)
	9,017,830	7,719,422	8,225,607	7,197,096
Current	9,017,830	7,719,422	8,225,607	7,197,096
Non-current	-	-	-	-
	9,017,830	7,719,422	8,225,607	7,197,096

(b) **Summary of reinsurance assets**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Prepaid reinsurance (see note (i) below)	4,609,008	3,642,459	4,177,898	3,362,916
Reinsurers' share of outstanding claims (see note (ii) below)	2,891,683	3,112,853	2,651,940	2,948,144
Reinsurers' share of incurred but not reported (see note (iii) below)	703,364	910,752	650,620	886,036
Reinsurers' share of claims paid - receivable (see note (iv) below)	1,311,008	550,591	1,242,382	497,233
	9,515,063	8,216,655	8,722,840	7,694,329
Allowance for impairment (see note (viii) below)	(497,233)	(497,233)	(497,233)	(497,233)
	9,017,830	7,719,422	8,225,607	7,197,096

11 **Deferred Acquisition Costs**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	567,596	257,866	466,196	219,592
Derecognition of Takaful portion	-	-	-	(9,197)
Acquisition cost paid during the year by Takaful	-	-	-	-
Acquisition cost paid during the year	2,367,449	2,019,042	1,899,620	1,702,809
	2,935,045	2,276,908	2,365,816	1,913,204
Amortisation during the year	(2,069,398)	(1,707,686)	(1,645,396)	(1,447,008)
Amortization during the year Takaful Insurance	-	-	-	-
	865,647	567,596	720,420	466,196
Current	865,647	567,596	720,420	466,196
Non-current	-	-	-	-
	865,647	567,596	720,420	466,196

The breakdown of deferred acquisition cost by class of business is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Deferred acquisition cost - Fire	138,452	55,084	99,670	40,068
Deferred acquisition cost - Motor vehicle	114,728	91,382	80,494	58,077
Deferred acquisition cost - General Accident	376,514	324,680	346,088	306,281
Deferred acquisition cost - Marine & Aviation	53,583	36,689	40,143	26,277
Deferred acquisition cost - Agric	3,551	2,046	-	-
Deferred acquisition cost - Oil & Gas	66,280	57,715	41,486	35,493
Deferred acquisition cost - Group Life	112,539	-	112,539	-
	865,647	567,596	720,420	466,196

12 **Investment in joint venture**

This represent the Company's investment in joint venture, Mingol Properties Ltd after the liquidation of CAP Phoenix Limited.

(a) The movement in the investment in joint venture is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	271,295	554,305	137,738	293,116
Additional cash paid for equity interest during the year	-	-	-	-
Proceed from liquidation of joint venture (see note (b)(iii) below)	(396,382)	-	(217,453)	-
Current year share of profit/ (loss) of the joint venture (see note (b)(ii) below)	125,087	(283,010)	79,715	(155,378)
Dividends paid during the year	-	-	-	-
Balance, end of the year	-	271,295	-	137,738

- (b) The analysis of the carrying amount of the investment in joint venture is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
At 1 January 2020	271,295	554,305.00	137,738	293,116.00
Cash paid for equity interest (see note (i) below)	-	-	-	-
Property transferred for equity interest (see note (i) below)	-	-	-	-
Prior years' cumulative share of profit/(loss) of the joint venture	-	-	-	-
	271,295	554,305	137,738	293,116
Current year share of profit/(loss) of the joint venture (see note (ii) below)	125,087	(283,010)	79,715	(155,378)
Proceed from liquidation of joint venture (see note (b)(iii) below)	(396,382)	-	(217,453)	-
Dividends paid during the year	-	-	-	-
	-	271,295	-	137,738
Current	-	-	-	-
Non-current	-	271,295	-	137,738
	-	271,295	-	137,738

13 Investment in subsidiaries

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Fin Insurance Company Limited (see note (a)(i) below)	-	-	3,154,748	3,154,748
Cornerstone Takaful Nigeria Limited (see note (a)(ii) below)	-	-	465,799	466,099
Cornerstone Leasing and Investment Limited	-	-	100,000	100,000
	-	-	3,720,547	3,720,847
Impairment allowance (see note (a) below)	-	-	(100,000)	(100,000)
	-	-	3,620,547	3,620,847
Current	-	-	-	-
Non-current	-	-	3,620,547	3,620,847
	-	-	3,620,547	3,620,847

- (a) The Company assessed its investment in its subsidiaries for impairment during the year. The investment in Cornerstone Leasing and Investment Limited has been fully impaired from prior years and there was no change to the impairment allowance during the year. The movement in the allowance for impairment during the year was as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	-	-	100,000	100,000
Addition during the year	-	-	-	-
	-	-	100,000	100,000

