



GUINEA INSURANCE PLC
FINANCIAL STATEMENTS
31 DECEMBER 2021



GUINEA INSURANCE PLC

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Corporate Information

Directors	Mr. Ugochukwu Godson Mr. Ademola Abidogun Mrs Isioma Omoshie Okokuku Mr. Edobor Pius Mr. Simon Oladayo Bolaji Mr. Anthony Achebe Alhaji Hassan Dantata Mr. Emeka Uzoukwu Mr. Osita Chidoka Dr. Mohammed Attahir Mr. Samuel Onukwue	Chairman Managing Director Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Registered office	Guinea Insurance House 33, Ikorodu Road Jibowu Lagos, Nigeria	
Contact details	01-2934575/01-2934577 info@guineainsurance.com www.guineainsurance.com	
Company Secretary	Mrs. Chinenye Nwankwo DCSL Corporate Service Limited	(Appointed, April , 2021) (Resigned 31 December 2020)
Company registration number	RC1808	
Reinsurers	African Reinsurance Corporation WAICA Reinsurance Corporation Continental Reinsurance Plc	
Bankers	Access Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Limited Jaiz Bank Plc Keystone Bank Limited Polaris Bank Limited United Bank for Africa Plc Wema Bank Plc Zenith Bank Plc	

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Corporate information (Cont'd)

Reporting actuary	Ernst & Young 10th Floor, UBA House 57, Marina - Lagos
Estate surveyors and valuers	Ubosi Eleh & Co 27, Obafemi Awolowo Way Ikeja, Lagos
Registrar	Cardinal Stone (Registrars) Limited (Formerly City Securities Limited) 358, Herbert Macaulay Way Yaba, Lagos
Auditors	BDO Professional Services ADOL House, 15 CIPM Avenue, Central Business District, Alausa, Ikeja, Lagos, Nigeria. www.bdo-ng.com

Directors' Report

In compliance with the Companies and Allied Matters Act, 2020 and Insurance Act 2003, the Directors have the pleasure of presenting their report on the affairs of Guinea Insurance Plc (“the Company”) together with the audited financial statements and Independent auditors' report for the year ended 31 December 2021

Legal form and principal activities

The Company is a public limited liability company which was initially incorporated as a private limited liability company on 3 December 1958 in accordance with the provisions of the Companies and Allied Matters Act, transacting primarily as a General Insurance business. The Company was formally listed on the Nigerian Stock Exchange On 17 January 1991.

Board of Directors

The Board of Directors of the Company during the year under review and to the date of this report is made up of the following:

DIRECTOR	CAPACITY
Mr. Ugochukwu Godson	- Chairman
Mr. Ademola Abidogun	- Managing Director
Mrs Isioma Omoshie Okokuku	- Executive Director
Mr. Edobor Pius	- Executive Director
Mr. Simon Oladayo Bolaji	- Non-Executive Director
Mr. Anthony Achebe	- Non-Executive Director
Alhaji Hassan Dantata	- Non-Executive Director
Mr. Emeka Uzoukwu	- Non-Executive Director
Mr. Osita Chidoka	- Non-Executive Director
Dr. Mohammed Attahir	- Non-Executive Director
Mr. Samuel Onukwue	- Non-Executive Director

The Directors do not have any interest in the issued share capital of the Company.

Directors' interests in contracts

For the purpose of section 303 of the Companies and Allied Matters Act, 2020, none of the Directors had any direct or indirect interest in contracts or proposed contracts with the Company during the year.

Results of the Year Ended December 31, 2021

The Directors' are pleased to announce the trading results for the year ended 31 December, 2021 together with the comparative figures for the previous year

	31 December	31 December
	2021	2020
	N'000	N'000
Gross premium written	1,356,409	1,081,507
Net premium income	879,618	733,954
Claims expenses	(48,211)	(155,214)
Loss before taxation	(60,029)	(224,970)
Income tax expense	36,540	(2,704)
Loss after taxation	(23,489)	(227,674)
Transfer to contingency reserve	40,692	32,445

Shareholding analysis

According to the register of members, the Company's shareholdings including shareholders who held more than 5% of the issued share capital of the Company as at 31 December 2021 are shown below:

	31 December 2021		31 December 2020	
	No. of Ordinary Shares	% Holding	No. of Ordinary Shares	% Holding
Chrome Oil Services Limited	2,798,514,210	46	2,798,514,210	46
Nimek Investments Limited	1,288,252,777	21	1,288,252,777	21
Total	4,086,766,987	67	4,086,766,987	67

RANGE	NO. OF HOLDERS OF HOLDERS		NO. OF HOLDERS % OF HOLDERS	
1 - 10000	8,887	49	8,887	49
10001 - 100000	7,695	42	7,695	42
100001 - 1000000	1,429	8	1,429	8
1000001 - 10000000	148	1	148	1
10000001 - 100000000	17	0	17	0
100000001 - 1000000000	5	0	5	0
1000000001 - 6140000000	2	0	2	0
TOTAL:	18,183	100	18,183	100

Property and equipment

Information relating to the Company's property, plant and equipment is detailed in the Note 24 of the financial statements.

Donations

There were no donations and sponsorships to charitable organizations during the year (2020: Nil).

COVID-19 pandemic

The COVID-19 pandemic is no longer a news to the business world as many companies have adjusted to the initial shock as presented by the pandemic, and Guinea Insurance was not exempted. However, the company was able to implement strategies that allowed it to continue in providing services to its customers through e-Channels with minimum disruption, and less contact in line with the COVID-19 protocols.

The impact of the pandemic is insignificant both financially and otherwise to the continuation of our business operations as there was no impairment to our assets (financial and otherwise), there is no sign of bankruptcy with any of our major customers and none of our operational facilities was shut down, though we operated below capacity in some of our offices in compliance with covid-19 protocols as directed by government. We leveraged on our investment in information technology to activate our e-Channels and other business portals that ensured our staff were able to work remotely to complement those working at the offices, resulting in the reduction of some overheads. Above all, there is no legal restriction because of the pandemic that will affect the company's operation.

We constantly review the effect of the pandemic and implement measures that will make its impacts on both our business operations and staff very minimal.

The directors assessed the impact of COVID-19 on the business continuity of the Company and believe that it will not affect the ability of the Company to continue in business.

Employee involvement and training

The Company is committed to keeping its employees fully informed, as much as possible on its performance and progress, and seeking their views whenever practicable on matters which practically affect them as employees. Management's professional and technical expertise are the Company's major assets and investment in their further development continues. The Company's expanding skill-base has been extended by a range of training programs for its employees and opportunities for career development within the Company have thus been enhanced.

Employment of disabled persons

The Company in recognition of its special obligation to employ disabled persons maintains a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitude. All employees are given equal opportunities to develop themselves. As at 31 December 2021, no disabled person was employed in the Company.

Health, safety at work and welfare of employees

Employees are made aware of the health and safety regulations that are in force within the premises of the Company. The Company provides subsidy to all employees for transportation, housing, lunch and medical expenses, medical insurance, etc.

Research and Development

The Company in its determination to maintain its status as one of the best in the industry continues to encourage research and development of existing and new products aimed at consistently improving the Company's position.

Events after the reporting year

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

Auditors

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

Compliance with the code of best practices on corporate governance

The Directors confirm that they have reviewed the structure and activities of the Company in view of the Code of Best Practices on Corporate Governance for the Insurance Industry in Nigeria published in February 2009. The Directors confirm that the Company has substantially complied with the provisions of the Code of Best Practices on Corporate Governance with regards to matters stated therein concerning the Board of Directors, the Shareholders and the Audit Committee.

BY ORDER OF THE BOARD



Mrs. Chinenye Nwankwo
Company Secretary
FRC/2021/002/00000023454

GUINEA INSURANCE PLC

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Statement of Directors' responsibilities

The Companies and Allied Matters Act 2020 and Banks and Other Financial Institutions Act 1991, require the Directors to prepare financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating results for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensures that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act 2011 and the yearly Operational Guidelines issued by NAICOM.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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 year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:



Mr. Ademola Abidogun
Managing Director
FRC/2016/CIIN/00000014549



Mr. Pius Edobor
Executive Director
FRC/2013/ICAN/0000000046

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

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
 - Any untrue statement of a material fact, or
 - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as of, and for the periods presented in the report.
- We:
 - Are responsible for establishing and maintaining internal controls.
 - Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the Company particularly during the period in which the periodic reports are being prepared;
 - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
 - All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - Any fraud, whether or not material, that involved 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. Ademola Abidogun
Managing Director
FRC/2016/CIIN/00000014549



Mr. Pius Edobor
Executive Director
FRC/2013/ICAN/0000000046

This analysis is of the Company's performance as at 31st December 2021 should be read in conjunction with the statement of financial position and the notes.

Business Profile

Guinea Insurance Plc is a company incorporated under the Laws of the Federal Republic of Nigeria and is listed on the Nigerian Stock Exchange. It is licensed by the National Insurance Commission to carry out all forms on Non-Life Insurance business.

Objectives and Strategies Our objectives and strategies include:

Objectives

- 1 To be a one of the leading Insurance companies in Nigeria.
- 2 To strictly adhere to sound business principles that are paramount in the delivery of our brand promise, while also, protecting shareholders and other stakeholders from the ever-evolving macroeconomic and regulatory dynamics of the operating environment.
- 3 To ensure sound business practices, effective compliance with all statutory and regulatory requirements and the code of good corporate governance as stipulated in the 2018 Corporate Governance Code.

Strategies

- 1 Relationship Management
- 2 Customer Satisfaction
- 3 New Business Initiatives
- 4 Market Penetration & Expansion
- 5 Technology
- 6 Branding & Visibility

Operating Results (in thousands of Nigerian Naira)

	2021	2020 % CHANGE	
GROSS PREMIUM WRITTEN	1,356,409	1,081,507	25%
NET PREMIUM INCOME	879,618	733,954	20%
UNDERWRITING PROFIT	550,402	374,097	47%
INVESTMENT INCOME & OTHER INCOME	155,924	137,220	14%
OTHER OPERATING EXPENSES	352,394	285,127	24%
LOSS BEFORE TAXATION	(60,029)	(224,970)	-73%
LOSS FOR THE YEAR AFTER TAX	(23,489)	(227,673)	-90%

The Company increased its gross premium written by 25% when compared with prior year's result, the Company's net claim reduce by 69%. Loss after tax of the company reduced by 89% compared to prior year. The company Investment and other income increase by 12%.

Moving Forward The company has position itself for recapitalization in line with NAICOM requirement the Company intends to expand its operation base. Members of staff will continuously undergo internal and external training to keep them abreast of the changing environment and make them add value to the

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Report of the Statutory Audit Committee

To the members of Guinea Insurance Plc:

In accordance with the provision of Section 404 of the Companies and Allied Matters Act, 2020, the members of the Statutory Audit Committee of Guinea Insurance Plc hereby report as follows:

We have exercised our statutory functions under Section 404 of the Companies and Allied Matters Act, 2020 and we acknowledge the cooperation of management and staff in the conduct of these responsibilities.

We confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices, and that the scope and planning of both the external and internal audits for the year ended 31 December 2021 were satisfactory and reinforce the Company's internal control systems.

We have deliberated with the external auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the external auditors' recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.



Ayuba Quadri Yemi
Chairman, Statutory Audit Committee
FRCN/2015/ICAN/00000013470

Members of the Audit Committee are:

Ayuba Quadri Yemi
Mr. Waheed Sonitare
Mr. Simon Oladayo Bolaji
Mr. Samuel Onukwue

Shareholder Representative - Chairman
Shareholder Representative
Non-Executive Director
Non-Executive Director

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GUINEA INSURANCE PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 43 to the financial statements which indicates that the Company's solvency margin of N2.190billion as at 31 December 2021 (2020: N2.173 billion), was below the minimum regulatory requirement of N3 billion. The note also explains management plans to address the shortfall. Our opinion in respect of this matter is not modified.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Revenue recognition

In view of large number of policies underwritten by the Company, the gap between the Underwriting and Finance departments, and manual interference in the premium documentation, there is a risk that revenue may not be completely accounted for in the financial statements.

Response

- We have tested the design and implementation of key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical procedures on gross and unearned premium balances.
- We performed other substantive procedures to confirm completeness of revenue by: selecting some debit notes from hard copy files and traced to soft copy listing of premium and obtained serially generated debit notes and investigated missing and duplicated debit notes.
- We ensured that an appropriate and consistent revenue recognition policy is in place and in line with the Company's accounting policies.

(ii) Valuation of insurance contract liabilities

Management has estimated the value of insurance contract liabilities in the Company's financial statements to be N778 million as at year ended 31 December 2021 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

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

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including allowances for benefits.

- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claims amount includes all related claim expenses.
- An allowance was made for IBNR (Incurred But Not Reported) claims to take care of the delay in reporting claims.

Our response

We ascertained the following

- Evaluated and validated controls over insurance contract liabilities,
- Checked the claims register for completeness and accuracy of claims accrued,
- Reviewed transactions after year end for claims paid but not accrued,
- Evaluated the independent external Actuary's competence, capability and objectivity,
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the results based on the assumptions.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's statement and Directors' report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- ii) in our opinion, proper books of account have been kept by the Company
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.
- iv) to the best of our knowledge, the Company complied with the requirements of the relevant circulars issued by National Insurance Commission (NAICOM) and the regulations of the Insurance Act , CAP I17 LFN 2004 during the year.



Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
23 March 2022



GUINEA INSURANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	2021 N'000	2020 N'000
Gross premium written	1	1,356,409	1,081,507
Movement in unearned premium	1	(15,576)	(29,571)
Gross premium income	1	1,340,833	1,051,936
Reinsurance expenses	2	(461,215)	(317,982)
Net premium income		879,618	733,954
Fees and commission income on reinsurance	3	71,389	80,484
Net underwriting Income		951,007	814,438
Claims expenses	4	(48,211)	(155,214)
Underwriting expenses	5	(352,394)	(285,127)
		(400,605)	(440,341)
Underwriting profit		550,402	374,097
Investment Income	6	87,006	104,826
Fair value gains on investment properties	7	21,300	7,000
Other operating income	8	47,618	25,394
Other operating expenses	9	(766,355)	(736,287)
Loss before taxation		(60,029)	(224,970)
Income tax income/(expense)	10	36,540	(2,704)
Loss for the year		(23,489)	(227,673)
Other comprehensive income			
<i>Items within OCI that may be reclassified to the profit or loss:</i>			
Net changes in fair value -Quoted equity	14(a)	4,441	3,320
Net changes in fair value -Unquoted equity	14(b)	20,854	43,898
<i>Items within OCI that will not be reclassified to the profit or loss:</i>			
Revaluation gain on land and building - net of tax	36	-	23,786
Total other comprehensive profit		25,295	71,005
Total comprehensive income/(loss) for the year, net of tax		1,806	(156,669)
Contingency Reserve	33	40,692	32,445
Loss per share - Basic and Diluted (kobo)	11	(0.38)	(3.71)

The statement of significant accounting policies and the accompanying notes and other national disclosures form an integral part of these financial statements.

Auditors' report, pages 1 to 3

GUINEA INSURANCE PLC
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

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	Notes	2021 N'000	2020 N'000
Assets			
Cash and cash equivalents	13	383,566	671,661
Financial assets:			
- Available-for-sale	14	288,529	263,233
- Held-to-maturity	15	972,436	886,042
Trade receivables	16	-	-
Reinsurance assets	17	335,412	300,328
Deferred acquisition costs	18	67,557	62,932
Other receivables and prepayments	19	41,739	55,676
Investment properties	20	106,300	85,000
Intangible asset	23	4,900	3,998
Property, plant and equipment	24	934,001	842,229
Statutory deposit	25	333,654	333,654
Total assets		3,468,094	3,504,752
Liabilities			
Insurance contract liabilities	26	789,448	902,593
Trade payables	27	23,410	-
Other payables and accruals	28	242,671	134,002
Employee benefit obligations	29	11,034	1,743
Current tax payable	22(a)	20,368	87,057
Deferred tax liabilities	22(b)	110,011	110,011
Deposit for shares	30	151,400	151,400
Total liabilities		1,348,341	1,386,805
Equity			
Issued share capital	31	3,070,000	3,070,000
Share premium	32	337,545	337,545
Contingency reserve	33	592,015	551,323
Accumulated losses	34	(2,083,522)	(2,019,340)
Fair value reserve	35	138,026	112,730
Other reserves	36	65,688	65,688
Total equity		2,119,752	2,117,947
Total liabilities and equity		3,468,094	3,504,752

These financial statements were authorised for issued and approved by the Board of Directors and authorised for issue on 18 March 2022 and signed on its behalf by:



Ademola Abidogun (Managing Director/Chief Executive Officer)
FRC/2016/CIIN/00000014549



Pius Edobor (Executive Director, Finance)
FRC/2013/ICAN/00000004638

The statement of significant accounting policies and the accompanying notes and other national disclosures form an integral part of these financial statements.

Auditors' report, pages 1 to 3

GUINEA INSURANCE PLC
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Issued share capital	Accumulated Losses	Share premium	Contingency reserve	Reserves for FVOCI	Asset revaluation	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2021	3,070,000	(2,019,340)	337,545	551,323	112,730	65,688	2,117,946
Loss for the year	-	(23,489)	-	-	-	-	(23,489)
Other comprehensive income:							
Fair value changes on available-for-sale financial assets	-	-	-	-	25,295	-	25,295
Total comprehensive loss for the year	-	(23,489)	-	-	25,295	-	1,806
<i>Transactions with owners, recorded directly in equity</i>							
Transfer to contingency reserve	-	(40,692)	-	40,692	-	-	-
	-	(40,692)	-	40,692	-	-	-
Balance 31 December, 2021	3,070,000	(2,083,522)	337,545	592,015	138,025	65,688	2,119,752
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2020	3,070,000	(1,759,222)	337,545	518,878	65,512	41,902	2,274,616
Loss for the year	-	(227,673)	-	-	-	-	(227,673)
Other comprehensive income:							
Fair value changes on available-for-sale financial assets	-	-	-	-	47,218	-	47,218
Changes in valuation of land and building	-	-	-	-	-	23,786	23,786
Total comprehensive income for the year	3,070,000	(1,986,895)	337,545	518,878	112,730	65,688	2,117,947
<i>Transactions with owners, recorded directly in equity</i>							
Transfer to contingency reserve	-	(32,445)	-	32,445	-	-	-
	-	(32,445)	-	32,445	-	-	-
Balance 31 December, 2020	3,070,000	(2,019,340)	337,545	551,323	112,730	65,688	2,117,947

The statement of significant accounting policies and the accompanying notes and other national disclosures form an integral part of these financial statements.

Auditors' report, pages 1 to 3

GUINEA INSURANCE PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	2021 N'000	2020 N'000
<i>Cash flows from Operating Activities:</i>			
Premium received	44	1,356,409	1,086,733
Commission received	44	79,884	83,779
Commission paid	18	(220,892)	(182,484)
Maintenance cost	5	(136,127)	(112,256)
Reinsurance premium paid	44	(465,493)	(334,402)
Gross claim paid	44	(257,635)	(271,589)
Reinsurance recoveries	44	66,801	212,822
Payments to employees	44	(333,615)	(322,619)
Other operating cash payments	44	(204,871)	(270,363)
Other income received	44	16,652	47
Tax paid	22(a)	(30,150)	(6,456)
Net cash outflows from operating activities		(129,037)	(116,788)
<i>Cash flows from Investing Activities:</i>			
Investment income received	44	34,614	84,245
Purchase of intangible assets	23	(2,199)	(4,732)
Purchase of property and equipment	24	(164,226)	(81,854)
Proceeds from sale of property and equipment		12,592	3,704
(Purchase)/liquidation of financial assets	15	(39,839)	161,381
Net cash (outflows)/inflows from investing activities		(159,058)	162,744
Net decrease in cash and cash equivalents		(288,094)	(8,880)
Cash and cash equivalents at 1 January		671,661	680,541
Cash and cash equivalents at 31 December	13	383,566	671,661

The statement of significant accounting policies and the accompanying notes and other national disclosures form an integral part of these financial statements.

Auditors' report, pages 1 to 3

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Company information and Statement of accounting policies

I. Reporting entity

Guinea Insurance Plc (“the Company”) was incorporated on 3 December 1958 as a Limited Liability Company and became a Public Liability Company on 17 January 1991. The overseas shareholders divested their 40% shareholding to existing Nigerian shareholders in 1988 thereby making the Company 100% Nigerian owned. The Company was established for the purpose of carrying on insurance business. The Company operated as an insurer for all classes of insurance business in Nigeria i.e. Life and pension, General business and Special risks till 2007, when it stopped the Life business and started underwriting all classes of General insurance business only. The Company's head office is located at Guinea Insurance House, 33 Ikorodu Road, Jibowu, Lagos

The financial statements for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 18 March 2022.

II. Basis of accounting

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance and comply with the International Financial Reporting Standards (IFRSs), the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria Circulars.

The financial statements include the statements of financial position, statements of profit or loss and other comprehensive income, the statements of cash flows, the statement of changes in equity, summary of significant accounting policies and other explanatory information.

(b) Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional currency. Except where expressly indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

1. Available-for-sale financial assets are measured at fair value;
2. Investment properties are measured at fair value;
3. Land and buildings are measured at fair value;
4. Insurance contract liabilities are measured at fair value;
5. Defined benefit liabilities are measured at fair value.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note IV to the financial statements.

(e) Going Concern

These accounts have been prepared under the going concern assumption as Management does not have the intention to liquidate or to materially curtail the scale of its operations.

(f) Reporting period

The financial statements have been prepared for a 12 month period ended 31 December, 2021.

i New standards, interpretations and amendments

New standards, amendments and interpretations issued but not yet effective

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2021. They have not been adopted in preparing the financial statements for the year ended 31 December 2021.

In terms of International Financial Reporting Standards, the company is required to include in its financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at reporting date.

At the date of authorisation of the financial statements of Morison Industries Plc for the year ended 31 December 2021, the following standards and interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Date issued by IASB	Effective date periods beginning on or after
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	14 May 2020	14 May 2020	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	14 May 2020	14 May 2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	14 May 2020	14 May 2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework	14 May 2020	14 May 2020	1 January 2022
IAS 1	Classification of Liabilities as Current or Non-current	23 January 2020	23 January 2020	1 January 2023
IFRS 17	Insurance Contracts	June 2020	June 2020	1 January
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	12 February 2021	12 February 2021	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	12 February 2021	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)	7 May 2021	7 May 2021	1 January 2023

*All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Entity).

III. Significant Accounting Policies

Significant accounting policies are defined as those that reflect significant judgments and uncertainties, and potentially give rise to different results under different assumptions and conditions.

Except for the changes explained in Note ii(g) above, the Company consistently applied the following accounting policies to the periods presented in the financial statements.

(a) Insurance contract liabilities

(i) Classification

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

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

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

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

At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report. In accordance with IFRS 4, the Company has continued to apply its accounting policies on Insurance contracts under its previous Generally Accepted Accounting Principles.

Unearned premium

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

Reserve for unexpired risk

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

Reserve for outstanding claims

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

Reserve for incurred but not reported claims (IBNR)

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

Liability Adequacy Test

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

The Liability Adequacy Test (LAT) was carried out by Ernst and Young Nigeria (FRC/2012/NAS/000000000738), a recognised firm of actuaries.

Actuarial valuation

An actuarial valuation of the insurance contract liabilities is conducted annually to determine the liabilities on the existing policies as at the date of the valuation. All surpluses and deficits arising therefrom are charged to profit or loss.

(ii) Recognition and Measurement of Insurance contracts

Premium

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

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

Reinsurance

Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognized at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognized on the same basis as the acquisition costs incurred.

Premiums ceded, claims recovered and commission received are presented in the statement of profit or loss and statement of financial position separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer.

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

Claims

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

(b) Revenue Recognition

(i) Gross Premium written

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

(ii) Gross premium income

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

(iii) Fees and commission income

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

(iv) Investment Income

Investment income consists of dividends, interest and rental income on investment properties, interest income on loans and receivables, realized gains and losses as well as unrealized gains and losses on fair value assets. Rental income is recognized on an accrual basis.

(v) Interest income

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

(vi) Dividend income

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

(vii) Realized gains and losses and unrealized gains and losses

Realized gains and losses on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction. Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

(viii) Other operating income

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income, profit on disposal of property and equipment, salvage recoveries and other sundry income.

(c) Expense Recognition

(i) Claims expenses

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

(ii) Insurance claims and claims incurred

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

Salvage

Some non-life insurance contracts permit the Company to sell (usually damaged) property recovered in the process of settling a claim. Salvage income is recognised when the Company sells the property it reclaimed from the insured.

Subrogation

Subrogation is the right of an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of receiving the amount of the claim paid to the insured for the loss. Subrogation income is recognised when the Company reclaims the amount paid as claims from the third party who caused the insured to suffer the loss.

(iii) Underwriting expenses

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

(iv) Other Operating expenses

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

(d) Cash and cash equivalents

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

(e) Financial Instruments

(i) Classification of financial assets

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

The Company classifies its financial assets into the following categories:

- Held to maturity financial assets;
- Available for sale financial assets;
- Financial assets at fair value through profit or loss and;
- Loans and receivables;

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

(ii) Initial recognition and measurement

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as fair value through profit and loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the Company has transferred substantially all risks and rewards of ownership.

(iii) Subsequent measurement

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

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss, or as available for sale and do not meet the definition of loans and receivables. Were the Company to sell more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income.

Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

Available-for-sale

Financial assets classified by the Group as available-for-sale financial assets are generally those that are not designated as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in equity until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed off, the fair value adjustments accumulated in other comprehensive income are recognised in profit or loss.

Available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value of the financial asset below its cost. The cumulative fair value adjustments previously recognised in OCI on the impaired financial assets are reclassified to profit or loss. Reversal of impairments on equity available-for-sale financial assets are recognised in OCI.

Interest income, calculated using the effective interest method, is recognised in profit or loss. Dividends received on available-for-sale financial instruments are recognised in income statement when the Group's right to receive payment has been established.

Financial Assets at fair value through profit or loss

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

Subsequent to initial recognition, these investments are re-measured at fair value, with gains and losses arising from changes in this value recognized in profit or loss in the period in which they arise. The fair values of quoted instruments in active markets are based on current prices as stated on the Nigerian Stock Exchange. Interest earned and dividends received while holding trading assets at fair value through profit or loss are reported as investment income.

Loans and receivable

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

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

Financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate.

(iv) Fair value measurement

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

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

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

If an asset or liability measured at fair value has a bid price and an ask price, then the Company measures the assets and long positions at a bid price and liabilities and short positions at an ask price. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Amortised cost measurement

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

(vi) Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence that a financial asset or group of financial assets is impaired could include:

Loans and receivables

For loans and receivables, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(vii) Offsetting financial instruments

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or from gains and losses arising from a similar group of transactions such as in the Company's trading activities. However, the Company presents such gains and losses separately if they are material.

(viii) De-recognition of financial instruments

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and financial liability separately.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(f) Trade receivables

Trade receivables comprise premium receivables. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.

Individual reinsurance receivables that are identified as impaired are assessed for specific impairment. All other reinsurance receivables are assessed for collective impairment. The model for collective impairment is based on incurred loss model. The probability of default and the age of the debts are also taken into account in arriving at the impairment amount. When an insurance receivable is considered uncollectible, it is written off against the impairment allowance account. Trade receivables are classified as loans and receivables and subsequently measured at amortised cost.

(g) Reinsurance assets

The Company cedes reinsurance in the normal course of business in order to limit its net loss potential for losses arising from certain exposures. The cost of reinsurance related to long-term contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for these policies. However, reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets include balances due from various reinsurance companies for ceded insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying reinsurance contract.

Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence that a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognizes the impairment loss in profit or loss.

(h) Deferred acquisition costs

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

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

(i) Other receivables and prepayments

Other receivables balances include dividend receivable and accrued investment income. The Company has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Company constantly monitors its exposure to their receivables via periodic review.

Prepayment are essentially prepaid rents and prepaid employee benefits. Other receivables and prepayments are carried at cost less accumulated amortisation and impairment losses.

(j) Investment properties

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

Recognition and measurement

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

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

De-recognition

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

Transfers

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

(k) Property and equipment

Recognition and measurement

All items of property and equipment are initially recognized once they are available for use, at cost and subsequently measured at cost less accumulated depreciation and impairment losses, except land & building which are measured at the fair value as at reporting date. Property and equipment comprise motor vehicles, office furniture, office equipment and computer equipment. Assessment for impairments of properties, plant and equipment are carried out annually.

Subsequent costs

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

Depreciation

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

Land	Not depreciated
Building	20 years
Computer equipment	3 years
Office furniture and fittings	5 years
Motor vehicles	4 years

De-recognition and impairment of non financial asset

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss of the year that the asset is de-recognized.

The carrying amounts of the Company's non-financial assets are considered to be impaired when there exists any indication that the asset's recoverable amount is less than the carrying amount. Assessment for impairment should be carried out annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses are recognized in profit or loss.

Impairment losses recognized 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 amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss.

(l) Foreign currency transactions

The Nigerian Naira is the Company's functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(m) Trade and other payables

Trade payables

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

Accruals and other payables

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

(n) Income and deferred tax

(i) Current tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year. Taxable profit differs from profit as reported in the Company's statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized on all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development levy at 1% of accounting profit. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(o) Statutory deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act, CAP 117, LFN 2004 for the general insurance companies. The deposits are only available as a last resort to the Company if it goes into liquidation and are measured at amortised cost.

(p) Hypothecation of assets

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

In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders. The assets hypothecated are shown in the financial statements, note 46.

(q) Deferred income

Deferred income comprises deferred rental income and deferred acquisition income. Deferred rental income relates to rents received in advance. These are amortized and transferred to the statement of profit or loss over the periods that they relate.

Deferred acquisition income relates to commissions received on ceded reinsurance businesses but not yet earned as at reporting date. Deferred acquisition income are amortized systematically over the life of the contracts at each reporting date.

(r) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(s) Employee benefits liabilities

(i) Short-term benefits

Staff benefits such as wages, salaries, paid annual leave allowance, and non-monetary benefits are recognized as employee benefit expenses. The expenses are accrued when the associated services are rendered by the employees of the Company. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Defined contribution plans

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The Company and employees contribute 10% and 8% respectively (2020: 10% and 8%) each of the qualifying monthly emoluments in line with the Pension Reform Act.

(i) The Company's monthly contribution to the plan is recognized as an expense in profit or loss as part of staff cost. The Company remits contributions to privately administered pension fund administration on a monthly basis. The Company has no further payment obligation once the contributions have been remitted. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

(ii) Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(iii) Defined benefit plan

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The Company has a Gratuity Scheme for its employees. The scheme is non - contributory and employees qualify for benefits after five years' service. Provision for gratuity is made when it is determined that there is a shortfall in the assets funding liabilities.

The scheme was closed to new entrants in April 2011 and future service after this date does not attract gratuity benefits. Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Company) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' in statement of profit or loss and other comprehensive income (by function):

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, net interest expense or income.

The defined benefit plan was discontinued and fully settled during the year.

(t) Capital and reserves

(i) Share capital

The equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Company are recognized as the proceeds are received, net of direct issue costs.

(ii) Share premium

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

(iii) Contingency reserve

The Company maintains contingency reserves for the general business in accordance with the provisions of S.21 (1) of the Insurance Act 2003. In compliance with this regulatory requirement, the Company maintains contingency reserve at the rate equal to the higher of 3% of gross premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

(iv) Accumulated losses

The reserve comprises undistributed losses from previous years and the current year. Retained losses is classified as part of equity in the statement of financial position.

(u) Deposit for shares

Deposit for shares represents financial instruments that do not meet the definition of financial liabilities and are classified as financial liabilities. The instruments neither put the Company under any obligation to deliver cash or other financial assets to another party nor require the exchange of its financial assets or financial liabilities with another party under potentially unfavourable conditions but are to be settled by delivering a fixed number of Company's equity instruments to the other party.

(v) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Company as a lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Company's statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(w) Segment reporting

Operating segments are identified and reported in consonance with the internal reporting policy of the Company that are regularly reviewed by the Chief Executive who allocates resources to the segment and assesses their performance thereof. The Company's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

- Motor;
- Marine and Aviation;
- General accident;
- Fire.

This is the measure used by the Company's Chief Executive for the purposes of resource allocation and assessment of segment performance.

(x) Earnings/(loss) per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. The Company has no type of shares that would have dilutive effect.

(y) Intangible assets

Acquired computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is stated at cost less amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

Amortization

Computer software costs, whether developed or acquired, are amortized for a period of five years using the straight line method.

"Intangible assets are tested for impairment annually. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

An intangible asset shall be derecognized by the Company on disposal; or when no future economic benefit are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is recognised.

Amendments to IFRS 4: Applying IFRS 9 financial instruments with IFRS 4 insurance contracts

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard; IFRS 17. The amendment provides two different options for insurance companies: a temporary exemption from IFRS 9 (i.e. the 'deferral approach') for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. Effective date is 1 January 2018 or when the entity first applies IFRS 9.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective.

The Company is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Company and the activities of the Company are predominantly connected with insurance. To determine if the Company's activities are predominantly connected with insurance, we have assessed the ratio of the Company's liabilities connected with insurance compared with its total liability.

Guinea Insurance Plc has carried out this predominance assessment on its liabilities from 31 December 2017 to 31 December 2021 as follows:

Balance Sheet item (Liabilities)	31 December 2017	31 December 2018	31 December 2019	31 December 2020	31 December 2021	Does it relates to insurance activities
	N'000	N'000	N'000	N'000	N'000	
Insurance contract liabilities						
- Outstanding claims provision	321,630	235,870	470,559	499,042	370,321	Yes
- Provision for unearned premium	218,417	258,938	373,981	387,814	407,874	Yes
Finance lease obligation						Yes
Trade payable	41,738	12,606	-	-	23,410	Yes
Other payables and accruals						
- Accrued expenses	47,648	43,337	46,302	38,168	65,829	Yes
- Deferred revenue	664	3,172	3,348	3,151	8,730	No
- Statutory payable	13,004	42,850	17,812	1,743	13,564	Yes
- Other payable	42,710	249,584	36,607	59,319	82,717	Yes
- Deferred commission income	18,350	17,037	28,327	31,622	40,117	Yes
Employee benefit obligations	23,652	2,141	4,316	1,743	11,034	Yes
Current income tax payable	117,947	196,193	83,053	87,057	20,368	Yes
Deferred tax liabilities	75,651	102,712	104,012	110,011	110,011	Yes
Deposit for shares	75,400	151,400	151,400	151,400	151,400	No
Total Liabilities	996,811	1,315,940	1,315,092	1,398,001	1,305,375	
Total Liabilities connected to insurance activities	920,747	1,161,268	1,164,969	1,216,519	1,145,245	
Percentage of liabilities connected to insurance activities	92.37%	88.25%	88.58%	87.02%	87.73%	

Based on the above, the Company's liabilities is consistently above the eighty percent (80%) threshold of activities connected with insurance. As such it qualifies to adopt the deferral approach.

IV. Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assumptions and estimation uncertainties

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised thus:

- 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are stated below:

Judgments

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 amounts recognized in financial statements:

(a) Fair value measurement

The Directors are required to make judgment in selecting an appropriate valuation technique for some financial assets. The significant estimates and judgments applied in determination of fair value of financial assets are as follows:

- Valuation of unquoted securities

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using prices of recent transactions. Where such information is not available, the investments are valued based on various valuation techniques and methods. The unquoted shares in the Company's portfolio for the year ended 31 December 2021 were valued at Over-the-counter (OTC) prices.

- Valuation of quoted securities

The fair value of financial instruments where active market price exists are determined by applying the market price on the last trading day of the financial period.

- Valuation of land and building

On a determined basis, the Company engages the services of external, independent and qualified valuers to determine the fair value of the Company's land and buildings.

- Valuation of investment properties

The Company's investment property is held for the purpose of capital appreciation and rental income generation. The Company's investment property was revalued by an external, independent valuer on 31 December 2021 using the comparative approach method of valuation to arrive at the open market value as at 31 December 2021. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40.

b (i) Impairment of financial assets

Management's judgment is required to assess and determine the amount of impairment for financial assets carried at amortized costs as well as the amount of impairment for trade receivables. The significant estimates and judgments applied in assessing the impairment on financial assets are as shown in the statement of accounting policies.

b (ii) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and recognised in other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase and recognise in other comprehensive income.

(c) Determination of fair value of investment properties

Fair value of investment properties is determined by a registered estate valuer using market prices of properties in similar locations and industry information on rent. Factors applied is determined by estimation of certainty.

(d) Trade receivable

Trade receivable is strictly in compliance with the National Insurance Commission (NAICOM) guideline which requires that the receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk unless the premium is paid in advance. However, a receivable period of 30 days is allowed in a brokered business, otherwise, the receivable is considered impaired and an impairment loss recognised in profit or loss.

(e) Liabilities arising from insurance contracts

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occur during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

V. Financial & Insurance Risk Management

The primary objective of the company's risk and financial management framework is to protect the company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a company policy framework which sets out the risk profiles for the company, risk management, control and business conduct standards for the company's operations has been put in place. Each policy has a number of senior management charged with overseeing compliance with the policy throughout the company.

(a) Financial asset valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Company has several financial instruments. These assets were valued making use of other valuation methods other than quoted prices, such as net asset method and income method.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Company has several financial instruments. These assets were valued making use of other valuation method other than quoted prices.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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

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

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The following table analyses financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on valuation technique that uses unobservable inputs

31 December 2021

Financial Assets:	Notes	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial assets:					
Listed equity shares	14	61,261	-	-	61,261
Unlisted equity shares	14	-	-	227,267	227,267
Total financial assets measured at fair value		61,261	-	227,267	288,529

31 December 2020

Financial Assets:	Notes	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial assets:					
Listed equity shares	14	56,820	-	-	56,820
Unlisted equity shares	14	-	-	206,413	206,413
Total financial assets measured at fair value		56,820	-	206,413	263,233

Level 3 fair value measurements

Reconciliation

The following tables shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy and analyses the total gains and losses recognised recognised in OCI during the year.

31 December 2021

		Equity securities
Balance at 1 January	14(b)	206,413
Total gain recognised in OCI	14(b)	20,854
Balance at 31 December		227,267

Total gain recognized in OCI

Net change in fair value	14(b)	20,854
Net amount reclassified to profit or loss		-

Financial instruments not measured at fair value

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
31 December 2021				
Held-to-maturity financial assets	972,436	-	-	972,436

31 December 2020

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Held-to-maturity financial assets	886,042	-	-	886,042

No fair value disclosures are provided for trade receivables, other receivables, trade payables, accruals and other payables that are measured at amortised cost because their carrying value are a reasonable approximation of fair value.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and current balances with banks.

The carrying amounts of current balances with banks and other financial institutions is a reasonable approximation of fair value which is the amount receivable on demand.

Trade receivables and other receivables

The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on demand.

Trade payables, accruals and other payables

The carrying amounts of trade payables, accruals and other payables are reasonable approximations of their fair values which are repayable on demand.

The Company is exposed to the following categories of risk as a consequence of offering different financial products and services by the Company;

(i) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company has put in place a clearly defined market risk management framework that provides the Board of Directors and Management with guidance on market risk management processes. The company has also prescribed tolerable market related losses, vis-a-vis the quantum of available capital and level of other risk exposures.

The company's market risk policy and strategy are anchored on the following:

- product diversification which involves trading, application and investment in a wide range and class of products such as debt, equity, foreign exchange instruments, corporate securities and government securities;
- risk taking within well-defined limits with the sole purpose of creating and enhancing shareholder value and competitive advantage;
- effective utilisation of risk capital;
- continuous re-evaluation of risk appetite and communication of same through market risk limits;
- independent market risk management function that reports directly to Management;
- robust market risk management infrastructure reinforced by a strong automated system for controlling, monitoring
- deployment of a variety of tools to monitor and restrict market risk exposures such as position limits, sensitivity analysis, ratio analysis and management action triggers.

Financial & Insurance Risk Management (Cont'd)

Foreign Currency risk

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates.

The Company receives certain premiums in foreign currency, in addition to Naira, from its clients; hence, exposures to exchange rate fluctuations arise. The Company is also exposed to foreign currency denominated in dollars through a Foreign exchange risk arises from other recognized assets and liabilities denominated in other currencies, and their The Company's exposure to foreign exchange risk as at year end amounted to approximately N202 million (2020: N239 million) arising from USD denominated and N3.6 million (2020: N3.6Million) arising from EURO denominated as cash and Foreign currency risks arising from insurance contract liabilities have been considered by the Actuary in estimating insurance contract liabilities.

The carrying amounts of the Company's foreign currency denominated assets are as follows:

31 December 2021	NGN'000	Total
Assets (Cash & cash equivalents)	383,566	383,566
31 December 2020	NGN'000	Total
Assets (Cash & cash equivalents)	671,661	671,661

Foreign currency

The following table details the Company's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

The following tables show the effect on the loss before tax as at 31 December 2021 from N435/\$ (2020: N4360/\$) closing rate. These closing rates were determined by obtaining NAFEX rate.

