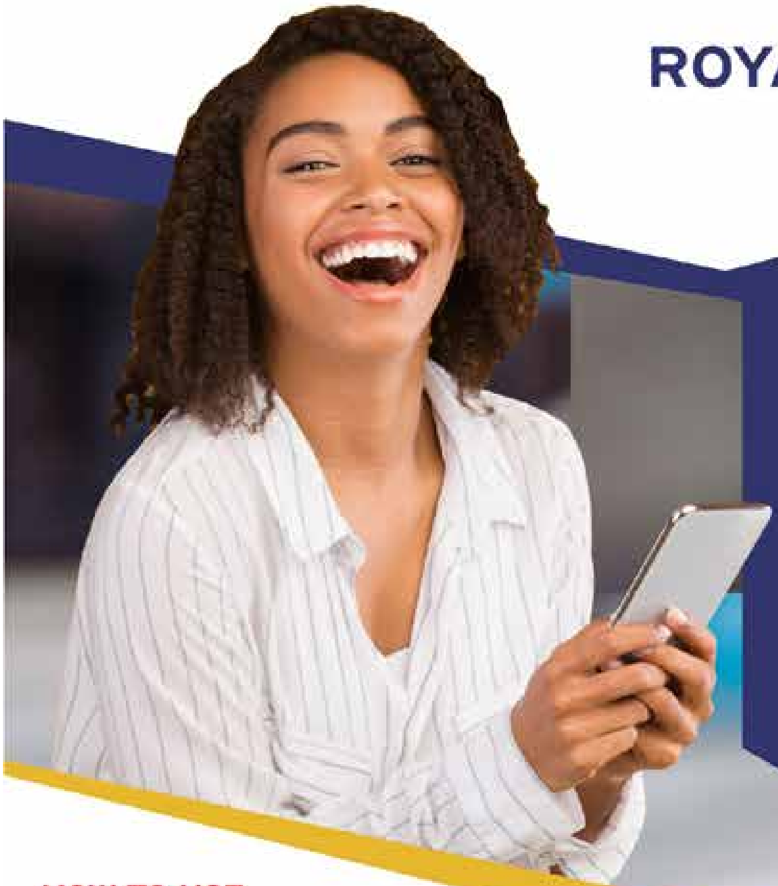
Front Cover

ROYAL EXCHANGE
General



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- You can also make payment using NIBSS USSD channel, just dial ***565*6*0051#** to select insurance product and make payment

Partners:

NIGERIA INTER-BANK SETTLEMENT SYSTEM PLC
...improving the Nigeria Payments System

For enquiries, kindly call or send e-mail to our dedicated hotlines:

01-4606690-9, 07080606100

info@royalexchangeplc.com, customercare@royalexchangeplc.com

www.royalexchangeinsurance.com

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Who We Are

Who We Are

Royal Exchange General Insurance Company (REGIC) offers a full range of general and special risks insurance products to the insuring public. We have a reputation for reliability, integrity, professionalism, technical competence and financial strength.

Our Vision

To responsibly and efficiently mobilise and utilise human, financial and technological capital to exceed stakeholders expectations.

Our Mission

To attain leadership in the management of insurable risks/non-banking financial services sector and provide the highest quality services in accordance with the ethical practices and norms to our clients while ensuring adequate returns to our other stakeholders.

Section 1

Corporate Information

Corporate Information

Registered office
New Africa House
31, Marina
Lagos
Nigeria

Operations office
34-36 Oshodi/Apapa
Expressway, Oshodi,
Lagos

Directors

Alhaji R.M Gwarzo, OON	Chairman
Mr. Benjamin Agili	Managing Director
Mr. Nnamdi Oragwu	Non-Executive Director
Chief U. Okpa-Obaji	Non-Executive Director
Mr. Ernesto Costa	Non-Executive Director
Mr. Adeyemo Adejumo	Non-Executive Director
Mrs. Jane Ekomwereren	Executive Director Technical

Company Secretary
Ms. Sheila Ezeuko
FRC/2013/NBA/000000004059

Company registration number
RC: 725727

Preparation supervised by
Olalekan Jayeola
Head, Accounts

Reinsurers
Nigerian Reinsurance Corporation
Africa Reinsurance Corporation
Continental Reinsurance Plc
WAICA Reinsurance Corporation
Swiss Reinsurance Corporation
Zep Reinsurance
Global Reinsurance
NCAE Reinsurance
Kenya Reinsurance
Aveni Reinsurance
Score Reinsurance
Capsicum Reinsurance

Auditor
Deloitte & Touche
Civic Towers,
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos
Nigeria

Bankers
Access Bank Plc
Union Bank Plc
Guaranty Trust Bank Plc
First Bank of Nigeria Limited
First City Monument Bank
Sterling Bank Plc
Royal Exchange Microfinance Bank Limited
Fidelity Bank Plc
Ecobank Nigeria Limited
Heritage Bank Limited
Zenith Bank Plc
Stanbic IBTC Bank Plc
Jubilee Life Mortgage Bank
United Bank For Africa Plc
Polaris Bank Limited
Wema Bank Plc

Actuary
Ernst & Young
FRC/NAS/00000000738
* Appointed : Effective October 17,2019

Corporate Profile

The parent Company started operations in Nigeria represented by Barclays Bank DCO in 1918. A branch of the then parent Company, Royal Exchange Assurance, London, (REA), was established in Lagos on February 28, 1921. REA was founded in 1720 and was one of the first two insurance companies to receive legal status by Royal Charter.

Originally established for marine business, REA expanded within a year to include fire and life insurance as well, thereby becoming Britain's first composite insurer. The establishment of the branch in Nigeria was the result of the expansion drive of REA in the early 20th century. Pursuant to Section 396(2) of the then Companies Act of 1968, the Company was, on December 29, 1969, reconstituted and incorporated as a Private Limited Liability Company, the Royal Exchange Assurance (Nigeria) Limited.

Following the NAICOM directives on recapitalisation of insurance companies in 2006 and the creation of the group holding Company which led to the demerged of the insurance subsidiaries, Royal Exchange General Insurance Company was incorporated and birthed in 2007.

The Company elected to split its operations into Life and General Businesses during the 2007 recapitalization exercise. Upon this decision Royal Exchange General Insurance Company Limited (REGIC) was adopted as the name to underwrite general insurance business.

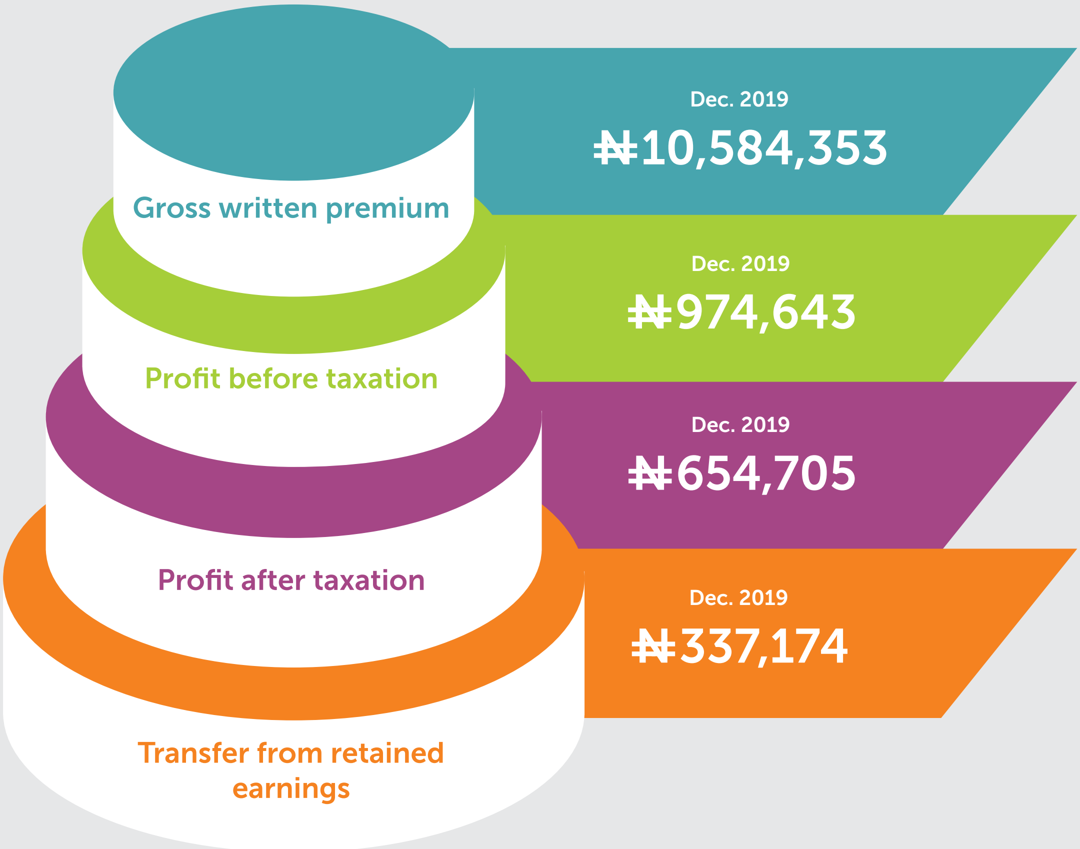
Royal Exchange General Insurance Company has one of the largest branch networks in its sector with 15 branches nationwide and 4 Business Directorates. The Company enjoys long dated relationships with local and international reinsurers and is one of the few Insurance Companies in Nigeria that has an Oil and Gas treaty to enable it position itself for active participation in the emerging domestication of Oil and Gas risks underwriting due to the Local Content Policy of the Federal Government of Nigeria.

Royal Exchange General Insurance Company has an Authorized Share Capital of ₦8 billion made up of 8billion ordinary shares of ₦1 each and an Issued and Paid–up capital of ₦5.367 billion. As at December 31, 2018, the Shareholders' Funds stands at ₦8.85 billion with Total Assets of ₦23.31 billion.

Royal Exchange General is a strong brand in the insurance sector, highly rated within the industry for experience in minimising risks and paying claims, among other virtues. The Company would continue to ensure its relevance in the environment in which it operates by reinventing itself continuously, refreshing its strong brand with emphasis on experience and competence.

Results at a Glance

For the year ended 31 December	2019 ₦'000	2018 ₦'000
Gross written premium	**10,584,353**	10,716,756
Profit before taxation	**974,643**	1,154,518
Income taxes	**(319,938)**	(419,191)
Minimum tax	**-**	-
Profit after taxation	**654,705**	735,327
Transfer to contingency reserve	**(317,531)**	(321,503)
Transfer from retained earnings	**337,174**	413,824



Notice of Annual General Meeting

NOTICE is hereby given that the 12th Annual General Meeting of **ROYAL EXCHANGE GENERAL INSURANCE COMPANY LIMITED** will be held virtually at the Operations Office 34/36 Oshodi - Apapa Expressway, Oshodi Lagos State on Tuesday, August 18, 2020 at 11.00am to consider and transact the following business:

Ordinary Business:

1. To lay before the meeting the Audited Accounts of the Company for the year ended December 31, 2019 together with the Report of the Directors and Auditors and the Audit Committee thereon.

2. To declare a dividend.

3. To elect/re-elect directors.

4. To approve the remuneration of the directors.

5. To authorize the directors to appoint and fix the remuneration of the External Auditors.

6. To appoint members of the statutory audit committee.

By the Order of the Board

SHEILA EZEUKO
Company Secretary

Registered Office Address
New Africa House
31, Marina, Lagos

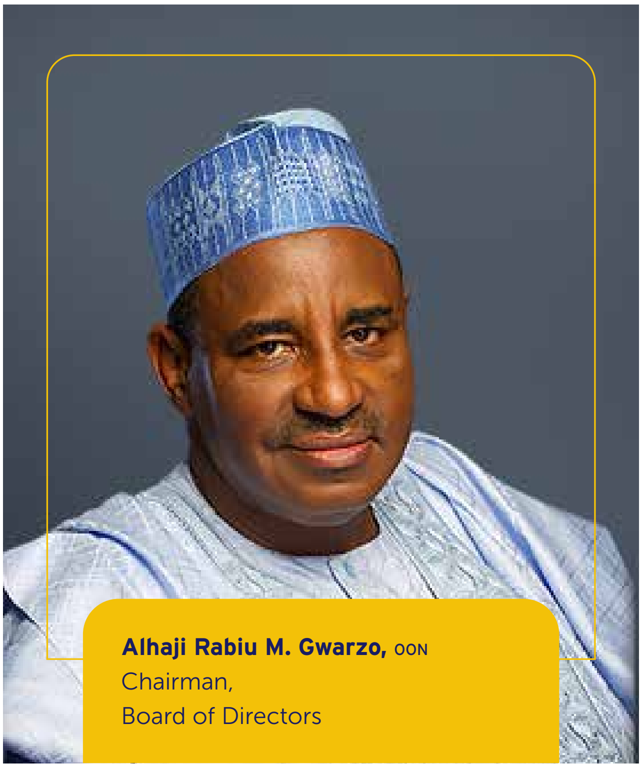
August 10, 2020

Ms. Sheila Ezeuko
Company Secretary/
Head, Legal & Compliance

Section 2

Statements & Reports

Chairman's Statement



Alhaji Rabiu M. Gwarzo, OON
Chairman,
Board of Directors

> FY 2019 achieved a Gross Premium Income of ₦10.87 billion, Underwriting Profit of ₦1.15 billion, Profit before Tax amounted of ₦974.64 million and Profit after Tax of ₦654.71 million.

Distinguished Guests, Ladies and Gentlemen,

On behalf of the Board of Directors and Management of Royal Exchange General Insurance Company, It gives me great pleasure to welcome you all to the 12th Annual General Meeting (AGM) holding this 18th Day of August 2020 in Lagos and virtually on our live online platform. I shall be presenting to you for consideration, amongst other issues, the annual report and statement of financial position for the year ended 2019.

The Business Environment

The year 2019 opened with political activities as the general elections planned for the first quarter approached. Business leaders were concerned about tensions and the possible outcome of the general elections which eventually saw the re-election of President Buhari for a second term. Elections over, the government began to make huge investments in transport and infrastructure, allocating in the 2019 budget the sum of ₦258.4 billion for roads rehabilitation as well as ₦100 billion for the construction and upgrade of existing rail lines. By Q3, 2019, government announced the closure all the land borders to all imports and exports in its bid to prevent smuggling and encourage local production of import alternatives in order to achieve self-sufficiency in food production. This pushed upwards the revenue generated from customs and excise duties from the Ports, which remained opened. In the year under review, Nigeria continued on its path on the gradual recovery from the global recession cause by drop in the international oil prices with a positive growth in its GDP.

The year also witnessed renewed efforts by the government to diversify the economy and reduce dependency on oil. As a result, a lot of interventions were made in the agricultural sector as well as support for SMEs. The challenges of insecurity posed by increasing rate of banditry, kidnapping and insurgency in parts of the country remained high during the year while population growth continued to rise. Despite these and other challenges, your company was able to sail through and achieve good results.

The Operating Results

I am glad to announce to you that your company in FY 2019 achieved a Gross Premium Income of ₦10.87 billion, Underwriting Profit of ₦1.15 billion, Profit before Tax amounted of ₦974.64 million and Profit after Tax of ₦654.71 million. The Total Net Claims paid out to Policyholders was ₦1.11 billion, the Company's Total Assets stood at ₦21.94 billion and Shareholders Fund was ₦9.61 billion. With this result, the Board will be proposing a dividend of 8k per share to Shareholders.

The Future Outlook

As you are aware, the company is presently undergoing a strategic restructuring and repositioning aimed at ensuring we take advantage of the opportunities in the insurance market in Nigeria, post recapitalization. We are confident of meeting the new capital requirement imposed by the industry regulator and this will surely increase our capacity to underwrite and retain more risks profitably.

Our vision is to be a reliable and trusted industry leader in Nigeria providing innovative insurance products and services to our customers and we will continue to invest more in research and technology. The on-going company-wide digital transformation project is a top priority project for us and a critical part of our business continuity plan in ensuring remote working to overcome the challenges posed by the COVID-19 global pandemic as well as reach more customers especially in the retail, agribusiness and other focused sectors.

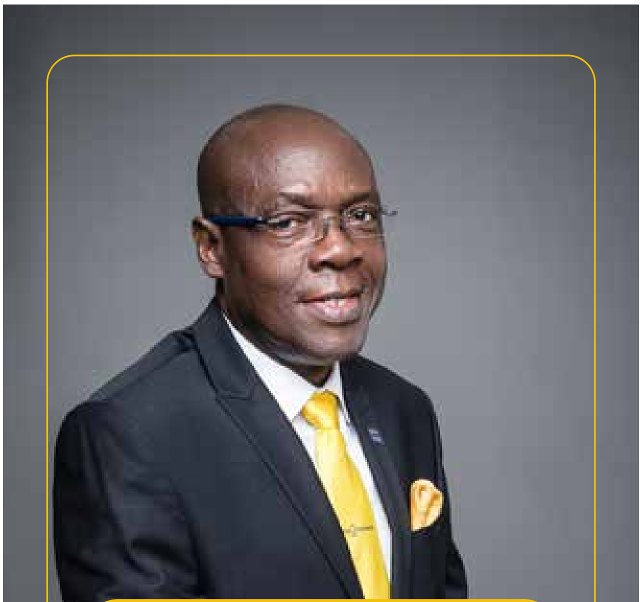
The Board of Directors recently approved a 5-year Strategy Plan for the Company. The Board will continue to provide support to the management team and play its oversight functions to ensure the vision and objectives of the Plan are achieved.

I thank you for your support to the company and wish us all a successful meeting.

Alhaji Rabiu M. Gwarzo, OON
Chairman,
Board of Directors

Section 2

Managing Director's Statement



Mr. Benjamin Agili
Managing Director

> We will continue to push further and launch deeper into the retail, agribusiness and other big and fast growing sectors in order to grow both our top and bottom line.

The Chairman, Directors, Management and staff of Royal Exchange General Insurance Company Limited. I am glad to welcome you to this Annual General Meeting. It is good to see you and to know you are staying safe and healthy in this challenging period of the Covid-19 global pandemic. Before the economic lockdown forced by the pandemic, the Nigerian economy was still on the path of recovery from the recession with gradual improvement in the GDP with increasing contributions from the non-oil sectors. With the easing of the lockdown, we expect a gradual return to normalcy in the coming months. Already we have started seeing positive signs of growth in the agricultural and manufacturing sectors. Imports and exports are beginning to gain momentum and retail trade and transport operations are back on track. With the ₦10 billion Recovery Fund announced by the Federal Government for the transport workers and operators, we expect a very significant growth in the contribution of the transport sector to our gross premium.

With various initiatives and actions being taken by the government, we are very hopeful that the economy and the general business environment will improve significantly. This will no doubt impact positively and significantly on our insurance business. Although the challenges of exchange rate fluctuations, low interest rates on investment funds, and other socio-economic issue are still there and impaction on our oil and gas portfolio, we are constantly designing creative ways to monitor and manage our exposures with our local and international reinsurance partners. The insurance sector is undergoing a new recapitalization programme as well as digitization of its operations. Plans are on the concluding stages to commence tech-driven regulatory operations. Mergers and acquisitions, and new investments (Both local and foreign) will be witnessed in the coming months.

Despite the many challenges during the year under review, we were able to achieve a gross written premium of ₦10.58 billion which indicates 1% decline from ₦10.71 billion achieved in 2018. The net claims figure of ₦1.1 billion was paid in 2019 as against the figure of ₦644 million in 2018. The underwriting profit of ₦1.15 billion made in 2019. This shows 53% decline compared to ₦2.44 billion achieved in 2018. Investment income grew by 98% from ₦375 million in 2018 to ₦742 million in 2019. We achieved a moderate profit-before-tax of ₦974 million as against ₦1.15 billion achieved in 2018 while profit-after-tax decreased by 11% to ₦654 million from a figure of ₦735 in 2018.

We are determined to drive revenue growth and profitability in the current year and in the years ahead. We will continue to push further and launch deeper into the retail, agribusiness and other big and fast growing sectors in order to grow both our top and bottom line. The Board has recently approved for our implementation, a five-year Strategic Business Plan (2021 – 2025). The focus of this plan is developing our people, ensuring operational efficiency and improving our technology infrastructure through our on-going Digital Transformation Project. These are the three major anchors that will drive the implementation of our strategy anchored on big data analytics, product innovation, channel innovation, brand improvement and service excellence.

We will be playing very actively in the largely untapped agricultural and retail sectors. Currently, we are the leading company using tech-driving solutions to underwrite agricultural insurance, which is beginning to gain traction in the insurance market in Nigeria as farming remains a key economic activity driving growth in Nigeria. In the coming years, and as part of our CSR strategy, we will be at the forefront of driving awareness and understanding about the importance of insurance in Agriculture and other insurance classes. Our Company was among the first three insurance companies approved by National Insurance Commission (NAICOM) to underwrite Weather Index Insurance (WII). We have also recently obtained approval for livestock, poultry and fish farming insurance which are already being taken up by livestock farmers in the country.

With the on-going restructuring of the company, the management team has been strengthened with the addition of new, experienced professionals. As part of our strategy, our brand will be repositioned to gain more market presence. We will ensure creative use of key media channels in deploying our advertising messages. Our main point of differentiation, which is also a critical success factor, is our readiness to do business in new and better ways, all the time. We are confident in our collective ability and experience that the corporate vision, goals and objectives will be achieved.

The management appreciates the Board and the staff for their support and contributions in achieving the modest result for year 2019 even as we look forward to a greater performance in 2020 and beyond.

On behalf on the management team, I assure you of our collective resolve to continue to work together to achieve the aspirations of the company.

Thank you.

Benjamin Agili
Managing Director

Report of Corporate Governance

Introduction

Changes in the business environment have become increasingly fast and complex posing different types and levels of risk. Companies, in trying to cope with the fast-pace of change must devise means for adaptation as well as strategies to ensure the achievement of its corporate goals and objectives. In doing this, structures, procedures and policies has been put in place to ensure good corporate governance in its day-to-day operations, during the engagements with customers, suppliers, regulators and all other stakeholders. The overall objective of putting these corporate governance structures in place is to ensure the growth, protection and preservation of shareholders value.