(i) **Fin Insurance Company Limited**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	-	-	3,154,748	2,954,748
Addition during the year (see note (a)(iii) below)	-	-	-	200,000
	-	-	3,154,748	3,154,748

14 Investment properties

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	602,000	560,000	-	-
Fair value gains/(losses)	-	42,000	-	-
Balance, end of the year	602,000	602,000	-	-
Current	-	-	-	-
Non-current	602,000	602,000	-	-
	602,000	602,000	-	-

The balance in this account can be analysed as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Cost	602,000	292,000	-	-
Fair value gain	-	310,000	-	-
	602,000	602,000	-	-

Notes to the Financial Statements (cont'd)

15 Property and equipment

(a) Group

31 December 2021

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2020	1,265,808	585,339	88,943	64,877	718,123	613,758	197,536	3,534,384
Additions	-	1,775	59,972	-	247,776	29,859	2,268	341,650
Disposals	-	-	-	-	(133,258)	(2,138)	(383)	(135,779)
At 31 December 2021	1,265,808	587,114	148,915	64,877	832,641	641,479	199,420	3,740,255
Accumulated depreciation								
At 1 January 2020	72,017	295,165	63,100	22,289	545,822	574,657	181,315	1,754,365
Charge for the year	-	9,824	53,604	5,189	143,179	30,601	4,407	246,805
Reversal on impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(133,258)	(2,138)	(382)	(135,778)
At 31 December 2021	72,017	304,989	116,704	27,478	555,743	603,120	185,340	1,865,392
Net book value								
At 31 December 2021	1,193,791	282,125	32,211	37,399	276,898	38,359	14,081	1,874,863
At 31 December 2020	1,193,791	290,174	25,843	42,588	172,301	39,101	16,221	1,780,019

Group

31 December 2020

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2020	1,288,808	602,339	26,710	64,877	721,729	586,875	198,223	3,489,561
Additions	-	-	62,233	-	56,682	27,453	1,076	147,444
Disposals	(23,000)	(17,000)	-	-	(60,288)	(569)	(1,763)	(102,621)
Recognition of right-of-use asset	-	-	-	-	-	-	-	-
At 31 December 2020	1,265,808	585,339	88,943	64,877	718,123	613,758	197,536	3,534,384
Accumulated depreciation								
At 1 January 2020	72,017	281,677	-	17,482	491,476	544,146	178,551	1,585,349
Charge for the year	-	14,186	63,100	4,807	97,762	30,882	8,552	219,290
Reversal on impairment	-	-	-	-	-	-	(5,229)	5,229
Disposals	-	(698)	-	-	(43,416)	(371)	(559)	(45,045)
At 31 December 2020	72,017	295,165	63,100	22,289	545,822	574,657	181,315	1,754,365
Net book value								
At 31 December 2020	1,193,791	290,174	25,843	42,588	172,301	39,101	16,221	1,780,019
At 31 December 2019	1,216,791	320,662	26,710	47,395	230,253	42,729	19,672	1,904,212

(b) Company

31 December 2021

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2020	135,321	294,423	75,100	64,877	537,690	494,379	137,795	1,739,585
Additions	-	-	49,719	-	164,106	24,110	1,844	239,779
Disposals	-	-	-	-	(123,913)	-	-	(123,913)
At 31 December 2021	135,321	294,423	124,819	64,877	577,883	518,489	139,639	1,855,451
Accumulated depreciation								
At 1 January 2020	-	122,379	51,099	22,289	386,849	452,691	134,185	1,169,492
Charge for the year	-	4,569	44,175	5,189	118,029	24,904	2,128	198,994
Disposals	-	-	-	-	(123,913)	-	-	(123,913)
At 31 December 2021	-	126,948	95,274	27,478	380,965	477,595	136,313	1,244,573
Net book value								
At 31 December 2021	135,321	167,475	29,545	37,399	196,918	40,894	3,326	610,878
At 31 December 2020	135,321	172,044	24,001	42,588	150,841	41,688	3,610	570,093

Company

31 December 2020

<i>In thousands of naira</i>	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2020	135,321	294,423	22,984	64,877	566,212	462,232	148,182	1,694,231
Additions	-	-	52,116	-	45,261	24,398	480	122,255
Disposals	-	-	-	-	(60,288)	(569)	(1,763)	(62,621)
Derecognition of Takaful Insurance	-	-	-	-	(13,495)	(278)	(507)	(14,280)
Recognition of right-of-use asset	-	-	-	-	-	-	-	-
At 31 December 2020	135,321	294,423	75,100	64,877	537,690	494,379	137,795	1,739,585
Accumulated depreciation								
At 1 January 2020	-	116,987	-	17,482	360,461	429,663	130,329	1,054,922
Charge for the year	-	5,392	51,099	4,807	78,354	23,443	4,922	168,018
Derecognition of Takaful Insurance	-	-	-	-	(8,550)	(44)	(507)	(9,101)
Disposals	-	-	-	-	(43,416)	(371)	(559)	(44,347)
At 31 December 2020	-	122,379	51,099	22,289	386,849	452,691	134,185	1,169,492
Net book value								
At 31 December 2020	135,321	172,044	24,001	42,588	150,841	41,688	3,610	570,093
At 31 December 2019	135,321	177,436	22,984	47,395	205,751	32,569	17,853	639,309

