



PRESTIGE ASSURANCE PLC

**Unaudited Financial Statements
Third Quarter 2024**

PRESTIGE ASSURANCE PLC

REPORT OF THE DIRECTORS AND UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2024

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PRESTIGE ASSURANCE PLC
RESULTS AT A GLANCE
FOR THE PERIOD ENDED 30TH SEPTEMBER 2024

	2024 ₦'000	2023 ₦'000	% Changes
Insurance revenue	13,821,121	9,614,177	44
Insurance service expenses	(14,818,692)	(7,487,467)	98
Net income/ expense from reinsurance contracts held	1,075,443	(1,680,156)	(164)
Insurance service result	77,873	446,554	(83)
Total investment income	3,587,726	1,029,115	249
Other management expenses	1,036,798	958,743	8
Profit Before Tax	2,632,610	527,989	399
Profit for the Period Ended	2,402,857	406,552	491
Net assets	18,087,546	13,618,149	33
Total assets	37,185,082	22,902,361	62
Basic earnings per share (Kobo)	18.13	3.07	491
Diluted earnings per share (Kobo)	18.13	3.07	491

PRESTIGE ASSURANCE PLC

CERTIFICATE PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT

FOR THE PERIOD ENDED 30TH SEPTEMBER 2024

We, the undersigned, hereby certify the following with regards to our unaudited financial statements for the Period ended 30th September 2024

that:

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



.....
Mr. Rajesh Kamble
Managing Director/CEO



.....
Mr. Oluwadare Emmanuel
Chief Financial Officer

29th October 2024

PRESTIGE ASSURANCE PLC

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2024

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, Management has reviewed the unaudited financial statements of the Company for the period ended 30th September 2024 and report as follows:

The accounting and reporting policies of the Company are consistent within legal requirements and agreed ethical practices.

The scope and planning of the internal audit was adequate.

The Company maintained effective systems of accounting and internal control during the period.

The Nature of the Business

Prestige Assurance Plc is a non-life insurance business with over seventy years' experience in Nigeria. The Company's core areas of business include motor, marine, bond, engineering, fire, aviation, oil and gas and general accident.

The Company is known for providing expertise knowledge especially in high-risk businesses such as aviation, marine, oil and gas.

Our Company is known by populace for prompt settlement of claims and other supports as it may be necessary.

The major bulk of our business comes from broker's market.

Management Objectives

- I. To be in the forefront of risk carrying in Nigerian insurance market, with a penchant for quality products and efficient service delivery to our esteemed customers.
- II. To position the Company amongst the best insurance companies in Nigeria.
- III. To ensure that values are created for the stakeholders.
- IV. To be an ethical company among the listed institution in Nigeria and the world at large.

Our Strategies

In order to meet the above objectives, the management of the Company have put the following strategies in place.

- I. The Company has instituted sound corporate governance in order to drive both the internal process and the business Environment.
- II. Adequate reinsurance has been put in place to absorb the impact of high risk which may likely occur due to the area of Specialization of the Company.
- III. Aside from the normal business, the Company also provides add on services such as customer education, policy audit and lease financing.

Our Strategies – Continued

- I. The Company engages in training and empowerment of her workforce to meet up with the challenges of modern business.
- II. It is also in the current agenda of the Company to recruit more hands with specialised skills to compete favourably in the industry.
- III. The Company has also met up with her civil responsibility and promised to do more to better the interest of Stakeholders at large.

Our Resources, Risks and Relationship

Our most valuable resources are our human capital. The staff welfare is paramount to the Company. Non-human resources are of small relevance without appropriate personnel to drive the system.

Insurance business is a kind of business that is full of risk known as insurable risks.

This is a known risk but which the likelihood and magnitude of the occurrence is not certain.

The Company has put in place a balanced re-insurance policy to absorb the impact of such risks at any time in future.

Aside from this, the Company is also faced with diverse risks which are financial and non-financial in nature.

Several strategies are already in place to mitigate their negative impact on the business and the Company itself.

Prestige Assurance Plc is a subsidiary of The New India Assurance Company Limited, Mumbai, India. Our parent company is one of the largest insurance business undertakers across the Afro-Asia continent (except Japan). The parent company provides support to us in all ramifications which had impact positively in term of skills and financial status to underwrite high risk businesses rarely underwritten by the local companies.

Financial Results and Prospects

For the period ended 30th September 2024, the Gross Premium written of the Company increased by 44.88% compared with previous period and the insurance revenue increased by N4.21billion compared with previous year as a result of improvement in marketing techniques & prompt claim settlement.

Insurance service result for the period went down by ₦368.68 million when compared with the previous period 30th September 2023, whilst profit for the period increased by ₦2,104.62 million compared to prior period.

The Shareholder's Fund of the Company increased by ₦2,137.72 million representing 13.41% Increase when compared with 31st December 2023.

PRESTIGE ASSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

- a)** Prestige Assurance Plc ("the Company") was incorporated on 6 January 1970. The Company is a subsidiary of New India Assurance Limited which was established on 23 July 1919.

Its registered office is located at 19, Ligali Ayorinde Street, Victoria Island, Lagos, Nigeria.

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM).

The financial statements for the period ended 30th September 2024 were authorized for issue in accordance with a resolution of the Directors on 29 October 2024.

b) Principal activity

The Company is licensed to carry out non-life insurance business. The Company provides cover in all classes of insurance, basically non-life treaty and facultative insurance, backed by reinsurer in the London and African reinsurance markets. The products and services by the Company cut across general accident, energy, fire, marine, workers compensation, terrorism and bond.

2. Material accounting policies

2.1 Introduction to material accounting policies

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

2.2 Basis of presentation and preparation

The financial statements of Prestige Assurance Plc have been prepared on a going concern basis and is presented in order of liquidity. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board. Additional information required by national regulations, the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011, Insurance Act 2003 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, the summary of material accounting policies and the notes to the financial statements.

b) Basis of measurements

The preparation of these financial statements has been based on the historical cost basis except for investment properties, land and building, financial assets at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets at acquisition date. In accordance with IFRS 17: Insurance Contracts, the Company has applied existing accounting policies for its non-life insurance contracts, modified as appropriate to comply with the IFRS Accounting Standards framework.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

2.3 Insurance contracts and insurance contract liabilities (Policy applicable from 1 January 2023)

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions to IFRS17. The nature of the changes in accounting policies can be summarized, as follows:

2.3.1 Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differs from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non- financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Insurance acquisition cash flows are immediately expensed including those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

2.3.2 Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets.
- Portfolios of insurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims
- Instead, IFRS 17 requires separate presentation of:
 - Insurance revenue
 - Insurance service expenses
 - Insurance finance income or expenses
 - Income or expenses from reinsurance contracts held.

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard

2.3.3 Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

2.3.4 Full retrospective approach.

On transition to IFRS 17, the Company has applied the full retrospective approach to all contracts issued.

2.4 Foreign currency translation

I. Functional and presentation currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

II. Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and these are translated into the functional currency at the spot rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in profit or loss.

2.5 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash balances and deposits with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.6 Financial instruments

a) Recognition and initial measurement

- **Initial recognition**

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The Company uses trade date accounting for regular way contracts when recording financial assets transactions.

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

- **Day 1 profit or loss**

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred. The deferred amounts are recognised in profit or loss when there is a change in a factor (including time) that market participants would take into account when pricing the asset or liability. On this basis, the Company has assessed that amortising the deferred amount on a straight-line basis is appropriate. Any outstanding amount is immediately recognised in profit or loss when the instrument is derecognised or when the input(s) becomes observable.

b) Amortised cost and gross carrying amount.