The Company has put in place governance structures that promotes and rewards professionalism, integrity, transparency, risk management and accountability in its engagement with stakeholders in alignment with its corporate and business strategy both in the short and long-term.

Governance Culture

The Company is committed to ensuring its people fully understand and imbibe the tenets of its corporate governance code. Training on corporate governance is conducted for members of the Board of Directors on an annual basis. The Board appraises itself and is also appraised by external consultants. Policies, procedures and standards of conduct are set at all levels to ensure compliance with governance and ethical codes.
The corporate governance structures are reviewed periodically to ensure they remain relevant in the face of changing customer, operational, regulatory and legal requirements.

The Company's governance structure is designed to guarantee the right of and equitable treatment of all shareholders and other stakeholders. At the helm of affairs is the board of directors which is comprises Seven (7) members, including the Chairman, Four (4) Non-Executive Directors and two (2) Executive Directors.

The Board of Directors

The Board of Directors is the principal driver of corporate governance in the Company and has overall oversight responsibility for ensuring that the tenets of good corporate governance are adhered to. The Board is chaired by the Chairman.

The Board appoints committees to help carry out its duties. Given the separation of roles of the Chairman and the Chief Executive Officer (CEO), the Board appoints Non-Executive Directors as chairmen of Board committees. Board committees work on key issues in greater details than would be possible at full Board meetings, which helps to ensure more effective full Board meetings. Each Board committee reviews its recommendation with the full Board. All the current Non-Executive Directors served on the Board throughout 2019.

The Company Secretary

The Company Secretary is the gate keeper of the organization and is responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors. She consults regularly with Directors to ensure that they receive required information promptly. She is the custodian of all corporate information and history of the Company. She engages and interfaces with shareholders and stakeholders of the Company. She protects the corporate image of the Company. She maintains a professional relationship with the regulators.

Non-Executive Directors

The Non-Executive Directors' roles are limited to contributing to strategic decision making. Each Non-Executive Director brings with him wide experiences, knowledge and personal qualities to bear in the quality of decision making. They are not involved in the day-to-day operations of the business.

Executive Directors

The Executive Directors' appointments are based on contractual agreements and may be renewed subject to a satisfactory annual performance evaluation. The maximum tenure of an Executive Director might be two terms.

Separation of Roles and Responsibility

There is a separation of roles and responsibility of the Chairman of the Board and the Managing Director (MD) of the Company.

Board Meetings and Attendance

The board meetings are scheduled quarterly. In the year under review, the board met Four times with an attendance rate of 70%.

S/N	Board Meeting Attendance	Status	Designation	Attendance	% Attendance
	Directors	**4**			
	Expected Meetings	**4**			
	Actual Meetings				
1	Alhaji R. M. Gwarzo, OON	Non-Executive Director	Chairman	4	100%
2	Mr. Nnamdi Oragwu	Non-Executive Director	Member	4	100%
3	Chief U. Okpa-Obaji*	Non-Executive Director	Member	1	25%
4	Mr. Ernesto Costa*	Non-Executive Director	Member	1	25%
5	Mr. Adeyemo Adejumo*	Non-Executive Director	Member	1	25%
6	Mr. Donald Nosiri**	Non-Executive Director	Member	3	75%
7	Mr. Nelson Akerele**	Non-Executive Director	Member	3	75%
8	Mr. Olawale Banmore**	Non-Executive Director	Member	3	75%
9	Mrs. Jane Ekomweren	Executive Director	Member	4	100%
10	Mr. Benjamin Agili	Executive Director	Member	4	100%

Legend:
*Chief U Okpa – Obaji, Mr. Ernesto Costa and Mr. Adeyemo Adejumo were appointed Non-Executive directors of the Company on October 17, 2019.
**Mr. Donald Nosiri, Mr. Nelson Akerele and Mr. Olawale Banmore resigned their appointments as Non-Executive directors of the Company with effect from October 17, 2019.

Board Committees

The Committees provide recommendations on matters to the main board. There are five committees established to maintain oversight on the business strategy of the Company. Each committee has its defined charter which embodies its guiding principles and sets out its composition, functions, responsibilities and scope of authority.

Records of Committee meetings are kept and extracts of the major issues raised are reported at the full board meetings for deeper consideration, resolution and directives.

The following are the Board committees:

Establishment and Governance Committee

The Committee is responsible for determining the remuneration of the executive and non-executive members of the Board, nominations for approval of the Board candidates to fill Board vacancies and for the continuous review of senior management succession plans and remunerations.

Audit Committee

The Committee serves as a focal point for the communication and oversight regarding Financial Accounting Reporting. It is responsible for reviewing the standards of internal control, including the activities, plans, organization and quality of internal audit.

Strategy & Risk Management Committee

The Committee is responsible for overseeing, setting and reviewing the risk governance framework, including risk management and control, risk policies and their implementation as well as the risk strategy and monitoring of operational risks. The Committee is also responsible for the development, articulation and execution of the Company's long term strategic plan on the one hand, and advisory oversight responsibilities relating to potential mergers, acquisitions and other key strategic transactions outside the ordinary course of the Company's business.

Finance and General Purposes Committee

The Committee is responsible for oversight functions for issues relating to the strategic planning, budgetary process, procurements, corporate finance, resources and assets utilization, capital structure and reporting financial performance of the Company.

Investment Committee

The Committee assists the Board in its oversight functions with respect to investment strategies, investment portfolio performance, investment mix and the overall investment performance of the Company.

Engagements

To foster an atmosphere of cordiality and in recognition of their importance to the different businesses within the Company, Management regularly engages the regulators to ensure the extant regulations are complied with. Similarly, Management continually engages with its shareholders and with the intent of fostering better understanding of the Company's governance mechanisms and performances.

Code of Business Ethics

There is a code of business ethics for the Company, the board and staff. To strengthen the Company's zero tolerance for unethical behavior; the Company instituted a whistle blowing policy meant to encourage the reporting without retribution of perceived or real unwholesome unethical behavior in the Company.

Board Performance Evaluation

Appraisal of the performance of the Company's Board was also conducted by independent consultants in compliance with the NAICOM Code of Corporate Governance and their reports were submitted to NAICOM.

COMPANY GOVERNANCE STRUCTURE AND SHAREHOLDERS

Operational Company Structure

Royal Exchange General Insurance Company Limited manages its exposure to corporate governance on a matrix depicting lines of business and functionalities which reflect in the areas of responsibility.

Board members are subject to standards of business ethics, policies, rules and regulations to avoid conflict of interest and use of insider information. The Board appoints committees to help carry out its duties. Given the separation of roles of the chairman and the chief executive officer, the Board appoints Non-Executive Directors as chairmen of Board committees. Board committees work on key issues in greater details than would be possible at full Board meetings, which helps to ensure more effective Board meetings. Each Board committee presents its recommendations to the Company board for approval, amendments and ratification as the case may be during board meetings.

The Management Executive Committee (MEC)

The Management Executive Committee (MEC) is headed by the Managing Director and comprises of all the Heads of various Departments. The MEC is responsible for the implementation of all Board approved strategic initiatives, in other words, it is responsible for the day to day running of the Company, the achievement of all business and operational plans, targets, strategies and objectives within the Company's risk management framework; and the development of advanced reporting procedures to ensure the Board is fully informed at all times.

Monthly strategic business activities and operating environments are discussed at the MEC level where strategic directions are set. The reports cover the financial performances, risk assessments, regulatory activities among others. To ensure an effective and consistent compliance culture in the Company, MEC oversees compliance risk and promotes training and best practice implementation in the Company, therefore affirming the Company's commitment to a zero tolerance for regulatory breaches.

Information to Shareholders

The Company is committed to continually disclose all material information in a timely and transparent manner to its shareholders. To ensure the shareholders' are adequately informed and their interest protected, the Company Secretary deals directly with enquiries from shareholders and ensures that shareholders' views are escalated to Executive Management and the Board.

Going Concern

Information relating to the Company's going concerns is periodically released to the investing public on quarterly, half-yearly and annual basis in widely read national newspapers and our website www.royalexchangeinsurance.com

Annual General Meeting

In compliance with statutory and regulatory requirements, the Annual General Meeting of the Company is held annually and provides the shareholders of the Company or their proxies an opportunity and direct access to the Executive Management to deliberate and take decisions on the issues affecting the Company. The Annual General Meeting is attended by representatives of regulators, National Insurance Commission (NAICOM) and the External Auditors Messrs. Deloitte & Touché as well as the major shareholders.

Communication Policy

The Company ensures that communication and information dissemination regarding the Company's operations to stakeholders and the general public is timely, accurate and continuous. Such information is available on the Company's website, https://www.royalexchangeinsurance.com.

Whistle Blowing Procedures

The Company is committed to the highest standards of ethical, moral and legal business conduct. In line with this commitment and philosophy of open dialogue and communications, the Company established a whistleblower policy which provides protection for any whistleblower who raises concerns in good faith regarding incorrect or inappropriate financial reporting, violation of laws or regulations, possible fraud and corruption and health & safety risks including risks to the public as well as other staff.

Complaints Management

The Company resolves customers' complaints whenever they arose and appreciates feedbacks for business improvement and customer retention strategy. The complaints may be in form of any expression of dissatisfaction, resentment or grievances whether justified or not made by a person or corporate body about any aspect of its operations, services, personnel, policies, shares or dividends. REGIC's complaints and feedback structure ensures prompt resolution of customers' complaints. There is a dedicated Complaints Unit apart from our Contact Center responsible for receiving, escalating, ensuring prompt investigation and resolution of customers' complaints within the specified service level agreement (SLA).

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework

REGIC is committed to ensuring that its products and services are not used for Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction and that, its processes and procedures are in compliance with all applicable Laws and regulations on Money Laundering.

To this end, there is an annual awareness and sensitization training on AML/CFT for the Company's Board members, Management and staff across the nation on money laundering techniques and how to combat it. There is also in place continuous compliance risk assessments and profiling of all our products and customers for effective combating of AML/CFT violations with an enshrined due diligence in place for all our business activities.

Statement of Compliance

Royal Exchange General Insurance Company Ltd. has in place an effective Risk Management, Control and Compliance system and an effective internal audit system committed to ensuring that regulatory guidelines are strictly adhered to.

Ms. Sheila Ezeuko
Company Secretary/GM (Legal Services)
FRC/2013/NBA/00000004059 Lagos, Nigeria
19th August 2020

Risk Management Statement

The Company recognizes that for it to achieve its long-term vision, goals and objectives, it must put it place structures to promptly identity and manage risks that could hinder its ability to deliver its services effectively and efficiently to customers and all stakeholders. The Board of Directors through the Board Risk & Strategy Committee has continued to perform its oversight role in ensuring that risk management forms and remains a critical part of the company's corporate governance structure to ensure the protection of our shareholders' value. The main objective of the Committee's oversight responsibility is to ensure the company's key risks are managed within the risk appetite, risk limits and thresholds set by the Board as well as the Regulators.

The risk governance structure of the company consists of the Board Risk & Strategy Committee, the Management Risk Committee and the Chief Risk Officer/Head of Enterprise Risk Management who is a key member of the management team and reports also directly to the Board Risk & Strategy Committee. Our risk management philosophy is anchored on an objective and in-depth analysis of risks before decisions or actions are taken; and on the provision of adequate and timely intervention mechanisms necessary to minimize loss or business disruption and to ensure prompt and adequate recovery and business continuity in the event of a risk crystallizing.

The Board Risk & Strategy Committee had in the year under review performed risk oversight functions diligently and confirms that there were no serious breaches capable of preventing the company from achieving its objectives.

As part of our determination to build a policy and process-driven and risk conscious organization, we will continue to work with the Management Risk Committee and the Chief Risk Officer to improve our risk management structures and policies to ensure they remain relevant in ensuring business sustainability and corporate survival in the face of the ever-changing and increasing complexity of risks in our business environment.

Mr. Adeyemo Adejumo
Chairman, Board Risk & Strategy Committee
FRC/2013/CIIN/00000003825

Smart™ AGRIC

ROYAL EXCHANGE General

Control your farm risk with

CLIMATE CHANGE CROP PROTECTION

INDEX INSURANCE

CROP CYCLE:

GERMINATION	VEGETATIVE & FLOWERING	MATURITY

PERILS COVERED:

No rains/dry spells	Low Vegetation	Excess Rainfall

Nigerian farmers are very skilled at managing their risks. However, some risks are difficult to control, like extreme weather events. Royal Exchange's Climate Change Insurance helps farmers manage their risks better and create a more resilient farm business.

For more details and enquiry, kindly contact:

Chukwuma Kalu
Head, Agribusiness & Business Development
Tel: 0705 736 2364

Kabir Mohammed
Agric Marketer, North
Tel: 0703 936 4573

Dr. Olayemi Bamigbade
Agric Marketer, South West
Tel: 0903 237 6152

KehindeAlao
Agric Underwriter
Tel: 0805 697 7512

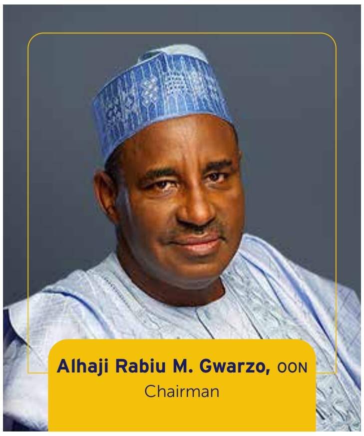
Email: info@royalexchangeplc.com, general@royalexchangeplc.com

www.royalexchangeinsurance.com

Section 3

Board of Directors

Board of Directors

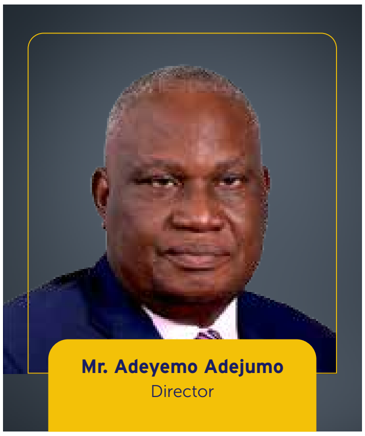


Alhaji Rabiu M. Gwarzo, OON
Chairman

Mr. Nnamdi Oragwu
Director

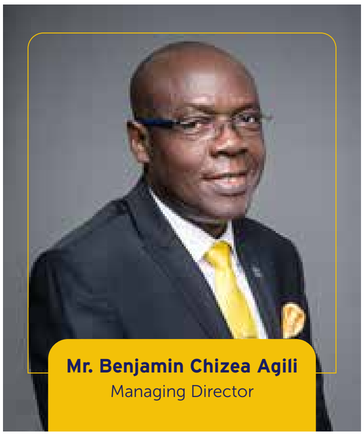
Mr. Ernesto Costa
Director

Chief Uwadi Okpa-Obaji
Director



Mr. Adeyemo Adejumo
Director

Mrs. Jane Ekomwereren
Executive Director



Mr. Benjamin Chizea Agili
Managing Director

Ms. Sheila Ezeuko
Company Secretary/
Head, Legal & Compliance

Board of Directors' Profile

Alhaji R.M. Gwarzo, OON is the Chairman of Royal Exchange General Insurance Company Limited and an Associate of the British Society of Commerce. He holds a Certificate in Accounting and Finance for Developing Countries from the University of Strathclyde, Glasgow, Scotland Business School and a Certificate in Wheat Marketing & Processing from Kansas State University, USA. He is an Associate of the Institute of Industrialists and Corporate Administrators (AIICA) and a Fellow of the Institute of Industrialists and Corporate Administrators (FIIC). He has undertaken several national assignments and is currently on the Board of several publicly quoted and private companies. He was appointed to the Board of the Company on October 17, 2018.

Mr. Nnamdi Oragwu obtained a Bachelor of Science in Public Administration from the Enugu State University of Science and Technology, a Bachelor of Law Degree from the University of Benin, Edo State and a Diploma in International Business Organizations from IBA Practice Diploma Program, College of Law (UK). He is a Member of the International Bar Association and the Nigerian Bar Association; He is also an Associate of the Chartered Taxation Institute. He was appointed to the Board on July 31, 2017.

Mr. Ernesto Costa obtained a Bachelors of Arts and a Law degree from Universidad Pontificia Comillas. He also has an MBA from IE Business School (Madrid, Spain). He is a Charter holder of the Chartered Financial Analysts Institute (U.S). He has over thirty years' experience in financial services, having started his career as a financial analyst in Inverbroker (La Caixa) and General Bank and later joined Credit Agricole CIB in 1990 where he worked till 1997 before joining Tillinghast (Towers Watson) as a Senior Consultant. He is presently the Co- Head of Private Equity, Blue Orchard Finance, Zurich, Switzerland. He was appointed to the Board on October 17, 2019.

Chief Uwadi Okpa Obaji is a graduate of the University of Lagos, Lagos State and holds a Certificate in Macro-Economic Policy and Management from Harvard University, Massachusetts, U.SA. He holds an M.Sc. from the University of Abuja and is a Fellow of the Chartered Institute of Management Accountants, U.K as well as the Institute of Chartered Secretaries and Administrators. He is also an Associate Member of the Institute of Chartered Accountants of Nigeria and an Authorized Dealing Clerk (Stockbroker) of the Nigerian Stock Exchange. He was a founding staff of the Bureau for Public Enterprise and is an Executive Consultant to the Odogwu Group of Companies. He was appointed to the Board on October 17, 2019.

Mr. Adeyemo Adejumo obtained a B.sc in Biochemistry from the University of Ife, Ile Ife, Osun State and attended the University of Lagos where he obtained an M.B.A. He is an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has over forty years' experience in insurance and financial services. He started his career with the National Insurance Corporation of Nigeria and has worked with Continental RE, Equity Life Insurance Company Limited, Great Nigeria Insurance Plc, Zimre-Maputo, Mozambique, Southern Africa, Alliance Capital Stock Brokers and Competent Insurance Brokers. He held the position of Managing Director at Continental Re Plc for fifteen years and was the former President of the Chartered Insurance Institute of Nigeria. He was appointed to the Board on October 17, 2019.

Mr. Benjamin Agili is a graduate of Building Technology from the Institute of Management and Technology, Enugu and holds an MBA in Financial Management from Lagos State University, Ojo, Lagos State. He is a Fellow of the Chartered Insurance Institute of London (FCII), and a Fellow of the Chartered Insurance Institute of Nigeria (FIIN).

He started his insurance career with UNIC Insurance Plc. He joined Royal Exchange Plc in 2003 as an Assistant General Manager (Eastern Operations) and was later elevated to a Regional Director in 2007. In November 2015, he was appointed Managing Director of Royal Exchange General Insurance Company Limited.

He has garnered over twenty-eight years of cognate insurance experience cutting across vital areas of insurance practice such as underwriting, claims, risk management, marketing and branch operations.

Agili, is well exposed and trained, having attended several courses, seminars and workshops within and outside Nigeria. He is an alumnus of the SwissRe Insurance Training Centre, Zurich, Switzerland. He has also attended the Authentic Leadership Development Programme by Harvard Business School, Boston, USA.

Mrs. Ekomwereren is a graduate from University of Benin and also an Associate of the Chartered Insurance Institute of Nigeria (ACII). She started her insurance career with Equity Indemnity Insurance Co. Ltd in 1993 and joined Royal Exchange in February 2000.

Jane has held various positions in the Company and was the Regional Director, Lagos Central, before she was appointed an Executive Director in 2017.

Ms. Ezeuko is a graduate of the University of Nigeria, Nsukka, Enugu State. She holds a Bachelor of Arts in History, a Bachelor of Law from the same university, a post graduate certificate (Corporate and Commercial Law) from the University of London, a post graduate certificate of Law (Insurance Law) from the same University and was called to the Nigerian Bar in 1999. She worked in the Chambers of G. E. Ezeuko (SAN) before going into corporate practice.

She served as Company Secretary to General Cotton Mill Limited and also Sosoliso Airlines Limited. She has undergone various management and professional courses. She was appointed Company Secretary of Royal Exchange General Insurance Limited in 2007 and General Manager (Company Secretariat, Legal Services and Compliance) with responsibility for the management and execution of Legal Services and Company Secretariat.

She is also an alumna of the Lagos Business School having undergone the Advanced Management Programme (AMP 24). She is an associate member of the Institute of Chartered Arbitrators, Nigeria and member of other professional bodies notably, the International Bar Association and the Nigerian Bar Association.

Executive Management Team

Mr. Benjamin Agili is a graduate of Building Technology from the Institute of Management and Technology, Enugu and holds an MBA in Financial Management from Lagos State University, Ojo, Lagos State. He is a Fellow of the Chartered Insurance Institute of London (FCII), and a Fellow of the Chartered Insurance Institute of Nigeria (FIIN).

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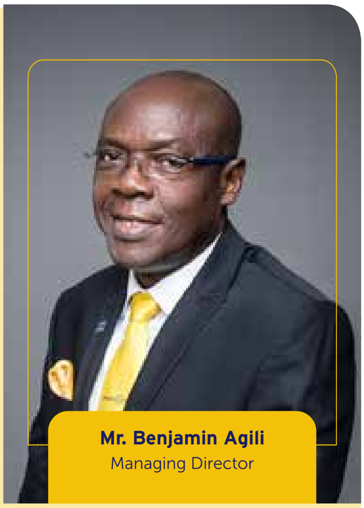

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Mrs. Ekomwereren is a graduate from University of Benin and also an Associate of the Chartered Insurance Institute of Nigeria (ACII). She started her insurance career with Equity Indemnity Insurance Co. Ltd in 1993 and joined Royal Exchange in February 2000.

Jane has held various positions in the Company and was the Regional Director, Lagos Central, before she was appointed an Executive Director in 2017 on the board of Royal Exchange General Insurance Company Limited.

Mrs. Jane Ekomwereren
Executive Director
(Technical Operations)

Mrs. Elueme is a graduate of Business Administration of the Federal Polytechnic Auchi, Edo State. She holds a Post Graduate Diploma in Business Administration (PGD) and Masters in Business Administration (MBA-Management option) from University of Calabar, Nigeria.

She is an Associate Member of the Chartered Insurance Institute of Nigeria (CIIN).

She has over twenty one (21) years working experience in the Insurance Industry. She has equally worked with other top ranked firms which include; Sovereign Trust, Insurance PHB (now Keystone Insurance).