- (i) The Group and Company had no capital commitments as at 31 December 2021 (2020: Nil)
(ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2020: Nil).
(iii) There are no restrictions on the Group and Company's title to its property and equipment.
(iv) All property and equipment items are non-current.

Notes to the Financial Statements (cont'd)

16 Intangible assets

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Cost				
Balance, beginning of the year	217,971	212,760	185,599	184,895
Additions	7,562	5,211	298	704
Disposals	-	-	-	-
Balance, end of the year	225,533	217,971	185,897	185,599
Amortisation				
Balance, beginning of the year	200,323	183,396	172,099	155,531
Charge for the year	13,203	16,927	10,199	16,568
Disposals	-	-	-	-
Balance, end of the year	213,526	200,323	182,298	172,099
Carrying amount	12,007	17,648	3,599	13,500

17 Statutory deposit

This represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. The cash amount held is considered to be a restricted cash as Management does not have access to the balances in its day-to-day activities. Interest income earned on this deposit is discretionary and is included in investment income.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non life business	800,000	800,000	300,000	300,000
Life business	200,000	200,000	200,000	200,000
Cornerstone Takaful Nigeria	200,000	200,000	-	-
	1,200,000	1,200,000	500,000	500,000
Current	-	-	-	-
Non-current	1,200,000	1,200,000	500,000	500,000
	1,200,000	1,200,000	500,000	500,000

18 Investment contract liabilities

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Investment contract liabilities	3,780,389	3,674,861	3,333,905	3,226,593
The movement in investment contract liabilities is analysed below:				
Balance, beginning of the year	3,674,861	3,406,701	3,226,593	3,406,701
Contributions	1,755,742	1,396,936	1,472,623	1,205,513
Withdrawals	(1,820,511)	(1,293,203)	(1,535,608)	(1,129,608)
Guaranteed interest	170,297	164,427	170,297	164,427
Derecognition of Takaful DA	-	-	-	(420,440)
Balance, end of the year	3,780,389	3,674,861	3,333,905	3,226,593
Current	-	-	-	-
Non-current	3,780,389	3,674,861	3,333,905	3,226,593
	3,780,389	3,674,861	3,333,905	3,226,593

(a) Profit / (Loss) on investment contract liabilities

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Income				
Interest income (See note 30)	550,000	422,435	550,000	422,435
Guaranteed interest	(170,297)	(164,427)	(170,297)	(164,427)
	379,703	258,008	379,703	258,008

19 Insurance contract liabilities

Insurance contract liabilities comprise:

	Carrying amount				Movement	
	Group 2021	Group 2020	Company 2021	Company 2020	Group	Company
<i>In thousands of naira</i>						
Outstanding claims (see note (i) below)	7,161,404	7,633,571	6,357,777	6,980,541	(472,167)	(622,764)
IBNR (see note (ii) below)	1,635,540	1,690,766	1,442,496	1,520,828	(55,226)	(78,332)
Unearned premium (see note (iv) below)	5,975,807	4,435,645	4,998,582	3,716,249	1,540,162	1,282,333
Life fund (see note (v) below)	2,585,404	1,592,159	2,585,404	1,592,159	993,245	993,245
Life annuity fund (see note (vi) below)	2,490,281	3,394,084	2,490,281	3,394,084	(903,803)	(903,803)
	19,848,436	18,746,225	17,874,540	17,203,861	1,102,211	670,679
Current	14,772,751	13,759,982	12,798,855	12,217,618		
Non-current	5,075,685	4,986,243	5,075,685	4,986,243		
	19,848,436	18,746,225	17,874,540	17,203,861		

The breakdown of insurance contract liabilities by business segment is as follows:

Life insurance contract liabilities

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Outstanding claims		1,238,527	1,230,872	1,238,527
IBNR		246,494	211,706	246,494
Life fund		2,585,404	1,600,683	2,585,404
Life annuity fund		2,490,281	3,394,084	2,490,281
	-	6,560,706	6,437,345	6,560,706

Non-Life insurance contract liabilities

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Outstanding claims		5,922,877	6,402,699	5,119,250
IBNR		1,389,046	1,479,060	1,196,002
Unearned premium		5,975,807	4,427,121	4,998,582
	-	13,287,730	12,308,880	11,313,834