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

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

c) Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

d) Classification of financial instruments

The Company classifies its financial assets under IFRS 9, into the following measurement categories:

- those to be measured at fair value through other comprehensive income (FVOCI) without recycling (equity instrument),
- those to be measured at fair value through profit or loss (FVTPL) (equity instrument); and
- those to be measured at amortised cost (debt instrument).

The classification depends on the Company's business model (i.e., business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test). The Company also classifies its financial liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

e) Subsequent measurements

(i) Financial assets

The subsequent measurement of financial assets depends on its initial classification:

✓ **Debt instruments**

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



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

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

✓ **Equity instruments**

The Company subsequently measures all equity investments at fair value. The Company has designated its unquoted equity instruments to be measured at fair value through other comprehensive income (FVOCI) since the investments are not held for trading. For these instruments, the Company present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

investments continue to be recognised in profit or loss as dividend income (under Investment income) when the Company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other equity financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/ (loss) gain on financial assets in the profit or loss.

Business Model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Insurer's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Insurer's stated objective for managing financial assets is achieved and how cash flows are realized.

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

Solely payments of principal and interest (SPPI) assessment

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cash flows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification. Contractual cash flows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like Liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

(ii) Financial liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

f) Reclassifications

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

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

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

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets

Financial liabilities are not reclassified after initial classification.

g) Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss statement. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

(ii) Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

2.6 Financial instruments – continued

If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED**h) Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moody's and Fitch as well as local ratings by Agosto and Co. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company's debt instruments at amortised cost comprise quoted sovereign bonds, corporate bonds, and others that are graded in the top investment category. The Company's fixed income investment portfolio consists of Investment grade and low speculative bonds and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following.

- Disclosures for significant estimates Judgements and assumptions - Note 2.36
- Financial risk disclosures - Notes 43b in the financial statements.

i) Write-off

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

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

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee. The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Company's procedures for recovery of amount due.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

j) Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- Inflation rate
- Prime lending rate
- Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

k) Derecognition of financial assets

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

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

l) Derecognition of financial liabilities

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

m) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.7 Income and expenses (Revenue recognition)

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

If expectations regarding the cash flows on the financial asset are revised (excluding modifications) for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in profit or loss.

a) Amortised cost and gross carrying amount.

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

b) Calculation of interest income and expenses

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

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

2.8 Impairment of non-financial assets

The carrying amounts of the Company'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 asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2.9 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

✓ Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

2.9 Leases -continued

✓ **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option if reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease if that rate can be determined. If that rate cannot be determined, the Company shall use its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in other liabilities (Note 29).

ii. Company as a lessor

Finance leases are recognised when the Company transfers substantially all the risks and rewards of ownership of the leased assets to the lease. Investment in finance lease at commencement is initially recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments (discounted at the interest rate implicit in the lease, if practicable, or else at the entity's incremental borrowing rate. The finance lease is recorded as a receivable, at an amount equal to the net investment in the lease.

Interest income on investment in finance lease is recognised in the profit or loss as investment income in the period the interest is receivable. An investment in finance lease is impaired using IFRS 9 expected credit loss model.

2.10 Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land (held by a lessee), is initially recognised at cost. Subsequently, investment property is carried at fair value at the reporting date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as expense in the year in which it is incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

2.10 Investment property-continued

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

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 in use. If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

2.11 Intangible assets

Intangible assets comprise computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Expenditure that is reliably measurable and meets the definition of an assets is capitalized.

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. The residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An Intangible 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 estimated useful lives for the current and comparative period are as follows:

Computer software	10 years
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An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.12 Property, plant and equipment

i. Recognition and measurement

All property, plant and equipment are initially recorded at cost. They are subsequently stated at cost less accumulated depreciation and impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the assets. An asset is recognized when it is probable that the economic benefits associated with the item flow to the entity and cost can be reliably measured.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

iii. Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets 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, Non-current Assets Held for Sale and Discontinued Operations.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

The estimated depreciation percentage for the current and comparative period are as follows:

Plant and machinery	12.5%
Buildings	2% of cost/valuation
Furniture, fittings and office equipment	10%
Computer equipment	33 1/3%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. 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.

iv. Revaluation of land and building

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

When a property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the profit or loss.

When the value of a property is as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in profit or loss.

When revalued assets are being depreciated, part of the surplus is being realized as the asset is used. The amount of the surplus realized is the difference between the depreciation charged on the revalued amount and the lower depreciation which could have been charged on cost now reclassified from property revaluation reserve to accumulated losses but not through profit or loss.

The revaluation of land and building is carried out every three (3) years or when there are indications of significant changes in the value of the property whichever is shorter.

v. De-recognition

An item of property, plant 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

2.13 Statutory deposit

Statutory deposit represents a fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3billion for General(non-life) insurance business.

2.14 Insurance and reinsurance contracts classification (Policy with effect from 1 January 2023)

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include fire and special peril, burglary and house breaking insurance, motor insurance, money insurance, marine insurance, plant all risk insurance, workmen's compensation insurance, contractors' all risk, professional indemnity, general accident, engineering, bond, and oil & gas/special risks. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Company does not issue any contracts with direct participating features.

2.14.1 Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After identifying and separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

2.14.2 Level of aggregation

IFRS 17 defines the level of aggregation to be used for measuring insurance contracts and their related profitability. This is a key issue in identifying onerous contracts and in determining the recognition of profit or loss and presentation in the financial statements. The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together. IFRS 17 requires the company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios using the current lines of business framework with consideration for the reserving segmentation and product types within each line of business to support the definition of similar risk. These lines of business are Fire insurance, General accident, Motor insurance, Employer's liability, Marine insurance, Aviation, Oil and Energy, Engineering all risk, Bond, Goods-in-transit, Terrorism, Mediclaim, Agriculture insurance and Salary protection. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts

2.14.2 Level of aggregation

with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. Currently, there is no law or regulation that constrained the Company's practical ability to set a different price or level of benefits for policyholder with different characteristics.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Historical loss ratio
- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

Contract boundary

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

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

Or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the assessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

	IFRS 17 Options	Adopted approach
<i>Premium Allocation Approach (PAA) Eligibility</i>	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	All the Company's products with coverage period of one year or less are measured using the PAA. Where a contract has a coverage period of more than a year, the company will perform the PAA eligibility test as required, where the materiality level for difference in the liability for remaining coverage has been set at +/- 5%
<i>Insurance acquisition cash flows for insurance contracts issued</i>	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one Year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	The company uses a systematic and rational method for allocating insurance acquisition cash flows to groups of contracts.
<i>Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money</i>	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For general business, LFRC would not be discounted except for certain contract (e.g construction contract). Where contracts have a coverage of more than one year, and where the time between the premium due date and start of coverage period exceeds one year, allowance must be made for accretion of interest on the LFRC (i.e. LFRC will be discounted).
<i>Liability for Incurred Claims, (LFIC) adjusted for time value of money</i>	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	Not all claims incurred are settled within a year as such when the claims are settled after a year period, time value of money will be considered. The company has decided not to adjust for time value of money if the cashflow is expected within a year.
<i>Insurance finance income and expense</i>	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	When insurance finance income or expenses is disaggregated between profit or loss and other comprehensive income, the amount of insurance finance income or expenses included in profit or loss is determined using the discount rate at the date of the incurred claim.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

2.14.3 Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less

where this is expensed,

- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance

acquisition cash flows and

- Any other asset or liability previously recognised for cash flows related to the group of contracts that the

Company pays or receives before the group of insurance contracts is recognised.