She joined Royal Exchange General Insurance Company Limited in 2006 as a Branch Manager of Port-Harcourt and was later in 2014 elevated to the position of a Regional Director South-South till date.

Mrs. Vivian Elueme
Business Director
(South – South)

Mr. Chukwuma holds an HND from Rufus Giwa Polytechnic, Bachelor's degree in Accounting from Imo State University, as well as Masters Degrees from Imo State University and Bayero University, Kano.

He is an Associate of the Chartered Insurance Institute of Nigeria. His working career started with Profound Assurance Company and later with Asset & Liability Insurance Company and then First Chartered Insurance Company.

He was with Wapic Insurance Plc as Marketing Manager/Regional Executive, Eastern Region. Mr. Chukwuma joined Royal Exchange General Insurance Company as Branch Manager Benin in 2011 and is currently the Regional Director, South-East in the Company.

Mr. Nicholas Chukwuma
Business Director
(South – East)

Mr. Jayeola graduated from Obafemi Awolowo University, Ile-Ife, Osun State, with a Bachelor's degree in Accounting. He has a Master's Degree in Business Administration (Financial Management option) from Lagos State University.

He is a Fellow member of both the Institute of Chartered Accountants of Nigeria (ICAN) and Nigerian Institute of Management (NIM). He started his career with Messrs. MGI Alabi Ekundare (Chartered Accountants) as an Audit trainee from where he garnered experience in Manufacturing, Financial Institutions, Oil service companies and Public sector audit.

He joined Royal Exchange in 2002 and has worked in various accounts units. He was the Treasury Head of Royal Exchange General Insurance Company Limited before his redeployment to Royal Exchange Prudential Life Plc as Head (Accounts & Finance) in June 2015 and later transferred to Royal Exchange General Insurance Company Limited in October 1, 2016 to Head the Accounts department.

He was appointed as the IFRS Project Manager for the Group to work with the Consultant, Messrs. Akintola Williams Deloitte during the adoption of the International Financial Reporting Standard by the Group.

Mr. Olalekan Moses Jaeyola
Head, Finance and Accounts

With over Sixteen (16) years of Consulting & Human Resources experience, Tudor joined Royal Exchange General Insurance Company Limited as Head Human Resources Management, responsible for ensuring effective planning, designing, developing and evaluating all human resource-related initiatives to drive the achievement of organizational goals and business objectives.

Prior to joining REGIC, he worked as Head, HR Business Partnering in Heritage Bank Plc, HR Lead for Access Bank Subsidiaries (covering Access bank Ghana, Rwanda, DR Congo, Zambia, Gambia, Sierra Leon & Mozambique), Head Learning & Development Service in Workforce Management Group and Head Learning & Management Education at the Institute of Financial Planning (IFP), Lagos. Additionally, he supervised the L & D, Talent & Career Management and Business Partnering/Recruitment Units of the defunct Diamond Bank.

He has a Bachelor's degree in Mathematics and a Master of Business Administration from Delta State University - Abraka. He is a certified Insight facilitator (Insight Learning Foundation - USA), Certified Balance Scorecard Practitioner (BSP), Associate Member of Nigeria Institute of Management (AMNIM), CMD (Center for Management Development - Nigeria) Certified Management Trainer and Associate Member of Chartered Institute of Personnel Management – Nigeria.

Mr. Tudor Osademe
Head, Human Resources

Executive Management Team cont'd

Saheed is an astute management professional with over 10 years' diversified experience in Assurance, Internal Audit, Control, Business Advisory, Risk and Financial Management. He joined Royal Exchange General Insurance Company Limited as the Head of Internal Audit & Investigation, responsible for the overall strategic leadership and management of the Internal Audit function.

Prior to his appointment at Royal Exchange General Insurance Company, he was Head, Internal Audit at FBN General Insurance Limited, where he contributed to the significant improvements in the governance, risk management and control practices of the company.

Before joining FBN General Insurance, he worked in the Internal Audit and Control Department at Cornerstone Insurance Plc, where he rose through the ranks from Senior Auditor to become the Team Lead, Internal Audit & Control and eventually acted briefly as the Head of Internal Audit in 2014. He also had a brief stint with the chartered accountancy firm of Alli-Oluwafuyi, Ibisomi, Onibon & Co, where he trained and qualified as a chartered accountant and gained valuable experience in assurance services, accounting, tax management, business reengineering, business restructuring, and general consulting services.

Saheed obtained a Higher National Diploma (HND) in Accounting from the Polytechnic, Ibadan and holds an MBA (with specialisation in Finance and Investment) from the Ahmadu Bello University, Zaria. He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN). He is also a Certified Information Systems Auditor of the Information Systems Audit and Control Association (ISACA), USA.

Mr. Saheed Abiola
Head, Audit & Investigation

Mr. Idongesit has over 18 years working experience in which 14 years has been in the insurance industry covering research, planning, strategy, product development and risk management. He holds a B.Sc., in Marketing, University of Uyo, Certificate in Market & Social Research, Pan Atlantic University, Lagos.

He is an Associate of the Chartered Insurance Institute of Nigeria as well as an Associate, Institute of Operational Risk, UK. Between 2002 and 2009, he worked with Royal Exchange Plc and rose to Deputy Manager, Business Planning & improvement where he played an active role in the enterprise transformation project led by PWC and also led the team that developed and launched the first-ever e-retail & scratch solutions in the industry.

He later joined Insurance PHB as Head, Planning Research & Strategy and was later appointed Chief Risk Officer. In 2014 he joined Law Union & Rock Insurance Plc as Head, Research, Strategy & Corporate Communications. In 2016 he joined an express delivery start-up, On-Time Express & Logistics Solutions Limited as Executive Director in charge of Planning & Enterprise Risk Management and later went into consulting as Senior Partner at Data-Plus HR Services. In 2013, he worked briefly as Research Executive with GfK, London (Business & Technology Division) where he participated in research projects for Blackberry, Nokia, Google, FedEx, Kobo and Sony Mobile.

Mr. Mbat Idongesit
Head, Enterprise Risk Management & Strategy

Mr. Yaqub has over 12 years' experience in Investment Research, Portfolio/Investment Management, Financial Advisory, Share Registration, Risk Management, Insurance Services and Accounts & Internal Control Operations. His experience in investment research spans economic and quantitative analysis, financial analysis/modeling, company valuation, capital market, financial due diligence, fixed income analysis and equity.

He holds a B.Sc. and M.Sc. degrees in Accounting and Finance respectively from the University of Lagos. He is an Associate Member, Institute of Chartered Accountants of Nigeria (ACA), the Certified International Investment Analyst (ACIIA) and Chartered Institute of Stockbrokers (ACS). In addition, he is a final level candidate in Certified Financial Analyst (CFA) and Financial Risk Management (FRM) examinations.

Kola began his career with Meristem Securities Limited (an Investment Bank), as an Internal Control Executive and rose to the rank of the Deputy Head, Investment Research. In 2013, he joined Lotus Capital Limited, an Ethical-based Asset Management company, where he managed Halal Funds and Private Clients' portfolios. Subsequently, in 2014, he joined Custodian Investment Plc, one of the largest financial conglomerates within the Non-Bank Financial Services sector as Deputy Head, Investment Management and Strategy.

He joined Royal Exchange General Insurance Company as the Chief Investment Officer.

Mr. Kola Yaqub
Chief Investment Officer

Mr. Babajide Adams is a graduate of the University of Agriculture, Abeokuta, Ogun State, where he obtained a Bachelor of Science degree in Mathematical Sciences. He also holds a Master's degree in Business Administration (MBA) from Ambrose Ali University, Edo State and a Post-Graduate Certificate in Business Administration from the University of Leicester, United Kingdom.

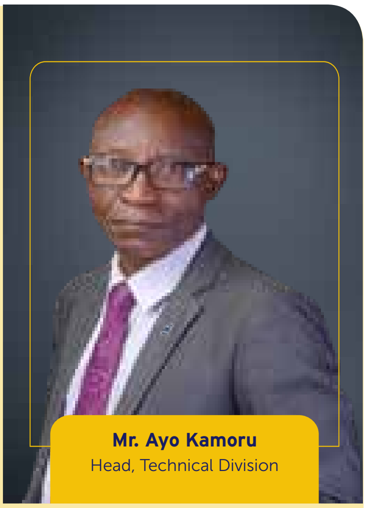
He started his career with Cornerstone Insurance Plc where he worked in various departments, the last being the Information Technology Department from where he left as an Assistant Manager to join FINBank Plc (now part of FCMB). He also worked in mortgage banking industry in different capacities including managing enterprise risk, strategy as well as information technology. He was Group Head, Information Technology with Standard Alliance Insurance Plc from where he joined Royal Exchange Plc in September, 2018 as the Group Head, Information Technology.

He is a Certified Information Security Manager (CISM) and a Certified Information Systems Auditor (CISA). He also holds a certification in Risk and Information Systems Control and is a Fellow of the Institute of Information Management, Africa (FIIM).

Mr. Jide Adams
Group Head, Information Technology

Mr. Kamoru graduated from University of Lagos where he bagged a Bachelor of Science degree, (BSC Hons) in Insurance. He holds a Master's Degree (M.B.A) in Management and also a Bachelor and Master's degree in Law LLB and LLM from the same University of Lagos. He was called to Nigerian Bar in 2006 and was awarded a B.L. He is also a chartered insurer with over 25 years' experience in the insurance industry and has worked in various capacities which includes underwriting, branch operations and claims management. He has attended series of trainings, seminars and conferences both on insurance, management and client services.

Ayo started his insurance career with Phoenix Assurance of Nigeria as an underwriter in the commercial casualty department and later in industrial and property department where he was exposed to the underwriting of industrial risk and conglomerated businesses. He joined Royal Exchange as a senior underwriting Officer. In Royal Exchange, he worked as an underwriter and client service personnel in Ikeja branch where he developed competence in branch operations and client's management. He was later redeployed to Lagos main branch to strengthen the operations and the underwriting team of that branch where he was also given the responsibility to manage and grow some corporate clients and service big brokers` businesses. In 2007, he was re-deployed to the technical division of the company to work in claims department where he headed a unit and later, a region. He eventually became the head of that department for many years. After successful tenure in claims, he was moved to underwriting as the Head of commercial casualty department. In 2014 he was appointed the Head of Technical Division with the responsibility to supervise and coordinate the technical operations of the Company and to report to the Managing Director on underwriting, re-insurance, claims and survey activities of the Company.



Mr. Ayo Kamoru
Head, Technical Division

Mr. Kalu studied at the University of Nigeria, Nsukka where he obtained a Bachelor's degree in Accountancy and Masters in Banking and Finance respectively. Fresh out of university, Chukwuma joined Guardian Express Bank (now Heritage Bank Plc) in 2004 and left for the United Bank of Africa Plc, rising to be appointed Acting Head, Currency Trading Desk of the bank's treasury department. Chukwuma later joined Afribank Plc (now Skyebank Plc) in 2009 as a Deputy Manager of the bank's treasury department and was immediately seconded to run the bank's Bureau De Change subsidiary (Afribank BDC Limited) before he voluntarily resigned to pursue other endeavors in 2011.

He transitioned to the insurance industry in 2013, joining Royal Exchange Plc as the pioneer Executive Assistant, Group Managing Director and was later redeployed to Royal Exchange General Insurance as Head, Business Development & Agribusiness Insurance in 2016. Among his major milestones in his current role are the development of the following products: Errors & Omission risk protection for Entertainment operators, Agricultural (Index/ Parametric) insurance protection for the agricultural last mile i.e. small-holder farmers; Mobile/Digital insurance services for retail urban clients amongst others. Chukwuma, an Alumni of Lagos Business School (LBS), is also Associate Member to the following professional organizations; Association of Chartered Certified Accountants (ACCA), Institute of Chartered Accountants Nigeria (ICAN), Chartered Institute of Securities and Investments (CISI, UK), Chartered Institute of Taxation of Nigeria (CITN) and Professional Commodities Broker to the Nigerian Commodities Exchange.

Mr. Chukwuma Kalu
Head, Agric Insurance & Emerging Business

Executive Management Team cont'd

Mrs. Akintayo has over 24 years working experience in underwriting, reinsurance and risk management.

She is a graduate of Statistics of the Polytechnic Ibadan, Oyo state and holds an MBA from Ladoke Akintola University of Technology, Ogbomoso Ibadan. She is also an Associate of the Chartered Insurance Institute of Nigeria.

Mrs. Akintayo joined Royal Exchange General Insurance Company Limited in 1996 as an officer in the statistics department and rose to the Head of the Underwriting Unit in April 2015.

Mrs. Adesola Akintayo
Head, Underwriting

Mrs. Makanjuola has over 24years experience in claims and underwriting. She started her career with Phoenix of Nigeria Assurance Plc as a Management Trainee in 1995 and served in various capacities in technical department. She joined Royal Exchange General Insurance as a Manager in 2007 as a result of mergers and consolidation exercise in the industry then.

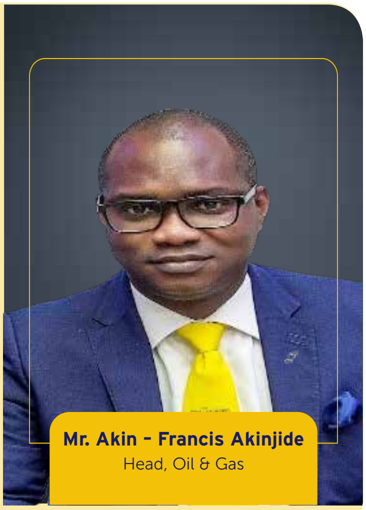
She was elevated to the position of Head of Claims in May 2018, saddled with the responsibility of coordinating the team, processing and settlement of valid claims and generation of data/reports for management decision making process.

Wunmi holds a Bachelor of Arts degree in English from the University of Lagos and Masters in Business Administration from Lagos State University. She is also an associate member of the Chartered Insurance Institute of Nigeria (ACIIN).

Mrs. Olawunmi Makanjuola
Head, Claims

Mr. Akinjide is a graduate of Insurance from the Federal Polytechnic Offa, Kwara State and holds a Master's degree in Managerial Psychology from the University of Ibadan, Oyo State. He is an Associate of Chartered Insurance Institute of Nigeria (CIIN) and Associate Member of Chartered Institute of Management (NIM). He joined the Company in 2006 and he is presently the Head, Oil and Gas Unit with the responsibility of growing the Company's portfolio in the sector through marketing & sales, underwriting and claims administration.

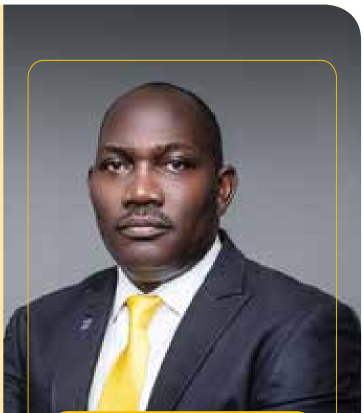
He has attended training in United Kingdom and also represented the company in negotiations of her Energy treaty. He has over 15 (Fifteen) years' experience in Special Risk underwriting and claims administration.



Mr. Akin - Francis Akinjide
Head, Oil & Gas

He is a graduate of the University of Nigeria, Nsukka. He holds a Bachelor of Arts in Mass Communication and is an Associate of the Nigerian Institute of Management (Chartered) and a Member of the Chartered Institute of Public Relations, MCIPR, UK and an Associate Member of the Nigerian Institute of Pulic Relation (ANIPR).

Wilson started his professional career in 1998 after his youth service with United Bank for Africa Plc (UBA) as Trainee Officer, Corporate Affairs Unit and later moved to Fidelity Bank Plc in 2001. He then joined Hallmark Bank Plc and moved to Oando Plc in 2006 as Coordinator, Corporate Communications. He joined Royal Exchange General Insurance Company Limited in 2010 and is currently the Acting Head, Corporate Communications.



Mr. Wilson Okoh-Esene
Corporate Communications

Report of the Directors

For the year ended 31 December 2019

The Directors are pleased to submit to the Members of the Company their report on the affairs of Royal Exchange General Insurance Company Limited together with the audited financial statements for the year ended 31 December 2019.

1 LEGAL FORM AND PRINCIPAL ACTIVITIES

The Company was incorporated as a private limited company on January 16, 2008.

The principal activities of the Company include general insurance underwriting, insurance claims payment, business acquisition and investment.

2 RESULTS FOR THE YEAR

The highlights of the Company's operating results for the year ended 31 December, 2019 are as follows:

For the year ended 31 December	2019 ₦'000	2018 ₦'000
Gross written premium	**10,584,353**	10,716,756
Profit before taxation	**974,643**	1,154,518
Income taxes	**(319,938)**	(419,191)
Minimum tax	**-**	-
Profit after taxation	**654,705**	735,327
Transfer to contingency reserve	**(317,531)**	(321,503)
Transfer from retained earnings	**337,174**	413,824

3 DIRECTORS AND DIRECTORS' INTEREST AND SHAREHOLDING

A Board of 7 (Seven) Directors determined the general policy of the Company in the year under review

3.1 The Directors of the Company who held office during the year were as follows:

Alhaji R.M Gwarzo,OON - Chairman
Mr. Nnamdi Oragwu - Non-Executive Director
Chief U. Okpa-Obaji - Non-Executive Director
Mr. Ernesto Costa - Non-Executive Director
Mr. Adeyemo Adejumo - Non-Executive Director
Mr. Benjamin Agili - Managing Director
Mrs Jane Ekomwereren - Executive Director Technical

3.2 Appointment (Effective October 17,2019)

Chief U. Okpa-Obaji
Mr. Ernesto Costa
Mr. Adeyemo Adejumo

3.3 Resignation (Effective October 17,2019)

Mr. Donald Nosiri
Mr Nelson Akerele

3.3 The Directors did not have any interest in the issued share capital of the company.

3.4 The Directors interest in contracts with the Company during the year.

Punuka International Law firm provides retainership services for the Company of which Mr. Nnamdi Oragwu is a partner in the Law firm.

4 SHARE CAPITAL AND SHAREHOLDING

4.1 Authorized Share Capital

The authorized share capital of the Company is ₦8,000,000,000 (2018: ₦8,000,000,000) made up of 8,000,000,000 (2018: ₦8,000,000,000) ordinary shares of ₦1.00 each.

4.2 Called Up, Issued and Fully Paid Share Capital

The issued and paid-up share capital of the Company currently is ₦5,366,666,666 (2018: ₦5,366,666,666) made up of 5,366,666,666 (2018: 5,366,666,666) ordinary shares of ₦1.00 each. An analysis of the shareholding interest in the issued share capital of the Company is disclosed below:

	2019 No. of Ordinary Shares	2019 % Holding	2018 No. of Ordinary Shares	2018 % Holding
Royal Exchange Plc	**3,260,383,121**	**60.75%**	5,366,666,663	99.7%
Mr. K. E. Odogwu	**3**	**0.00%**	3	0.3%
Insuresilience Investment Fund	**2,106,283,542**	**39.25%**	-	0.0%
Total	**5,366,666,666**	**100%**	5,366,666,666	100%

InsuResilience Investment Fund ("IIF") is a Luxembourg-based fund that was set up by KfW, the German Development Bank on behalf of German Ministry for Economic Cooperation and Development (BMZ). The overall objective of the IIF is to contribute to the adaptation to climate change by improving access to and the use of Insurance in developing countries. Royal Exchange General Insurance Company Limited was formally wholly owned subsidiary of Royal Exchange Plc before IIF took over 39.25% of REPLC equity investment in the Company in October 2019.

5 PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment during the year is shown in Note 14 to the financial statements. In the opinion of the Directors, the fair value of the Company's properties is not less than the value shown in the accounts.

6 DONATIONS

The Company did not make any donation during the year (2018: Nil).

7 EVENTS AFTER REPORTING DATE

There are no other events after the end of the reporting period which could have a material effect on the financial statements of the Company which have not been recognised and/or disclosed.

8 AGENTS, BROKERS AND INTERMEDIARIES

The Company maintains a network of licensed agents throughout the country. The Company also renders services to its customers through a varied network of brokers licensed by the National Insurance Commission.

9 EMPLOYERS' INVOLVEMENT, TRAINING AND WELFARE

9.1 Employment of Physically Challenged Persons

It is the policy of the Company that there will be no discrimination in the consideration of all applications for employment. As at December 31, 2019 (2018: nil), there was no disabled person employed by the Company.

9.2 Health and Safety at Work and Welfare of Employees

The Company is concerned about the health, safety and welfare of its employees as well as safety of all visitors. The Company provides medical services to its staff through health insurance with a registered Health Management Organization.

9.3 Involvement and Consultation

The Company's consultation medium was fully used in the year to disseminate management policies and encourage the employees' involvement in its affairs.

9.4 Training

The Company recognizes that the acquisition of knowledge is constant. The Company recognizes also that to foster commitment its employees need to hone their awareness of factors, economic, financial or otherwise, that affects its growth. To this end, the Company, in the execution of its training programs encourages and provides the opportunity for its staff to develop and enhance their skill awareness and horizon.

10 AUDITORS

The Auditors, Messer Deloitte & Touche (Chartered Accountants) was re-appointed during the year as Auditors of the company in line with S.357(1) of CAMA CAP 20 LFN 2004. The auditors having satisfied the requirement of NAICOM and the company, have indicated their willingness to continue in office during the year.

11 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

Sheila Ezeuko
Company Secretary
Lagos, Nigeria.
FRC/2013/NBA/000000004059
1 May, 2020

Statement of Directors' Responsibilities In relation to the Financial Statements

For the year ended 31 December 2019

The Directors of Royal Exchange General Insurance Company Limited are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 31 December 2019, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act CAP I17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission ("NAICOM") and Financial Reporting Council Act of Nigeria.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the year ahead.

The financial statements of the company for the year ended 31 December 2019 were approved by the Board of Directors on 1 May 2020.