(i) Movement in outstanding claims:

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	7,633,571	5,384,537	6,980,541	4,916,763
Takaful Insurance	-	-	-	(59,663)
(Decrease)/ Increase during the year (see note 28(a))	(472,167)	2,249,037	(622,764)	2,123,443
Balance, end of the year	7,161,404	7,633,571	6,357,777	6,980,541

(ii) Movement in IBNR:

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	1,690,766	1,059,441	1,520,828	893,696
Reclassification of Life IBNR	-	222,030	-	222,030
Takaful Insurance	-	-	-	(21,601)
Increase during the year (see note 28(a))	(55,226)	409,295	(78,332)	426,704
Balance, end of the year	1,635,540	1,690,766	1,442,496	1,520,828

(iv) Movement in unearned premium

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	4,435,645	2,614,448	3,716,249	2,221,217
Takaful Insurance	-	-	-	(81,244)
Increase/ (Decrease) during the year (see note 26(b))	1,540,162	1,821,197	1,282,333	1,576,276
Balance, end of the year	5,975,807	4,435,645	4,998,582	3,716,249

(v) Movement in Life fund:

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	1,592,159	1,179,719	1,592,159	1,179,719
Life	-	(222,030)	-	(222,030)
Cornerstone Takaful Nigeria	-	-	-	-
Additions during the year (see note 26(c))	993,245	634,469	993,245	634,469
Balance, end of the year	2,585,404	1,592,159	2,585,404	1,592,159

(vi) Movement in Life annuity fund:

	Group 2021	Group 2020	Company 2021	Company 2020
<i>In thousands of naira</i>				
Balance, beginning of the year	3,394,085	1,491,985	3,394,085	1,491,985
(Increase)/ Decrease during the year (see note 26(c))	(903,803)	1,902,100	(903,803)	1,902,100
Balance, end of the year	2,490,282	3,394,085	2,490,282	3,394,085

20 Trade payables

Trade payables represent amounts payable for reinsurers, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Payables to reinsurers	188,442	234,129	29,592	135,722
Payables to coinsurers	(11,773)	26,520	(11,773)	26,520
Commission payable	50,904	54,190	50,904	54,190
Premium Deposits	2,532,760	1,304,856	2,428,498	1,187,450
	2,760,333	1,619,695	2,497,221	1,403,882
Current	2,760,333	1,619,695	2,497,221	1,403,882
Non-current	-	-	-	-
	2,760,333	1,619,695	2,497,221	1,403,882

21 Other payables and accruals

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Financial				
Performance bonus	12,317	100,014	693	55,761
Other staff payables	12,633	24,726	10,609	22,702
National Housing Fund payable	7,846	8,551	7,846	8,551
Accounts payable	135,037	115,721	89,773	98,202
Professional fee payable	23,620	43,360	8,907	26,322
NAICOM levy payable	95,420	121,300	95,420	121,300
Sundry creditors (see note (i) below)	126,925	33,969	39,979	13,613
	413,798	447,641	253,227	346,451
Non-financial				
Accrued expenses	173,945	307,367	165,362	242,107
PAYE	39,532	9,971	39,532	9,971
Withholding tax payable	(47,498)	77,787	(47,498)	77,787
	165,979	395,125	157,396	329,865
	579,777	842,766	410,623	676,316
Current	579,777	842,766	410,623	676,316
Non-current	-	-	-	-
	579,777	842,766	410,623	676,316

(i) Sundry creditors comprise payables to vendors in the ordinary course of business.

22 Deferred commission income

The analysis of deferred commission income by class is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Motor	5,957	12,270	3,143	3,251
Fire	121,068	59,724	73,607	41,885
General Accident	15,106	13,058	13,998	13,032
Bond	422	562	415	525
Engineering	354,101	365,834	324,384	347,169
Marine	28,033	28,148	18,127	18,815
Aviation	1,064	-	1,030	-
Agric	3,072	1,814	-	-
Oil and Gas	65,517	62,248	57,123	52,827
Group life	355,854	226,968	355,854	226,968
	950,194	770,626	847,681	704,472
Current	950,194	770,626	847,681	704,472
Non-current	-	-	-	-
	950,194	770,626	847,681	704,472

(a) Movement in deferred commission income:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	770,626	265,073	704,472	231,960
Additions during the year	2,448,460	2,123,552	2,132,249	1,919,973
Fees and commissions earned during the year (see note 27)	(2,268,892)	(1,617,999)	(1,989,041)	(1,447,461)
Balance, end of the year	950,194	770,626	847,680	704,472