31 December 2021	Base	NGN'000	Total
<i>In thousands of Naira</i>			
10% increase	383,566	38,357	38,357
10% decrease	383,566	(38,357)	(38,357)
31 December 2020	Base	NGN'000	Total
<i>In thousands of Naira</i>			
10% increase	671,661	67,166	67,166
10% decrease	671,661	(67,166)	(67,166)

Interest rate risk

The Company's exposure to interest rate risk relates primarily to the market price and cash flow variability of assets and liabilities associated with changes in interest rates. Changes in interest rates result to reduction in income 'spread' or the difference between the amounts that the Company is required to pay under the contracts and the rate of return the Company is able to earn on investments intended to support obligations under the contracts. Investment spread is, arguably, one of the key components of the net income of insurers.

The Company's mitigation efforts with respect to interest rate risk are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration or tenor approximately equal to the duration of our liability cash flow profile.

Also, the Company manages this risk by adopting close asset/liability matching criteria, to minimize the impact of mismatches between asset and liability values arising from interest rate movements.

Furthermore, the Company uses sensitivity analysis to measure the impact of interest rate changes and movements on the value of our financial assets scenarios.

The Company's exposure to interest rate risk is limited to changes in fixed income and money market instruments interest rates. These instruments have fixed interest rates.

Interest rate profile

At the end of the reporting period the interest rate profile of the Company's interest bearing financial instruments as reported to the Management of the Company are as follows:

Financial instruments	Notes	2021 N'000	2020 N'000
Cash and cash equivalents	13	92,050	661,137
Placements	13	291,516	10,524
Held-to maturity financial assets	15	972,436	886,042
Statutory deposits	25	333,654	333,654
		<u>1,689,656</u>	<u>1,891,357</u>

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. A 10% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Base N'000	2021 N'000	Base N'000	2020 N'000
10% increase	1,689,656	168,966	1,891,357	189,136
10% decrease	1,689,656	(168,966)	1,891,357	(189,136)

Other price risk management

The Company is exposed to equity price risks arising from equity investments both quoted and unquoted equity. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for return through dividend income and capital appreciation.

The carrying amounts of the Company's equity investments are as follows:

	Notes	2021 N'000	2020 N'000
Equity Securities; - Listed	14	61,261	56,820
Equity Securities; -	14	227,267	206,413
		288,529	263,233

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price changes for both listed and unlisted equities at the balance sheet date. A 10% increase or decrease is used when reporting price change risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Listed Equity	Base N'000	2021 N'000	Base N'000	2020 N'000
10% increase	61,261	6,126	56,820	5,682
10% decrease	61,261	(6,126)	56,820	(5,682)
Unlisted Equity	Base N'000	2021 N'000	Base N'000	2020 N'000
10% increase	227,267	22,727	206,413	20,641
10% decrease	227,267	(22,727)	206,413	(20,641)

Financial & Insurance Risk Management (Cont'd)

(ii) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance program and receivables from reinsurers and other intermediaries.

The Company has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Company uses other publicly available financial information and its own trading records to rate its major policyholders and The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Reinsurance assets are reinsurers' share of outstanding claims and prepaid reinsurance. They are allocated below on the basis of ratings for claims paying ability.

Analysis of financial assets based on past due status

	Held to maturity investments	Recoverable from reinsurers	Other receivables	Trade receivables	Total
	N'000	N'000	N'000	N'000	N'000
2021					
Past due and impaired (specific)	-	-	41,739	-	41,739
Past due more than 90 days	-	-	-	-	-
Past due 31 to 90 days	-	-	-	-	-
Past due less than 30 days	-	-	-	-	-
Neither past due nor impaired	972,436	176,515	-	-	1,148,951
Total Carrying Amount	972,436	176,515	41,739	-	1,190,690
2020					
Past due and impaired (specific)	-	-	55,676	-	77,908
Past due more than 90 days	-	-	-	-	-
Past due 31 to 90 days	-	-	-	-	-
Past due less than 30 days	-	-	-	-	-
Neither past due nor impaired	886,042	175,316	-	-	1,061,359
Total Carrying Amount	886,042	175,316	55,676	-	1,139,267

An analysis of counterparty credit exposure for financial assets which are neither past due nor impaired is as shown in the table below:

	Unrated	A/A-	AA	B/B+	BB-	BBB	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
31 December 2021							
Held-to-maturity investments	-	-	-	972,436	-	-	972,436
Recoverable from reinsurers	176,515	-	-	-	-	-	176,515
Other receivables	41,739	-	-	-	-	-	41,739
Trade receivables	-	-	-	-	-	-	-
	218,254	-	-	972,436	-	-	1,190,690
31 December 2020							
Held-to-maturity investments	-	-	-	886,042	-	-	886,042
Recoverable from reinsurers	175,316	-	-	-	-	-	175,316
Other receivables	55,676	-	-	-	-	-	55,676
Trade receivables	-	-	-	-	-	-	-
	230,992	-	-	886,042	-	-	1,117,034

Concentration of credit risk

The company monitors concentration of credit risk by sector

31 December 2021

Held-to-maturity investments
Recoverable from reinsurers
Other receivables
Trade receivables

	Financial			Total
	Institutions	Government	Individuals	
	N'000	N'000	N'000	N'000
Held-to-maturity investments	291,516	972,436	-	1,263,952
Recoverable from reinsurers	176,515	-	-	176,515
Other receivables	-	-	41,739	41,739
Trade receivables	-	-	-	-
	468,031	972,436	41,739	1,482,206

31 December 2020

Held-to-maturity investments
Recoverable from reinsurers
Other receivables
Trade receivables

	Financial			Total
	Institutions	Government	Individuals	
	N'000	N'000	N'000	N'000
Held-to-maturity investments	10,524	886,042	-	896,566
Recoverable from reinsurers	175,316	-	-	175,316
Other receivables	-	-	55,676	55,676
Trade receivables	-	-	-	-
	185,840	886,042	55,676	1,127,558

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

Guinea Insurance's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The finance unit receives information from operations unit regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The finance unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid trading securities to ensure that sufficient liquidity is maintained within the Company as a whole.

All liquidity policies and procedures are subject to review and approval by the Board of Directors. Daily reports cover the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to the Company's finance unit. The Company relies on the fixed deposit balances with the Banks in meeting its liquidity need.

Maturity profile

The following table shows the Company's expected maturity for its non-derivative assets. The table has been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

It also shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. It includes both interest and principal cash flows.

Reinsurers' share of unearned premiums are excluded from this analysis.

2021	Notes	Carrying amount	Gross Nominal inflow/(outflow)	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
		N'000	N'000	N'000	N'000	N'000	N'000	N'000
Non-derivative financial assets								
Cash and cash equivalents	13	383,566	383,566	92,050	291,516	-	-	-
Available-for-sale financial	14	288,529	288,529	-	-	-	-	288,529
Held-to-maturity financial	15	972,436	972,436	-	-	972,436	-	-
Trade receivables	16	-	-	-	-	-	-	-
Reinsurance assets (excluding prepaid reinsurance)	17	146,666	146,666	-	146,666	-	-	-
Other receivables (excluding prepayments and WHT receivables)	19	5,836	5,836	-	-	5,836	-	-
Statutory deposits	25	333,654	333,654	-	-	-	-	333,654
		2,130,687	2,130,687	92,050	438,182	978,272	-	622,182
Non-derivative financial liabilities								
Trade payables	27	-	-	-	-	-	-	-
Accruals & other payables (excluding statute based deductions and unearned rent income)	28	(220,377)	(220,377)	-	-	(220,377)	-	-
		(220,377)	(220,377)	-	-	(220,377)	-	-
Gap (asset - liabilities)		1,910,310	1,910,311	92,050	438,182	757,896	-	622,182

2020	Notes	Carrying Amount	Contractual cashflow	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
		N'000	N'000	N'000	N'000	N'000	N'000	N'000
Non-derivative financial assets								
Cash and cash equivalents	13	671,661	671,661	661,137	10,524	-	-	-
Available-for-sale financial	14	263,233	263,233	-	-	-	-	263,233
Held-to-maturity financial	16	886,042	886,042	-	-	886,042	-	-
Trade receivables	16	-	-	-	-	-	-	-
Reinsurance assets (excluding prepaid reinsurance)	17	144,858	144,858	-	144,858	-	-	-
Other receivables (excluding prepayments and WHT receivables)	19	10,491	10,491	-	-	10,491	-	-
Statutory deposits	25	333,654	333,654	-	-	-	-	333,654
		<u>2,309,939</u>	<u>2,309,939</u>	<u>661,137</u>	<u>155,382</u>	<u>896,533</u>	<u>-</u>	<u>596,887</u>
Non-derivative financial liabilities								
Trade payables	27	(23,410)	(23,410)	-	-	(23,410)	-	-
Accruals & other payables (excluding statute based deductions and unearned rent income)	28	(129,108)	(129,108)	-	-	(129,108)	-	-
Gap (asset - liabilities)		<u>2,157,421</u>	<u>2,157,421</u>	<u>661,137</u>	<u>155,382</u>	<u>744,016</u>	<u>-</u>	<u>596,887</u>

The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets and other sources listed in "Sources of Liquidity" above.

(iv) Insurance risk management

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on regulations which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

Financial & Insurance Risk Management (Cont'd)

The Company writes fire, general accident, marine & aviation and motor risks primarily over a duration usually twelve month. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of insurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000
- Within Nigeria	1,356,409	1,081,507	461,215	317,982	879,618	733,954
- Outside Nigeria	-	-	-	-	-	-
Total	1,356,409	1,081,507	461,215	317,982	879,618	733,954

The concentration of non-life insurance by type of contract is summarised below by reference to liabilities.

	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	2021 N'000	2021 N'000	2021 N'000	2020 N'000	2020 N'000	2020 N'000
Outstanding claims						
General Accident	136,731	71,112	65,619	233,833	44,644	189,189
Fire	155,797	68,224	87,572	138,551	72,388	66,163
Marine & Aviation	38,579	14,177	24,402	18,575	9,478	9,097
Motor	39,215	1,774	37,441	16,415	11	16,405
TOTAL	370,321	155,287	215,034	407,374	126,521	280,854
IBNR						
General Accident	35,548	16,184	19,364	38,400	7,593	30,807
Fire	37,714	10,612	27,103	38,393	19,977	18,416
Marine & Aviation	4,882	1,290	3,592	3,266	604	2,662
Motor	14,744	1,764	12,980	11,609	2,574	9,035
TOTAL	92,888	29,849	63,039	91,668	30,748	60,920
Unearned premium						
General Accident	163,752	91,103	72,649	137,666	79,711	57,955
Fire	97,281	48,611	48,670	107,361	37,257	70,104
Marine & Aviation	22,135	9,228	12,907	13,593	3,875	9,718
Motor	124,707	3,758	120,948	144,932	4,169	140,763
TOTAL	407,875	152,700	255,175	403,552	125,012	278,540

Outstanding claims on insurance contracts

Outstanding claim represents the estimated ultimate cost of settling all claims arising from incidents occurring as at the date of the statement of financial position.

(a) Methodology

(i) Valuation

Ernst and Young Nigeria adopted the 365th (time apportionment) method. Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date.

The Unearned Premium Reserve is calculated as: Premium *(UP)/ full policy duration.

(ii) Discounting

No allowance has been made for discounting as it is not expected to have a significant impact given the relatively short-tailed claims run-off.

(iii) Reserving Methods and Assumptions - 31 December 2021

The volume of data in the reserving classes influenced the methodologies used. Four methods were used for the projection of claims.

(a) The Basic Chain Ladder Method (BCL)

The Basic Chain Ladder method forms the basis to the deterministic reserving methods explained below. For each class of business, historical paid claims were grouped into accident year cohorts-representing when they were paid after their accident year. These cohorts form the development triangles. Each accident years, paid claims were accumulated to the valuation date and projected into the future to attain the expected ultimate claim arising in the year. This assumes the trends observed in the historical data will continue. The gross claim reserve is calculated as the difference between the cumulated paid claims and the estimated ultimate claims. For the later years where the cohorts are underdeveloped or has less than expected claims, the Bornhuetter Ferguson (BF) method was used to estimate the ultimate claims. The appropriate loss ratio used in estimating the BF ultimate claim was the average of fully developed historical years.

(b) The loss ratio method

This method is simple and gives an approximate estimate. This method was adopted as a check on the actuary's ultimate projections and also where there were insufficient data to be credible to use for the statistical approaches. Under this method, Ultimate claims were obtained by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio. Paid claims already emerged were then deducted from the estimated Ultimate claims to obtain our reserves.

(c) A Bornhuetter Ferguson method.

This method essentially combines the estimates attained from the above two methods. The BF method takes a weighted average of the two estimates, where the weights are related to the number of claims already reported. Therefore, the more past information there is available, the higher the weighting given to the chain ladder estimate.

(d) Frequency and Severity Method

This method investigates the trend of the claim frequency and average cost per claim for each accident year. An Average of the fully run off accident years was used as a guide on the ultimate claim frequency and ultimate average cost which was then adopted for the accident years that are not fully run off. Large losses distorting the claims payment trend was excluded from all our chain ladder projections and analyzed separately using the Average Cost per claim method.

Choice of Method

The IBNR reserves are determined using deterministic calculations which provide a “best estimate” of the reserve. The “best-estimate” is determined by applying a combination of the Chain Ladder (“CL”) and the Bornhuetter-Ferguson (“BF”) methods to attritional paid claims triangles. The combination between a CL and BF methods aims to reflect the reliability of information when estimating the IBNR. For earlier accident years, where the development is reasonably mature, a CL approach was used which relied more heavily on the data to set the ultimate level of claims. For later accident periods where there still exists a large degree of uncertainty about the ultimate level of claims and the reported to date is a less reliable estimate of the ultimate loss, a BF method is used which makes use of an estimate of the ultimate loss ratio. The results of the Inflation Adjusted Chain Ladder method (Discounted) and Bornhuetter-Ferguson are dependent upon the stability of the triangulated claims information used to derive the claims development patterns. The triangulations are examined for any anomalous movements that may have distorted the estimated patterns in order to smooth these out. This prevents distortion of the results by once-off extreme movements and therefore ensures a stable result from year to year.