Signed by order of the Board of Directors:

Chief U. Okpa-Obaji
Director
FRC/2014/MULTI/00000010359)
1 May, 2020

Benjamin Agili
Managing Director
(FRC/2016/CIIN/00000014211)
1 May, 2020

Report of the Audit Committee

For the year ended 31 December 2019

In compliance with Section 359 (6) of the Companies and Allied Matters Act C20 Laws of the Federation of Nigeria 2004, ("The Act") We, the Members of the Audit Committee have reviewed and considered the financial statements of the Company for the year ended December 31, 2019 and the reports thereon and confirm as follows:

a) The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

b) The scope and planning of both the external and internal audits for the year ended 31 December, 2019 were satisfactory and reinforce the Group's internal control systems.

c) We have reviewed the findings on management matters, in conjunction with the external auditors and are satisfied with the response of management thereon.

d) The Company's systems of accounting and internal controls were adequate.

e) After due consideration, the committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and International Financial Reporting Standards (IFRS). The Committee therefore recommends that the audited financial statements for the period ended 31 December 2019 and the Auditor's report thereon be presented for adoption by the Company at the Annual General Meeting.

DATED JULY 20, 2020

CHIEF U. OKPA-OBAJI
(FRC/2014/MULTI/00000010359)
Chairman of the Audit Committee

OTHER MEMBERS

Chief U. Okpa-Obaji	–	Acting Chairman
Mr. Ernesto Costa	–	Member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Section 4

Financial Statements

Independent Auditor's Report

To the Shareholders of Royal Exchange General Insurance Company Limited

Deloitte.

Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of Royal Exchange General Insurance Company Limited which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly in all material respects the financial position of Royal Exchnage General Insurance Company Limited as at 31 December, 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key Audit Matter Valuation of Insurance Contracts Loss Reserve	How the matter was addressed in the audit
Under IFRS 4, the Company is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities is adequate. As disclosed in note 23 to the financial statements, the insurance contract liabilities of the Company amounted to ₦4.59 billion [2018: ₦5.31 billion]. This represents about 37% of the Company total liabilities as at 31 December 2019. Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2019. This involves exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. At the end of each financial year, management employ the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	Our procedures included the following among others: We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation, and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following: • Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating general insurance loss reserves. • Utilized information technology audit techniques to analyze claims through claims data plausibility checks and recalculation of claims development patterns. • Involved Deloitte's actuarial specialists to independently test management's general insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognized actuarial practices and industry standards. • Performed independent re-projections on selected product lines, particularly focusing on the largest and most uncertain general insurance reserves. For these product lines our actuarial specialists compared their re-projected reserves to those recorded by the company, and sought to understand any significant differences. Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's general insurance reserve estimates. Based on the work performed we determined the methodology and assumptions used by management in the valuation of insurance contract liabilities reserves are reasonable and in line with financial reporting requirements and industry accepted practice.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's 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 in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this 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

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.

Auditor's 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 an auditor's 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 ISAs 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 ISAs, 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, Section 28(2) of the Insurance Act 117 LFN 2004, and requirements of the Non-Compliance with Laws and Regulations (NOCLAR), we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

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.

Contraventions

The Company has complied with the requirments of the relevant circulars and guidelines issued by National Insurance Commission ("NAICOM").

No contravention of any sections of Insurance Act or NAICOM circulars and guidelines came to our knowledge during the year ended 31 December, 2019.

Yodetayo

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
10 August 2020

Engagement Partner: Yetunde Odetayo, FCA,
FRC/2013/ICAN/00000000823

Statement of Accounting Policies

For the year ended 31 December 2019

Company information and statement of accounting policies

1 Reporting Entity

Royal Exchange General Insurance Company Limited is a private limited liability company registered in Nigeria by the Corporate Affairs Commission with registration number 725727 and registered office at New Africa House, 31 Marina, Lagos. It was licensed to transact general insurance business by the National Insurance Commission (""NAICOM"") on July, 9th 2008.

Its principal activities include general insurance underwriting, claims payment and investments. These services, supported by outstanding customer service, are primarily undertaken in Nigeria.

The company is jointly owned by Royal Exchange Plc and Insuresilience Fund Investment Fund, issued and fully paid share capital of 3,260,383,121 and 2,106,283,542 ordinary shares of N1.00 each respectively.

2 Basis of preparation

(a) Statement of compliance with International Financial Reporting Standards

The financial statements for the year ended 31 December 2019 have been prepared in accordance with, and comply with the, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and National Insurance Commission of Nigeria (""NAICOM"") circulars.

These financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the accompanying notes.

(b) Functional and presentation currency

The financial statement is presented in Naira, which is the Company's functional currency. Financial information presented in Naira has been rounded to the nearest thousands except where indicated.

(c) Basis of measurement

These financial statements have been prepared in accordance with the going concern principle and on a historical cost basis except for the following:

Measurement basis	Details
(i) At fair value	• financial instruments at fair value through profit or loss;
	• financial instruments at fair value through other comprehensive income;
	• investment properties.
(ii) Measured at present value	• Retirement benefit obligations are measured in terms of the projected unit credit method;
(iii) Measured at amortised cost	• financial liabilities at amortised cost;
(iv) Measure at actuarial value	• Insurance contract liabilities
(v) Cost plus share of profit	• Investment in associates

The Company adopts the accrual basis of accounting where it records accounting transactions for revenue when earned and expenses when incurred.

(d) Reporting period

The financial statements have been prepared for the 12 month period ended 31 December 2019.

(e) Use of estimates and judgment

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 5.

(f) Changes in accounting policies and disclosures

(i) Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019

Application of new and revised International Financial Reporting Standards

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Unlike other recent Standards (e.g. IFRS 15), for entities that adopt the new Standard using a full retrospective approach, IFRS 16 does not provide an exception from the requirement of IAS 8:28(f) to present the effect of the new Standard on the current period amounts.

In the current year, the Company, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) at its effective transition date. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 11(f). The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the previous lease guidance including IAS 17 Leases and the related Interpretations. The date of initial application of IFRS 16 for Royal Exchange General Insurance Company Limited is 1 January 2019.

The Company may choose the full retrospective application of IFRS 16 in accordance with IFRS 16:C5(a) or the modified approach. Consequently, if the company had chosen the retrospective approach, it will restate the comparative information. However, the Company elected not to restate the comparative information and has adopted the cumulative catch-up approach upon transtion to IFRS 16.

Impact of the new definition of a lease
The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2017. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, it has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset, and

(b) the right to direct the use of the identified asset.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2017 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

Previous operating leases
IFRS 16 changes how the an entity accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Company does not have any asset as classified as operating leases under IAS 17.

(a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss.

Previous finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior year:

Impact on profit or loss	As previously reported 31/12/2018	IFRS 16 adjustments	As presented 31/12/2019
Finance cost	18,034	-	18,034
Depreciation charge	96,311	-	96,311
Administrative expenses	1,924,439	-	1,924,439
Increase/(Decrease) in profit for the year	-	-	-

Impact on assets, liabilities and equity as at 1 January 2019	At 31-Dec-2018 ₦'000	Impact of IFRS 16 Reclassification ₦'000	At 1-Jan-2019 ₦'000
Property,plant and equipment (NBV) see note i (a) below	-	-	-
Right of use asset		74,879	74,879
Prepaid Rent (Leased asset)	7,836	(6,411)	1,424.91
Right-of –use assets	-	6,411	6,411
Net impact on total assets	-	-	-
Lease liabilities	49,473	-	49,473
Other liabilities	737,733	-	737,733
Net impact on total liabilities	-	-	-
Retained earnings	354,360	-	354,360
Total impact on total liabilities and equity	-	-	-

i(a)

	Property Plant and Equipment ₦'000	Right of Use Asset ₦'000
Motor vehicle		
Cost: At 31/12/2018		
At 31 December 2018 (IAS 17)	464,672	-
Reclassification	(375,759)	375,759
Re-measurement	-	-
At 1 January 2019 (IFRS 16)	88,913	375,759
Accummulated Depreciation : At 31/12/2018	₦'000	₦'000
At 31 December 2018 (IAS 17)	388,451	-
Reclassification	(300,879)	300,879
Re-measurement	-	
At 1 January 2019 (IFRS 16)	87,572	300,879
Net book value At 31/12/2018 (IAS 17)	76,221	-
Net book value At 1/1/2019 (IFRS 16)	-	74,879

The Company as a lessee

Ia) The does not have asset previously classified as operating leases under IAS 17. There has been no change in this regard.

(b) Lease liability on leases previously classified as financing leases under of IAS 17 and previously presented in the separate line the separate line lease liabilities did not change. There has been no change in the liability recognised.

The application of IFRS 16 has an impact on the company's statement of cash flows.

Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Company has included these payments as part of payments to suppliers and employees);
- Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Company has opted to include the interest paid as part of operating activities); and
- Cash payments for the principal portion for leases liability, as part of financing activities.

The adoption of IFRS 16 did not have an impact on net cash flows.

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarised below;

(ii) Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

(iii) **Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures**

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Company applies IFRS 9 to such long-term interests before it applies IAS 28.

In applying IFRS 9,the Company does not take account of any adjustments to the carrying amount of long term interests required by IAS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

(iv) **Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs**

The Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes

The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages,including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

IFRIC 23 Uncertainty over Income Tax Treatments
IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a Company; and

- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

- If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

g) Standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective;

i) IFRS 17: Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features,described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

ii) IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

iii) **Amendments to IFRS 3: Definition of a business**

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

iv) **Amendments to IAS 1 and IAS 8: Definition of material**

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

(iii) **Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)**

The amendments to IAS 16 and IAS 41 include bearer plants in the scope of IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Agriculture requires all biological assets related to agricultural activity to be measured at fair value less costs to sell.

The amendments have no impact on the Company as there are no agriculture assets owned by the Company or plans to invest in agriculture.

(iv) **Equity Method in Separate Financial Statements (Amendments to IAS 27)**

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associate and joint ventures.

The amendments apply retrospectively. The ammendment is not expected to have any significant impact on the Company.

(v) **Sale or Contribution of Assets between an Investor and its associate or Joint Venture (Amendments to IFRS 10 and IAS 28)**

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or Joint Venture meet the definition of a 'business' under IFRS 3 Business Combinations.Where the assets transferred do not meet the definition of business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively. The amendment is not expected to have any significant impact on the Company.

(vi) IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes treatments that have yet to be accepted by tax authorities.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

a judgments made;
b) assumptions and other estimates used;
c) the potential impact of uncertainties that are not reflected.

Based on preliminary assessment of the Company, the amendments are not expected to have significant impact on the financial statements.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

(vii) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 12 and IAS 28)

The amendment to IFRS 12 Disclosure of Interest in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investment in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements.The amendments introduce relief when applying the equity method which permits a non-investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively. The amendment is not expected to have any significant impact on the Company.

3 Summary of Significant Accounting Policies

The Company consistently applied the following accounting policies to the periods presented in the financial statements

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. 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.

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):

- unquoted equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

(b) Cash and Cash Equivalents

Cash comprises cash in hand, and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in their fair value. Cash equivalents comprise investments with original maturities of three months or less and used by the Company to manage its short - term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding overdrafts.

(c) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses, but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For originated credit impaired financial assets i.e. assets that are credit impaired at initial recognition, the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated cashflows. The company does not purchase credit impaired assets.

When the company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for:

- Originated credit impaired assets for which the original credit adjusted effective interest rate is applied to the amortised cost of the financial asset.

- financial assets that are not originated credit impaired but have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the interest rate to their amortised cost (i.e. net of expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI as described in note 5(ii)(b) which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(d) Financial assets

(i) Classification and subsequent measurement
The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government treasury bills.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

i) Business model: the business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other business model' and measured at FVTPL. Factors considered by the company in determining the business model for a entity of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

ii) SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Based on these factors, the company classifies its debt instruments into one of the following three measurement categories:

1) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 5(ii)(b). Interest income from these financial assets is included in 'Net investment income' using the effective interest rate method.

2) **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Net investment income' using the effective interest rate method.

3) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net fair value gain/(loss) on financial assets' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Investment and other income'. Interest income from these financial assets is included in 'Investment and other income' using the effective interest rate method. As at the reporting date, the company has no debt instruments within this category.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Equity instruments held by the Company include ordinary shares of other entities.

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company designates equity investments at fair value through other comprehensive income on an equity by equity basis. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

As at the reporting date , the company designated all its unlisted equity investment and certain listed equity investments at fair value through comprehensive income.

Gains and losses on equity investments at FVPL are included in the statement of profit or loss within 'fair value gains and losses on assets.

(ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI. The company has no exposures arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 5(ii)(b) provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

Where the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

Where the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit adjusted effective interest rate for originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

(e) Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost. The company has no financial liabilities measured at fair value through profit or loss.

(ii) 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

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

If an asset or 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.

The fair value of a non-interest bearing liability is stated at the invoice amount if the impact of discounting is not material.

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.

(iii) Impairment of financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

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

- Significant financial difficulty of the issuer or counter party;
- Breach of contract, such as a default or delinquency in interest or principal payments;

- It becoming probable that the borrower will enter bankruptcy or other financial re-organization;
- The disappearance of an active market for that financial asset because of financial difficulties.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant or a period of nine months to be prolonged. However,in specific circumstances a smaller decline or a shorter period might have been appropriate

(iv) De-recognition of financial assets and financial liabilities

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.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Impairment of other non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets and investment property) to determine whether there is any indication of impairment. 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.

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.

(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 recorded in principle equal to loans and other receivables.

Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence that a reinsurance asset is impaired as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated and recognised following the same method used for loans and receivables.

The Company has the right to set off reinsurance payables against amounts due from reinsurers and co-assurers in line with the agreed arrangement between both parties.

(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. For non-life insurance contracts, acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

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

(i) Prepayments and other Receivables

Prepayment are essentially prepaid rents and staff upfront payments. Other receivables are carried at amortised cost less accumulated impairment losses.

Other receivables balances include dividend receivable, intercompany receivables, accrued rental income and security holding trust account.

Intercompany receivables consist of receivables from the parent company, Royal Exchange Plc and other components within the Royal Exchange group. The Company recognises intercompany receivables when they are originated. Intercompany receivables are measured at amortised cost less accumulated losses.

(j) Investment in associates (equity-accounted investees)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is primarily presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. However, where other factors are involved, these are taken into consideration in exercising judgment.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the income statement; its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the impairment amount in the income statement.

(k) Investment Properties

Investment properties are properties held for long-term rental yields 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
Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment properties are measured initially at fair value, including all transaction costs.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 the statement of profit or loss in the period in which they arise. Fair values are evaluated and assessed annually by an external valuer who is accredited by the Financial Reporting Council of Nigeria.

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 the profit or loss in the period of de-recognition.

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.

(l) Property and Equipment

Recognition and measurement
All property and equipment used by the Company is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of a property and equipment have different useful lives, then they are accounted for as seperate items (major components) of property and equipment.

Subsequent costs
Subsequent expenditures are recognized in the carrying amount of the asset or as a seperate asset as appropriate 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-today servicing of property and equipment are recognized in the statement of profit or loss as incurred.

Depreciation
Depreciation is recognized so as to allocate the cost of assets (other than freehold land) 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. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Freehold and leasehold land is not depreciated
The estimated useful lives of property and equipment are as follows:

Buildings	50 years
Generating set	7 years
Computer equipment	4 years
Furniture and office equipment	5 years
Motor vehicles - New (Cash purchase) - Salvage	 4 years 3 years
Finance lease assets	4 years

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

De-recognition
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, plant 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.

(m) 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 which are not available for use 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.

(n) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax currently payable is based on taxable profit 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.

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.

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 generally recognized for 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 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for properties held for sale that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through the sale unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale.

(o) Statutory Deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act, CAP 117, LNF 2004 for the general insurance companies.

The deposits are only available as a last resort to the Company if it goes into liquidation. Statutory deposits are measured at cost.

(p) Hypothecation of Assets

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

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 Note 23(f) to the financial statements.

(q) Borrowings

Borrowings by way of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to profit or loss as incurred, except those that relate to qualifying assets. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

(r) Deferred income

Deferred income comprises deferred rental income and deferred commission.

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

(s) Provisions, contingent liabilities and assets

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).

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

(t) Finance and operating lease obligations

These are the corresponding liabilities on assets acquired under finance lease. 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 in the year which they relate in profit or loss.

Lease assets - lessee

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease assets - lessor
If the Company is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

(u) Insurance 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, its insurance contract liabilities represent the Company's liability to the policy holders. It comprises the unearned premium, unexpired risk, outstanding claims and the incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

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

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.

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 recognized in profit or loss by increasing the carrying amount of the related insurance liabilities.

The Liability Adequacy Test (LAT) was carried out by Ernst & Young (Consultant Actuaries) under the supervision of Mr.O.O Okpaise with FRC number (FRC/2012/NAS/00000000738).

(ii) Recognition and Measurement of Insurance Contract

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 duly certified thereto. Gross premiums are stated gross of commissions and 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.

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

(v) Employee Benefits

(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 contributes 10% and employees contribute 8% each of the qualifying monthly emoluments in line with the Pension Reform Act.

The Company's monthly contribution to the plan is recognized as an expense in profit or loss.

The Company pays contributions to privately administered pension fund administration on a monthly basis. The Company has no further payment obligation once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(iii) Termination Benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(a) Defined Benefit Plan
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The

Company determines the net interest expense (income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(b) Pension

The Company operated a funded pension scheme for its employees prior to the Pension Reform Act 2004. It therefore has continuing pension obligation to its staff who retired prior to the commencement of the contributory pension scheme.

Pensioners are entitled to 3% annual increment. Over 90% of the pension assets are being managed by a pension fund administrator while the balance is invested in marketable securities and bank placement.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(c) Other Long term benefits

The Company operates a long service award plan for eligible staff who have rendered continued service to the organization. Benefits accrue after a minimum of 10 years and a maximum of 35 years. The main benefits payable on the scheme are both cash and gift items which vary according to the number of years of service.

The liability is valued annually by a qualified actuary (Logic Professional Services) under the supervision of Mr Ganiu Shefiu with FRC number (FRC/2017/NAS/00000017548) using the projected unit credit method.

Remeasurements of the obligation, which comprise actuarial gains or losses,are recognized immediately in OCI. The Company determines the net interest expense(income) on the obligation for the period by applying the discount rate used to measure the obligation at the beginning of the annual period to the liability,taking into account any changes in the liability during the period as a result of benefit payments. Net interest expense and other expenses related to obligation are recognized in profit or loss.

The Company meets benefits on a pay-as-you-qualify basis as the plan is an unfunded scheme.

(w) 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. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount can be utilized as provided in Section 120(3) of Companies Allied Matters Act. 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 the regulatory requirements in respect of Contingency Reserve for general business, 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) Retained Earnings

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

(v) Fair value reserves

Fair value reserves represent the cummulative net change in the fair value through OCI financial assets at the reporting date.

(vi) Asset revaluation reserve

The revaluation reserve relates to the surplus on revaluation of land and building at the end of the financial period. Increases in the value of these assets are recognised in other comprehensive income and accumulated in assets revaluation reserve until the assets are derecognised.

(vii) Other reserves - employee benefit actuarial surplus

Actuarial (surplus)/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax asset/liability on employee benefit obligation, are recognized in other comprehensive income.

(viii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent period.

Dividends proposed by the Directors but not yet approved by shareholders are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

(x) Revenue Recognition

(i) Gross Written Premium

Gross written premiums for non-life (general) insurance 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 duly certified thereto. Gross written premiums are stated gross of commissions, net of taxes 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.

(ii) Reinsurance expenses

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

(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 and interest income on loans and receivables, realized gains and losses as well as unrealized gains and losses on fair value assets.

Interest income

Interest income is recognized in the 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 method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. 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. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividend income

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

Realized 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 carrying value as 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.

(v) 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 fixed assets. Rental income is recognized on an accrual basis.

(y) Expense Recognition

(i) Insurance claims and benefits incurred

Gross benefits and claims consist of 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 acquired in the process of settling a claim.

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.

(ii) 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 income statement as they accrue or become payable.

(iii) Management expenses

Management expenses are charged to 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.

4 Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

A Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for the company's financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;

- Choosing appropriate models and assumptions for the measurement of ECL;

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

- Establishing entitys' of similar financial assets for the purposes of measuring ECL.

B Judgements

Management applies its judgement to determine whether the Company should equity account for its' investment in associates. According to IAS 28, a 20% or more interest in an investee leads to a rebuttable presumption that the investor has significant influence over the investee.

The Company holds a direct interest of 26% in CBC EMEA and 33% in Royal Exchange Healthcare (REHL). Management has considered the fact and circumstances, including the representation of the Company on the board of CBC EMEA and REHL and has concluded that the Company has significant influence over CBC EMEA and REHL and the entities are associates of the Company.

C Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2019 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

(i) Liabilities arising from insurance contracts

Claims arising from non-life insurance contracts
Liabilities for unpaid claims are estimated on case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deems liabilities reported as adequate. Assumptions used in determining the liabilities are disclosed in Note 47.

Changes in the outcome of the assumption can have a significant impact on the total recorded liabilities arising from insurance contracts and the claims expenses.

(ii) Fair value of financial instruments
The directors use their judgment in selecting an appropriate valuation technique for some financial assets. Impairment for financial assets carried at amortized costs as well as the amount of impairment for trade receivables.The significant estimates applied in determination of fair value of financial assets are as shown in the statement of accounting policies note 3 (c)(v).

(iii) Determination of fair value of investment property
Management employed the services of estate surveyors and valuers to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. Other key assumptions are as disclosed in Note 13 to the financial statements.

(iv) Defined benefit plan
The present value of the employee benefit obligations depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate.

The Company determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions as disclosed in Note 17.

(v) Current income tax
The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies general tax rules

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

(vi) Deferred tax assets

Recognised deferred tax assets (See note 18) are measured at the tax rates enacted or substantively enacted at the end of the reporting period and represents those amounts that are probable of realisation taking into account management's estimates of future taxable profits. In determining estimates of future taxable profit against which deductible amount can be utilised, management has considered the existence of taxable temporary differences that will reverse in the same year that deductible amounts will reverse.Mangement's estimate of future taxable profits has been determined on the basis of a five year profit forecast. Management affirms that assumptions undelying the five year forecast is reasonable given the Compnay's restructured operations and there are no objective indictors to suggest that the projected earnings level will not be achieved.

(vii) Determination of impairment of property and equipment, and intangible assets excluding goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Company applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(viii) Depreciation and carrying value of property and equipment and intangible assets

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of the assets will have an impact on the carrying value of these items. Depreciation and ammortisation is recognised on the basis described in accounting policies note 3(l) and 3(m).