23 Taxation

(a) Tax expense

The tax expense recognised in profit or loss is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Income tax based on the taxable profit/loss for the year	389,913	54,337	350,000	25,256
Education tax	-	4,200	-	-
Police Trust Fund Levy	-	95	-	95
Information technology development levy (NITDA)	-	12,681	-	12,681
Total current income tax for the year	389,913	71,313	350,000	38,032
Deferred tax charge/ (credit) recognised in profit or loss	-	(499,077)	-	(499,077)
Income tax charge/(credit)	389,913	(427,764)	350,000	(461,045)
Minimum tax	-	-	-	-
Total tax charge/(credit) for the year	389,913	(427,764)	350,000	(461,045)

The charge for current income tax in these financial statements is based on the provisions of the Companies Income Tax Act, Cap C21, Laws of the Federation of Nigeria (LFN) 2004 as amended and Education Tax Act, Cap E4, Laws of the Federation of Nigeria 2004.

(b) Current tax liabilities

The movement in current tax liabilities during the year is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	445,799	476,717	276,964	318,953
Income tax for the year (see note (a) above)	369,159	71,313	350,000	38,032
Minimum tax	-	-	-	-
Payment during the year	(154,906)	(102,231)	(42,817)	(80,021)
Balance, end of the year	660,052	445,799	584,146	276,964
Current	660,052	445,799	584,146	276,964
Non-current	-	-	-	-
	660,052	445,799	584,146	276,964

(c) Deferred taxation

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

(i) The movement on the deferred tax assets account is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	838,000	338,923	838,000	338,923
Recognised in profit or loss	-	499,077	-	499,077
	838,000	838,000	838,000	838,000

24 Employees' Retirement Obligations

This represents the Company's liabilities from its defined benefit contribution pension plan which is in compliance with the Pension Reform Act, 2014. All pension contributions are remitted to the relevant registered Pension Fund Administrators.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	3,793	3,577	1,769	1,553
Pension expense for the year	90,690	68,847	88,666	50,587
Payments made during the year	(89,300)	(68,631)	(87,276)	(50,371)
	5,183	3,793	3,159	1,769
Current	5,183	3,793	3,159	1,769
Non-current	-	-	-	-
	5,183	3,793	3,159	1,769

25 Equity

(a) Share capital

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Authorised:				
18,500,000,000 ordinary shares of 50k each	9,250,000	9,250,000	9,250,000	9,250,000
Issued and fully paid:				
Balance, beginning of the year	9,083,196	7,364,754	9,083,196	7,364,754
Bonus issues transfer from share premium	-	1,718,442	-	1,718,442
Balance, end of the year	9,083,196	9,083,196	9,083,196	9,083,196

(b) Share premium

This represents the amounts paid by shareholders above the nominal price of the shares.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	183,165	1,947,166	183,165	1,947,166
Transfer to Share Capital by way of Bonus issues	-	(1,718,442)	-	(1,718,442)
Share issuing cost	-	(45,560)	-	(45,560)
Balance, end of the year	183,165	183,165	183,165	183,165

(c) **Treasury shares**

Treasury shares are owner equity instruments which are deducted from equity. No dividends are allocated to them.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	(58,440)	(48,175)	(58,440)	(48,175)
Addition during the year	(8,690)	(10,265)	(8,690)	(10,265)
Balance, end of the year	(67,130)	(58,440)	(67,130)	(58,440)

(d) **Retained Earnings/(losses)**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	3,101,415	1,392,250	(431,800)	(1,844,004)
Transfer to contingency reserves (see note (e) below)	(629,619)	(471,911)	(477,948)	(362,715)
Profit/ (Loss) for the year	3,011,290	2,181,076	2,092,975	1,774,919
Balance, end of the year	5,483,086	3,101,415	1,183,228	(431,800)

(e) **Contingency reserve**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	4,017,271	3,545,360	3,305,027	2,942,312
Transfer from retained earnings (See note (d) above)	629,619	471,911	477,948	362,715
Balance, end of the year	4,646,890	4,017,271	3,782,975	3,305,027

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

(f) **Fair value reserve**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	1,132,194	426,306	906,871	234,622
Fair value changes on Available-for-sale securities	(754,970)	705,888	(836,302)	672,249
Balance, end of the year	377,224	1,132,194	70,569	906,871

(g) **Non-controlling interest in Equity**

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year	265,650	250,715	-	-
Share of profit for the year	25,177	13,780	-	-
Share of other comprehensive income	2,793	1,155	-	-
Balance, end of the year	293,620	265,650	-	-

Notes to the Financial Statements (cont'd)

26 Premium income

(a) Gross premium written

Gross premium written by business is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	15,165,418	11,803,280	12,921,076	10,242,211
Life insurance	5,367,594	5,544,913	5,367,594	5,544,913
Takaful insurance	389,563	191,026	-	-
Gross written premium	20,922,575	17,539,219	18,288,670	15,787,124