For contracts beyond one year, the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. For all other contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cashflows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

2.14.4 Reinsurance contracts held – initial measurement.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss- recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

2.14.5 Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period
- Minus insurance acquisition cash flows
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such.

2.14.6 Reinsurance contracts held – subsequent measurement.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2.14.7 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group. The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amount of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have

2.14.8 Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

2.14.9 Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non- financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

2.14.10 Reinsurance contracts held

The Company holds the under - noted reinsurance contracts:

- Treaty Reinsurance Outward is usually between the Company and Reinsurers.
- Facultative Reinsurance Outward is usually between the Company and other insurance companies or between the Company and Reinsurers.
- Facultative reinsurance inwards are usually between the Company and other insurance Companies or between the Company and Reinsurers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

Premiums due to the reinsurers are paid and all claims and recoveries due from reinsurers are received. Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amount associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

The Company's Insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuary. These include unearned premiums reserve and outstanding claim reserve.

i. Unearned premium reserve

Unearned premium provision is calculated using a time - apportionment basis, in particular, the 365ths method.

2.14.11 Reinsurance contracts held

ii. Outstanding claims reserve

Individual loss estimates are provided on each claim reported. In addition, provisions are made for adjustment expenses, changes in reported claims and for claims incurred but not reported (IBNR), based on past experience and business in force.

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

iii. Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests.

The provisions of the Insurance Act, 2003 require an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act No.6, 2011 gives superiority to the provisions of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act, 2003, it supports the Company's prudential concerns.

iv. Salvage and subrogation reimbursements

Some insurance contracts permit the Company 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). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.15 Insurance contracts and insurance contract liabilities (Policy applicable prior to 1 January 2023)

In accordance with IFRS 4 insurance contracts, the Company has continued to apply the accounting policies it applied in accordance with Nigerian GAAP. These contracts are accident, workmen's compensation, motor, marine and aviation and fire insurance.

2.15 Insurance contracts and insurance contract liabilities (Policy applicable prior to 1 January 2023)-continued

Insurance contracts protect the Company's customers against the risk of harm from unforeseen events to their properties resulting from their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

Others forms of Insurance contracts include but are not limited to workmen's compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to profit, or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company i.e., Claims incurred but not reported (IBNR) which is actuarial valuation. The Company does not discount its liabilities for unpaid claims other than for workmen compensation claims. Liabilities for unpaid claims are estimated using the impute of assessments of provision reported to the Company and analysis for the claims incurred but not reported (IBNR).

2.15.1 Reinsurance receivables (Policy applicable prior to 1 January 2023)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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. 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. Reversals of impairment losses are recognised in profit or loss.

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 reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of each reinsurance contract.

The reinsurers' share of unearned premiums (i.e., the reinsurance assets) are recognised as an asset using principles consistent with the Company's method for determining unearned premium liability. The amount reflected on the statement of financial position is on a gross basis to indicate the extent of credit risk related to the reinsurance and its obligations to policy holders.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

The Company assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss.

2.15.2 Deferred acquisition costs (DAC)- (Policy applicable prior to 1 January 2023)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable, can be measured reliably and it is probable that they will be recovered. All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating unearned premium. It is calculated by applying the acquisition costs to the ratio of unearned premium to written premium. The DAC asset is tested for impairment annually and written down when it is not expected to be fully recovered.

2.16 Trade payables

Trade payables (i.e., insurance payables) are recognised when due and measured on initial recognition at fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The fair value of a non-interest-bearing liability is its repayment amount. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.17 Provisions and other payables

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best of estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2.18 Retirement obligations and employee benefits

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

Defined benefit gratuity scheme

The Company has a defined benefit gratuity scheme for management and non-management staff. Under this scheme, a specified amount as determined by actuarial valuation is contributed by the Company and charged to the statement of profit or loss over the service life of each employee.

The Company recognizes the following changes in the net defined benefit obligation under "the employee benefit expense". Service costs comprising current service costs, past services costs, gains and losses on curtailment and non-routine settlements.

Employees are entitled to gratuity after completing a minimum of five continuous full years of service. The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTNUED

2.18 Retirement obligations and employee benefits- continued

market yields on high quality corporate bonds. The liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Re-measurement arising from actuarial gains and losses are immediately recognized in the statement of financial position with corresponding debit or credit recognized in the retained earnings through OCI in periods in which they occur. Re-measurements are not reclassified in subsequent periods. Past service costs are recognized in the profit or loss on the earlier of:

- The date of plan amendment or curtailment and.
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset using the rate at the beginning of the period. The Company recognizes the net interest in the net defined benefit obligation under "the employee benefit expense".

Defined contribution pension scheme

The Company operates a defined contributory pension scheme for eligible employees. The Company and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses when the associated services are rendered by the employees of the Company.

2.19 Income taxes - Company Income Tax and Deferred Tax Liabilities

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differ from results as reported in the profit or loss because it includes not only items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is

2.19 Income taxes- Company income tax and Deferred Tax Liabilities

based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

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. The tax effects of carryforwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2.20 Share capital and share premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.21 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

2.22 Statutory contingency reserve

In compliance with Section 21 (2) of Insurance Act, CAP 117 LFN 2004, the contingency reserve is credited with the greater of 3% of gross premium written, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

2.23 Retained earnings

This reserve represents amount set aside out of the profits of the Company which shall at the discretion of the Directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

2.24 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the equity instruments designated at fair value through other comprehensive income. This amount cannot be recycled to profit or loss in subsequent period even if the instruments are derecognized.

2.24.1 Property revaluation reserve

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.24.2 Gratuity valuation reserve

The gratuity valuation reserve comprises the cumulative net change in the re-measurement gain/(loss) on defined benefit plans.

2.25 Prepayments and other receivables

- a) Prepayments:
Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.
- b) Other receivables:
Other receivables are recognised upon the occurrence of event or transaction as they arise, and derecognised when payment is received or utilised.

2.26 Contingent assets and liabilities

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 Company. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities and contingent assets are never recognized rather they are disclosed in the financial statements when they arise.

2.27 Insurance revenue (Policy applicable with effect from 1 January 2023)

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time (pro-rata basis). but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

2.27.1 Loss Components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

2.27.2 Loss recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss- recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss - recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2.27.3 Insurance finance income and expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

When the entire insurance finance income or expenses is included in profit or loss, the company discounts the incurred claims at current rates (i.e., the rate at the reporting date). When insurance finance income or expenses is disaggregated between profit or loss and other comprehensive income the amount of insurance finance income or expenses included in profit or loss is determined using the discount rate at the date of the incurred claim.

2.28 Premium and unearned premium (Policy applicable prior to 1 January 2023)

Premiums written comprise the premium on contracts incepting in the financial year. Premiums written are stated gross of commission payable to agents and exclusive of taxes levied on premiums. The Company earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premium.

i. Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

ii. Reinsurance expenses (Policy applicable prior to 1 January 2023)

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

iii. Fee and commission (Policy applicable prior to 1 January 2023)

Fees and commission income consist primarily of agency and brokerage commission, reinsurance and profit commissions, and other contract fees. Reinsurance commission receivables are deferred in the same way as acquisition costs. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods in accordance with IFRS 15 – Revenue from contract with customers.

iv. Claims expense (Policy applicable prior to 1 January 2023)

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. (See policy for reserve for outstanding claims above) The gross provision for claims represents the estimated liability arising from claims in current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The gross provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in profit or loss in the financial period in which adjustments are made and disclosed separately if material.

v. Acquisition costs and maintenance expenses

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision (See policy for Deferred Acquisition Cost above). Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Maintenance expenses are those incurred in servicing existing policies/contract.