IBNR results

	Gross 2021 N'000	Gross 2020 N'000
Class of business		
General Accident	35,548	38,400
Fire	37,714	38,393
Marine & Aviation	4,882	3,266
Motor	14,744	11,609
TOTAL	92,888	91,668

Outstanding claims results

	Gross 2021 N'000	Gross 2020 N'000
Class of business		
General Accident	136,731	233,833
Fire	155,797	138,551
Marine & Aviation	38,579	18,575
Motor	39,215	16,415
TOTAL	370,321	407,374

UPR results

	AURR N'000	UPR N'000	Gross 2021 N'000	Gross 2020 N'000
Class of business				
General Accident	992	162,760	163,752	137,666
Fire	9,585	87,696	97,281	107,361
Marine & Aviation	675	21,460	22,135	13,593
Motor	-	124,707	124,707	144,932
TOTAL	11,252	396,623	407,875	403,552

Financial & Insurance Risk Management (Cont'd)

Capital Management

Our capital management framework is primarily based on statutory risk-based capital and solvency margin measures. The Company manages its capital to ensure that it continues as a going concern and complies with the regulators' capital requirements while maximizing the return to stakeholders through the optimization of its equity balance. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and a retained loss. Reinsurance is also used as part of capital management.

The regulatory capital (as required under Insurance Act 2003 and NAICOM Guideline) within the Company has been maintained and preserved over the reporting periods. The minimum regulatory capital for general insurers in Nigeria is N3 billion.

The Company equally measures its capital using an economic capital model which is the Company's own assessment of the amount of capital it needs to hold which takes into account both financial and non-financial assumptions. In most cases the internally required capital is determined by the application of percentages to premiums, claims, reserves and expenses.

There was no change made neither to the capital base nor to the objectives, policies and processes for managing capital. Under our capital management policy approved by the Board of Directors, the Managing Director and the Chief Financial Officer are authorized to approve capital actions on behalf of the Company and to further delegate authority with respect to capital actions to appropriate officers. Any capital commitment that exceeds the authority granted to senior management is separately authorized by the Board.

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.

The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

Statement of Solvency Margin Computation				
Under S.24 (1) of the Insurance Act 2003				
	N'000	2021 N'000	2021 N'000	2020 N'000
Admissible Assets	Total	Inadmissible	Admissible	Admissible
Cash and cash equivalents	383,566	-	383,566	671,661
Financial assets:				-
Available-for-sale financial assets	288,529	-	288,529	263,233
Held to maturity	972,436	-	972,436	886,042
Trade receivables	-	-	-	-
Reinsurance assets	335,412	-	335,412	300,328
Deferred acquisition costs	67,557	-	67,557	62,932
Other receivables and prepayments	41,739	35,075	6,664	4,244
Investment properties	106,300	-	106,300	85,000
Intangible Asset	4,900	4,900	-	-
Property, plant and equipment	934,001	-	934,001	842,229
Statutory deposit	333,654	-	333,654	333,654
Total assets	3,468,094	39,975	3,428,120 (A)	3,449,323
Less admissible liabilities				
Insurance contract liabilities	789,448	-	789,448	902,593
Trade payables	23,410	-	23,410	-
Other payables and accruals	242,671	-	242,671	134,002
Employee benefit obligations	11,034	-	11,034	1,743
Current tax payable	20,368	-	20,368	87,057
Deferred tax liabilities	110,011	110,011	-	-
Deposit for shares	151,400	-	151,400	151,400
Total liabilities	1,348,341	110,011	1,238,331 (B)	1,276,795
Minimum to be maintained:			2,189,789	2,172,528
The higher of 15% of net premium			203,461	162,226
and				
Minimum paid up share capital			3,000,000	3,000,000
Solvency margin (A-B) = C			(810,211)	(827,472)

Classification of financial assets and liabilities

Financial assets and liabilities

The table below sets out the Company's classification of each class of financial assets and liabilities and their fair values.

2021	Notes	Loans and receivables	Available- for-sale	Other financial asset/(liabilities) at amortised	Total carrying amount	Fair value
		N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	13	383,566	-	-	383,566	383,566
Available for sale financial assets	14	-	288,529	-	288,529	288,529
Held-to-maturity financial assets	15	-	-	972,436	972,436	972,436
Trade receivables	16	-	-	-	-	-
Reinsurance assets (excluding prepaid reinsurance)	17	182,712	-	-	182,712	182,712
Other receivables (excluding prepayments and WHT receivables)	19	5,836	-	-	5,836	5,836
Statutory deposits	25	333,654	-	-	333,654	333,654
		905,768	288,529	972,436	2,166,733	2,166,733
Trade payables	27	-	-	-	-	-
Accruals & other payables (excluding statue based deductions and unearned rent income)	28	-	-	(220,377)	(220,377)	(220,377)
		-	-	(220,377)	(220,377)	(220,377)
2020	Notes	Loans and receivables	Available- for-sale	Other financial (asset)/liabilities at amortised cost	Total carrying amount	Fair value
		N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	13	671,661	-	-	671,661	671,661
Available for sale	14	-	263,233	-	263,233	263,233
Held to maturities	15	-	-	886,042	886,042	886,042
Trade receivables	16	-	-	-	-	-
Reinsurance assets (excluding prepaid reinsurance)	17	175,316	-	-	175,316	175,316
Other receivables (excluding prepayments and WHT receivables)	19	10,491	-	-	10,491	10,491
Statutory deposits	25	333,654	-	-	333,654	333,654
		1,191,122	263,233	886,042	2,340,397	2,340,397
Trade payables	27	-	-	-	-	-
Accruals & other payables (excluding statue based deductions and	28	-	-	(129,108)	(129,108)	(129,108)
		-	-	(129,108)	(129,108)	(129,108)

Segment Reporting

The accounting policies of the reportable segments are the same as the Company's accounting policies.

Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Company's revenue and result by reportable segment in 2021 and 2020.

December, 2021	Motor	General accident	Marine and Aviation	Fire	Total
	N'000	N'000	N'000	N'000	N'000
Income:					
Gross premium written	326,691	667,413	74,433	287,871	1,356,409
Change in unearned premium reserve	20,225	(39,242)	(4,488)	7,928	(15,576)
Gross premium income	346,917	628,172	69,945	295,799	1,340,833
Reinsurance premium expenses	(11,813)	(295,999)	(87,874)	(66,116)	(461,802)
Net insurance premium earned	335,103	332,173	(17,929)	229,683	879,031
Fee and commission income	19,820	27,475	4,261	19,834	71,389
Net underwriting income/(loss)	354,924	359,647	(13,668)	249,517	950,421
Gross claims paid	(43,550)	(116,628)	(11,891)	(85,567)	(257,635)
Change in outstanding claims/IBNR	(8,159)	133,403	(16,837)	20,314	128,721
Gross claims expenses incurred	(51,709)	16,776	(28,728)	(65,253)	(128,915)
Reinsurance claims recovery	6,927	(50,631)	(1,164)	125,572	80,704
Net claims expenses incurred/(recovered)	(44,782)	(33,855)	(29,892)	60,319	(48,211)
Underwriting expenses:					
Acquisition cost	(10,679)	(151,040)	(29,644)	(24,904)	(216,266)
Maintenance cost	(24,603)	(57,708)	(5,248)	(48,568)	(136,127)
Total underwriting expenses	(35,282)	(208,748)	(34,892)	(73,472)	(352,394)
Underwriting profit/(loss)	274,860	117,044	(78,452)	236,364	549,816
December, 2020	Motor	General accident	Marine and Aviation	Fire	Total
	N'000	N'000	N'000	N'000	N'000
Income:					
Gross premium written	295,374	463,221	51,133	271,780	1,081,507
Change in unearned premium reserve	1,739	1,557	(3,018)	(29,849)	(29,571)
Gross premium income	297,113	464,778	48,115	241,931	1,051,936
Reinsurance premium expenses	(13,400)	(187,142)	(11,197)	(106,244)	(317,983)
Net insurance premium earned	283,713	277,636	36,918	135,687	733,953
Fee and commission income	2,345	40,883	3,275	33,981	80,484
Net underwriting income/(loss)	286,058	318,519	40,193	169,668	814,437
Gross claims paid	(55,397)	(160,263)	(2,350)	(53,579)	(271,589)
Change in outstanding claims/IBNR	(4,245)	(18,895)	(385)	(4,958)	(28,483)
Gross claims expenses incurred	(59,642)	(179,158)	(2,735)	(58,537)	(300,072)
Reinsurance claims recovery	30,019	79,862	523	34,455	144,859
Net claims expenses incurred/(recovered)	(29,623)	(99,296)	(2,212)	(24,082)	(155,213)
Underwriting expenses:					
Acquisition cost	(35,923)	(74,137)	(10,237)	(52,573)	(172,871)
Maintenance cost	(22,470)	(57,721)	(7,680)	(24,385)	(112,256)
Total underwriting expenses	(58,393)	(131,858)	(17,917)	(76,958)	(285,127)
Underwriting profit	198,042	87,365	20,063	68,628	374,097

	2021 N'000	2020 N'000	
1 Gross premium income			
Gross premium written	1,356,409	1,081,507	
Movement in unearned premium (Note 1(c) &(b))	(15,576)	(29,571)	
	<u>1,340,833</u>	<u>1,051,936</u>	
	Gross premium written 2021 N'000	Movement in unearned premium 2021 N'000	Gross premium income 2021 N'000
(a) Gross Premium Income Movement			
Motor	326,691	(20,225)	346,917
Fire	287,871	(7,928)	295,799
Marine and aviation	74,433	4,488	69,945
General Accident	321,329	25,311	296,019
Oil and Gas	346,084	13,931	332,153
	<u>1,356,409</u>	<u>15,576</u>	<u>1,340,833</u>
	Gross premium written 2020 N'000	Movement in unearned premium 2020 N'000	Gross premium income 2020 N'000
(b) Gross Premium Income Movement			
Motor	295,374	1,739	297,113
Fire	271,780	(29,849)	241,931
Marine and Aviation	51,133	(3,018)	48,115
General Accident	294,936	3,612	298,548
Oil and Gas	168,285	(2,055)	166,230
	<u>1,081,507</u>	<u>(29,571)</u>	<u>1,051,936</u>
(c) Changes In unearned premium per class of insurance business	Unearned Premium As At 01/01/2021 N'000	Increase/ (Decrease) in Unearned premium N'000	Unearned Premium As At 31/12/2021 N'000
Motor	144,932	20,225	124,707
Fire	114,795	7,928	106,867
Marine & Aviation	18,138	(4,488)	22,626
General Accident	82,375	(25,311)	107,686
Oil & Gas	43,312	(13,931)	57,243
	<u>403,552</u>	<u>(15,576)</u>	<u>419,128</u>
(d) Further analysis of unexpired risks (UPR) and additional unexpired risk reserve (AURR) in line with the Actuarial valuation for the year ended 31 December 2021 is stated below;	AURR N'000	UPR N'000	TOTAL N'000
Motor	-	124,707	124,707
Fire	9,585	97,281	106,867
Marine & Aviation	675	21,950	22,626
General Accident	992	106,694	107,686
Oil & Gas	-	57,243	57,243
	<u>11,252</u>	<u>407,875</u>	<u>419,128</u>
2 Re-insurance expenses		N'000	N'000
Prepaid reinsurance b/f		125,012	108,592
Reinsurance ceded during the year		488,903	334,402
		613,915	442,994
Prepaid reinsurance c/f		(152,700)	(125,012)
		<u>461,215</u>	<u>317,982</u>

	2021	2020
	N'000	N'000
Breakdown of the reinsurance ceded is stated below;		
General Accident	118,565	106,645
Fire	128,372	106,703
Marine	26,668	10,749
Motor	13,514	7,647
Oil & Gas	201,783	102,658
	<u>488,903</u>	<u>334,402</u>
3 Fees and commission income	N'000	N'000
Commission received on treaty reinsurance	42,739	45,861
Commission received on facultative reinsurance	28,650	34,624
	<u>71,389</u>	<u>80,484</u>
4 Claims expenses	N'000	N'000
Claims paid during the year	257,635	271,589
Movement in outstanding claims (Note 26(b))	(129,941)	55,414
Movement in IBNR (Note 26(c))	1,220	(26,931)
Total claims incurred for the year	128,915	300,072
Recoveries from reinsurers (Note 17 & 43(d))	(80,704)	(144,858)
	<u>48,211</u>	<u>155,214</u>
5 Underwriting expenses	N'000	N'000
Acquisition cost (Note 18)	216,266	172,871
Maintenance cost (5(a))	136,127	112,256
	<u>352,394</u>	<u>285,127</u>
(a) Analysis of Maintenance cost:	N'000	N'000
Survey expenses	4,518	18,613
Early payment discount	109,465	58,313
ORC expenses	5,544	15,628
Tracking fees	10,914	10,638
Bidding expenses	5,586	6,646
Superintending fees	100	2,418
	<u>136,127</u>	<u>112,256</u>
6 Investment income	N'000	N'000
Rental income from land and building	9,200	8,850
Dividend income on Available for sale equities	11,527	8,752
Interest income on statutory deposit with CBN	8,151	20,384
Interest income on fixed deposits	2,716	13,128
Interest income on treasury bills	55,412	53,713
	<u>87,006</u>	<u>104,826</u>
7 Net fair value gains	N'000	N'000
Fair value gains on investment properties (Note 20)	21,300	7,000
The Company's investment property was revalued and a fair value gain of N21.3 million (2020: N7 million) was recognised in the statement of profit or loss.		
8 Other operating income	N'000	N'000
Recoveries	16,652	47
Realized forex gains	18,341	-
Unrealized forex gains	57	22,239
Gain on disposal of property, plant and equipment	12,568	3,108
	<u>47,618</u>	<u>25,394</u>
9 Other operating expenses	N'000	N'000
Depreciation & Amortization (Note 23 & 24)	74,000	45,133
Auditors' remuneration	5,000	5,000
Staff cost (Note 9 (a))	342,906	320,046
Legal and professional fees	57,952	37,378
Rent and Rates	12,520	10,591
Administrative expenses (Note 9 (b))	273,977	318,138
	<u>766,355</u>	<u>736,287</u>

	2021	2020
	N'000	N'000
(a) Staff cost		
Wages and salaries	329,348	307,200
Pension costs	13,558	12,846
Total employee benefits expense	342,906	320,046
(b) Administrative expense	N'000	N'000
AGM Expenses	6,005	5,921
Penalties (Note 38)	1,300	-
Directors fees and allowances	8,200	8,200
Directors expenses	19,599	12,641
Fuel	21,443	14,520
NAICOM Dues	14,763	13,610
Nigeria Insurance Association	2,363	-
Financial Reporting Council of Nigeria	491	-
VAT & WHT expenses	3,626	6,399
Office running expenses *	143,233	144,209
Contractors outsourced staff	23,158	21,028
Statutory Levy	12,587	19,585
Subscription	5,188	4,406
Tour and travel	10,416	7,539
Donations and contributions	100	1,000
Impairment of reinsurance assets	-	57,894
Other expenses	1,505	1,185
	273,977	318,138

* Office running expenses includes car repairs and maintenance, ICT expenses and office maintenance.