(b) Gross premium income

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Gross premium written (see note (a) above)	20,922,575	17,539,219	18,288,670	15,787,124
Changes in unearned premium (see note 19(iv))	(1,428,253)	(1,820,508)	(1,282,333)	(1,576,275)
Gross premium income	19,494,322	15,718,711	17,006,337	14,210,849

(c) Changes in Life Business

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Changes in life fund (see note 19(v))	993,246	634,469	993,246	634,469
Changes in life annuity fund (see note 19(vi))	(903,803)	1,902,099	(903,803)	1,902,099
	89,443	2,536,568	89,443	2,536,568

(d) Reinsurance expenses

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	9,234,874	7,606,054	7,911,582	6,802,450
Life insurance	2,394,277	2,039,166	2,394,277	2,039,166
Takaful insurance	142,591	33,357	-	-
Total reinsurance cost	11,771,742	9,678,577	10,305,859	8,841,616
Changes in prepaid reinsurance cost	(966,563)	(2,099,452)	(814,997)	(1,963,942)
	10,805,179	7,579,125	9,490,862	6,877,674
Net premium income	8,599,700	5,603,018	7,426,032	4,796,607

(e) Movement in reinsurance costs

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Balance, beginning of the year (See note 10(b)(i))	3,642,459	1,543,007	3,362,916	1,398,974
Reinsurance cost for the year	11,771,742	9,678,577	10,305,859	8,841,616
	15,414,201	11,221,584	13,668,775	10,240,590
Reinsurance cost amortised	(10,805,179)	(7,579,125)	(9,490,862)	(6,877,674)
Total reinsurance cost	(10,805,179)	(7,579,125)	(9,490,862)	(6,877,674)
Balance, end of the year (See note 10(b)(i))	4,609,022	3,642,459	4,177,913	3,362,916

27 Fees and commission income

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Fee and commission income (see note 22(a))	2,268,892	1,617,999	1,989,041	1,447,461
	2,268,892	1,617,999	1,989,041	1,447,461

28 (a) Gross claims incurred

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Gross benefits and claims paid	4,996,525	4,601,817	4,563,740	4,142,858
Change in outstanding claims (see note 19(i))	(472,167)	2,262,386	(622,764)	2,123,443
Changes in IBNR (see note 19(ii))	(55,225)	399,972	(78,331)	426,704
Changes in additional reserve on cost overruns (see note 19(iii))	-	-	-	-
	4,469,133	7,264,175	3,862,645	6,693,005

(i) Analysis of gross claims incurred by line of business:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Non-life insurance	1,867,529	5,199,670	1,344,762	4,665,838
Life insurance	2,517,883	2,027,167	2,517,883	2,027,167
Takaful insurance	83,721	33,311	-	-
	4,469,133	7,260,148	3,862,645	6,693,005

(b) Analysis of claims recoveries from reinsurers:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Recoveries from reinsurance on claims paid	1,381,275	2,467,555	1,138,106	2,320,790
Changes in reinsurers' share of outstanding claims (see note 10(b)(ii))	(345,020)	1,131,447	(296,204)	1,161,454
Changes in reinsurers' share of IBNR (see note 10(b)(iii))	(207,388)	376,614	(235,416)	392,834
Changes in reinsurances' share of claims paid	813,775	(620,614)	745,149	(673,972)
	1,642,642	3,355,002	1,351,635	3,201,106

(i) Analysis of claims recoveries from reinsurers

Non-life insurance	288,661	2,412,479	50,699	2,312,669
Life insurance	1,300,936	888,437	1,300,936	888,437
Takaful insurance	53,045	7,988	-	-
	1,642,642	3,308,904	1,351,635	3,201,106

29 Underwriting expenses

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Acquisition costs (see note (a) below)	2,069,398	1,709,394	1,645,396	1,447,008
Maintenance expenses (see note (b) below)	817,365	467,093	718,918	328,792
	2,886,763	2,176,487	2,364,314	1,775,800

(a) Acquisition costs by business is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Acquisition cost - Life	325,272	471,914	325,272	471,914
Acquisition cost - Non-life	1,978,150	1,502,834	1,574,346	1,230,895
Acquisition cost - Takaful	55,616	41,215	-	-
Total commission paid	2,359,038	2,015,963	1,899,618	1,702,809
Changes in deferred acquisition cost	(289,640)	(306,569)	(254,222)	(255,801)
	2,069,398	1,709,394	1,645,396	1,447,008

(b) Maintenance expenses by business is as follows:

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Maintenance cost - Life	7,111	232,173	7,111	232,173
Maintenance cost - Non-life	760,308	173,872	663,291	96,619
Maintenance cost - Takaful	1,430	61,048	-	-
	768,849	467,093	670,402	328,792