2.29 Management expenses

Management expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

2.30 Finance income and expenses

Finance income and expense for all interest-bearing financial instruments are recognised within 'finance income' and 'finance costs' in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the finance income or finance costs over the relevant period. The effective interest rate is the rate that exactly discounts the expected 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 instrument.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Company estimates cash flows considering all contractual terms redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate.

2.30 Finance income and expenses- continued

Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.31 Income tax expense

Income tax expense comprises current income tax, education tax, police development levy, information technology development level and deferred tax. (See policy on taxation above).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.32 Earnings per share

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

2.33 Statement of Cash Flows

A statement of cash flows, when used in conjunction with the rest of the financial statements, provides information that enables users to evaluate the changes in net assets of an entity, its financial structure (including its liquidity and solvency) and its ability to affect the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities.

According to IAS 7 Statement of Cash Flows, an entity shall report cash flows from operating activities using either:

- (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
- (b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

The Company has adopted the direct method in reporting cash flows from operating activities because it provides more details about operating cashflows which may be useful in estimating future cash flows.

2.34 Changes in accounting policies and disclosures

New and amended standards and interpretations.

The Company applied for the first-time IFRS 17 Insurance contracts which are effective for annual periods beginning on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had an impact on the company's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.34 Changes in accounting policies and disclosures

b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments had no impact on the Company's financial statements.

c) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

e) International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and

New and amended standards and interpretations.

e) International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- a) Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and
- b) Quantitative information such as:
 - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
 - An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates. The Group has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates. Therefore, as the related Pillar Two disclosures are not required, the amendments will have no impact on the Company's consolidated financial statements at 31 December 2023.

2.35 Standards issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

a. Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

b. Classification of Liabilities as Current or Non-Current- Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

c. Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

d. Lack of exchangeability – Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability-Amendments to IAS 21. The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal

administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

e. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalized any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgmental and entities need to consider the definition carefully in such transactions. The amendments are not expected to have a material impact on the Company's financial statements.

2.36 Significant accounting judgements estimates and assumptions

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.36.1 Critical judgments in applying the Company's accounting policies.

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a) Insurance product classification and contract liabilities

The Company's non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 17, Insurance contracts are those contracts where the Company (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. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it 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.

b) Liability for remaining coverage

The company uses the following key assumption for its liability for remaining coverage. Earnings pattern for LRC (Liability for Remaining coverage) includes two (2) options under the PAA, they are:

- Pro-rata temporis (passage of time)
- Risk based curve

For insurance contracts which automatically qualify for PAA (i.e., with coverage period not exceeding 1 year), the passage of time or pro-rata temporis pattern will be used. This approach is almost identical to the 365th method that is currently used for determining IFRS 4 unearned premium reserves (UPR). However, contracts which automatically qualify for PAA does not necessarily imply that the uniform earnings curve will be appropriate. For example, seasonality of claim incidence under certain class of policy would normally require calibration of the earnings curve. But the default curve will be uniform unless facts and circumstances indicate otherwise, i.e., there is sufficient credible data and grounds that the incidence of risk may not be linear.

For contracts with coverage period exceeding 1-year, actuarial investigations will be conducted by deriving the claims incidence pattern using historical claims data. Actual observed claims incidence curve is tested for goodness of fit by applying standard statistical techniques. In the absence of credible claims data, an equivalent risk incidence curve will be sourced from our international reinsurers. If external risk curve is not available, then by default a uniform earnings curve will apply.

The selected earnings curve will be applied to both insurance and reinsurance contract.

c) Claims payment pattern for liability for incurred claims.

In estimating the claims payment pattern for liability for incurred claims, the company sets:

1. An assumption regarding the future timing of claim settlement is required as the IFRS 17 requires the determination of probability weighted future cash flows. Weighted future cash flows will include expected claim payment, expected cost of settling the claims, unallocated claim expenses that are integral to the claim cost but due to system limitations they cannot be allocated to individual claims (e.g. cost of pool of contract cars), legal costs incurred or expected to be incurred for litigated claims, motor recoveries from third party insurers, salvage and subrogation and directly attributable maintenance expenses. For reinsurers' LIC, same cashflows shall apply as described above but the cashflows are apportioned according to reinsurance arrangement.

Run off triangles are used to project future claims payment generated by direct insurance contracts and claim recovered from reinsurance contracts. Actual claims paid and outstanding claim reserves are grouped by accident year cohorts.

Methodology used for claims reserving is defined by the Company's Reserving Policy and Reserving Guidance, and it relies on the Basic Chain Ladder as well as the Bornhuetter-Ferguson method. Same methodology is applied to claims generated by direct contracts and claim recovered from reinsurance contracts.

2.36 Significant accounting judgements estimates and assumptions-continued

2.36.1 Critical judgments in applying the Company's accounting policies- continued

The best estimate for claims development or payment to ultimate is determined by the link ratio estimator for each period of development. This is achieved by selecting the weighted averages or simple averages of link ratios for each period of claims development until the ultimate period when the claims development is deemed to be fully run off. For each reserving class that best estimate claim payment pattern is derived separately on a gross basis Insurance contracts and reinsurers' share (claim recovered from reinsurance contracts). The process of selecting link ratios often involves identifying outliers and excluding them. Analysis of Actual versus Expected claim reserves is carried out to assess adequacy of best estimate payment pattern estimated in prior year/period. Where significant deviations are noted, further investigations are carried out to ascertain whether this is indicative of a new trend in the underlying claim development process or whether this is caused by the occurrence of abnormally large claims that tend to distort the latest link ratios or whether it was caused by certain specific events impacting the claims process that are not expected to recur in the future (e.g. restructuring of claims department, or installing a new admin system or claim backlog). If the cause of the deviation is driven by changes in the claims development process which is expected to be recurring or be permanent in the future (e.g., application of new case reserving practice), then judgement is applied in choosing the link ratio for the most recent accident year cohort. Consideration is also given on the need to allow for a tail factor for projecting claims payment beyond the available data horizon.

2. Claim payment pattern will be derived for each reserving class or portfolio (portfolio if there is only one reserving class).
3. Basically, the payment pattern provides probabilities to project the settlement of claims in future time periods.
4. For a given portfolio or reserving class, same payment pattern will be applied to project the payment of OCR (outstanding claim reserve), IBNR reserve and Risk Adjustment estimates over future time periods.
5. Existing reserving models (primarily the Basic Chain Ladder) will be used to derive the payment probabilities from the link ratios obtained from paid triangles.
6. Pattern will be derived once a year, that is, at the year-end valuation. It is expected that same payment pattern will be used in the LIC cashflow modelling for interim valuation periods and roll forward.
7. However, for reserving class or portfolios which exhibit significant volatility, payment pattern might be reviewed and revised more frequently and also pattern used in LIC model will need to be updated. A change in payment pattern will lead to a change in fulfilment cashflows arising from non-financial assumption change. This change or delta in fulfilment cashflow will be accounted for as an insurance service expense.
8. Changes of payment pattern during a financial year will only be considered if justified by facts and circumstances. Examples of facts and circumstances could be as follows: major changes in claim reporting and settlement processes that would invalidate existing payment pattern (e.g. non-life claims backlog can be quite common arising from dispute in settlement amount or change in policy administration system. occurrence of major external systemic events such as a pandemic related lockdown will impact the development factors- hence invalidate existing payment pattern.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.36 Significant accounting judgements estimates and assumptions-continued

2.36.1 Critical judgments in applying the Company's accounting policies- continued

9. It is to be noted that, for consistency, the same payment pattern as used for claim projection will be applied in the projection of Risk Adjustment estimates. The same approach would be used to derive the payment pattern for modelling the LIC cashflows for a portfolio of reinsurance contracts.
10. Moreover, it is required to allocate the projected OCR, IBNR and RA to issue year cohorts /underwriting year cohorts. This will necessitate the application of an allocation driver. Projected IBNR, OCR and RA cashflows will be allocated to underwriting year by making use of weights. Weights, as a proxy for coverage, for each underwriting year will be derived from earned premium /revenue (as computed for the LRC). For internal reporting needs, further allocation of IBNR, OCR and RA (risk adjustment) down to more granular levels (issue year cohorts/distribution channels/ cover-section/ client types) will be required. Earned premium weights, as described above, will also be used for a more granular allocation of projected OCR, IBNR and RA.