Statement of Financial Position

For the year ended 31 December 2019

	Note	2019 ₦'000	2018 ₦'000
ASSETS			
Cash and cash equivalents	6	**10,619,459**	11,325,338
Financial assets:			
- Fair value through profit or loss	7b(i)	**666,176**	781,688
- Fair value through other comprehensive income	7b(ii)	**701,340**	547,584
- Amortised cost	7c	**44,674**	93,407
Trade receivables	8	**53,837**	361,667
Reinsurance assets	9	**2,235,297**	2,709,833
Deferred acquisition cost	10a	**162,488**	217,457
Other receivables and prepayments	11	**882,465**	745,873
Right of use asset	14(i)	**76,895**	-
Investment in associates	12a	**449,521**	432,781
Investment properties	13	**4,275,855**	4,239,347
Property and equipment	14	**1,137,844**	1,226,384
Statutory deposits	16	**340,000**	340,000
Employees retirement benefits	17d	**295,649**	283,850
Deferred tax assets	18	**-**	-
Total assets		**21,941,500**	23,305,209
LIABILITIES			
Insurance contract liabilities	23	**4,591,292**	5,318,102
Bank overdrafts	6	**29,030**	54,220
Deferred income	19	**109,332**	144,133
Borrowings	22b	**-**	31,708
Trade payables	20	**5,998,661**	5,465,549
Other liabilities	21	**734,950**	737,733
Deposit for share	21b	**-**	2,000,000
Finance lease obligations	22a	**63,927**	49,473
Current income tax liabilities	24b	**293,033**	376,966
Employee benefit liability	17c	**24,750**	21,239
Deferred tax liabilities	18	**484,603**	256,260
Total liabilities		**12,329,578**	14,455,383
EQUITY			
Share capital	25	**5,366,667**	5,366,667
Share premium	26	**802,737**	802,737
Contigency reserve	27	**2,488,464**	2,170,933
Retained earnings	28	**691,534**	354,360
Other component of equity	29	**262,520**	155,129
Total equity		**9,611,922**	8,849,826
Total equity and liabilities		**21,941,500**	23,305,209

These financial statements were approved by the Board of Directors on 1 May, 2020 and signed on behalf of the board of directors by:

Additionally certified by:

Chief U. Okpa-Obaji
Director
(FRC/2014/MULTI/00000010359)

Benjamin Agili
Managing Director
(FRC/2016/CIIN/00000014211)

Olalekan Jayeola
Chief Financial Officer
(FRC/2012/ICAN/00000000460)

Section 4

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	2019 ₦'000	2018 ₦'000
Gross premium written:	30(a)	**10,584,353**	10,716,756
Unearned premium	30(a)	**283,995**	384,212
Gross premium income		**10,868,348**	11,100,968
Reinsurance expenses	31	**(5,389,854)**	(5,599,932)
Net premium income		**5,478,494**	5,501,036
Fees and commission income	32	**415,546**	494,463
Net underwriting income		**5,894,040**	5,995,499
Insurance claims and benefits incurred	33(a)	**(1,668,575)**	(3,116,927)
Insurance claims and benefits incurred - recoverable from reinsurers	33(b)	**554,305**	2,472,471
Net claims expenses		**(1,114,270)**	(644,456)
Underwriting expenses	34	**(3,633,542)**	(2,913,306)
Total underwriting expenses		**(4,747,812)**	(3,557,762)
Underwriting profit		**1,146,228**	2,437,737
Net investment income	35	**742,031**	375,020
Finance income	17(c)	**40,712**	38,679
Share of profit on investment in associate	12	**14,097**	11,288
Net fair loss on financial assets	35(a)	**(86,259)**	(55,853)
Write back/(allowance) for impairment allowance	36(a)i	**(153,871)**	262,822
ECL Impairment Allowance no longer required	36(a)ii	**20,506**	14,453
Other operating income	37	**244,040**	334,625
		821,256	981,034
Net income		**1,967,484**	3,418,771
Foreign exchange gain/(loss)	38	**67,744**	(339,814)
Management expenses	39	**(1,060,585)**	(1,924,439)
Expenses		**(992,841)**	(2,264,253)
Profit before minimum taxation		**974,643**	1,154,518
Minimum tax	24(a)	**-**	-
Profit before taxation		**974,643**	1,154,518
Income tax charge	24(a)	**(319,938)**	(419,191)
Profit after taxation		**654,705**	735,327
Other comprehensive income, net of tax			
Items that will never be classified in profit or loss			
Net actuarial gains/(losses) on employee benefits	17(c)	**(34,583)**	(5,354)
Tax effects on Employee benefits	18	**-**	-
			-
Items that may be classified to profit or loss:			
Share of current year results in associates	12	**2,643**	3,072
Fair value changes on FVOCI	7(d)	**139,331**	(33,122)
Total other comprehensive income, net of tax		**107,391**	(35,404)
Total comprehensive income for the year		**762,096**	699,923
Total comprehensive income attributable to shareholders		**762,096**	699,923

Statement of Changes in Equity

For the year ended 31 December 2019

2019	Share capital ₦'000	Share Premium ₦'000	Contingency Reserve ₦'000	Retained Earnings ₦'000	Actuarial Gain/(Loss) Reserve ₦'000	Fair value reserve ₦'000	Total ₦'000
At 1 January	5,366,667	802,737	2,170,933	354,360	54,158	100,971	8,849,826
Profit for the year	-	-	-	654,705	-		654,705
Transfer to Contingency Reserve			317,531	(317,531)			-
Other comprehensive income:				-			-
Net actuarial losses on defined benefit obligations	-	-	-	-	(34,583)		(34,583)
Fair value changes on FVOCI				-		139,331	139,331
Tax effects on other comprehensive income					2,643		2,643
Total comprehensive income for the year	-	-	317,531	337,174	22,218	240,302	762,096
Transactions within Equity:						-	-
Transfer to Contingency Reserve	-	-	317,531	(317,531)	-		-
Total contribution and distributions to equity holders	-	-	317,531	(317,531)	-	-	-
31 December	5,366,667	802,737	2,488,464	691,533	76,376	341,273	9,611,922

2018	Share capital ₦'000	Share Premium ₦'000	Contingency Reserve ₦'000	Retained Earnings ₦'000	Actuarial Gain/(Loss) Reserve ₦'000	Fair value reserve ₦'000	Total ₦'000
At 1 January	5,366,667	802,737	1,849,430	44,853	59,512	140,760	8,263,959
IFRS 9 opening transition adjustment	-			(104,317)	-	7,494	(96,823)
Adjusted 1 January 2018	5,366,667	802,737	1,849,430	(59,464)	59,512	148,254	8,167,136
Profit for the year	-	-	-	735,327	-	-	735,327
Transfer to Contingency Reserve			321,503	(321,503)			-
Other comprehensive income:							-
Net actuarial gains/(losses) on defined benefit obligations	-	-	-	-	(5,354)	-	(5,354)
Fair value changes FVOCI						(50,355)	(50,355)
Tax effects on other comprehensive income					-	3,072	3,072
Total comprehensive income for the year	-	-	321,503	413,824	(5,354)	(47,283)	682,690
Transactions within Equity:							
Dividend paid	-	-	-	-	-	-	-
Total contribution and distributions to equity holders	-	-	-	-	-	-	-
31 December	5,366,667	802,737	2,170,933	354,360	54,158	100,971	8,849,826

Statement of Cash Flows

For the year ended 31 December 2019

	Note	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Cash flows from operating activities			
Insurance premium received from customers	46(a)	**10,950,230**	10,573,409
Premium paid	46c(i)	**(5,166,855)**	(9,292,796)
Premium received in advance	46c(i)	**5,775,254**	5,166,855
Insurance benefits and claims paid to customers	46(b)	**(2,111,390)**	(2,860,624)
Outward reinsurance premium paid	46(c)	**(5,365,303)**	(5,818,214)
Fees and commission received	46(d)	**405,120**	494,838
Claim recoveries made from reinsurers	46(e)	**929,002**	1,874,003
Commissions paid	46(f)	**(1,821,149)**	(1,370,631)
Cash payment to employees,intermediaries and other suppliers	46(g)	**(2,639,711)**	(2,647,917)
Income tax paid	24(b)	**(175,528)**	(65,537)
Net cash flow from Operating activities		**779,670**	(3,946,614)
Cash flows from investing activities			
Purchase of property and equipment	14	**(83,960)**	(18,212)
Proceed from sale of property and equipment	46(h)	**4,617**	5,763
Purchase of financial assets	7(d)	**(22,077)**	(185,748)
Rental income from investment properties	46(j)	**57,700**	87,791
Interest income	46(l)	**399,081**	338,227
Dividend income	46(i)	**89,686**	45,336
Proceeds on redemption/disposal of financial assets	7(d)	**84,948**	443,837
Net cash flow from/(used in) investing activities		**529,995**	716,994
Cash flows from financing activities			
Refund of deposit of shares	21(b)	**(2,000,000)**	2,000,000
Payment of finance lease liabilities	22(a)	**(43,798)**	(53,180)
Proceeds from loan	22(c)	**-**	180,000
Payment of loan	22(c)	**(14,300)**	(150,000)
Net cash flow (used in)/from financing activities		**(2,058,098)**	1,976,820
Net cash increase in cash and cash equivalents		**(748,433)**	(1,252,800)
Cash and cash equivalents, beginning of year	6	**11,271,118**	11,284,820
Effect of movement in exchange rates on cash held		**67,744**	1,239,098
Cash and cash equivalents, end of year	6	**10,590,429**	11,271,118

Notes to the Financial Statements

For the year ended 31 December 2019

5 Financial risk management

Factors relating to general economic conditions, such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation, all affect the profitability of businesses in Nigeria.

In a sustained economic phase of low growth, characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial and insurance products could be adversely affected.

The Company's risk management process includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns on the underlying assets and minimizing costs associated with liabilities. Risk range limits are established for each type of risk, and are approved by the Board's Investment Committee and subject to ongoing review.

The Company's risk management strategy is an integral part of managing the Company's core businesses, and utilizes a variety of risk management tools and techniques such as:

- Measures of price sensitivity to market changes (e.g., interest rate and foreign exchange rate);
- Asset/Liability management;
- Periodic Internal Audit and Control, and;
- Risk management governance, including risk oversight committee, policies and guidelines, and approval limits.

In addition, the company monitors and manages the financial risks relating to the operations of the organization through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

(a) Financial asset valuation bases

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 determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments measured at fair value and the company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs are used within the valuation model. There is no standard model and different assumptions could generate different results

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 minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Fair value hierarchy
IFRS 7 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 product. 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 provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, analysed into Levels 1 to 3 based on the degree to which the fair value is observable.

31 December 2019		Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	7(b)	**666,176**	**-**	**-**	**666,176**
Total financial assets measured at fair value		**666,176**	**-**	**-**	**666,176**
Fair value through profit or loss (OCI)					
Unquoted Equities	7(b)				
Treasury bills	7(b)	**43,365**	**-**	**-**	**43,365**
Federal Government Bonds	7(b)	**114,886**	**-**	**-**	**114,886**
		158,251	**-**	**-**	**158,251**
Total financial assets measured at fair value		**824,427**	**-**	**-**	**824,427**
31 December 2018					
Financial Assets:					
Fair value through profit or loss:-					
Quoted equity shares	7(b)	781,688	-	-	781,688
Total financial assets measured at fair value		781,688	-	-	781,688
Fair value through profit or loss (OCI)					
Unquoted Equities	7(b)	-			
Treasury bills	7(bii)	38,214	-	-	38,214
Federal Government Bonds	7(bii)	111,138	-	-	111,138
Total financial assets measured at fair value through OCI		149,352	-	-	149,352
Total financial assets measured at fair value		931,040	-	-	931,040

Financial instruments not measured at fair value
The fair value information for financial assets and financial liabilities not measured at fair value has not been disclosed because their carrying amount is a reasonable approximation of its fair value.

The financial assets and liabilities include:

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 is a reasonable approximation of fair value which is the amount receivable on demand.

Financial assets at amortised cost
The estimated value amounts to ₦44.7million. Financial assets at amortised cost consists of placements with financial institutions and staff mortgage loans.

Trade receivables and other receivables
The carrying amounts of trade receivables and other receivables are receivable in less than one year, are reasonable approximation of their fair values.

Bank overdrafts, trade payables, provision and other payables and finance lease obligations
The carrying amounts of bank borrowings, trade payables, provision and other payables and finance lease obligations are reasonable approximation of their fair values which are repayable on demand.

(b) Financial risks

The Company is exposed to the following categories of risks:
i) Market risk
ii) Credit risk
iii) Liquidity risk

(i) Market risk
This reflects the possibility that the value of the investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Company is exposed to this risk through its financial assets and comprises currency risk, interest rate risk and price risk.

Currency risk
This is the risk that the carrying of financial instruments may be affected by changes in foreign exchange rates.

The Company seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Company's principal products and the associated control techniques is detailed below.

Foreign Currency risk
The Company accepts receipt of premiums in foreign currency, in addition to Naira,as a result, the Company is exposed to risk as exchange rates fluctuate. The Company also has bank balances denominated in foreign currency.

The Company has minimal exposure to currency risk as the Company's financial assets are primarily matched to the same currencies as its insurance and investment contract liabilities. However, foreign exchange risk arises from other recognized assets and liabilities denominated in other currencies.

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

31 December 2019

	Pounds sterling ₦'000	Euro ₦'000	US Dollars ₦'000	Total ₦'000
Assets (Cash and Cash Equivalent)	-	34,233	5,866,031	5,900,264
Quoted equities	-	-	-	-
Loans and receivables at amortised cost	-	-	(5,775,254)	(5,775,254)
	-	34,233	90,777	125,010

31 December 2018

	Pounds sterling ₦'000	Euro ₦'000	US Dollars ₦'000	Total ₦'000
Assets (Cash and Cash Equivalent)	97,766	3,289	258,357	359,412
Quoted equities	-	-	-	-
Loans and receivables at amortised cost	-	-	-	-
Liabilities	-	-	(5,166,855)	(5,166,855)
	97,766	3,289	(4,908,498)	(4,807,443)

Foreign currency sensitivity analysis

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 2019 from ₦486.86/€, ₦431.6/€ and ₦364.5/$ closing rate. These closing rates were determined from the Nigeria Autonomous Foreign Exchange Fixing (NAFEX) rate as at 31 December 2019.

(ii) Credit risk

31 December 2019

	Pounds sterling ₦'000	Euro ₦'000	US Dollars ₦'000	Total ₦'000
10% increase	18	4,705	(514,127)	(509,404)
10% decrease	(18)	(4,705)	514,127	509,404
Impact of increase on:				
Pre-tax Profit	-	-	-	465,239
Shareholders' Equity	-	-	-	9,102,518
Impact of decrease on:				
Pre-tax Profit	-	-	-	1,484,047

The tax impact of foreign exchange results is generally 30% of the result. This is not included in the impact on shareholders equity as the final impact will depend on the tax status of the Company when it realises the impact of the foreign exchange results for tax purposes.

31 December 2018

	Pounds sterling ₦'000	Euro ₦'000	US Dollars ₦'000	Total ₦'000
10% increase	9,777	329	(490,850)	(480,744)
10% decrease	(9,777)	(329)	490,850	480,744
Impact of increase on:				
Pre-tax (loss)/profit	-	-	-	566,313
Shareholders' Equity	-	-	-	8,477,854
Impact of decrease on:				
Pre-tax Profit	-	-	-	1,527,801

The tax impact of foreign exchange results is generally 30% of the result. This is not included in the impact on shareholders equity as the final impact will depend on the tax status of the Company when it realises the impact of the foreign exchange results for tax purposes.

Interest Rates 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.

Insurance liabilities and employee benefits do not form part of this profile. Although they are significant liabilities subject to interest rate risk, they are not financial instruments within the scope of IFRS 7.

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 analytics to measure the impact of interest rate changes and movements on the value of our financial assets scenarios.

The Company is exposed to interest rate risk as it invests in fixed income and money market instruments.

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 stated below.

Financial instruments

	Notes	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Fixed Interest rate Instruments:			
Cash and Cash equivalents	6	**9,367,071**	10,910,674
Federal government bonds	7(b)	**114,886**	111,138
Treasury bills	7(b)	**43,365**	38,214
Placements	7(c)	**7,226**	6,152
Statutory deposits	16	**340,000**	340,000
Mortgage loans	7(c)	**42,327**	99,336
Finance lease obligations	22(a)	**(63,927)**	(49,473)
Borrowings	22(b)	**-**	(31,708)
Bank overdrafts	6	**(29,030)**	(54,220)
		9,821,918	11,370,113
Others:			
		-	-

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. A 0.5% 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.

	Fixed Interest rate analysis		Variable Interest rate analysis	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Increase in interest rate by 50 basis points (+0.5%)	**49,110**	56,851	**(24,555)**	(28,425)
Decrease in interest rate by 50 basis points (-0.5%)	**(49,110)**	(56,851)	**24,555**	28,425
Impact of increase on:				
Pre-tax profit/(loss)	**1,023,753**	1,096,196	**950,088**	1,010,920
Impact of decrease on:				
Pre-tax profit/(loss)	**925,533**	391,989	**999,198**	1,067,770

The tax impact of interest rate movement is not included in the inpact on shareholders equity as the final impact impact will depend on the tax status of the Company when it realises the impact of the interest rate results for tax purposes.

Equity price risk management

The Company is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. 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.

Equity investments designated as fair value through other comprehensive income (OCI) are held for strategic rather than trading purposes. The Company has no significant concentration of price risk.

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

		2019 ₦'000	2018 ₦'000
Equity Securities; - unquoted (fair value through OCI)	7(bii)	**543,764**	398,428
Equity Securities; - quoted (fair value through profit or loss)	7(bi)	**666,176**	781,688
		1,209,940	1,180,116

Equity price sensitivity analysis

The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on profit before tax based on the exposure to equity price risk at the reporting date.

	2019 ₦'000	2018 ₦'000
10% increase	**120,994**	118,012
10% decrease	**(120,994)**	(118,012)
Impact of increase on:		
Pre-tax profit/(loss)	**1,095,637**	1,157,356
Impact of decrease on:		
Pre-tax profit/(loss)	**853,649**	921,333

The tax impact of interest rate movement is not included in the impact on shareholders equity as the final impact will depend on the tax status of the Company when it realises the impact of the interest rate results for tax purposes.

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances.

The Company is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

a Credit quality analysis

Credit risk grading

The Company uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Company use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Company:

b Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

(ii) If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note b(i) below for a description of how the Company determines when a significant increase in credit risk has occurred.

(iii) Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note b(iii) below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

(iv) Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Company determines appropriate entityings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since intial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(i) **Significant increase in credit risk**

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Lifetime PD Assessment

Changes in the lifetime PDs of exposures are evaluated and applied as one of the criterions for determining a significant increase in credit risk. The Entity determines a change in the lifetime PDs by comparing the remaining lifetime PDs expected at initial recognition with the remaining lifetime PD at the reporting date. A lifetime PD threshold of 50% is used to assess changes for the determination of significant increase in credit risk. Exposures with changes above the preseleceted threshold are deemed to have experienced a significant increase in their credit risk.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.These factors vary depending on the nature of the exposure and the type of borrower.

Significant increase in credit risk is also determined through the use of notch differences.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.The monitoring typically involves use of the following data.

Qualitative criteria:

(i) Significant adverse changes in business, financial and/or economic conditions in which the borrower operates

(ii) Actual or expected forbearance or restructuring.

(iii) Actual or expected significant adverse change in operating results of the borrower.

(iv) Employment Status (for loans only).

(v) Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/ loans (Days Past Due).

The assessment of SICR incorporates forward-looking information and is performed Periodically at a portfolio level for all financial instruments held by the Company. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(ii) **Definition of default**

The Company considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitaive criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

(i) The borrower is in long-term forbearance.
(ii) The borrower is deceased .
(iii) The borrower is insolvent.
(iv) The borrower is in breach of financial covenant(s).
(v) An active market for that financial asset has disappeared because of financial difficulties.
(vi) Concessions have been made by the lender relating to the borrower's financial difficulty.
(vii) It is becoming probable that the borrower will enter bankruptcy.
(viii) Financial assets are purchased or originated at a deep discount that reflects the incurred credit lossess.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations.

(iii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

(i) The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

(ii) EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

(iii) Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

(iv) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. the Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Company's Economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Company's Economics team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2019 and 31 December 2019, for all but two portfolios the Company concluded that three scenarios appropriately captured non-linearities. For portfolios [X] and [Y], the Company concluded that two additional downside scenarios were required. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note b(i)). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Company measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. the Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

c Credit risk exposure

Maximum exposure to credit risk – Financial instruments subject to impairment

For ECL purposes, the bank's financial asset is segmented into sub-portfolios are listed below:
- Mortgage loans
- Premium receivables
- Intercompany receivables
- Investment securities
- Placements with other banks

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the entity's maximum exposure to credit risk on these assets.

	Mortgage loans					
	2019					2018
ECL staging	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased credit-impaired**		
	12-month ECL ₦'000	**Lifetime ECL ₦'000**	**Lifetime ECL ₦'000**	**₦'000**	**Total ₦'000**	**Total ₦'000**
Credit grade						
Investment grade	42,327				42,327	99,336
Standard monitoring						
Special monitoring						
Default						
Gross carrying amount	**42,327**	**-**	**-**	**-**	**42,327**	**99,336**
Loss allowance	(5,075)				(5,075)	(12,081)
Carrying amount	**37,252**	**-**	**-**	**-**	**37,252**	**87,255**

	Investment Securities and Placements with other banks					
	2019					2018
ECL staging	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased credit-impaired**		
	12-month ECL ₦'000	**Lifetime ECL ₦'000**	**Lifetime ECL ₦'000**	**₦'000**	**Total ₦'000**	**Total ₦'000**
Credit grade						
Investment grade	10,708,565				10,708,565	11,082,554
Standard monitoring						
Gross carrying amount	**10,708,565**	**-**	**-**	**-**	**10,708,565**	**11,082,554**
Loss allowance	(2,171)				(2,171)	50,346
Carrying amount	**10,706,395**	**-**	**-**	**-**	**10,706,395**	11,132,900

Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	Maximum exposure to credit risk ₦'000
Trading assets	
• Debt Securities	-
• Derivatives	-
Equity Investment	-
Financial assets designated at fair value	-
• Debt securities	-
• Loans and advances to customers	-
Total exposure	-

Investment securities
The entity holds investment securities measured at amortised cost with a carrying amount of ₦44.7 million and at FVTOCI with a carrying amount of ₦701.3 million. The investment securities held by the entity are sovereign bonds and corporate bonds, which are not collateralised.

d Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see note ii(e)).

e Write-off policy

The entity writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the entity's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

f Modification of financial assets

The entity sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer to notes 3(d)(iv)). The entity monitors the subsequent performance of modified assets. The entity may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The entity continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

g Financial assets based on credit risk

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. The Company transacts with only entities that have an investment grade rating and above.