30 Investment income

This comprises:

	Group	Group	Company	Company
<i>In thousands of naira</i>	2021	2020	2021	2020
Interest income on financial assets (see note (a) below)	966,508	850,516	530,142	506,529
Interest income - Investment contract liabilities (see note 18(a))	550,000	422,435	550,000	422,435
Total interest income	1,516,508	1,272,951	1,080,142	928,964
Rental income	12,500	14,500	-	-
Dividend income	263,441	292,814	195,466	225,825
Total investment income	1,792,449	1,580,265	1,275,608	1,154,789
Less: Interest income - Investment contract liabilities	(550,000)	(422,435)	(550,000)	(422,435)
Investment income on financial assets	1,242,449	1,157,830	725,608	732,354

31 Net fair value gain

	Group	Group	Company	Company
<i>In thousands of naira</i>	2021	2020	2021	2020
Fair value gain on financial assets at FVTPL (see note 7(b)(i))	(725,173)	1,799,740	(725,173)	1,799,740
	(725,173)	1,799,740	(725,173)	1,799,740

32 (a) Net exchange gain

	Group	Group	Company	Company
<i>In thousands of naira</i>	2021	2020	2021	2020
Unrealised exchange gain:				
- Available-for-sale (AFS) financial assets	-	77,833	-	77,833
- Other	1,322,124	1,271,701	691,488	858,005
- Premiums	-	-	-	-
	1,322,124	1,349,534	691,488	935,838
Realised exchange gain - AFS financial assets	-	-	-	-
	1,322,124	1,349,534	691,488	935,838

(b) Net trading income/(loss)

	Group	Group	Company	Company
<i>In thousands of naira</i>	2021	2020	2021	2020
Gain/(loss) on disposal of financial assets (see note (i) below)	-	255,394	-	45,101
	-	255,394	-	45,101

(i) This largely represents the gain on disposal of the MTN ordinary shares during the year.

33 Other operating income

	Group	Group	Company	Company
<i>In thousands of naira</i>	2021	2020	2021	2020
Miscellaneous income (see note (a) below)	1,535	189,280	-	113,053
Administrative income	-	-	-	-
Profit on disposal of property & equipment	139	-	-	-
Mudarabah Income	-	36,514	-	-
Recovery on subrogation	-	-	-	-
	1,674	225,794	-	113,053

34 Impairment losses

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Net impairment (write-back)/charge on policy loans during the year	-	-	-	-
Loss on reinsurance receivable (see note 10(v))	-	-	-	-
Write-back on trade receivables (see note 8(c))	-	(4,124)	-	(4,124)
Loss on financial assets (see note 7(a))	-	834,685	-	834,685
Loss on other receivables	75,315	38,271	75,315	38,271
Write-back/(Loss) on Cornerstone Leasing Co.	(58,000)	-	(58,000)	-
Write-back/(Loss) on other receivables (see note 9(d))	-	(27,313)	-	-
	17,315	841,519	17,315	868,832

35 Personnel expenses

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Salaries	1,414,663	1,158,745	1,050,389	901,112
Auxillary staff costs	280,570	225,857	251,832	205,522
Other staff allowances	434,737	415,250	374,921	307,988
Defined contribution pension costs	113,014	68,847	88,666	50,587
	2,242,984	1,868,699	1,765,808	1,465,209

36 Other operating expenses

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Advertising and promotions	42,760	32,805	33,073	27,121
Rents and rates	43,375	13,998	34,296	10,611
Consultancy fees	450,221	232,630	384,802	171,609
Legal fees	41,509	35,606	41,446	35,565
Repairs, fuel and maintenance	248,067	193,293	228,690	174,237
Statutory dues (NAICOM levy)	188,715	89,129	161,708	69,087
Directors' costs	41,981	71,202	15,703	47,933
Auditor's remuneration	44,388	38,688	27,700	25,000
Staff training and development	31,571	30,733	26,359	29,458
Subscription	21,727	9,343	17,514	4,083
Business travels	76,522	38,943	65,433	33,297
Fines and Penalties	6,650	2,050	6,650	1,550
Insurance	68,311	51,344	55,528	42,649
Medicals	33,166	94,286	25,219	85,862
AGM expenses	19,544	6,925	19,044	5,882
Telephone and postages	16,811	21,741	14,803	18,204
Electricity	22,159	20,059	16,814	14,792
Stationery and printing	14,179	13,775	11,393	11,618
Office expenses	33,008	17,179	31,649	16,042
IT Consumables	25,546	18,087	18,766	14,786
Loss on disposal of property & equipment	-	9,576	-	3,274
Donation*	7,200	38,202	7,100	20,840
Software maintenance cost	-	15,235	-	15,235
Other expenses**	61,760	33,539	11,385	2,461
Business re-organisation and relocation	2,229	-	2,229	-
	1,541,399	1,128,368	1,257,304	881,196