Insurance acquisition cash flows

For the company's PAA eligible contracts, the company recognizes insurance acquisition cashflows as an expense immediately. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Time value of money on liability for remaining coverage

For Engineering contracts and Marine cargo contracts, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. While for other business lines, the company has elected not to discount the liability for remaining coverage.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid high grade rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (value at risk) approach in which a full IFRS 17 liability distribution is generated across all non-financial risks and risk adjustment is calculated as the difference between the best estimate liability and the liability value at the chosen confidence level.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.36 Significant accounting judgements estimates and assumptions-continued

2.36.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed, and appropriate action taken to ensure that there are no going concern threats to the operation of the Company. The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the next 12 months ahead.

b) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as FGN Bond interest rates) and is required to make certain entity-specific adjustments (such as the Company's stand-alone credit rating, or to reflect the terms and conditions of the lease) and assets specific adjustment (such as property yield).

c) Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

For non-life insurance contract, estimates have to be made for the expected ultimate cost of all future payments attaching to incurred claims at the reporting date. These include incurred but not reported ("IBNR") claims. Due to the nature of insurance business, ultimate cost of claims is often not established with certainty until after the reporting date and therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of amounts due to contract holders. Actual results may differ resulting in positive or negative change in estimated liabilities.

2.36 Significant accounting judgements estimates and assumptions-continued

2.36.2 Estimates and assumptions

d) Valuation of non-life insurance contract liabilities

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Loss ratio method and BCL methods. The BCL method assumes that past experience is indicative of future experience i.e., claims recorded to date will continue to develop in a similar manner in the future while Loss ratio method is used for classes with limited claims payments or history and therefore a BCL method would be inappropriate. The loss ratio method allows for an estimate of the average ultimate loss ratio

which needs to be assumed, it uses the incurred and paid to date loss ratio that have been experienced to date in previous accident years.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process.

Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of these liabilities and the attached uncertainty. The carrying value at the reporting date of non-life insurance contract liabilities is N16,308,035,000 (2023: N7,667,685,000).

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the profit or loss 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 profit or loss.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement 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.

The carrying value at the reporting date of net deferred tax liabilities is N624,772,000 (2023: N624,772,000). Further details on taxes are disclosed in Note 12 to the financial statements.

f) Valuation of pension benefit obligation

and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 29 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation is N292,775,000 (2023: N218,160,000).

g) Valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2023. A valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 21 to the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- i. S&P credit grading model of obligors which assigns PDs to the individual grades
- ii. The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- iii. Development of ECL models, including the various formulas and the choice of inputs
- iv. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, inflation rate, GDP growth rate and crude oil price, and the effect on PDs, EADs and LGDs

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

i) Impairment losses on financial assets

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

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

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

- 1) The contractual cash flows that are due to the Company under the contract; and
- 2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

i) Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

- I. Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year.
- II. Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review.
- III. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under note (32) and note 2.22 to cover fluctuations in securities and variation in statistical estimates.
- IV. Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act as set out under note 4(c).
- V. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid-up share capital with the Central Bank of Nigeria as set out under note 24;
- VI. Section 25 (1) requires an insurance Company operating in Nigeria to invest and hold investment in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 17 for assets allocation that covers policy holders' funds.

The Financial Reporting Council of Nigeria Act No. 6, 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the Financial Reporting Council of Nigeria Act No. 6, 2011 and other Acts which are listed in Section 59(1) of the Financial Reporting Council of Nigeria Act No. 6, 2011, the Financial Reporting Council of Nigeria Act No. 6, 2011 shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the Financial Reporting Council of Nigeria Act No. 6, 2011 has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

(i) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 2.3.28 on accounting policy for unexpired risk and unearned premium.



PRESTIGE ASSURANCE PLC

THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30TH SEPTEMBER 2024

Prestige Assurance Plc
Statement of profit or loss and other comprehensive income
For the period ended 30th September, 2024

In NGN 000	Notes	Current Period July-Sept	Prior Period July-Sept	Current Year to Date	Prior Year to Date	% Change
		2024	2023	2024	2023	
Insurance revenue	3	4,957,662	3,330,800	13,821,121	9,614,177	44
Insurance service expenses	4	(8,945,502)	(3,040,396)	(14,818,692)	(7,487,467)	98
Insurance service result before reinsurance contracts held		(3,987,840)	290,404	(997,571)	2,126,710	(147)
Net income/ expense from reinsurance contracts held	5	3,906,627	(266,350)	1,075,443	(1,680,156)	(164)
Insurance service result		(81,213)	24,054	77,873	446,554	(83)
Insurance finance expenses for insurance contracts issued	6	-	-	-	-	
Reinsurance finance income for reinsurance contracts held	7	-	-	-	-	
Net insurance financial result		(81,213)	24,054	77,873	446,554	(83)
Investment income						
Interest income calculated using the effective interest method	8	426,864	243,070	1,206,113	691,259	74
Other investment income	9	132,126	32,365	433,360	315,771	37
Net fair value gain/(loss) on financial assets at FVTPL	19a	19,135	23,517	15,427	83,769	(82)
Credit loss (expense)/reversal	10	550	(142,608)	(3,563)	(400,276)	(99)
Net foreign exchange income/(expense)	11	(90,727)	(78,177)	1,936,389	338,592	472
Total investment income		487,948	78,167	3,587,726	1,029,115	249
Other operating income	12	1,499	3,070	4,735	11,713	(60)
Finance costs	13	(60)	(50)	(925)	(650)	42
		489,387	81,187	3,591,536	1,040,178	245
Management expenses	14	416,206	323,683	1,036,798	958,743	8
Profit before income tax expense		(8,032)	(218,442)	2,632,610	527,989	399
Income tax expense	15	129,010	65,171	(229,753)	(121,437)	89
Profit for the year		120,978	(153,272)	2,402,857	406,552	491
Other comprehensive income						
Items within OCI that will not be reclassified to profit or loss in subsequent periods net of tax:						
Revaluation gain on equity instruments at FVTOCI		-	-	-	-	
Re-measurement gain on staff gratuity benefit scheme (net of tax)		-	-	-	-	
Total other comprehensive income for the year (net of tax)		-	-	-	-	
Total comprehensive income for the year ;net of tax		120,978	(153,272)	2,402,857	406,552	491
Basic earnings per ordinary share (kobo)		0.91	(1.16)	18.13	3.07	491
Diluted earnings per share (kobo)		0.91	(1.16)	18.13	3.07	491