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 reinsurers

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 periodically.

The credit risk on liquid funds and other near cash financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The majority of debt securities are investment grade and the company has very limited exposure to sub-standard credits.

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

Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating.

The following table shows aggregated credit risk exposure for assets with external credit ratings:

Analysis of financial assets based on credit risk grades

31 December 2019	Notes	AAA ₦'000	AA ₦'000	A+ ₦'000	A ₦'000	BBB ₦'000	B ₦'000	Not rated ₦'000	Carrying Amount ₦'000
Fair value through other comprehensive income (FVTOCI)									
- FGN Bond	7(b)	-		-	-	-	114,886	-	114,886
- Treasury bills (> 90 days)	7(b)		-	-	-	-	43,365	-	43,365
		-	-	-	-	-	158,251	-	158,251
Financial assets at amortised cost:									
- Mortgage Loans	7(c)	-	-	-	-	-	42,327		42,327
- Placement with Finance Houses	7(c)	-	-	-	-	-	7,226		7,226
		-	-	-	-	-	49,553		49,553
Fair value through other comprehensive income (FVTOCI)									
- Unquoted equities	7(b)						543,764		543,764
- Other receivables net prepayment	11	-	-	-	-	-		(14,807)	(14,807)
		-	-	-	-	-		(14,807)	(14,807)
Cash and cash equivalents:									
- Bank balances	6	-	-	1,253,340		-		-	1,253,340
- Tenor Deposits (0-30 days)	6	-	-	9,367,071	-	-			9,367,071
		-	-	10,620,411	-	-		-	10,620,411
Reinsurance assets:									
Reinsurance claims recoverable	9	-	-	-	-	-		1,793,731	1,793,731
Trade/Insurance receivables	8	-	-	-	-	-		53,837	53,837
								1,847,568	1,847,568
- Statutory deposits with CBN	16	-	-	-	-	-		340,000	340,000
		-	-	-	-	-		340,000	340,000
									13,544,740

31 December 2018	Notes	AAA ₦'000	AA ₦'000	A+ ₦'000	A ₦'000	BBB ₦'000	B ₦'000	Not rated ₦'000	Carrying Amount ₦'000
Fair value through other comprehensive income(oci)									
- FGN Bond	7(b)	-	-	-	-	-	111,138	-	111,138
- Treasury bills (> 90 days)	7(b)	-	-	-	-	-	38214	-	38,214
		-	-	-	-	-	149,352	-	149,352
Loans and receivables:									
- Mortgage Loans	7(c)	-	-	-	-	-	99,336	-	99,336
- Placement with Finance Houses	7(c)	-	-	-	-	-	6,152	-	6,152
		-	-	-	-	-	105,488	-	105,488
Fair value through other comprehensive income (FVTOCI)									
- Unquoted equities	7(b)	-	-	-	-	-	398,428	-	398,428
		-	-	-	-	-	398,428	-	398,428
- Other receivables net prepayment	11	-	-	-	-	-	-	634,635	634,635
		-	-	-	-	-	-	634,635	634,635
Cash and cash equivalents:									
- Bank balances	6	-	462,947	-	-	-	-	-	462,947
- Tenor Deposits (0-30 days)	6	-	10,910,674	-	-	-	-	-	10,910,674
		-	11,373,621	-	-	-	-	-	11,373,621
Reinsurance assets:									
Reinsurance claims recoverable	9	-	-	-	-	-	-	2,168,430	2,168,430
Trade/Insurance receivables	8	-	-	-	-	-		361,667	361,667
		-	-	-	-	-	-	2,530,097	2,530,097
- Statutory deposits with CBN	16	-	-	-	-	-		340,000	340,000
		-	-	-	-	-		340,000	340,000
									15,531,621

Analysis of financial assets based on past due status

31 December 2019 Past due status	Notes	Assets carried at fair value other comprehensive income ₦'000	Held to maturity ₦'000	Other receivables less prepayments ₦'000	Financial assets at amortised cost ₦'000	Recoverable from reinsurers ₦'000	Insurance/ trade receivables ₦'000
Past due and impaired	11	-	-	766,753	-	-	-
Past due more than 90 days	9	-	-	-	-	-	-
Past due 31 to 90 days	8	-	-	-	-	-	695,079
Past due less than 30 days		-	-	-	-	-	-
Neither past due nor impaired	7,11,9,8	43,365	-	(14,807)	44,674	1,793,731	53,837
Total Carrying Amount		43,365	-	751,946	44,674	1,793,731	748,916

31 December 2018 Past due status	Notes	Assets carried at fair value other comprehensive income ₦'000	Held to maturity ₦'000	Other receivables less prepayments ₦'000	Financial assets at amortised cost ₦'000	Recoverable from reinsurers ₦'000	Insurance/ trade receivables ₦'000
Past due and impaired	11	-	-	781,560	-	-	-
Past due more than 90 days	9	-	-	-	-	-	-
Past due 31 to 90 days	8	-	-	-	-	-	541,208
Past due less than 30 days		-	-	-	-	-	-
Neither past due nor impaired	7,11,9,8	38,214	-	640,555	93,407	2,169,221	361,667
Total Carrying Amount		38,214	-	1,422,115	93,407	2,169,221	902,875

(iii) Liquidity risk

The Company's principal objective in managing our liquidity and our capital resources is to maximize the returns on capital to shareholders, while enabling us to pay claims, pay dividends, pay staff and fulfill our statutory obligations to our regulators and the different tiers of government in the environment in which we operate. Effective and prudent liquidity is a priority across the company.

Management monitors the liquidity of Royal Exchange General Insurance Limited on a daily basis and projects her financial needs over a multi-year time horizon through our quarterly budget and review process. We believe that the cash flows from the sources of fund available to the Company are sufficient to satisfy the current liquidity requirements of the Company, including under reasonably foreseeable stress scenarios.

In managing our liquidity (and of course our capital), we seek to:

- Match the profile of our assets and liabilities, taking into account the risks inherent in each line of product;
- Maintain financial strength to support new business growth whilst still satisfying the requirements of policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity, and;
- Allocate liquid resources efficiently to support growth while we pay claims and other commitments promptly.

Sources of Liquidity

In managing our cash flow position, we have a number of sources of liquidity, including the following principal sources:
- Premium Income;
- Investment income; and
- Investment assets.

Application of funds

The principal uses of our liquidity include:
- Payment of Claims
- Payment of Staff benefits;
- Purchase of investments' and;
- Payment in connection with financing activities.

The company's assets are mainly made up of cash and bank balances.

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. It is noted that all equity investments have an undetermined maturity.

It should be noted that reinsurers' share of unearned premiums are excluded from this analysis.

31 December 2019	Notes	Carrying amount ₦'000	Contractual cashflow ₦'000	< 1 month ₦'000	1 - 3 months ₦'000	3 - 12 months ₦'000	1 - 5 years ₦'000	> 5 years ₦'000
Non-derivative financial assets								
Cash and cash equivalents	6	**10,619,459**	**-**	**7,131,164**	**3,191,494**	**296,801**	**-**	**-**
Fair value through other comprehensive income	7(b)	**43,365**	**-**	**-**	**-**	**43,365**	**-**	**-**
Financial assets at amortised cost	7(c)	**44,674**	**-**	**-**	**-**	**44,674**	**-**	**-**
Trade receivables	8	**53,837**	**53,837**	**-**	**53,837**	**-**	**-**	**-**
Reinsurance assets - recoverable from reinsurers	9	**1,793,732**	**-**	**-**	**-**	**1,793,732**	**-**	**-**
Statutory deposits	16	**340,000**	**340,000**				**340,000**	
		12,880,260	**379,030**	**7,131,164**	**3,245,331**	**2,163,765**	**340,000**	**-**
Non-derivative financial liabilities								
Bank overdrafts	6	**29,030**	**29,030**	**29,030**	**-**	**-**	**-**	**-**
Trade payables	20	**5,998,661**	**-**	**5,775,254**	**223,407**	**-**	**-**	**-**
Borrowings	22(b)	**-**				**-**		
Finance lease obligations	22(a)	**63,927**	**63,927**	**63,927**	**-**	**-**	**-**	**-**
Other liabilities	21	**734,950**	**734,950**	**734,950**	**-**	**-**	**-**	**-**
		6,826,567	**827,906**	**6,603,160**	**223,407**	**-**	**-**	**-**
Gap (asset - liabilities)		**6,053,693**	**(448,876)**	**528,004**	**3,021,923**	**2,163,765**	**340,000**	**-**
Cumulative liquidity gap		**20,317,924**	**6,068,367**	**6,596,370**	**9,618,293**	**11,782,059**	**12,122,059**	**-**

31 December 2018	Notes	Carrying amount ₦'000	Contractual cashflow ₦'000	< 1 month ₦'000	1 - 3 months ₦'000	3 - 12 months ₦'000	1 - 5 years ₦'000	> 5 years ₦'000
Non-derivative financial assets								
Cash and cash equivalents	6	11,325,338	-	11,325,338	-	-	-	-
Fair value through other comprehensive income	7(b)	38,214	-	-	-	38,214	-	-
Loans and receivables	7(c)	93,407	-	-	-	93,407	-	-
Trade receivables	8	361,667	361,667	-	361,667	-	-	-
Reinsurance assets - recoverable from reinsurers	9	2,168,430	-	-	-	2,168,430	-	-
Other receivables less prepayment	11	640,555	640,555	-	-	140,555	500,000	-
Statutory deposits	16	340,000	340,000	-		-	340,000	-
		14,967,611	1,342,222	11,325,338	361,667	2,440,606	840,000	-
Non-derivative financial liabilities								
Bank overdrafts	6	54,220	54,220	54,220	-	-	-	-
Trade payables	20	5,465,549	-	5,166,855	298,694	-	-	-
Borrowings	22(b)	31,708	-	-	-	31,708		
Finance lease obligations	22(a)	49,473	49,473	49,473	-	-	-	-
Other Liabilities	21	737,733	737,733	737,733	-	-	-	-
		6,338,683	841,426	6,008,281	298,694	31,708	-	-
Gap (asset - liabilities)		8,628,928	500,796	5,317,057	62,973	2,408,897	840,000	-
Cumulative liquidity gap		14,264,231	6,517,243	11,834,300	11,897,273	14,306,170	15,146,170	-

Although the company has access to financing facilities, 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.

Insurance risk

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 assumptions 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.

Non-life insurance

The Company writes fire, general accident, oil & gas, engineering, bond, marine and motor risks primarily over a twelve month duration (usually longer for engineering policies). 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 non-life insurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Non-life insurance						
- Within Nigeria	**4,591,292**	5,318,102	**2,235,297**	2,709,833	**2,355,995**	2,608,269
- Outside Nigeria	**-**	-	**-**	-	**-**	-
	4,591,292	5,318,102	**2,235,297**	2,709,833	**2,355,995**	2,608,269

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

	Gross		Reinsurance		Net	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Fire	**1,512,891**	2,156,893	**1,007,057**	1,538,463	**505,835**	618,430
Accident	**549,133**	579,206	**92,812**	117,209	**456,321**	461,997
Motor	**786,598**	842,811	**66,391**	78,635	**720,207**	764,176
Marine	**305,048**	296,600	**97,420**	101,328	**207,628**	195,273
Oil and Gas	**1,279,499**	1,251,627	**827,947**	727,581	**451,552**	524,046
Engineering	**119,812**	162,726	**133,217**	132,452	**(13,405)**	30,274
Bond	**13,386**	28,239	**6,706**	14,165	**6,680**	14,073
	4,566,367	5,318,102	**2,231,549**	2,709,833	**2,334,818**	2,608,268
Outstanding Claims (IBNR & reported)						
Fire	**1,250,012**	1,874,926	**919,560**	1,431,344	**330,452**	443,582
Accident	**465,922**	428,821	**68,719**	61,871	**397,203**	366,950
Motor	**361,054**	414,051	**50,920**	59,805	**310,135**	354,246
Marine	**148,683**	181,361	**58,589**	77,333	**90,094**	104,028
Oil and Gas	**948,879**	747,320	**621,890**	474,924	**326,989**	272,396
Engineering	**90,916**	74,017	**64,244**	50,735	**26,673**	23,282
Bond	**12,124**	24,835	**5,996**	12,417	**6,128**	12,418
Total	**3,277,591**	3,745,331	**1,789,917**	2,168,429	**1,487,673**	1,576,902
Unexpired Risk						
Fire	**262,880**	281,965	**87,497**	107,119	**175,383**	174,846
Accident	**83,210**	150,385	**24,092**	55,338	**59,118**	95,047
Motor	**425,544**	428,760	**15,471**	18,830	**410,072**	409,930
Marine	**156,365**	115,240	**38,830**	23,994	**117,534**	91,245
Oil and Gas	**330,620**	504,308	**206,057**	252,657	**124,564**	251,651
Engineering	**28,895**	88,709	**68,974**	81,717	**(40,079)**	6,992
Bond	**1,262**	3,404	**644**	1,748	**618**	1,656
Total	**1,288,776**	1,572,770	**441,565**	541,403	**847,209**	1,031,367

Reserving Methods and Assumptions

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods method were considered.

a **Chain ladder Method**

i **The Basic Chain Ladder Method (BCL)**
The Basic Chain Ladder method forms the basis to 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 years, paid claims were accumulated to the valuation date and projected 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 cummulated paid claims and the estimated ultimate claims.

ii **The Inflation Adjusted Chain Ladder Method (IACL):**
Under this method, the historical paid losses were adjusted to allow for inflation to the valuation date using the corresponding inflation index in each of the accident years. The inflation adjusted claims were then treated similarly to the Basic Chain Ladder described above. The projected incremental paid claims are then inflated based on our future inflation assumption to the expected future payment date.

iii **Discounted Basic Chain Ladder (BCL) and inflation Adjusted Basic Chain Ladder (BCL) and inflation Adjusted Basic Chain Ladder (IABCL)**
Historical claims paid were grouped into 10 years cohorts-representing when they were paid after the underwriting year. This is the discounted form of the BCL and IABCL. In determining the value, the future expected cash flow for claim payments is discounted to present day terms using our assumed discount rate.

b **Loss Ratio Method**

Under this method the ultimate claims is obtained by studying the historical loss ratios, investigating any differences and using judgements to derive a loss ratio. Paid claims already emerged were deducted from the estimated Ultimate claims to obtain the reserves.

c **Bornhuetter-Ferguson Method**

This method combines the estimates attained from the Chain Ladder and Loss Ratio methods. The BF methos 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 and ultimate average cost which was then adopted for the accident years that are not fully run off.

Method selected-Discounted IABCL

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 attrational paid claims triangles. The combinaion 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.

Assumptions underlying the Valuation Methods

i Policies are written uniformly throughout the year for each class of business

ii Claims occur uniformly throughout the year for each class of business. This implies that claims occur on an average halfway through year

Future claims follow a regression pattern from the historical data.Hence, payment patterns will be broadly similar in each accident year. The proportionate increase in the known cumulative payments from one.

iii Development year to the next is used to calculate the expected cumulative payments for the future development period.

iv An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged into the future.

v We assume gross claim amount includes all related claim expenses. If this is not the case, the Company will hold a separate reserve to cover claim expenses.

vi The UPR is calculated on assumption that the risk will occur evenly during the duration of the policy.

vii Under the Average Cost per claim method used in estimating large losses, the Company assumed the early years (e.g accident years 2007,2008) are fully developed.

viii The run off period is ten (10) years and hence the method assumes no more claims will be paid subsequently.

(c) Capital Management

The Company's 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 its equity balance.The capital structure of the company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings. 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 ₦3billion.

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 and 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.

The Company fully complied with all externally imposed capital requirements throughout the year and this Solvency requirement was revalidated by HR Nigeria Ltd, the Company's Consultant Actuary in 2019 Actuarial Valuation Report.

The objectives, policies and processes for managing capital were unchanged. 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 table below sets out the capital that is managed by the Company on an IFRS and regulatory basis:

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.

The company's solvency position is as follows:

Solvency margin computation

Admissible Assets	2019 ₦'000 Total	2019 ₦'000 Inadmissible	2019 ₦'000 Admissible	2018 ₦'000
Cash and cash equivalents	10,619,459	-	10,619,459	11,325,338
Financial assets:				
- At fair value through profit or loss	666,176	-	666,176	781,688
- At fair value through other comprehensive income	701,340	-	701,340	547,584
- Amortised cost	44,674	-	44,674	93,407
Trade receivables	53,837	-	53,837	17,270
Reinsurance assets	2,235,297	-	2,235,297	2,709,833
Deferred acquisition cost	162,488	-	162,488	217,457
Other receivables:	882,465	740,467	141,998	-
Investment in associates	449,521	-	449,521	432,781
Right of use asset	76,895	-	76,895	-
Investment properties	4,275,855	2,128,032	2,147,823	1,000,000
Property and equipment(L&B)	1,107,785	1,107,785	-	-
Property and equipment(EXCL L&B)	30,059	-	30,059	96,502
Intangible assets	-	-	-	-
Statutory deposit	340,000	-	340,000	340,000
Employees benefits assets	295,649	-	295,649	283,850
A	21,941,500	3,976,284	17,965,216	17,845,710
Less: Admissible liabilities				
Insurance liabilities	4,591,292	-	4,591,292	5,318,102
Bank overdrafts	29,030	-	29,030	54,220
Deferred income	109,332	-	109,332	144,133
Trade and other payables	5,998,661	-	5,998,661	5,465,549
Provision and other payables	734,950	-	734,950	737,733
Finance lease obligations	63,927	-	63,927	49,473
Borrowings	-	-	-	31,708
Current income tax liabilities	293,033	-	293,033	376,966
Employees benefits obligations	24,750	-	24,750	21,239
Deposit for share	-	-	-	2,000,000
Deferred tax liabilities	484,603	484,603	-	-
B	12,329,577	484,603	11,844,975	14,199,123
Solvency margin (A-B)	9,611,922	3,211,518	6,120,241	3,646,587
Minimum paid up capital	3,000,000	-	3,000,000	3,000,000
Net premium	5,478,494	-	-	5,501,036
15% of Net premium	821,774	-	-	825,155
Excess/ (Deficit) solvency margin	-	-	3,120,241	646,587

The company's solvency margin of ₦6,120,241,000 (2018: ₦3,646,587,000) is above the minimum paid up capital of ₦3,000,000,000 (2018: ₦3,000,000,000) prescribed by the Insurance Act of Nigeria.

(d) Financial assets and liabilities

Accounting classification, measurement basis and fair values

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

31 December 2019	Notes	Financial assets at amortised cost ₦'000	Designated at fair value ₦'000	Available-for-sale ₦'000	Other financial liabilities at amortised cost ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	6	10,619,459	-	-	-	10,619,459	10,619,459
Financial assets	7	44,674	666,176	-	-	710,850	710,850
Trade receivables	8	53,837	-	-	-	53,837	53,837
Other receivables less prepayments	11	(14,807)	-	-	-	(14,807)	(14,807)
Statutory deposits	16	340,000	-	-	-	340,000	340,000
Reinsurance assets	9	1,793,731	-	-	-	1,793,731	1,793,731
		12,836,895	666,176	-	-	13,503,071	13,503,071
Bank overdrafts	6	-	-	-	29,030	29,030	29,030
Trade payables	20	-	-	-	5,998,661	5,998,661	5,998,661
Borrowings	22b	-	-	-	-	-	-
Other liabilities	21	-	-	-	734,950	734,950	734,950
		-	-	-	6,762,640	6,762,640	6,762,640

31 December 2018	Notes	Financial assets at amortised cost ₦'000	Designated at fair value ₦'000	Available-for-sale ₦'000	Other financial liabilities at amortised cost ₦'000	Total carrying amount ₦'000	Fair value ₦'000
Cash and cash equivalents	6	11,325,338	-	-	-	11,325,338	11,325,338
Financial assets	7	93,407	781,688	-	-	875,095	875,095
Trade receivables	8	361,667	-	-	-	361,667	361,667
Other receivables less prepayments	11	640,555	-	-	-	640,555	640,555
Statutory deposits	16	340,000	-	-	-	340,000	340,000
Reinsurance assets	9	2,168,430	-	-	-	2,168,430	2,168,430
		14,929,396	781,688	-	-	15,711,085	15,711,085
Bank overdrafts	6	-	-	-	54,220	54,220	54,220
Trade payables	20	-	-	-	5,465,549	5,465,549	5,465,549
Borrowings	22b				31,708	31,708	31,708
Other liabilities	21	-	-	-	737,733	737,733	737,733
		-	-	-	6,289,210	6,289,210	6,289,210

6 Cash and cash equivalents

	2019 ₦'000	2018 ₦'000
Cash	**739**	1,867
Bank balances	**1,253,340**	462,947
Short-term deposits (including demand and time deposits)	**9,367,071**	10,910,674
ECL Impairment loss on short-term deposit	**(1,691)**	(50,150)
Cash and cash equivalents (as per statement of financial position)	**10,619,459**	11,325,338
Bank overdrafts	**(29,030)**	(54,220)
Cash and cash equivalents (as per statement of cash flows)	**10,590,429**	11,271,118

Short–term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. All deposits were subject to an average variable interest rate of 6% (2018: 6%).