10 Current tax

	N'000	N'000
(a) Charge for the year		
Recognised in profit or loss		
Income tax	-	-
Minimum tax	6,760	2,704
Tertiary education tax	-	-
Write back of prior years' overprovision(Note 22(a))	(43,300)	-
	(36,540)	2,704
Deferred tax charge (Note 22 (b))	-	-
	(36,540)	2,704
(b) Reconciliation of effective tax rate	N'000	N'000
Loss before tax	(60,029)	(224,970)
Income tax using the domestic corporation tax rate	(18,009)	(67,491)
Non-deductible expenses	95,054	15,748
Tax exempt income	(482,766)	(94,858)
Impact of Industry tax law	405,721	146,601
Minimum Tax	6,760	2,704
Tertiary education tax	-	-
Write back of prior years provision	(43,300)	-
Information technology levy	-	-
Total income tax (income)/expense	(36,540)	2,704
Effective tax rate	0.61	(0.01)

The tax rates used for 2021 and 2020 reconciliation above is the corporate tax rate of 30% and 2.5% for tertiary education tax payables by corporate entities in Nigeria on taxable profits under laws in the Country for the year ended 31 December 2021

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

The Company is not liable to education tax because it has no assesable profit in accordance with the provision of Education Tax Law CAP E4 LFN 2004(as amended)

11 Dividends paid and proposed

No dividend was proposed or paid by the Company for the period ended 31 December, 2021 (2020: nil).

12 Earnings per share

Basic earnings per share is calculated by dividing the results attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year outstanding at the reporting date.

	2021 N'000	2020 N'000
Loss attributable to ordinary shareholders	(23,489)	(227,673)
Weighted average number of ordinary shares issued	6,140,000	6,140,000
Basic and diluted loss per ordinary share (Kobo)	(0.38)	(3.71)

13 Cash and cash equivalents

Cash and cash equivalent comprises :

	N'000	N'000
Balance held with banks in Nigeria	92,050	661,137
Placements	291,516	10,524
	<u>383,566</u>	<u>671,661</u>

Representing:

	N'000	N'000
Policyholder's fund	232,166	520,261
Shareholder's fund	151,400	151,400
	<u>383,566</u>	<u>671,661</u>

Placements comprise deposits with maturity periods of less than 90 days from the value date of the instruments. All placements are subject to an average variable interest rate of 4.88% (2020: 4%) obtainable in the market.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date and are all current balances

14 Available-for -sale financial assets:

	N'000	N'000
Equity securities		
Quoted (Note 14(a))	61,261	56,820
Unquoted (Note 14(b))	227,267	206,413
	<u>288,529</u>	<u>263,233</u>

(a) Quoted Equities:

	N'000	N'000
At 1 January	56,820	53,500
Fair value gain (Note 35)	4,441	3,320
At 31 December	<u>61,261</u>	<u>56,820</u>

(b) Unquoted Equities:

Unquoted Equity comprise the following individual investments:

	N'000	N'000
African Reinsurance Corporation	73,529	69,081
WAICA Reinsurance Corporation	74,556	53,332
Sterling Assurance Nigeria Ltd	1,522	1,375
Grand Cereals and Oils Mills Ltd	77,660	82,625
	<u>227,267</u>	<u>206,413</u>

	N'000	N'000
At 1 January	206,413	162,515
Addition through rights issue	-	-
Fair value gain (Note 35)	20,854	43,898
At 31 December	<u>227,267</u>	<u>206,413</u>

	N'000	N'000
Classification		
Current	-	-
Non-current	288,529	263,233
	<u>288,529</u>	<u>263,233</u>

	2021 N'000	2020 N'000
15 Held for trading financial assets		
Treasury bills	<u>972,436</u>	<u>886,042</u>
(a) Quoted Debt securities - Treasury bills		
Nigerian Treasury Bills	<u>972,436</u>	<u>886,042</u>
Movement in held to maturity investment securities during the year is as follows:		
	N'000	N'000
Balance at the beginning of the year	886,042	1,037,334
Additions / (liquidation) during the year	39,839	(161,381)
Interest accrued	46,555	10,090
Balance at the end of the year	<u>972,436</u>	<u>886,042</u>
Classification	N'000	N'000
Current	972,436	886,042
Non-current	-	-
	<u>972,436</u>	<u>886,042</u>
16 Trade receivables	N'000	N'000
Gross insurance receivables	-	-
Impairment allowance	-	-
	<u>-</u>	<u>-</u>
The carrying amounts disclosed above approximate fair value at the reporting date. Impairment allowance involves all trade receivables aged over 30 days.		
(a) Trade receivables comprises the followings:	N'000	N'000
Insurance companies	-	-
Broker	-	0
	<u>-</u>	<u>-</u>
(b) Impairment of trade receivables are as follows	N'000	N'000
Insurance companies	-	-
Broker	-	-
	<u>-</u>	<u>-</u>
(c) Movement in impairment of trade receivable:	N'000	N'000
At 1 January	-	-
Impairment reversal during the year	-	-
At 31 December	<u>-</u>	<u>-</u>
Impairment allowance involves all trade receivables aged over 30 days.		
Classification of Trade receivables	N'000	N'000
Current	-	0
Non-current	-	-
	<u>-</u>	<u>0</u>
(d) The age analysis of trade receivables is as follows:	N'000	N'000
Within 30 days	-	0
Above 30 days	-	-
	<u>-</u>	<u>0</u>

	2021 N'000	2020 N'000
17 Reinsurance asset		
Prepaid reinsurance premium(Note 17(b))	152,700	125,012
Prepaid minimum and deposit premium	6,197	-
Reinsurance share of paid claims	21,228	18,337
Reinsurance share of outstanding claims	125,439	126,521
Reserve for IBNR (Note 17(a))	29,849	30,458
	<u>335,412</u>	<u>300,328</u>

Prepaid reinsurance represents the unexpired risk on premium ceded to reinsurers

There are no indicators of impairment for Re-Insurance assets. Therefore, no impairment allowance is required in respect of these assets. The carrying amount disclosed above is in respect of the reinsurance contracts which approximate the fair value at the reporting date

(a) Movement in IBNR	N'000	N'000
At 1 January	30,458	28,316
(Decrease)/increase during the year	(609)	2,142
At 31 December	<u>29,849</u>	<u>30,458</u>

Classification	N'000	N'000
Current	335,412	300,328
Non-current	-	-
	<u>335,412</u>	<u>300,328</u>

(b) Movement in prepaid reinsurance	N'000	N'000
At 1 January	125,012	108,592
Reinsurance expense (Note 2)	(461,215)	(317,982)
Reinsurance cost	488,903	334,402
At 31 December	<u>152,700</u>	<u>125,012</u>

18 Deferred acquisition cost

This represent the unexpired portion of the commission paid to brokers and agents at the reporting date.

	Fire N'000	Motor N'000	General accident N'000	Marine and aviation N'000	Total N'000
As at 1 January 2020	15,580	17,327	17,546	2,866	53,319
Additional Acquisition cost for the year	56,571	36,505	79,423	9,984	182,484
Amortization for the year (Note 5)	(52,573)	(35,923)	(74,137)	(10,237)	(172,871)
As at 1 January 2021	19,578	17,909	22,832	2,613	62,932
Additional Acquisition cost for the year	57,652	40,191	108,195	14,854	220,892
Amortization for the year (Note 5)	(58,529)	(43,503)	(101,190)	(13,043)	(216,266)
As at 31 December 2021	18,701	14,597	29,836	4,423	67,557
2021					
Current	18,701	14,597	29,836	4,423	67,557
Non-current	-	-	-	-	-
	18,701	14,597	29,836	4,423	67,557
2020					
Current	19,578	17,909	22,832	2,613	62,932
Non-current	-	-	-	-	-
	19,578	17,909	22,832	2,613	62,932
				2021	2020
19 Other receivables and prepayments				N'000	N'000
Financial assets (Note 19(a))				5,836	10,491
Non-financial assets (Note 19(b))				35,903	45,184
				41,739	55,676
(a) Financial assets					
Accrued interest on statutory deposit				3,211	6,516
Rent receivable				2,625	3,975
Total financial assets				5,836	10,491
(b) Non-financial assets				N'000	N'000
Prepaid staff expense				6,664	4,244
Withholding tax receivable				-	9,279
Deposit for computerization				93,880	93,880
Prepayments				32,113	34,536
				132,657	141,938
Impairment charge on non-financial assets				(96,754)	(96,754)
Total non-financial assets				35,903	45,184
				N'000	N'000
Gross other receivables				138,493	152,429
Impairment charge on other receivables				(96,754)	(96,754)
				41,739	55,675
Classification				N'000	N'000
Current				41,739	55,675
Non-current				-	-
				41,739	55,675
(d) Movement on impairment				N'000	N'000
As 1 January				96,754	96,754
Impairment reversal during the year				-	-
At 31 December				96,754	96,754

The carrying amounts disclosed above reasonably approximate the fair value at the reporting date. All other receivable amounts are collectible within one year. Prepayments are also utilisable within one year.

	2021	2020
	N'000	N'000
20 Investment properties		
Reconciliation of carrying amount		
At 1 January	85,000	78,000
Fair value adjustment (Note 7)	21,300	7,000
At 31 December	106,300	85,000

Investment properties are stated at fair value, which has been determined based on valuations performed by Ubosi Eleh & Co.(FRCN/2014/NIESV/00000003997), accredited independent valuers, The valuer is a specialist in valuing these types of investment properties. The determination of fair value of the investment property was supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and other sectors specific peculiarities corroborated with available data derived from previous experiences. There was no disposal of any property during the year. The title document in respect of this property is the deed of assignment jointly executed by the parties involved.

Valuations are performed on an annual basis and the fair value gains and losses were recorded within the profit or

21 Description of valuation techniques used and key inputs to valuation on investment properties

The valuation of the properties is based on the price for which comparable land and properties are being exchanged hands on or are being marketed for sale (investment method). By nature, detailed information on concluded transactions is difficult to come by. We have therefore relied on past transactions and recent adverts in deriving the value of the subject properties. At least, eight properties were analysed and compared with the subject property.

There are no restrictions on the reliability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

Valuation

						2021	2020
S/N	Location of Investment property	Name of valuer	Address of valuer	FRC number	NIESVA Reg. No	N'000	N'000
1	5, Primate Adejobi Crescent, Anthony Village, Lagos	Ubosi Eleh & Co.	27, Obafemi Awolowo Way, Ikeja, Lagos.	FRCN/2014/NIESV/00000003997	ESV A-576	106,300	85,000
						106,300	85,000

Description of valuation techniques used and key inputs to valuation on investment properties.

The valuation of the properties is based on the price for which comparable land and properties are being exchanged or are being marketed for sale. (Open Market Basis Approach)

S/N	Location of Investment property	Level	Valuation technique	Significant unobservable input
1	5, Primate Adejobi Crescent, Anthony Village, Lagos	Level 3	Investment approach was adopted in arriving at the fair value through the analysis of comparable of recent rental values of similar properties within the neighbourhood.	The land area is 611.62m ² . The neighbourhood is predominant with residential properties and estate.

By nature, detailed information on concluded transactions is difficult to come by. Therefore reliance was placed on past transactions and recent adverts in deriving the value of the subject properties. At least, eight properties were analysed and compared with the subject property.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Investment properties

There are no restrictions on the reliability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

During the reporting period ended 31 December 2021, there were no transfers between level 1 and 2 and in and out of level 3.

Fair value disclosure on investment properties is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	N'000	N'000	N'000	N'000
Date of valuation - 31 December, 2021				
Investment property	-	-	106,300	106,300
Date of valuation - 31 December, 2020				
Investment property	-	-	85,000	85,000

Description of valuation techniques used and key inputs to valuation on investment properties

Under the open market basis the current cost of reconstructing the existing structure together with improvement in today's market, adequately depreciated to reflect its physical wear and tear, age, functional and economical obsolescence plus site value in its existing use as at the date of inspection. The duration of the cash flows and specific timing of inflows are determined by event such as rent reviews, lease renewals and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by the agreement at the time of letting out the property. Periodic cash flow is typically estimated as gross income less non recoverable expense, collection losses, lease incentives, maintenance cost, agent and commission cost, and other operating and management expenses.