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Statement of Financial Position as at 30th September, 2024

	Notes	September 2024 N'000	December 2023 N'000
Assets			
Cash and cash equivalents	18	1,931,800	2,859,462
Financial Assets:			
Fair value through profit or loss	19a	246,000	255,996
Equity instruments at fair value through OCI	19b	4,540,172	4,540,172
Debt instruments at amortised cost	19c	13,913,996	7,418,865
Trade receivables	20	444,389	240,047
Prepayment & other receivables	21	132,934	177,298
Reinsurance assets	22	11,167,687	7,408,454
Investment in finance lease	23	235,762	383,424
Investment property	24	2,711,212	2,711,212
Intangible assets	25	50,050	60,032
Property, plant and equipment	26	1,511,081	1,496,377
Statutory deposit	27	300,000	300,000
Total Assets		37,185,082	27,851,339
Liabilities			
Insurance contract liabilities	28	16,308,035	10,293,551
Other reinsurance contract liabilities	29	192,329	55,198
Trade payables	30	100,049	62,205
Provisions and other payables	31	1,335,825	479,246
Retirement benefits obligations	32	292,775	296,260
Current income tax liabilities	33	243,751	90,282
Deferred tax liabilities	34	624,772	624,772
Total liabilities		19,097,537	11,901,514
Equity			
Issued and paid up share capital	35	6,626,281	6,626,281
Share premium	36	36,623	36,623
Contingency reserves	37	3,978,433	3,503,652
Revenue reserve	38	2,784,600	1,121,661
Property revaluation reserves	39	737,566	737,566
Reserve on actuarial valuation of gratuity	40	(21,895)	(21,895)
Fair value reserve	41	3,945,937	3,945,937
Total Equity		18,087,546	15,949,825
Total liabilities and reserves		37,185,082	27,851,339

These unaudited financial statements were approved by the Board of Directors and authorized for issue on 29th October 2024 and signed on its behalf by:

.....
 Mrs. Funmi Oyetunji
Chairman
 FRC/2018/PRO/DIR/003/00000017879

.....
 Mr. Rajesh Kamble
Managing Director/CEO
 FRC/2022/PRO/DIR/003/821882

.....
 Mr. Oluwadare Emmanuel
Chief Finance Officer
 FRC/2013/PRO/ICAN/001/00000003649

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Statement of Changes in Equity

	Share Capital N'000	Share Premium N'000	Statutory Contingency Reserve N'000	Retained Earnings N'000	Fair Value Reserve N'000	Gratuity Valuation Reserve N'000	Property Revaluation Reserve N'000	Total N'000
Balance as at 1st January 2024	6,626,281	36,623	3,503,652	1,121,661	3,945,937	(21,895)	737,567	15,949,826
Profit for the period				2,402,857				2,402,857
Other comprehensive income(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income(net of tax)	-	-	-	2,402,857	-	-	-	2,402,857
Transactions with equity holders, recorded directly in equity								
Transfer to statutory contingency reserve	-	-	474,781	(474,781)	-	-	-	-
Dividend(Paid/ Proposed)	-	-	-	(265,137)	-	-	-	(265,137)
Balance as at 30th September, 2024	6,626,281	36,623	3,978,433	2,784,600	3,945,937	(21,895)	737,567	18,087,546

Prestige Assurance Plc
Statement of Changes in Equity
The Third Quarter Ended 30th September, 2023

	Share Capital N'000	Share Premium N'000	Statutory Contingency Reserve N'000	Retained Earnings N'000	Fair Value Reserve N'000	Gratuity Valuation Reserve N'000	Property Revaluation Reserve N'000	Total N'000
Balance as at 1st January 2023 previous reported	6,626,281	36,623	3,057,335	345,042	2,379,132	29,618	737,566	13,211,597
Profit for the period	-	-	-	406,551	-	-	-	406,551
Other comprehensive income(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income(net of tax)	-	-	-	406,551	-	-	-	406,551
Transfer to statutory contingency reserve	-	-	327,705	(327,705)	-	-	-	-
Dividend(Proposed)	-	-	-	-	-	-	-	-
Balance as at 30th September, 2023	6,626,281	36,623	3,385,040	423,888	2,379,132	29,618	737,566	13,618,148

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Statement of Cash flows
For 30th September, 2024

	September 2024 N'000	September 2023 N'000
Cash Flows from Operating Activities		
Premium received from policy holders	14,174,727	10,542,105
Commission received	1,769,488	1,228,901
Commission paid	(2,838,894)	(1,846,973)
Reinsurance premium paid	(8,423,662)	(5,425,034)
Claims Paid	(6,314,946)	(5,833,742)
Claims Recovered	3,835,086	3,487,746
Other operating cash payments	(2,530,684)	(1,902,916)
Other operating cash receipts	3,256	1,089
Cash flows (used in)/generated from operating activities	(325,630)	251,176
Company income tax paid	(76,284)	(103,258)
Benefits paid	(3,485)	(2,679)
Net cash consumed by operating activities	(405,399)	145,239
Cash flows from investing activities		
Purchase of property, plant & equipment	(98,103)	(84,677)
Prepaid lease payments	(60,448)	(3,919)
Proceeds on disposal of property, plant & equipment	1,480	10,624
Purchase of intangible assets	-	(30,100)
Repayment of finance lease assets	(277,630)	(430,263)
Additions to finance lease assets	129,093	526,480
Purchase of debt instruments at amortised cost	(1,588,739)	(3,658,431)
Proceeds on redemption of debt instrument at amortised cost	-	-
Proceeds from sale of financial assets at FVTPL	97,798	98,198
Interest received	1,206,113	691,259
Other investment income	94,044	60,884
Dividends received	280,142	228,689
Net Cash inflow/(outflow) from investing activities	(216,250)	(2,591,256)
Cash Flows from Financing activities		
Repayment of interest portion of lease liabilities	(925)	(650)
Repayment of principal portion of lease liabilities	(40,037)	(22,101)
Dividend paid	(265,137)	-
Net Cash inflow/outflow from financing activities	(306,099)	(22,751)
Net increase in cash and cash equivalents	(927,748)	(2,468,768)
Cash and cash equivalents at the beginning	2,859,462	4,311,842
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the period	1,931,800	1,843,074

Prestige Assurance Plc
The Third Quarter Ended 30th September, 2024

Notes to the Financial Statements

	30th Sept 2024 N'000	30th Sept 2023 N'000
3 Insurance Revenue		
Gross premium written	15,826,030	10,923,508
(Increase)/decrease in unearned Premium	(2,004,909)	(1,309,331)
Expected benefits incurred	13,821,121	9,614,177
4 Insurance Service Expenses		
Claims paid	6,314,946	5,833,742
Changes in best estimate related to LIC	3,533,121	(857,084)
Claims expenses	9,848,067	4,976,658
Acquisition cashflows (4.1)	2,838,894	1,846,973
Changes in risk adjustment related to LIC	484,014	(285,695)
Incurred fulfillment expenses (4.2)	1,647,717	949,531
	14,818,692	7,487,467
4.1 Insurance acquisition cashflows		
Aviation	155,764	52,459
Bond	8,581	3,444
Employers' Liability	3,724	4,085
Engineering	85,693	52,890
Fire	1,015,526	794,604
General Accident	196,881	143,789
Goods In Transit	112,835	107,153
Marine	446,863	234,231
Mediclaime	1,265	11,652
Motor	233,510	152,931
Oil and Energy	551,234	269,878
PSPS	870	1,626
Prestige Agric	4,313	2,540
Terrorism and Political Risk	21,836	15,690
	2,838,894	1,846,973
4.2 Incurred Fulfillment Expenses		
Wages & salaries-Technical staff	389,891	248,403
Vat on commission	169,628	129,208
Wht on commission	17,109	58,107
Insurance levy	158,388	-
Travelling	146,102	55,412
Risk inspection survey	42,003	28,210
Local transport	28,145	17,625
Motor running expenses	46,732	31,409
Entertainment & hotel expenses	34,618	20,723
Marketing expenses	615,101	360,433
	1,647,717	949,531