7 Financial assets

	2019 ₦'000	2018 ₦'000
Fair value through other comprehensive income (FVOCI) (see note 7(b)(ii) below	**701,340**	547,584
Fair value through profit or loss (FVTPL) (see note 7(b)(i) below	**666,176**	781,688
Loans and receivables at amortised cost (see note 7(c) below	**44,674**	93,407
Total financial assets	**1,412,190**	**1,422,679**
Within one year	**50,591**	44,366
More than one year	**1,361,599**	1,378,313
	1,412,190	**1,422,679**

7(a)(ii) The company's investments in unlisted equities are carried at fair value in line with IFRS 9 and IFRS 13. Quoted investments are carried at fair value with the changes recognised in Other Comprehensive Income ("OCI").

7(bi) Fair value through profit or loss (FVTPL)

	2019 ₦'000	2018 ₦'000
Quoted equities	**666,176**	781,688
	666,176	781,688

7(bii) Fair value through other comprehensive income (FVOCI)

	2019 ₦'000	2018 ₦'000
Federal Government bonds	**114,886**	111,138
Treasury bills	**43,365**	38,214
Unquoted equities	**543,764**	398,428
ECL Iimpairment	**(675)**	(196)
	701,340	547,584

7(c) Financial assets at amortised cost

	2019 ₦'000	2018 ₦'000
Staff mortgage loans	**42,327**	103,648
Placements	**7,226**	6,152
ECL Iimpairment	**(4,879)**	(16,393)
	44,674	93,407

7(d) The movement in financial assets are summarized as follows:

2019	**31-December-2019**			
	Fair value through profit or loss ₦'000	**Financial assets at amortised cost ₦'000**	**Fair value through other comprehensive income ₦'000**	**Total ₦'000**
As at 1 January	**781,688**	**93,407**	**547,584**	**1,422,679**
Additions/(Recoveries) during the year	**7,254**	**(60,349)**	**75,172**	**22,077**
Interest accrued	**-**	**102**	**24,680**	**24,782**
Disposal (sales & redemptions)	**-**	**-**	**(84,948)**	**(84,948)**
Impairment write-back/(allowance) for the year	**-**	**11,514**	**(479)**	**11,036**
Fair value losses recognised in profit or loss	**(122,766)**	**-**	**-**	**(122,766)**
Fair value losses recognised in OCI	**-**	**-**	**139,331**	**139,331**
As at 31 December	**666,176**	**44,674**	**701,340**	**1,412,190**

2018	**31-December-2018**			
	Fair value through profit or loss ₦'000	**Financial assets at amortised cost ₦'000**	**Fair value through other comprehensive income ₦'000**	**Total ₦'000**
As at 1 January	907,980	79,062	842,832	1,829,873
Additions/(Recoveries) during the year	45,571	20,383	119,793	185,748
Interest accrued	-	-	8,309	8,309
Disposal (sales & redemptions)	(46,756)	(6,565)	(390,514)	(443,835)
Impairment write-back for the year	-	528	286	814
Fair value losses recognised in profit or loss	(125,108)	-	-	(125,108)
Fair value losses recognised in OCI	-	-	(33,122)	(33,122)
As at 31 December	781,688	93,407	547,584	1,422,679

8 Trade receivables

	2019 ₦'000	2018 ₦'000
Due from agents (see note 8(a) below)	-	62,167
Due from co-insurers (see note 8(b) below)	53,837	299,500
	53,837	361,667
Within 30 days	53,837	361,667
Above 30 days	-	-
	53,837	361,667

8(a) The analysis of due from agents is as follows:

	2019 ₦'000	2018 ₦'000
Gross receivable from agents	129,453	249,669
Less: ECL Impairment allowance (see note 8a(i) below)	(129,453)	(187,502)
	-	62,167

8(a)(i) The movements in impairment allowance on amount due from agents is analysed below:

	2019 ₦'000	2018 ₦'000
At 1 January	187,502	344,312
Impairment allowance	-	25,864
Recovery made during the year	(58,049)	(182,674)
At 31 December	129,453	187,502

Recovery relates to receipt on trade premium receivables from agents during the year.

8(b) Due from co-insurers

	2019 ₦'000	2018 ₦'000
Co-insurance/reinsurance receivables	619,463	653,206
Less: Impairment allowance (see note (8b)(i) below)	(565,626)	(353,706)
	53,837	299,500

8(bi) The movements in impairment allowance on reinsurance receivables is analysed below:

	2019 ₦'000	2018 ₦'000
At 1 January	353,706	433,855
Allowance made during the year	211,920	(80,148)
At 31 December	565,626	353,706

The impairment allowance relates to long outstanding balances due from co/re-insurer as at 31st December, 2019.

9 Reinsurance assets

	2019 ₦'000	2018 ₦'000
Prepaid reinsurance premium (see note 9(a))	**441,565**	541,404
Reinsurers' share of claims expenses outstanding (see note 9(b))	**1,057,893**	1,867,130
Reinsurers' share of incurred but not reported claim (see note 9(c))	**735,839**	301,299
	2,235,297	2,709,833

(a) The movement in prepaid reinsurance premium is shown below:

	2019 ₦'000	2018 ₦'000
At 1 January	**541,404**	642,588
Movement during the year (see note 31)	**(99,839)**	(101,184)
At 31 December	**441,565**	541,404

(b) The movement in reinsurer's share of outstanding claims is shown below:

	2019 ₦'000	2018 ₦'000
At 1 January	**1,867,130**	1,204,292
Movement during the year	**(809,237)**	662,838
At 31 December	**1,057,893**	1,867,130

(c) The movement in reinsurer's share of incurred but not reported claim is shown below:

	2019 ₦'000	2018 ₦'000
At 1 January	**301,299**	365,669
Movement during the year (see note 33(c))	**434,540**	(64,370)
At 31 December	**735,839**	301,299

(d) Analysis of reinsurance assets by business classes are as follows:

	2019 ₦'000	2018 ₦'000
Fire	**1,007,057**	1,538,463
General Accident	**92,812**	117,209
Motor	**66,391**	78,635
Marine	**97,420**	101,328
Oil and Gas	**827,947**	727,581
Engineering	**133,217**	132,452
Bonds	**6,706**	14,165
Agric	**3,747**	
	2,235,297	2,709,833
Within one year	**2,235,297**	2,709,833
More than one year	**-**	-
	2,235,297	2,709,833

Reinsurance assets are valued after an allowance for their recoverability.

10 Deferred acquisition cost

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

	2019 ₦'000	2018 ₦'000
At 1 January	**217,457**	248260
Additions in the year	**1,780,509**	1,800,973
Amortization in the year	**(1,835,477)**	(1,831,776)
At 31 December	**162,488**	217,457

(a) Analysis of deferred acquisition cost by class of insurance are as follows:

	2019 ₦'000	2018 ₦'000
Fire	**40,384**	53,878
Accident	**12,726**	21,158
Motor	**21,227**	23,283
Marine and aviation	**16,903**	12,726
Oil and Gas	**65,987**	102,623
Engineering	**5,010**	3,107
Bond	**251**	682
	-	-
	162,488	217,457

11 Other receivables and prepayment

	Gross amount 31 Dec,2019 ₦'000 (a)	Opening ₦'000 (b)	Addition ₦'000 (c)	write-back ₦'000 (d)	Total ₦'000 (e)=(b)+©+(d)	Carrying amount 31 Dec 2019 ₦'000 (f)=(a)-(e)	31-Dec-18 ₦'000
Intercompany receivables (see note 11(a) below)	57,652	12,893	38,988	-	51,881	5,771	116,064
Accrued investment income (see note 11 (b) below)	34,908	-	19,827	-	19,827	15,081	23,040
Sundry receivables (see note 11(c) below)	1,041,393	781,560		(14,807)	766,753	274,640	1,451
Security Holding Trust account (see 11(d) below	527,079	27,079	-	-	27,079	500,000	500,000
Prepayments (see 11(e) below	86,973	-	-	-	-	86,973	105,318
	1,748,006	821,532	58,815	(14,807)	865,540	882,465	745,873
Within one year						382,465	245,873
More than one year						500,000	500,000
				-	-	882,465	745,873

The carrying amount of other receivables and prepayments is a reasonable approximation of fair value.

11(a) Intercompany receivables

	2019 ₦'000	2018 ₦'000
Royal Exchange Prudential Life Assurance	-	3,405
Royal Exchange Healthcare Ltd	57,652	90,713
Royal Exchange Finance	-	31,854
Royal Exchange Microfinance Bank Ltd	-	2,985
ECL Impairment: intercompany receivables	(51,881)	(12,893)
	5,771	116,064

The amount receivable from its Royal exchange healthcare limited represents the intra-group funding advanced to her by the Company for its operational activities. The intercompany balances do not attract any interest charges. There are no redefined repayments terms and the amounts are realised in cash and /or by offsetting with other payables to the Company. Impairment allowance relates to Royal Exchange Healthcare Limited outstanding receivables. Outstanding receivable ages above 365 days and recoverable is doubtful considering other macro-economic variables.
Royal Exchange Healthcare Limited has repayment plan in year 2020 to offset the outstanding due to Royal Exchange General Insurance Company Limited.

11(b) Accrued Investment Income

	2019 ₦'000	2018 ₦'000
Dividend receivables	34,908	23,040
Impairment allowance	(19,827)	-
At 31 December	15,081	23,040

11b(i) The movements in impairment allowance on dividend receivable is analysed below

	2019 ₦'000	2018 ₦'000
At 1 January	-	-
Allowance made during the year	19,827	-
At 31 December	19,827	-

Impairment allowance relates to dividend income accrued on various quoted equities. Accrued dividend income ages above 365 days and recoverability is doubtful.

11(c) Sundry Receivables

	2019 ₦'000	2018 ₦'000
Other receivable (see note 11 (c) (i) below)	956,366	697,759
Accrued rental Income	18,575	18,575
Staff loans and other debtors	66,452	66,677
	1,041,393	783,011
Impairment on other receivables (see 11(c)(i) below)	(766,753)	(781,560)
	274,640	1,451

11(c)(i) Other receivable breakdown is shown below:

	2019 ₦'000	2018 ₦'000
Receivable from Royal Exchange Plc	249,534	-
Security Holding	27,079	27,079
Due from REA Property	16,761	16,761
Receivable from Legacy Company's Bank (Phonix and Apico)	624,029	624,029
WHT Receivable	38,962	29,890
	956,365	697,759

11(c)(ii) The movements in impairment allowance on other receivables is analysed below

	2019 ₦'000	2018 ₦'000
At 1 January	781,560	793,240
Write back of other receivables	(14,807)	-
Write-off	-	(11,680)
At 31 December	766,753	781,560

11(d) Security holding trust account relates to amounts receivable from Security Holding Trust in respect of an investment in a proposed staff share incentive scheme which is a subject of litigation in suit FHC/L/CS/5479/08 in which Royal Exchange Plc is a defendant. Assets in cash dividends of ₦228.61million (2018: ₦228.61 million) and ordinary shares of Royal Exchange Plc with market value of ₦500 million (2018: ₦452 million) as at 31 December 2019 are being held as guarantee that value will not be lost. The above matter was slated for 2nd April 2020, hearing did not hold.

11(e) Prepayment

	2019 ₦'000	2018 ₦'000
Prepaid furniture allowance	30,839	31,341
Prepaid rent allowance	41,655	43,363
Prepaid staff benefit	10,777	21,116
Prepaid expenses	3,702	9,498
	86,973	105,318

The movements in prepayment is analysed below:

	2019 ₦'000	2018 ₦'000
At 1 January	105,318	134,129
Amortisations to P&L	(187,824)	(166,823)
Additions	169,479	138,012
At 31 December	86,973	105,318

11(e) Analysis of other receivables fully impaired

	At 1 January ₦'000 (a)	Addition ₦'000 (b)	(Write-back)/ Addition ₦'000 (c)	At 31 December ₦'000 (d) =(a)+(b)+(c)	2018 ₦'000
Security holding trust (incidental expenses)	27,079	-	-	27,079	27,079
Accrued investment income	8,267	-	-	8,267	8,267
Short term placements (Phoenix insurance)	416,631	-	-	416,631	416,631
Short term placements (Failed Banks)	46,578	-	-	46,578	46,578
REA property account	16,761	-	-	16,761	16,761
Interest receivable on legal suit	12,296	-	-	12,296	12,296
Unlisted debentures	154,919	-	-	154,919	154,919
Amount to be recovered from exited staff	2,044	-	-	2,044	2,044
Accrued rental income	16,854	-	-	16,854	16,854
PAYE Suspense	65,324	-	-	65,324	65,324
Other Suspense accounts	4,052	-	(4,052)	-	4,052
Unsubstantiated bank balances	10,755	-	(10,755)	-	10,755
Impairment on other receivables	781,560		(14,807)	766,753	781,560
ECL Impairment: Intercompany receivables	12,893	38,988	38,988	51,881	12,893
Total impairment on other receivables	794,453	38,988	24,181	818,634	794,453

12 Investment in associates

(a) The movement in balances of investment in equity accounted investee are as shown below:

2019	CBC EMEA ₦'000	REHL ₦'000	TOTAL ₦'000
At 1 January	213,297	219,484	432,781
Share of current year other comprehensive income	-	2,643	2,643
	213,297	222,127	435,424
Share of current year profit or loss	13,924	173	14,097
Recognised in profit or loss	13,924	173	14,097
At 31 December	227,221	222,300	449,521

2018	CBC EMEA ₦'000	REHL ₦'000	TOTAL ₦'000
At 1 January	193,618	224,803	418,421
Share of current year other comprehensive income	(485)	3,557	3,072
	193,133	228,360	421,493
Share of current year profit or loss	20,164	(8,876)	11,288
At 31 December	**213,297**	**219,484**	**432,781**

(b) An analysis of investment in associates as at year end is as shown below

Name of entity	Value of equities ₦'000	Percentage holding %
Royal Exchange Healthcare Limited (see note (b)(i) below)	222,300	33.00%
CBC EMEA Limited (see note 12(b)(ii) below)	227,221	26.10%
At 31 December	**449,520**	

(b)(i) This represents the Company's investment in the ordinary shares of Royal Exchange Healthcare Limited ("REHL"), a company incorporated in Nigeria. Royal Exchange Healthcare Limited is owned by three (3) entities (i.e. Royal Exchange Plc which holds 30%, Royal Exchange General Insurance which holds 33% and Royal Exchange Prudential life Plc which holds 37%).

Royal Exchange Prudential Life Plc is wholly owned by Royal Exchange Plc while Royal Exchange General Insurance is jointly owned by Royal Exchange Plc and Insuresilience Investment Fund.

The investee company has a 31 December year end.

The summarised financial information of the entities are as set out below:

REHL	2019 ₦'000	2018 ₦'000
Percentage ownership interest	**33.0%**	**33.00%**
Non-Current Assets	**582,765**	549,266
Current Assets	**380,119**	456,089
Non-Current Liabilities	**(31,710)**	(30,981)
Current Liabilities	**364,269**	(416,005)
Net assets	**1,295,443**	**558,369**
Company's share of net assets	**427,496**	184,262
Net premium income	**320,287**	318,275
Total underwriting expenses	**(275,937)**	(300,777)
Net other income	**33,850**	71,544
Total expenses	**(111,688)**	(110,908)
Profit before tax from continuing operations	**(33,487)**	(21,866)
Taxation	**34,011**	(5,030)
Profit after tax from continuing operations	**524**	(26,896)
Other comprehensive income net of tax	**8,011**	10,780
Total comprehensive income	**8,534**	(16,116)
Company's share of total comprehensive income	**2,816**	(5,318)
Company's share of other comprehensive income	**2,643**	3,557
Company's share of profit	**173**	(8,875)

(b)(ii) This represents the Company's investment in the ordinary shares of City Business Computers EMEA Limited (CBC EMEA) incorporated in Nigeria, representing 26.10% (December 2018: 26.10%) equity interest in the Company. The investee company has 31 December year end.

The summarised financial information of the entities are as set out below:

CBC EMEA	2019 ₦'000	2018 ₦'000
Percentage ownership interest	**26.10%**	**26.10%**
Non-Current Asset	**1,250,975**	1,323,054
Current Asset	**1,588,251**	1,579,454
Non-Current Liabilities	**(597,715)**	(433,072)
Current Liabilities	**(168,583)**	(773,336)
Net assets	**2,072,928**	**1,696,100**
Company's share of net assets	**541,034**	442,682
Revenue	**197,103**	179,889
(Loss)/profit from continuing operations	**53,348**	77,257
Other comprehensive (loss)/income	**-**	(1,860)
Dividend received	**-**	-
Total comprehensive income	**53,348**	75,397
Company's share of total comprehensive income	**13,923**	19,678
Company's share of other comprehensive income	**-**	(486)
Company's share of profit	**13,923**	20,164

13 Investment properties

	2019 ₦'000	2018 ₦'000
At 1 January	**4,239,347**	3,660,719
Transfer from property and equipments	**-**	509,373
Fair value gains/(loss)	**36,508**	69,255
At 31 December	**4,275,855**	**4,239,347**

13(a) The items of investment properties are valued as shown below:

Investment properties location	Name of valuer	Address of Valuer	FRC NOS.	NIESVA Reg. no	2019 ₦'000	2018 ₦'000
No. 2 Post Office Road, Kano	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	422,300	422,300
No.2, Bank Road, off Ibrahim Taiwo way, Kano	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	-	-
No.5, NBC road,off Ahmadu Bello way, Kaduna	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	280,200	280,200
No. 7, Usuma Cresent Maitama Abuja	Emeka Orji Partnership	Suite 9G, 9th floor, Ahmed Talib House (NNDC) 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	590,000	580,000
No 1, Eleko Close, Ikoyi,Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	775,855	771,941
No. 2, Eleko Close Ikoyi Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	956,800	950,640
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	690,700	684,266
No 6A/6B Usman Crescent, Mataima, Abuja	Emeka Orji Partnership	Suite 9G, 9th floor, Ahmed Talib House (NNDC) 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	560,000	550,000
					4,275,855	4,239,347

13(b) Movement in investment properties are shown below:

Property details	Status of title	Balance as at 1 January 2019 ₦'000	Addition during the year ₦'000	Transfer ₦'000	Fair value gain ₦'000	Balance as at 31 December 2019 ₦'000
No. 2 Post Office Road, Kano *	Deed of assignment	422,300	-	-	-	422,300
No.2, Bank Road, off Ibrahim Taiwo way, Kano **	N/A	-	-	-	-	-
No.5, NBC road,off Ahmadu Bello way, Kaduna	Deed of assignment	280,200	-	-	-	280,200
No. 7, Usuma Cresent Maitama Abuja	Deed of assignment	580,000	-	-	10,000.00	590,000
	Deed of assignment	771,941	-	-	3,914	775,855
No. 2, Eleko Close Ikoyi Lagos	Deed of assignment	950,640	-	-	6,160.00	956,800
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	Deed of assignment	684,266	-	-	6,434.00	690,700
No 6A/6B Usman Crescent, Mataima, Abuja ***	Deed of assignment	550,000	-	-	10,000.00	560,000
		4,239,347	-	-	36,508	4,275,855

Property details	Status of title	Balance as at 1 January 2018 ₦'000	Addition during the year ₦'000	Transfer ₦'000	Fair value gain ₦'000	Balance as at 31 December 2018 ₦'000
No. 2 Post Office Road, Kano *	Deed of assignment	-	-	410,800	11,500	422,300
No.2, Bank Road, off Ibrahim Taiwo way, Kano **	N/A	410,800	-	(410,800)	-	-
No.5, NBC road,off Ahmadu Bello way, Kaduna	Deed of assignment	280,200	-	-	-	280,200
No. 7, Usuma Cresent Maitama Abuja	Deed of assignment	562,870	-	-	17,130	580,000
No 1, Eleko Close, Ikoyi,Lagos	Deed of assignment	771,942	-	-	(1)	771,941
No. 2, Eleko Close Ikoyi Lagos	Deed of assignment	950,640	-	-	-	950,640
No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	Deed of assignment	684,267		-	(1)	684,266
No 6A/6B Usman Crescent, Mataima, Abuja ***	Deed of assignment	-		509,373	40,627	550,000
		3,660,719	-	509,373	69,255	4,239,347

The properties at No 2 bank road, off Ibrahim Taiwo way, Kano and No 5 NBC road off Bello way, Kaduna are still in the name of Royal Exchange Assurance Nigeria Plc(REAN), which is the name of the parent company prior to the restructuring in 2007. The perfection of the ownership documents of these entities is still in progress.

13(d) Valuation techniques used for fair valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed by Messrs Yayok Associates, Emeka Orji Partnership & Saibu Makinde Associates as at 31 December 2019. They are industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss.

The fair value of the company's investment properties are categorized into Level 3 of the fair value hierarchy.

Rental Income earned on the Company's investment properties for the year amounted to ₦82,075,185.65 (2018: ₦87,790,605.46). In addition, there are no direct expenses arising from investment properties during the year under review. There is also no restriction on the realisability of the properties.