37 Finance cost

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Bank charges	61,632	52,654	47,011	28,136
	61,632	52,654	47,011	28,136

38 Earnings per share (EPS)

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Net profit/(loss) attributable to owners of the Company	3,011,290	2,181,076	2,092,975	1,774,919
Weighted average number of ordinary shares in issue for the purpose of EPS (see note (i) below)	18,049,512	18,049,512	18,049,512	18,049,512
Basic and diluted earnings per share (kobo)	17	12	12	10

- (i) The weighted average number of ordinary shares used for the purpose of EPS computation has factored in the treasury shares as shown below.

<i>In thousands of naira</i>	Group 2021	Group 2020	Company 2021	Company 2020
Weighted average number of ordinary shares in issue	14,729,508	14,729,508	14,729,508	14,729,508
Treasury shares	(116,880)	(116,880)	(116,880)	(116,880)
Effect of restatement due to bonus share issue	-	-	-	-
Weighted effect of bonus issue on shares in issue	3,436,884	3,436,884	3,436,884	3,436,884
Weighted-average number of ordinary shares at 31 December	18,049,512	18,049,512	18,049,512	18,049,512

Notes to the Financial Statements (cont'd)

45 Statement of cash flow notes

Details of the statement of cash flows workings are presented below. Certain comparative figures have been reclassified in the statement of cash flows in order to align to the presentation adopted in the current year. The impact of these reclassification has been considered to be immaterial.

<i>In thousands of naira</i>	<i>Note</i>	Group 2021	Group 2020	Company 2021	Company 2020
(i) Premium received					
Gross written premium per income statement	26(a)	20,922,575	17,539,219	18,288,670	15,787,124
Add: Opening receivables (Gross)	8(a)	1,469,921	1,379,648	1,232,423	1,185,972
Less: Closing receivables (Gross)	8(a)	(1,623,013)	(1,469,921)	(1,379,541)	(1,232,423)
		20,769,483	17,448,946	18,141,552	15,740,673
(ii) Dividend income received					
Dividend income per income statement	30(a)	263,441	292,814	195,466	225,825
Add: Opening dividend receivable	9	9,833	48,105	-	38,272
Less: Closing dividend receivable	9	(9,833)	(9,833)	-	-
		263,441	331,086	195,466	264,097
(iii) Reinsurance premium paid					
Reinsurance cost	26(d)	(11,771,742)	(9,678,577)	(10,305,859)	(8,841,616)
Add: Closing reinsurance payable	20	188,442	234,129	29,592	135,722
Less: Opening reinsurance payable	20	(234,129)	(1,624,290)	(135,722)	(1,616,929)
		(11,817,429)	(11,068,738)	(10,411,989)	(10,322,823)
(iv) Acquisition costs paid					
Acquisition costs	29	(2,359,038)	(2,015,963)	(1,899,618)	(1,702,809)
Add: Closing commission payable	20	50,904	54,190	50,904	54,190
Less: Opening commission payable	20	(54,190)	(20,103)	(54,190)	(20,103)
		(2,362,324)	(1,981,876)	(1,902,904)	(1,668,722)

46 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' shares, Rulebook of the Exchange 2015 (Issuers Rule) Cornerstone Insurance PLC maintains an effective Securities Trading Policy which guides Directors, Audit Committee Members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the Directors and other insiders and is not aware of any infringement of the Policy during the period.

47 Free Float Computation

Shareholding Structure/Free Float Status

Description	31-Dec-21		31-Dec-20	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	18,166,392,725	100%	14,729,598,608	100%
Substantial Shareholdings (5% and above)				
Banc-assure Limited	8,803,503,588	48.46%	7,143,885,379	48.50%
Capasure Limited	5,547,786,518	30.54%	4,498,205,285	30.54%
Total Substantial Shareholdings	14,351,290,106	79%	11,642,090,664	79%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mr. Ekwunife Okoli (Direct)	2,958,664	0.016%	2,861,980	0.019%
Mr. Tokunbo Bello (Direct)	620,811	0.003%	502,360	0.003%
Total Directors' Shareholdings	3,579,475	0.020%	3,364,340	0.023%
Other Influential Shareholdings				
Total Other Influential Shareholdings	-	-	-	-
Free Float in Units and Percentage	3,811,523,144	21%	3,084,143,604	21%
Free Float in Value	₦ 2,134,452,961		₦ 1,696,278,982	

Declaration:

for companies listed on the Main Board.
requirements for companies listed on the Main Board.