Prestige Assurance Plc
The Third Quarter Ended 30th September, 2024
Notes to the Financial Statements

	30th Sept 2024 N'000	30th Sept 2023 N'000
5 Allocation of reinsurance premiums		
5 Reinsurance ceded premium	8,423,662	5,425,034
Change in reinsurance premium	(841,132)	(166,269)
	7,582,530	5,258,765
Amount recovered from reinsurance (5.1)	(3,835,086)	(3,487,746)
Changes in best estimate related to reinsurance for incurred claims	(2,972,872)	863,489
Changes in risk adjustment to reinsurance for incurred claims	(80,527)	274,549
Fees & commission (5.2)	(1,769,488)	(1,228,901)
	(1,075,443)	1,680,156
5.2 Fees & commission		
Aviation	14,429	5,400
Bond	2,250	896
Employers' Liability	-	-
Engineering	54,246	45,493
Fire	1,023,649	778,478
General Accident	31,489	23,371
Goods In Transit	-	16
Marine	365,189	107,538
Medicclaim	-	-
Motor	29,277	8,967
Oil and Energy	229,961	95,183
PSPS	-	-
Prestige Agric	4,829	2,205
Terrorism and Political Risk	14,169	10,444
Total	1,769,488	1,228,901

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Notes to the Financial Statements

	30th Sept 2024 N'000	30th Sept 2023 N'000			
8					
Interest income calculated using the effective interest method					
Interest income on bonds & treasury bills	1,026,307	558,007			
Interest income on call and deposit accounts	148,135	118,510			
Interest income on statutory deposit	31,671	14,742			
	1,206,113	691,259			
9					
Other investment income					
Dividend income	280,142	228,689			
Finance lease rentals	94,044	60,884			
Realised gains on sales of financial assets at FVTPL	59,173	26,198			
	433,360	315,771			
10					
Credit loss (reversal)/expense on financial assets					
The table below shows the ECL charges on financial instruments for the year ended 30th Sept, 2024 in profit or loss					
	2024			2023	
	Stage 1	Stage 2	Stage 3	Total	Total
Cash & cash equivalents	2,283	-	-	2,283	500
Finance lease receivables	(875)	-	-	(875)	650
Debt instruments measured at amortised costs	2,155	-	-	2,155	600
Impairment on claims recoverable	-	-	-	-	398,526
Total impairment loss	3,563	-	-	3,563	400,276
	N'000			N'000	
11					
Net gain/(loss) on foreign exchange					
Gain on foreign exchange	1,936,389			338,592	
Loss on foreign exchange	-			-	
Net gain/(loss)	1,936,389			338,592	
12					
Other operating income					
Profit on disposal of property, plant and equipment	1,480			10,624	
Insurance claims recovery	2,700			-	
Gain on derecognition of lease liabilities	-			-	
Sundry income	556			1,089	
	4,735			11,713	
	N'000			N'000	
13					
Finance costs					
interest on lease liabilities	925			650	

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Notes to the Financial Statements

	30th Sept 2024 N'000	30th Sept 2023 N'000
14 Management expenses		
Wages & salaries-Administrative staff	267,347	248,403
Office expenses	203,553	132,089
Depreciation of property, plant, equipments & rights of use	153,830	112,760
Other administrative expenses	111,210	56,817
Professional fees	42,606	76,075
Directors expense	38,630	44,036
Subscription	29,386	37,117
Printing expense	27,433	23,175
Insurance	25,628	19,411
Advertisement and publicity	10,211	12,116
Loss on foreign exchange	-	-
Postage,telephone and telegrams	11,736	9,090
Staff welfare	37,454	26,014
Staff training	24,080	32,096
Bank charges	29,552	17,285
Insurance levy	-	106,914
Residential rates and other expenses	24,142	5,347
	1,036,798	958,743
15 Taxation		
Per statement of profit or loss:		
Income tax charge@ 30% of assessable profit	223,061	117,900
Tertiary education tax@ 3% of assessable profit	6,692	3,537
National information development levy@1% of assessable profit	-	-
Police fund levy@0.005% of assessable profit	-	-
	229,753	121,437
Deferred tax charge	-	-
Income tax expense	229,753	121,437
16 Earnings per share (EPS)		
Basic EPS amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.		
The following refelects the income and share data used in the basic earnings per share computations:		
Net profit attributable to ordinary shareholders (=N='000)	2,402,857	406,552
Weighted average number of shares for the year	13,252,562	13,252,562
Basic earnings per share (kobo)	18.13	3.07
Diluted earnings per share (kobo)	18.13	3.07
17 Cash dividends on ordinary shares declared and paid:		
Final dividend for for 2024 N0.0k: (2023: Nil)	265,137	-

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Notes to the Financial Statements

	30th September 2024 N'000	31st December 2023 N'000
18 Cash and cash equivalents		
Balance with local banks	533,417	1,311,329
Balance with foreign bank	6,515	6,287
Deposits and Placements with local banks	1,405,990	1,553,685
	1,945,922	2,871,301
Less: Allowance for impairment losses	(14,122)	(11,839)
	1,931,800	2,859,462
19a Financial Assets		
a Financial assets at fair value through profit or loss		
Balance at the beginning of the year	255,996	213,594
Addition during the period	13,201	-
Disposal during the period	(38,625)	(98,196)
Realised gains on financial assets at FVTPL	-	26,198
	230,572	141,596
Dimunition/Appreciation during the period	15,427	114,400
Total	246,000	255,996
	246,000	255,996
b Equity instruments at fair value through OCI		
Leadway PFA scheme share	3,741,120	3,741,120
Leadway Leola Hotel Ltd	180,403	180,403
Nigerian Insurers Association Pool	288,461	288,461
Waica Reinsurance Corporation	330,188	330,188
	4,540,172	4,540,172
c Debt instruments at amortised cost		
FGN bonds	13,811,157	7,335,113
Corporate bonds	91,414	91,414
Staff loans and advances	127,674	106,432
	14,030,245	7,532,959
Less: Allowance for credit losses	(116,249)	(114,094)
Total debt instruments at amortised cost	13,913,996	7,418,865
20 Trade Receivables		
Amount due from brokers	171,452	240,047
Amount due from insurance companies	272,937	-
	444,389	240,047
Age analysis of trade receivables		
Days		
Within 14days	-	196,189
Within 15-30days	444,389	43,858
Total	444,389	240,047
21 Prepayment & other receivables		
Prepaid insurance- company's assets	9,098	32,069
Prepaid Insurance- minimum deposit premium	-	41,213
Prepaid internet	13,113	13,875
WHT receivables	95,326	75,312
Other receivables	51,154	50,586
	168,691	213,055
Less Impairment	(35,757)	(35,757)
Balance at end of period	132,934	177,298

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Notes to the Financial Statements