	2021 N'000	2020 N'000
Rental income derived from investment properties	-	-
Direct operating expenses (including repairs & maintenance)	-	-
Profit arising from investment properties carried at fair value	-	-
Classification	N'000	N'000
Current	-	-
Non-current	106,300	85,000
	<u>106,300</u>	<u>85,000</u>

22 Current Tax Liability

The movement on tax payable account during the year is as follows:

	2021	2020
	N'000	N'000
(a) Current tax payable		
At 1 January	87,057	90,809
Payments during the year	(30,150)	(6,456)
Write back of prior years' provision (Note 10(a))	(43,300)	-
Charge for the year (Note 10(a))	6,760	2,704
At 31 December	<u>20,368</u>	<u>87,057</u>
(b) Deferred tax liabilities		
At 1 January	110,011	107,368
Less: Deferred Income Tax assets		
Charge to profit or loss for the year (Note 11(a))	-	-
Recognized in Other Comprehensive Income	-	2,643
	<u>110,011</u>	<u>110,011</u>

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 14% (2020: 10%) on investment properties and 30% (2020: 30%) on other items.

(c) Deferred tax liability of Nil (2020: Nil) was recognized as at year end. It is attributable to the following;

	N'000	N'000
Property and equipment	-	-
Investment property	-	-
Revaluation of land	-	-
	<u>-</u>	<u>-</u>

23 Intangible Asset

	N'000	N'000
At 1 January	91,661	86,929
Additions	2,199	4,732
At 31 December	<u>93,860</u>	<u>91,661</u>
Accumulated amortisation and impairment:		
At 1 January	87,663	86,919
Amortization	1,298	744
At 31 December	<u>88,960</u>	<u>87,663</u>
Carrying amount:		
At 31 December	<u>4,900</u>	<u>3,998</u>

The intangible assets are non-current.

24 Property, Plant and equipment	Building	Land	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
<u>Cost/Revaluation</u>	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	525,000	205,000	111,424	111,471	232,598	1,185,493
Additions	2,295	70,500	4,450	3,075	1,534	81,854
Revaluation surplus	25,929	500	-	-	-	26,429
Net off of accumulated depreciation on revaluation	(28,224)	-	-	-	-	(28,224)
Disposals	-	-	-	-	(33,737)	(33,737)
Write-off	-	-	-	-	(6,136)	(6,136)
At 31 December 2020	525,000	276,000	115,874	114,546	194,259	1,225,679
At 1 January 2021	525,000	276,000	115,874	114,546	194,259	1,225,679
Additions	2,300	-	1,779	8,194	151,953	164,226
Revaluation	-	-	-	-	-	-
Reclassification	-	-	-	368	(368)	-
Disposals	-	-	(1,909)	(4,076)	(34,130)	(40,116)
Write-off	-	-	-	-	-	-
At 31 December 2021	527,300	276,000	115,744	119,032	311,714	1,349,789
<u>Accumulated depreciation</u>	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	-	-	108,248	95,557	202,755	406,560
Depreciation for the year	28,224	-	3,096	4,521	8,550	44,391
Net off of accumulated depreciation on revaluation	(28,224)	-	-	-	-	(28,224)
Disposals	-	-	-	-	(33,140)	(33,140)
Write-off	-	-	-	-	(6,136)	(6,136)
At 31 December 2020	-	-	111,344	100,078	172,029	383,450
At 1 January 2021	-	-	111,344	100,078	172,029	383,451
Depreciation for the year	41,986	-	3,233	5,403	22,081	72,702
Disposals	-	-	(1,909)	(4,076)	(34,106)	(40,092)
Adjustment (note 24(b))	115	-	210	(440)	(159)	(273)
At 31 December 2021	42,101	-	112,878	100,964	159,845	415,788
Carrying amount						
At 31 December 2021	485,199	276,000	2,866	18,067	151,869	934,001
At 31 December 2020	525,000	276,000	4,531	14,468	22,230	842,229

(a) All categories of property and equipment are initially recorded at cost. Subsequently, land and building are measured using revaluation model. The elimination adjustment shows the netting-off of accumulated depreciation against the carrying amount (previous revalued amount) in order to show the net book value as at the day of revaluation.

A valuation was conducted by Ubosi Eleh & Co.(FRC/2014/NIESV/00000003997). They have relevant recognized professional qualification and experience in the property being valued. The property was valued using the OMV basis as at 31 December 2021. The valuation method is the comparable method.

(b) Adjustment represent the outcome of reconciliation carried out between the property,plant and equipment register and the financial records as at 31st December 2021.

(c) There were no impairment losses on any class of assets during the year (2020: Nil)

(d) There were no capitalized borrowing costs (2020: Nil)

(e) There were no lien or encumbrances on any asset

(f) All classes of property and equipment were non-current

(g) Land and buildings are measured using revaluation model and elimination

(h) **Land and building: historical cost**

If the revalued assets were carried using the cost model, the carrying amounts as at 31 December 2021 would be as follows:

	Land N'000	Building N'000
Cost	276,000	525,000
Additions	-	2,300
Net book value	276,000	527,300

(h) **Measurements of fair values**

The fair value of land and building at the reporting date are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the property, annually.

The fair value measurement of land and building has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The valuation techniques and significant unobservable inputs used in measuring the fair values of land and building are disclosed below.

There were no transfers between fair value hierarchies during the year

Description of valuation techniques used and key inputs to valuation on investment properties

The valuation of the properties is based on the price for which comparable land and properties are being exchanged hands on or are being marketed for sale. (Open Market Basis Approach)

S/N	Location of Land and building	Valuation technique	Significant unobservable
1	Guinea Insurance House, 33, Ikorodu, Jibowu, Lagos	The basis of valuation is the Market value, that is, the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming: <ul style="list-style-type: none"> • a willing buyer; • a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market; • values will remain static throughout the period; • the property will be freely exposed to the market; • no account is to be taken of an additional bid by a special purchaser; • no account is to be taken of expenses of realization, which may arise in the event of a disposal. 	Area of the land is 1,240.01m ² . The neighbourhood is of high density area predominantly with both commercial and residential structures. Commercial properties such as block of office, eateries, banks, filling station. Motor park among others. The neighbourhood is a high density area.

By nature, detailed information on concluded transactions is difficult to come by. Therefore reliance was placed on past transactions and recent adverts in deriving the value of the subject properties. At least, eight properties were analysed and compared with the subject property.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Under the open market basis the current cost of reconstructing the existing structure together with improvement in today's market, adequately depreciated to reflect its physical wear and tear, age, functional and economical obsolescence plus site value in its existing use as at the date of inspection. The duration of the cash flows and specific timing of inflows are determined by event such as rent reviews, lease renewals and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by the agreement at the time of letting out the property. Periodic cash flow is typically estimated as gross income less non recoverable expense, collection losses, lease incentives, maintenance cost, agent and commission cost, and other operating and management expenses.

25 Statutory deposit

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2021 (2020: ₦333,654,000) in accordance with Section 10 (3) of Insurance Act 2003. Interest income was earned at an average rate of 10% per annum (2020:12.39%) and this has been included within investment income. The cash amount held is considered to be a restricted cash balance and do not qualify as cash and cash equivalent.

	2021 N'000	2020 N'000
Statutory deposit	<u>333,654</u>	<u>333,654</u>

26 Insurance contract liabilities

	N'000	N'000
Provision for reported claims by policyholders (Note 26(b))	277,433	407,374
Provisions for claims incurred but not reported (IBNR) (Note 26(c))	92,888	91,668
Outstanding claims provisions (Note 26(a))	<u>370,321</u>	<u>499,042</u>
Provision for unearned premiums (Note 26(d))	407,874	387,814
Provision for AURR	11,252	15,737
	<u>789,448</u>	<u>902,593</u>

The cash and cash equivalents as described in note 15 serves as a cash cover for the insurance contract liabilities.

Classification	N'000	N'000
Current	884,985	884,985
Non-current	(95,537)	17,608
	<u>789,448</u>	<u>902,593</u>

(a) **Outstanding claims provision: represents the ultimate cost of settling all claims arising from incidents reported as at the reporting date**

Age analysis of outstanding claims is as follows:

Days	N'000	N'000
0-90	27,708	93,366
91-180	16,406	45,565
181-270	15,099	26,245
271-365	26,529	11,879
Above 365	191,690	230,319
	<u>277,433</u>	<u>407,374</u>
IBNR (Note 27(c))	92,888	91,668
	<u>370,321</u>	<u>499,042</u>

Of the outstanding claims, 10% are within 90 days holding days period whilst 90% are above 90 days holding period. Most of the claims in these bands are largely outstanding due to Guinea's participation as co-insurer and not the lead, thus making it difficult to get relevant claims documents from the insured/brokers without going through the Lead on the accounts.

(b) Outstanding reported claims provision	N'000	N'000
At 1 January	407,374	351,960
Movement during the year (Note 4)	(129,941)	55,414
At 31 December	<u>277,433</u>	<u>407,374</u>
(c) IBNR provision	N'000	N'000
At 1 January	91,668	118,599
Movement during the year	1,220	(26,931)
At 31 December	<u>92,888</u>	<u>91,668</u>
(d) Provision for unearned premiums	N'000	N'000
At 1 January	403,551	373,981
Movement during the year	4,323	13,833
	<u>407,874</u>	<u>387,814</u>
AURR	<u>11,252</u>	<u>15,737</u>
At 31 December, 2021	<u>419,127</u>	<u>403,551</u>

	2021 N'000	2020 N'000
27 Trade payables		
This represents the amount payable to insurance companies on facultative placements	<u>23,410</u>	<u>-</u>

Trade payables are recognised when due. These include amount due to agents, brokers and insurance and reinsurance contract holders. Trade payables are measured on initial recognition at the fair value of the consideration received and subsequently measured at amortized cost.

The company has the right to set-off reinsurance payables against the amount due from reinsurers and brokers in line with the agreement between both parties. Trade payables includes reinsurance liabilities which are primarily premiums payable on reinsurance contracts entered into by the company and are recognised as at when incurred. Commissions payable to the brokers also form part of trade payables.

Trade payables are derecognized when the obligation under the liability is settled, cancelled or expired.

	N'000	N'000
28 Other payables and accruals		
Accrued expenses	65,829	38,168
Deferred revenue	8,730	3,151
Deferred commission income	40,117	31,622
Statutory payables	13,564	1,743
Unclaimed dividend	3,784	5,486
Union due and guinea cooperative	14,366	5,926
Naicom levy	13,564	-
Other payables	<u>82,717</u>	<u>47,907</u>
	<u>242,671</u>	<u>134,002</u>
	N'000	N'000
Due within 12 months	242,671	134,002
Due after 12 months	<u>-</u>	<u>-</u>
	<u>242,671</u>	<u>134,002</u>

Deferred revenue represent rental income arising from operating lease on investment properties and is accounted for on a straight line basis over the lease terms. Rental income is included in investment income.

Other payables represent outstanding NAICOM charges, union dues, travel insurance, stale cheques, unclaimed dividend and other creditors.

29 Employee benefit obligations		
Defined benefit		
Employee Benefit	N'000	N'000
End of service benefit plan (Note 29(a))	1,743	4,316
Defined benefit plan	<u>9,291</u>	<u>(2,573)</u>
	<u>11,034</u>	<u>1,743</u>
Classified as;		
Current	11,034	1,743
Non-Current	<u>11,034</u>	<u>1,743</u>

(a) The balance of N1,743,000 standing in the account as at 31 December 2020 represents the defined benefits plan for staff.

30 Deposit for shares	N'000	N'000
Deposit for shares	<u>151,400</u>	<u>151,400</u>

Breakdown of deposit for shares	2021	2020
Investors	N'000	N'000
Simon Bolaji	500	500
Emeka Uzoukwu	900	900
Kosch Ventures Limited	150,000	150,000
	<u>151,400</u>	<u>151,400</u>

Movement in deposit for shares is analysed as follows:

	N'000	N'000
Balance at the beginning of the year	151,400	151,400
Additions during the year	-	-
Balance at the end of the year	<u>151,400</u>	<u>151,400</u>

Deposit for shares represents funds from three parties for subscription to the equity shares of the Company. The parties include Simon Bolaji, Emeka Uzoukwu and Kosch Ventures Limited. As at the date the financial statements were finalised, the company was in the process of completing a private placement of the shares. The company has elected to classify these deposit as a liability until the completion of the listing process.

31 Share capital and reserve

(a) Authorised and issued share capital	N'000	N'000
Authorised share capital		
8 billion Ordinary shares of N0.50k each	<u>4,000,000</u>	<u>4,000,000</u>

(b) Issued and fully paid	N'000	N'000
6,140,000,000 Ordinary shares of N0.50k each	<u>3,070,000</u>	<u>3,070,000</u>

32 Share premium	N'000	N'000
At the beginning and end of the year	<u>337,545</u>	<u>337,545</u>

33 Statutory contingency reserve

In accordance with the Insurance Act of Nigeria, a contingency reserve is credited with the greater of 3% of total premium or 20% of profit of general insurance business. This shall accumulate until it reach the amount of greater of minimum paid up capital or 50% of net premium.

	N'000	N'000
Balance at the beginning of the year	551,323	518,878
Transfer from accumulated losses	40,692	32,445
Balance at the end of the year	<u>592,015</u>	<u>551,323</u>

34 Accumulated Losses

	N'000	N'000
Balance at the beginning of the year	(2,019,340)	(1,759,222)
Loss for the year	(23,489)	(227,673)
Transfer to contingency reserve(Note 33)	(40,692)	(32,445)
Balance at the end of the year	<u>(2,083,522)</u>	<u>(2,019,340)</u>

35(a). Fair value reserve

	N'000	N'000
At 1 January	112,730	65,512
Fair value changes - Quoted Equity (Note 14(a))	4,441	3,320
Fair value changes - Unquoted Equity (Note 14(b))	20,854	43,898
At 31 December	<u>138,026</u>	<u>112,730</u>

A valuation of the Company's unquoted equity was conducted by Pedabo (FRC/2013/ICAN/00000000904). They have relevant recognized professional qualification and experience.