	30th September 2024 N'000	31st December 2023 N'000
22 Reinsurance contract assets		
Agric	18,928	3,644
Aviation	125,197	212,371
Bond	75,693	70,319
Employers' Liability	1,160	656
Engineering	605,992	270,573
Fire	7,861,532	4,811,855
General Accident	172,491	100,391
Goods In Transit	-	33,685
Marine	1,371,436	1,336,321
Mediclaime	-	240
Motor	69,998	85,765
Oil and Energy	816,283	458,769
PSPS	-	1,926
Terrorism & Political Risk	48,976	21,937
Total	11,167,687	7,408,451
23 Finance lease receivables		
At 1 January	391,740	398,233
Additions during the period	129,093	297,485
Repayment during the year	(277,630)	(303,978)
	243,203	391,740
Less: Allowance for credit losses	(7,441)	(8,316)
	235,762	383,424
24 Investment Property		
Balance at beginning of the year	2,711,212	2,682,902
Additions	-	-
Disposal	-	-
	2,711,212	2,682,902
Appreciation/(Diminution)	-	28,310
	2,711,212	2,711,212
25 Intangible Assets		
Cost:		
Balance at beginning of the year	108,828	78,728
Additions	-	30,100
	108,828	108,828
Acc.charges	48,796	41,668
Amortisation	9,982	7,128
	58,778	48,796
Balance at the end of the year	50,050	60,032

30th September, 2024
Cost/valuation
At 1st January 2024

Additions	69,257	450,000	925,277	128,788	135,480	378,378	121,411	2,208,591
Disposals	359	-	-	6,834	12,435	78,475	60,448	158,551
	-	-	-	-	-	-	-	-

At 30th September, 2024

Plant and Machinery N'000	Leasehold Land N'000	Building N'000	Furniture and fittings N'000	Computer equipment N'000	Motor Vehicles N'000	Right -of-Use Assets N'000	Total N'000
69,616	450,000	925,277	135,622	147,915	456,853	181,859	2,367,142

Depreciation
At 1st January 2024

Charge for the period	43,160	-	123,774	73,340	119,164	261,199	91,578	712,215
Disposals	5,046	-	29,640	8,390	12,800	67,558	20,411	143,846
	-	-	-	-	-	-	-	-

At 30th September, 2024

48,206	-	153,414	81,730	131,964	328,757	111,989	856,061
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Net book values at:
At 30th September, 2024

21,410	450,000	771,863	53,892	15,951	128,096	69,870	1,511,081
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**Property, Plant and Equipment
31st December 2023**
Cost/valuation
At 1st January 2023

Additions	59,657	450,000	925,277	124,109	121,932	341,738	104,516	2,127,229
Disposals	9,600	-	-	4,679	13,548	60,000	16,895	104,722
	-	-	-	-	-	(23,360)	-	(23,360)

At 31st December 2023

Plant and Machinery N'000	Leasehold Land N'000	Building N'000	Furniture and fittings N'000	Computer equipment N'000	Motor Vehicles N'000	Right -of-Use Assets N'000	Total N'000
69,257	450,000	925,277	128,788	135,480	378,378	121,411	2,208,591

Depreciation
At 1st January 2023

Charge for the year	41,100	-	92,419	69,581	113,341	248,594	72,718	637,753
Disposals	2,060	-	31,355	3,759	5,823	35,050	18,860	96,907
	-	-	-	-	-	(22,445)	-	(22,445)

At 31 December 2023

43,160	-	123,774	73,340	119,164	261,199	91,578	712,215
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Net book value at December 2023

26,097	450,000	801,503	55,448	16,316	117,179	29,832	1,496,376
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Notes to the Financial Statements

	30th September 2024 N'000	31st December 2023 N'000
27 Statutory deposit	300,000	300,000
Balance at the beginning and end of the year	300,000	300,000
This represents amount deposited with the Central Bank of Nigeria at the financial year end in accordance with the provisions of sections 9(1) and 10(3) of the Insurance Act, CAP 117, LFN 2004.		
28 Insurance Contract Liabilities		
Agric	25,348	13,028
Aviation	479,922	402,214
Bond	119,154	114,090
Employers' Liability	100,350	21,897
Engineering	1,899,182	414,739
Fire	7,488,966	5,012,615
General Accident	932,924	688,506
Goods In Transit	819,449	508,545
Marine	1,431,795	935,628
Mediclaim	30,569	116,445
Motor	1,145,442	1,294,395
Oil and Energy	1,752,296	722,081
PSPS	27,458	12,886
Terrorism & Political Risk	55,180	36,483
Total	16,308,035	10,293,551
Other reinsurance contract liabilities		
29 Due to reinsurance	153,634	54,046
Due to insurance	38,695	8,159
	192,329	62,205
30 Trade payables		
Due to brokers	83,206	44,882
Due to direct insured	16,843	10,316
	100,049	55,198
31 Other liabilities		
Industrial training fund	672	7,707
Insurance levy	158,188	148,772
profit sharing	-	26,331
Other payables	1,034,190	235,410
WHT	1,893	744
VAT	125,748	46,073
Lease liability	15,135	14,210
	1,335,825	479,247
32 Retirement benefits obligations		
Balance at the beginning of the year	296,260	195,839
Current service cost	-	19,962
Interest cost	-	27,244
Benefits paid	(3,485)	(20,375)
Actuarial (gain)/ loss	-	73,590
Balance at the end of the period	292,775	296,260
33 Current income taxation		
At 1 January	90,282	121,638
Charged to profit or loss	229,753	90,563
Payment during the year	(76,284)	(121,919)
	243,751	90,282
34 Deferred Tax Liabilities		
Deferred tax (assets)/liabilities are attributable to the following items		
Asat 1 January	624,772	469,929
Fair value on investment properties	-	2,831
	624,772	472,760
Recongrised in other comprehensive income during the year		
Employee benefits	-	(22,077)
Equity instruments at FVOCI	-	174,089
Payments during the year	-	152,012
	624,772	624,772
Net	624,772	624,772

Prestige Assurance Plc
Unaudited IFRS Financial Results For
The Third Quarter Ended 30th September, 2024

Notes to the Financial Statements

	30th September 2024 N'000	31st December 2023 N'000
35 Share Capital		
i Authorised:		
13,252,562,188 ordinary shares of 50k per share	6,626,281	6,626,281
ii Issued and fully paid:		
13,252,562,188 ordinary shares of 50k per share	6,626,281	6,626,281
	6,626,281	6,626,281
36 Share Premium		
Balance at the beginning of the year	36,623	36,623
Balance at the end of the period	36,623	36,623
37 Contingency Reserve		
Balance at the beginning of the year	3,503,652	3,057,336
Transfer from profit and loss account	474,781	446,316
Balance at the end of the period	3,978,433	3,503,652
38 Retained Earnings		
Balance at the beginning of the year	1,121,661	257,526
Transfer to Contingency reserves	(474,781)	(446,316)
Transfer from property revaluation reserve	-	-
Transfer from/to profit and loss	2,402,857	1,310,451
Dividend paid/(proposed)	(265,137)	-
Balance at the end of the period	2,784,600	1,121,661
39 Property revaluation reserves		
Balance at the beginning of the year	737,566	737,566
Transfer to retained earnings	-	-
	737,566	737,566
40 Reserves on Actuarial Valuation of Gratuity		
Balance at the beginning of the year	(21,895)	29,618
Actuarial gain/(loss) during the year	-	(51,513)
Balance at the end of the period	(21,895)	(21,895)
41 Fair value reserve		
Balance at the beginning of the year	3,945,937	2,379,132
Gain on valuation during the period	-	1,566,805
Balance at the end of the period	3,945,937	3,945,937