35(b) SHAREHOLDING STRUCTURE

COMPANY NAME	ADDRESS	HOLDING UNITS	% HOLDING
Chrome Oil Services Limited	5, Idowu Taylor Street Victoria Island, Lagos	2,798,514,210	46
Nimek Investments Limited	Plot 228B, Muri Okunola Stree Victoria Island, Lagos	1,288,252,777	21

Mr. Anthony Achebe and Simon Bolaji represent the interests of Chrome Oil Services Limited while Mr. Emeka Uzoukwu represents the interest of Nimek Investments Limited.

Rules Governing Free Float Requirements.

In accordance with Rule 2.2 - Rules governing Free Float Requirement:
 Guinea Insurance Plc complies with the Exchange's Free Float Requirement.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule). Guinea Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders with respect to their dealing in the Company's shares. The policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

36 Other reserves

	N'000	N'000
Revaluation reserve		
At 1 January	65,688	41,902
Revaluation gain on property, plant and equipment (Note 24)	-	26,429
Deferred tax impact on OCI	-	(2,643)
At 31 December	<u>65,688</u>	<u>65,688</u>

The revaluation reserve is related to the revaluation of property and equipment (land and building), which are measured using the revaluation model.

37 Contingencies and commitments

(a) Legal proceedings and regulations

The Company is a party to some legal actions during the year arising out of its normal business operations. Total estimated liability from the legal actions amount to N706 million (2020: N292,02million). The Directors believe, based on currently available information and advice of the legal counsel, that none of the outcomes that will result from such proceedings will have a material adverse effect on the financial position of the Company. Cases involved include the following: NICN/LA/502/2017, NICN/LA/92/2017, FCT/CV/10/2019, FCT/CV/2140/2021.

(b) Capital commitments

The Company had no capital commitments as at year end (2020: Nil)

38 Contravention of laws and regulations

The Company incurred the following penalty/fine during the year:

Description	2021 N'000	2020 N'000
Penalties imposed by the Securities Exchange Commission for late filing of the 2020 accounts	1,300	-
	<u>1,300</u>	<u>-</u>

39 Related party disclosures

Related parties include the directors, their close family members and any other employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered to be related parties for disclosure purposes. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, (whether executive or otherwise).

The Company entered into transaction with shareholders of the company and key management personnel in the normal course of business.

(a) Details of significant transactions carried out with related parties during the year are as follows:
 Transactions during the period

Company/Individual	Type of relationship	Nature of transaction	2021 N'000	2020 N'000
Choffan Nigerian Limited - (Kiss FM)	Common shareholder	Rental Income	-	-

40 Employees and directors

a. Employees

The average number of persons employed by the Company during the year was as follows:

	N'000	N'000
Executive directors	3	3
Management	16	16
Non-management	50	48
	<u>69</u>	<u>67</u>

The number of employees of the Company, other than non executive directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Number	Number
Less than N800,001	-	-
N800,001 - N2,000,000	4	32
N2,000,001 - N2,800,000	30	8
N2,800,001 - N3,500,000	8	8
N3,500,001 - and Above	27	19
	<u>69</u>	<u>67</u>

<i>b. Directors</i>	2021	2020
	N'000	N'000
Remuneration paid to the Company's directors (excluding pension contribution) '		
Fees and sitting allowances (see note 9 (b))	14,800	14,800
Executive compensation (see (a) below)	57,333	57,333
	<u>72,133</u>	<u>72,133</u>
The chairman	1,200	1,200
The highest paid director	<u>28,000</u>	<u>28,000</u>

Executive compensation is included as part of staff cost.

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	Number	Number
Below N1,600,000	8	8
N3,400,000 - and above	4	4
	<u>12</u>	<u>12</u>

41 Impact of Covid-19

The COVID-19 pandemic is no longer a news to the business world as many companies have adjusted to the initial shock as presented by the pandemic, and Guinea Insurance was not exempted. However, the company was able to implement strategies that allowed it to continue in providing services to its customers through e-Channels with minimum disruption, and less contact in line with the COVID-19 protocols.

The impact of the pandemic is insignificant both financially and otherwise to the continuation of our business operations as there was no impairment to our assets (financial and otherwise), there is no sign of bankruptcy with any of our major customers and none of our operational facilities was shut down, though we operated below capacity in some of our offices in compliance with covid-19 protocols as directed by government. We leveraged on our investment in information technology to activate our e-Channels and other business portals that ensured our staff were able to work remotely to complement those working at the offices, resulting in the reduction of some overheads. Above all, there is no legal restriction because of the pandemic that will affect the company's operation.

We constantly review the effect of the pandemic and implement measures that will make its impacts on both our business operations and staff very minimal.

The directors assessed the impact of COVID-19 on the business continuity of the Company and believe that it will not affect the ability of the Company to continue in business.

42 Events after the reporting period

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

43 Solvency Margin

The Company's solvency margin of N2.190 billion as at 31 December 2021 (2020: N2.173 billion) was below the minimum regulatory requirement of N3,000,000,000 prescribed by the Insurance Act of Nigeria. The ability of the Company to continue to take on new businesses is significantly hinged on successfully addressing the shortfall in the solvency margin to meet the minimum solvency margin requirements of the Insurance Act. The major shareholders of the Company have given firm commitments to inject additional funds to meet the minimum regulatory capital requirement of N10 billion and also rectify the deficiency in the solvency margin.

Based on the foregoing, The Directors confirm the Company to continue as a going concern, realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements are prepared on the going concern basis.

44 Reconciliation of Statement of Cash flow	Notes	2021 N'000	2020 N'000
(a) Premium received		N'000	N'000
Gross written premium per income statement	1	1,356,409	1,081,507
Decrease/(increase) in insurance receivables		-	5,226
		<u>1,356,409</u>	<u>1,086,733</u>
(b) Commission received		N'000	N'000
Change in deferred commission income		8,495	3,295
Fees and commission income per income statement	3	71,389	80,484
		<u>79,884</u>	<u>83,779</u>
(c) Reinsurance premium paid		N'000	N'000
Reinsurance premium per income instatement	2	(461,215)	(317,982)
Change in trade payables		23,410	-
Increase in prepaid reinsurance		(27,688)	(16,420)
		<u>(465,493)</u>	<u>(334,402)</u>
(d) Gross claims paid net of recoveries		N'000	N'000
Claims recovered		66,801	212,822
Gross claims paid per income statement	4	(257,635)	(271,589)
		<u>(190,835)</u>	<u>(58,767)</u>
(e) Payments to employees		N'000	N'000
Employee benefits expenses	9(a)	329,348	307,200
Pension costs		13,558	12,846
Decrease in employee benefit obligations		(9,291)	2,573
		<u>333,615</u>	<u>322,619</u>
(f) Other operating cash payments		N'000	N'000
Other Operating expenses		(327,477)	(288,975)
Less: Non-Cash Items			
Decrease in other receivables and prepayments		13,937	17,006
Increase in other payables		108,669	1,606
		<u>(204,871)</u>	<u>(270,363)</u>
(g) Investment income received		N'000	N'000
Rental income from land and building	6	6,575	4,875
Dividend income on AFS equity	6	11,527	8,752
Interest income on statutory deposit with CBN	6	4,940	13,868
Interest income on fixed placement	6	2,716	13,128
Interest income on treasury bills	6	8,857	43,623
		<u>34,614</u>	<u>84,245</u>
(h) Other income received		N'000	N'000
Recoveries from other receivables	8	16,652	47
Sundry Income	8	-	-
		<u>16,652</u>	<u>47</u>
(i) Deposit for shares		N'000	N'000
Balance at the start of the year	31	151,400	151,400
Cash inflow	31	-	-
Balance at the end of the year	31	<u>151,400</u>	<u>151,400</u>
(j) Proceeds from sale of property and equipment		N'000	N'000
Cost of property and equipment disposed	25	40,116	33,737
Accumulated depreciation of property and equipment disposed	25	(40,092)	(33,140)
Gain on disposal of property and equipment	8	12,568	3,108
Proceeds on disposal		<u>12,592</u>	<u>3,705</u>

45 Hypothecation of insurance fund on assets

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

In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

The assets hypothecated are shown below:

	31-Dec-21			31-Dec-20		
	Insurance funds N'000	Shareholders funds N'000	Total N'000	Insurance funds N'000	Shareholders funds N'000	Total N'000
Assets						
Cash and cash equivalents	383,566	-	383,566	671,661	-	671,661
Financial investments						
- Available-for-sale financial assets	-	288,529	288,529	-	263,233	263,233
- Held-to-maturity financial assets	145,598	826,838	972,436	-	886,042	886,042
Trade receivables	-	-	-	-	-	-
Reinsurance assets	335,412	-	335,412	300,328	-	300,328
Deferred acquisition costs	-	67,557	67,557	-	62,932	62,932
Other receivables and prepayments	-	41,739	41,739	-	55,676	55,676
Investment properties	-	106,300	106,300	-	85,000	85,000
Intangible Asset	-	4,900	4,900	-	3,998	3,998
Property and equipment	-	934,001	934,001	-	842,229	842,229
Statutory deposit	-	333,654	333,654	-	333,654	333,654
Total assets	864,577	2,603,517	3,468,094	971,989	2,532,763	3,504,752
Liabilities						
Insurance contract liabilities	789,448	-	789,448	939,750	-	902,593
Trade payables	-	23,410	23,410	-	-	-
Other payables and accruals	-	242,671	242,671	-	134,002	134,002
Employee benefit obligations	-	11,034	11,034	-	1,743	1,743
Current tax payable	-	20,368	20,368	-	87,057	87,057
Deferred tax liabilities	-	110,011	110,011	-	110,011	110,011
Deposit for shares	-	151,400	151,400	-	151,400	151,400
Total liabilities	789,448	558,894	1,348,341	939,750	484,213	1,386,806
SURPLUS	75,129	2,044,624	2,119,753	32,239	2,048,550	2,117,946

46 Dealings in Issuers' Shares

The Company has a Securities Trading Policy which governs the trading of the Company's Securities by Insiders. The Policy has been circulated to all Directors and employees and also uploaded on the Company's website. The Company has contacted the Directors and they confirmed compliance with the Policy and the required provisions set out in Exchange's rule during the quarter under review. This is in compliance with the provisions of Security and Exchange Commission Rule 17.15(d).

VALUE ADDED STATEMENT

for the year ended 31 December 2021

	2021		2020	
	N'000	%	N'000	%
Net premium income	951,007		814,438	
Reinsurance, claims, commission and others	(709,361)		(811,448)	
Investment and other income	155,924		137,220	
Value added	<u>397,570</u>	<u>100</u>	<u>172,655</u>	<u>-100</u>
Applied as follows:				
Salaries, wages and other benefits	342,906	86	320,046	228
Government taxes	(36,540)	(9)	2,704	2
Retained in the business				
Depreciation & Amortization of property and equipment & Intangible assets	74,000	19	45,133	32
Appropriation to contingency reserve	40,692	10	32,445	23
Loss for the year	(23,489)	-6	(227,673)	-186
	<u>397,570</u>	<u>100</u>	<u>172,655</u>	<u>100</u>

FIVE YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018	Restated 2017
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	383,566	671,661	680,541	746,176	889,005
Financial assets at FVOCI	288,529	263,233	216,015	294,095	394,196
Financial assets at Amortised cost	972,436	886,042	1,037,334	142,730	-
Trade receivables	-	-	5,226	3,472	24,027
Reinsurance assets	335,412	300,328	349,730	170,877	205,047
Deferred acquisition cost	67,557	62,932	53,319	42,858	32,241
Other receivables and prepayment	41,739	55,676	72,682	131,418	37,914
Investment properties	106,300	85,000	78,000	1,820,000	1,770,000
Intangible Asset	4,900	3,998	10	279	998
Property and equipment	934,001	842,229	778,933	736,216	715,864
Statutory deposits	333,654	333,654	333,654	333,654	333,654
Total Assets	3,468,094	3,504,753	3,605,444	4,421,775	4,402,946
EQUITY & LIABILITIES					
Share Capital & Reserves:					
Ordinary share capital	3,070,000	3,070,000	3,070,000	3,070,000	3,070,000
Share premium	337,545	337,545	337,545	337,545	337,545
Contingency reserve	592,015	551,323	518,878	480,144	442,907
Accumulated losses	(2,083,522)	(2,019,340)	(1,759,222)	(925,446)	(704,964)
Available-for-sale reserve	138,026	112,730	65,512	143,592	260,647
Other reserves	65,688	65,688	41,902	-	-
Total Equity	2,119,752	2,117,947	2,274,615	3,105,835	3,406,135
Insurance contract liabilities	789,448	902,593	844,540	494,808	540,047
Finance lease obligation	-	-	-	-	-
Trade payables	23,410	-	-	12,606	41,738
Provisions	-	-	-	2,908	-
Accruals & other payables	242,671	134,002	132,396	353,172	122,376
Retirement benefit obligations	11,034	1,743	4,316	2,141	23,652
Income tax payable	20,368	87,057	90,809	196,193	117,947
Deferred tax liabilities	110,011	110,011	107,368	102,712	75,651
Deposit for shares	151,400	151,400	151,400	151,400	75,400
Total Liabilities	1,348,341	1,386,805	1,330,829	1,315,940	996,811
Total Equity & Liabilities	3,468,094	3,504,752	3,605,444	4,421,775	4,402,946

STATEMENT OF COMPREHENSIVE INCOME

	2021	2020	2019	2018	Restated 2017
	N'000	N'000	N'000	N'000	N'000
Gross premium written	1,356,409	1,081,507	1,219,138	1,241,218	967,144
Net premium earned	879,618	733,954	902,477	904,934	747,071
(Loss)/profit before taxation	(60,029)	(224,970)	(787,286)	(49,998)	237,849
Taxation	36,540	(2,704)	(7,756)	(140,201)	13,184
(Loss)/profit for the year	(23,489)	(227,673)	(795,042)	(190,199)	251,033
Transfer to contingency reserve	40,692	32,445	38,734	37,237	50,207
(Loss)/earnings per N1 share (basic)	(0.38)	(4)	(13)	(3.1)	4.09