					Sensitivity on management's estimates		
Property description	**Valuation (₦'000)**	**Location of property**	**Valuation technique**	**Significant unobservable input**	**Estimate**	**Impact Lower (₦'000)**	**Impact Higher (₦'000)**
The property is a 1 storey commercial property located at no. 2 post office road off Ibrahim Taiwo road in Kano Municipal LGA of Kano State. Site: The site is approximately rectangular in share covering an approximately land area of 2,618 square metres by onsite measurement. Situation: Primary access to the property is vide the Ibrahim Taiwo road Kano State.	422,300	No. 2 Post Office Road, Kano	Discounted cashflows: The valuation method considers the present value of net cashflows to be generated from the property, taking into account the expected rental growth rate, vacancy rates, maintenance costs and capitalisation rates. The expected cashflows are discounted using risk adjusted discount rate.	Expected market rental growth rate (2018:15% 2017:15%), Estimated vacancy rates (2018:0%;2017:0%),	Discount factor	-	-
The property is a 2 storey office block and a commercial bungalow located in the central business district of Kaduna State. Site: The site, which is rectangular in shape, appears level and relatively flat. It covers a total land area of approximately 5,184 square metres. Situation: Primary access to the property is vide the Ahmadu Bello way while a secondary access is the Broadcasting road Kaduna State.	280,200	No.5, NBC road, off Ahmadu Bello way, Kaduna	Discounted cashflows of net benefits derivable from the property over its useful economic life.	Future rental cashflows; Estimated vacancy rates; Maintenance costs and Capitalisation rate.	Discount factor	-	-

					Sensitivity on management's estimates		
Property description	**Valuation (₦'000)**	**Location of property**	**Valuation technique**	**Significant unobservable input**	**Estimate**	**Impact Lower (₦'000)**	**Impact Higher (₦'000)**
The property is a 5 bedroom detached duplex located in a high brow low density residential neighbourhood in Abuja. Site: The site is rectangular in shape, appears firm and is sloped gently towards the back. It has a total land area of approximately 2,133.60 square metres. Situation: Primary access to the property is vide the Usman Crescent which takes its root from Gana street which itself takes root from the popular Shehu Shagari way in Maitama Abuja.	590,000	No. 7, Usuma Crescent Maitama Abuja	Discounted cashflows of annual rentals	Future rental cashflows; Estimated vacancy rates; Maintenance costs and Capitalisation rate.	Discount factor	54,582	(54,582)
The property is a 4 bedroom detached house. It is located in the Old Ikoyi fully developed neighbourhoud of Lagos. Site: The site, which is rectangular in shape, and covers a total land area of approximately 1,041.76 square metres. Situation: Primary access to the property is vide the Macpherson Street which carries traffic to Bourdillon road Ikoyi.	775,885	No 1, Eleko Close, Ikoyi, Lagos	Discounted cashflows of net benefits derivable from the property over its useful economic life	Future rental cashflows; Estimated vacancy rates; Maintenance costs and Capitalisation rate.	Discount factor	79,942	(79,942)

					Sensitivity on management's estimates		
Property description	**Valuation (₦'000)**	**Location of property**	**Valuation technique**	**Significant unobservable input**	**Estimate**	**Impact Lower (₦'000)**	**Impact Higher (₦'000)**
The property is a 4 bedroom detached house. It is located in the Old Ikoyi fully developed neighbourhoud of Lagos. Site: The site, which is rectangular in shape, and covers a total land area of approximately 1,837.85 square metres. Situation: Primary access to the property is vide the Macpherson Street which carries traffic to Bourdillon road Ikoyi.	956,800	No. 2, Eleko Close Ikoyi Lagos	Discounted cashflows of net benefits derivable from the property over its useful economic life.	Future rental cashflows; Estimated vacancy rates; Maintenance costs and Capitalisation rate.	Discount factor	85,000	(85,000)
The property is a block of open plain office space on two floors. It is located in the commercial area of Lagos State. Site: The site, which is rectangular in shape, appears level and relatively flat. It covers a total land area of approximately 1,260 square metres. Situation: Primary access to the property is vide the Ligali Ayorinde Street.	690,700	No. 26, Abduraman Okene Cresent,Victoria Island, Lagos	Discounted cashflows of net benefits derivable from the property over its useful economic life.	Future rental cashflows; Estimated vacancy rates; Maintenance costs and Capitalisation rate.	Discount factor	72,011	(72,011)
The property is a single dwelling residental development which comprise of 2 No. 5 Bedroom semi-detached duplexes, a semi-detached Boy's Quarters, semi-detached generator house, a wter pump house and 2 No gate houses. It situates on a well fenced plot of 2,680.30 square metres subdivded into 1,357.30 square metres as No 6A and 6B respectively.	560,000	No 6A/6B Usman Crescent, Mataima,Abuja	Discounted cashflows of net benefits derivable from the property over its useful economic life.	Future rental cashflows; Estimated vacancy rates; Maintenance costs and Capitalisation rate.	Discount factor	-	-
Total fair value	**4,275,885**						

14 Property and equipment

	Leasehold Land ₦'000	Freehold buildings ₦'000	Computer Equipment ₦'000	Furniture Fittings ₦'000	Motor vehicles ₦'000	Total ₦'000
Cost						
At 1 January 2019	**195,069**	**1,107,884**	**147,441**	**301,690**	**464,672**	**2,216,756**
Transfer to right of use	**-**	**-**	**-**	**-**	**(375,759)**	**(375,759)**
Additions	**-**	**-**	**8,151**	**1,560**	**10,080**	**19,791**
Disposals	**-**	**-**	**(30,407)**	**(82,313)**	**(20,561)**	**(133,281)**
At 31 December 2019	**195,069**	**1,107,884**	**125,184**	**220,937**	**78,432**	**1,727,507**
At 1 January 2018	195,069	1,649,770	235,828	437,704	478,996	2,997,366
Transfer to Investment Properties	-	(541,886)	-	-	-	(541,886)
Additions	-	-	3,270	922	14,020	18,213
Disposals	-	-	(91,657)	(136,936)	(28,344)	(256,937)
At 31 December 2018	195,069	1,107,884	147,441	301,690	464,672	2,216,756
Depreciation						
At 1 January 2019	**-**	**173,071**	**140,057**	**288,793**	**388,451**	**990,372**
Charge for the year	**-**	**22,097**	**4,319**	**5,657**	**1,377**	**33,450**
Reclassification to Right of use	**-**	**-**	**-**	**-**	**(300,879)**	**(300,879)**
Disposals	**-**	**-**	**(30,407)**	**(82,312)**	**(20,561)**	**(133,280)**
At 31 December 2019	**-**	**195,168**	**113,969**	**212,138**	**68,388**	**589,663**
At 1 January 2018	-	183,487	225,487	409,830	364,000	1,182,804
Charge for the year	-	22,097	6,225	15,194	52,795	96,311
Transfer to Investment Properties	-	(32,513)	-	-	-	(32,513)
Disposals	-	-	(91,655)	(136,231)	(28,344)	(256,230)
At 31 December 2018	-	173,071	140,057	288,793	388,451	990,372
Carrying amounts						
At 31 Dcember 2019	**195,069**	**912,716**	**11,215**	**8,800**	**10,044**	**1,137,844**
At 31 December 2018	195,069	934,813	7,384	12,898	76,221	1,226,384

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2018: nil).

(b) The Company had no capital commitments as at the balance sheet date (2018: nil).

(c) Included in properties and equipment is an aggregate amount of ₦718.2million (2018: ₦718.2 million) registered in the name of Royal Exchange General Insurance Company Limited. The Company is making concerted efforts to perfect the title of the remaining assets, which are in the name of Royal Exchange Plc and its legacy parent, Royal Exchange Assurance Nigeria Plc.

(d) No assets above are pledged as collateral.

S/N	Location and address of Leasehold Land & Freehold Buildings	Status of title	At 1 Jan ₦'000	Addition ₦'000	Transfer ₦'000	Disposal ₦'000	Depreciation ₦'000	Impairment ₦'000	At 31 December ₦'000
	Leasehold								
1	4,Hectar Of Land At Odoguyan	Leashold	41,361	-	-	-	-	-	41,361
2	Repru Odoguyan Transferred To Regic	Leashold	41,361	-	-	-	-	-	41,361
3	Land In Asaba	Leashold	50,924	-	-	-	-	-	50,924
4	Olowogbowo Land- Plot 21	Leashold	30,713	-	-	-	-	-	30,713
5	Olowogbowo Land- Plot 25	Leashold	30,711	-	-	-	-	-	30,711
	Sub-total		**195,069**	**-**	**-**	**-**	**-**	**-**	**195,069**
	Freehold Building								
1	Additional payment for outright purchase of Plot 19 Olowogbowo Land		11,542	-	-	-	(231)	-	11,311
2	Being repair works on Drainage System at Operations Office, Oshodi		1,288	-	-	-	(26)	-	1,262
3	Repairs of Roof Leakage & Installation of Aluminimum Gutter @ Archives Building		134	-	-	-	(3)	-	131
4	Construction of existing Septic Tank & Evacuation of Existing Septic Tank		489	-	-	-	(10)	-	479
5	No 6A/6B Usuma Cresent,Maitama,		-		-		-	-	-
6	Roof Works At Operations Office.		4,974	-	-	-	(99)	-	4,874
7	Roofing of Generator House @26E & 30% on Construction of The Driver'S Lounge		533	-	-	-	(11)	-	523
8	Fixing of Floor Tiles		440	-	-	-	(9)	-	432
9	60% Contruction Of Drivers Lounge		534	-	-	-	(11)	-	523
10	Renovation Works @Ph Regional Office		2,216	-	-	-	(44)	-	2,171
11	Tiling of Offices		264	-	-	-	(5)	-	259
12	Tiling of Offices		395	-	-	-	(8)	-	387
13	Fixing of Tiles @ Ikeja Office (70%)		1,017	-	-	-	(20)	-	997
14	Fixing of Tiles @ Operation Office (70%)		885	-	-	-	(18)	-	868
15	Additional Work @ Enugu Regional Office		423	-	-	-	(8)	-	415
16	Renovation Work @ Staff Car Park (10% Bal)		115	-	-	-	(2)	-	113
17	Renovation of Staff Car Park		343	-	-	-	(7)	-	336
18	Renovation of Staff Car Park		1,484	-	-	-	(30)	-	1,454
19	Repairs of Leaking Roof (60%)		435	-	-	-	(9)	-	426
20	60% Car Park Renovation		682	-	-	-	(14)	-	668
21	Royal Exc. Oshodi Office Trans From Plc		784,285	-	-	-	(19,086)	-	765,198
22	Fenced Land For Car Pack		4,235	-	-	-	(85)	-	4,150
23	Fenced Land For Car Pack		4,207	-	-	-	(84)	-	4,123
24	Land And Building		109,288	-	-	-	(2,186)	-	107,103
25	Fencing of Asaba Land (2Nd Half)		2,206	-	-	-	(44)	-	2,162
26	Fencing Half An Acre Asaba Land		2,398	-	-	-	(48)	-	2,351
	Sub-total		**934,811**	**-**	**-**	**-**	**(22,097)**	**-**	**912,715**
	Grand total		**1,129,881**	**-**	**-**	**-**	**(22,097)**	**-**	**1,107,785**

14(i) Right of Use Assets

	2019 ₦'000	2018 ₦'000
Right of use Asset- Rent Prepayment {See note 14 (iii)}	858	-
Right of use Asset- MV lease {See note 14(ii) }	76,037	-
At 31 December	76,895	-

14(ii)

At 1 January 2019	375,759	-
Additions	64,169	-
Derecognition	(13,905)	-
As at 31 December, 2019	426,023	-
Depreciation Charge		
At 1 January 2019	300,879	-
Derecognition	(1,305)	-
Charge for the period	50,411	-
At 31 December, 2019	349,985	-
Carrying Amount		
At 31 December (IFRS 16)	76,037	-
At 1 January	74,879	-

The terms of the contract includes interest rate at 24% over 36months tenor. The terms also includes the company issuing a post-dated cheque to cover the period of the lease agreement. The asset derecognised was given to a management staff as parting gift, however the liability is still being borne by the company. The asset is depreciated at the rate of 25% as contained in the statement of accounting policies.

14(ii)a

	2019 ₦'000	2018 ₦'000
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	50,411	-
At 31 December, 2019	50,411	-

14(iii) Long-term Lease Prepayments

	2019 ₦'000	2018 ₦'000
At 1 January	6,411	-
Addition	1,958	-
Prepayments amortisation on long term leases	(7,512)	-
As at 31 December	858	-

16 Statutory Deposits

In line with section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital is kept with the Central Bank of Nigeria. The cash amount held is considered to be a restricted cash balance.

	2019 ₦'000	2018 ₦'000
Deposits with Central Bank of Nigeria	340,000	340,000
	340,000	340,000

17 Employee retirement benefits

The Company operated two(2) employee retirement benefit schemes. The Company operate defined benefit staff pension plan based pension scheme prior to the New Pension Reform Act 2004, for pensionable employees who were in service prior to the introduction of contributory pension scheme.

The Company offers its employees defined benefit plan in the form of long service awards.The plan entitles employee who have spent 10 years and above in the service of the Company to specified awards. This benefit is awarded in different categories depending the number of years in service.

The employee benefit obligations are actuarially determined at the year end by Logic Professional Services with FRC number FRC/2017/NAS/00000017548. The actuarial valuation is computed based on the "Projected Unit Credit" method. Gains and losses of changes in actuarial assumptions are charged to other comprehensive income. These defined benefit plans exposes the Company to actuarial risks, such as interest rate risks and market risks.

The details of the employee benefit obligations are as below:

(a)

	2019 ₦'000	**2018 ₦'000**
Employees retirement benefits(see note 17(d))	**295,649**	283,850
Long Service Award (Outstanding liability)	**(24,750)**	(21,239)

(b) Company's Asset for:

	2019 ₦'000	**2018 ₦'000**
– Pension benefits (note 7(d)	**479,707**	455,550
Total	**479,707**	455,550

(c) Company's obligations for:

	2019 ₦'000	2018 ₦'000
– Pension benefits (see note 17(d))	**(184,058)**	(197,415)
– Long Service Award (see note 17(f))	**(24,750)**	(21,239)
Total Company's obligation	**(208,808)**	(218,654)
Amount expenses in profit or loss-		
– Pension benefits	**(46,275)**	(38,210)
– Long Service Award	**5,563**	(469)
Total	**(40,712)**	(38,679)
Gain/ (loss) on other comprehensive income		
-Adjustments for Net Pension Assets	**(34,477)**	(12,496)
-Adjustments for Long-Service Awards Obligations	**(106)**	7,142
Total (see note 29)	**(34,583)**	(5,354)

(d) Pension benefits

The amounts recognised in the statement of financial position are determined as follows:

	2019 ₦'000	2018 ₦'000
Present value of funded obligations	**(184,058)**	(178,505)
Fair value of plan assets	**479,707**	462,355
Present value of unfunded obligations	**-**	-
Asset in the statement of financial position	**295,649**	283,850
Current	**-**	-
Non-current	**295,649**	283,850
Asset in the statement of financial position	**295,649**	283,850

The movement in the defined benefit obligation over the year is as follows:

	2019 ₦'000	2018 ₦'000
At 1 January	**178,505**	197,415
Current service cost		
Interest cost	**25,390**	25,567
Actuarial losses/(gains)-Assumption	**23,808**	-13,674
Actuarial losses/(gains)-Experience	**(13,067)**	12,983
Benefits paid by employer	**-**	
Benefits paid by the Fund	**(30,578)**	(43,786)
At 31 December	**184,058**	178,505

The movement in the fair value of plan assets of the year is as follows:

	2019 ₦'000	2018 ₦'000
At 1 January	**462,355**	455,551
Expected return on plan assets	**71,665**	63,777
Employer contributions	**-**	-
Benefit paid from the fund	**(30,578)**	(43,786)
Actuarial Gains/(Losses)	**(23,736)**	(13,187)
At 31 December	**479,707**	462,355

The amounts recognised in the profit or loss are as follows:

	2019 ₦'000	2018 ₦'000
Current service costs	**-**	-
Net interest costs/income:		
- Interest costs	**25,390**	25,567
- Expected Return on plan asset	**(71,665)**	(63,777)
At 31 December	**(46,275)**	(38,210)

The principal actuarial assumptions used were as follows:

	2019 ₦'000	2018 ₦'000
Discount rate	**12.8%**	15.5%
Future pension increases	**3%**	3%
Inflation rate	**12%**	12%

The average life expectancy in years of a pensioner retiring at age 65, at the end of the reporting period is as follows:

	2019	2018
Male	78	79
Female	83	83

The sensitivity of overall pension liability to changes in the weighted principal assumptions is:

	2019			
	Change in assumption		Impact on overall liability (₦'000)	
Discount rate	-0.50%	0.50%	182,843	174,369

	2018			
	Change in assumption		Impact on overall liability (₦'000)	
Discount rate	-0.50%	0.50%	182,843	174,369

(f) Long Service Awards

	2019 ₦'000	2018 ₦'000
Present value of funded obligations	(24,750)	(21,239)
	-	-
Liability in the statement of financial position	24,750	21,239
Current	-	-
Non-current	(24,750)	(21,239)
Liability in the statement of financial position	(24,750)	(21,239)

The movement in the defined benefit obligation (long service award) during the year is as follows:

	2019 ₦'000	2018 ₦'000
At 1 January	21,239	28,358
Current service cost	2,277	2,981
Interest cost	3,180	3,692
Benefits paid	(2,051)	(6,650)
Actuarial losses/(gains)	106	(7,142)
At 31 December	24,750	21,239

The amounts recognised in the profit or loss are as follows:

	2019 ₦'000	2018 ₦'000
Current service costs	**2,277**	2,981
- Interest costs	**3,180**	3,692
At 31 December	**5,457**	6,673

The principal actuarial assumptions used were as follows:

	2019	2018
Discount rate	**12.8%**	15.5%
Future salary increases	**13%**	13%
Inflation rate	**12%**	12%

The sensitivity of overall long service award liability:

	2019			
	Change in assumption		Impact on overall liability (₦'000)	
Discount rate	**-0.50%**	**0.50%**	**25,424**	**24,108**
Future salary increases	**-0.50%**	**0.50%**	**24,257**	**25,262**
Inflation rate	**-0.50%**	**0.50%**	**24,532**	**24,978**

	2018			
	Change in assumption		Impact on overall liability (₦'000)	
Discount rate	-0.50%	0.50%	21,801	20,701
Future salary increases	-0.50%	0.50%	20,812	21,681
Inflation rate	-0.50%	0.50%	21,147	21,332

18 Deferred Taxation

The net deferred tax assets/(liabilities) are attributable to the following:

	Note	2019					
		Net balance as at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognised in OCI ₦'000	Net balance as at date ₦'000	Deferred tax asset ₦'000	Deferred tax liabilities ₦'000
Net Deferred tax assets							
Property and equipment, and software		(98,428)	(86,315)	-	(184,743)	-	(184,743)
Allowances for loans and receivables		(18,454)	-		(18,454)	-	(18,454)
Unrelieved loss		-	(127,793)	-	(127,793)	-	(127,793)
Employee benefits		116,112	-	-	116,112	-	116,112
Deferred tax assets/(liabilities)		(770)	(214,108)	-	(214,878)	-	(214,878)
Deferred tax liabilities							
Investment properties		(255,490)	(14,235)	-	(269,725)	-	(269,725)
Employee benefits		-	-	-	-	-	-
Deferred tax assets/(liabilities)		(256,260)	(228,343)	-	(484,603)	-	(484,603)

	Note	2018					
		Net balance as at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognised in OCI ₦'000	Net balance as at date ₦'000	Deferred tax asset ₦'000	Deferred tax liabilities ₦'000
Net Deferred tax assets							
Property and equipment, and software		**91,012**	**(189,440)**	**-**	**(98,428)**	**-**	**(98,428)**
Allowances for loans and receivables		**-**	**(18,454)**		**(18,454)**	**-**	**(18,454)**
Unrelieved loss		136,449	(136,449)	-	-	-	-
Employee benefits		8,507	107,605	-	116,112	-	116,112
Deferred tax assets		**235,968**	**(236,738)**	**-**	**(770)**	**-**	**(770)**
Deferred tax liabilities							
Investment properties		(248,565)	(6,925)	-	(255,490)	-	(255,490)
Deferred tax assets/(liabilities)		**(12,597)**	**(243,663)**	**-**	**(256,260)**	**-**	**(256,260)**

As at 31 December 2019, the company did not have any unrecognised deferred tax assets (31 December 2018: nill) as it is not deemed probable that the future taxable profits will be available which can be utilised.

19 Deferred income

	2019 ₦'000	2018 ₦'000
Deferred rental income	**16,178**	40,553
Deferred commission income (see note 19(b))	**93,154**	103,580
	109,332	144,133
Due within 1 - 12months	**93,154**	103,580
Due afer more than 12months	**16,178**	40,553
	109,332	**144,133**

(a) Deferred rental income

	2019 ₦'000	2018 ₦'000
At 1 January	**40,553**	40,593
Amortised during the year	**(24,375)**	(40)
At 31 December	**16,178**	**40,553**

(b) Deferred commission income

This represents the unexpired portion of commission received from businesses ceded to Reinsurers as at the reporting date.

	2019 ₦'000	2018 ₦'000
At 1 January	**103,580**	103,205
Additions during the year	**405,120**	494,838
Amortised during the year	**(415,546)**	(494,463)
At 31 December	**93,154**	**103,580**

Analysis of deferred acquisition income by class of insurance are as follows:

	2019 ₦'000	2018 ₦'000
Fire	**24,247**	30,068
Accident	**8,052**	17,785
Motor	**5,384**	6,038
Marine and aviation	**12,546**	7,856
	23,035	17,968
Engineering	**19,697**	23,341
Bond	**193**	524
Agric	**-**	-
	93,154	**103,580**

20 Trade payables

	2019 ₦'000	2018 ₦'000
Reinsurance payables	**223,407**	298,694
Premium received in advance (see(i) below)	**5,775,254**	5,166,855
	5,998,661	5,465,549
The carrying amount disclosed above approximate fair value at the reporting date.		
Due within 1 month	**5,998,661**	5,465,549
Due after more than 1month	**-**	-
	5,998,661	**5,465,549**

(i) Include in the trade payable balance is ₦5.775b (2018: N5.167 billion) which represents premium received in advance from a customer in the oil and gas industry with respect to energy packaged policies with policy period between January 2020 to 31 December 2020. The premium was received on 17th of December, 2019 to be remitted to other co-insurers of the policy.

21 Other liabilities

	2019 ₦'000	2018 ₦'000
Accrual and other payables (see(i) below))	**122,460**	160,130
NAICOM levy	**105,844**	26,979
Other liabilities (see(ii) below))	**326,694**	335,573
Royal Exchange Prudential Life Assurance	**1,862**	-
Payable to Royal Exchange Plc	**41,107**	78,068
Payable to Royal dividend fund	**64,058**	64,058
Payable to Royal Exchange Trustee Fund	**72,925**	72,925
	734,950	737,733
Due within 1 - 12months	**734,950**	737,733
Due after more than 12months	**-**	-
	734,950	**737,733**

(i) Accrual and other payables is made up of the following balances

	2019 ₦'000	2018 ₦'000
Final exit benefits payables	-	22,784
Other payables	96,668	80,181
Provision for audit fees	16,000	16,000
Provision for Industrial Training Fund (ITF) levy	7,642	13,340
Provision for accounting/consulting fees	2,150	2,150
Management fee payable	-	25,675
	122,460	160,130

Management fee payable represents fee payable to Royal Exchange Plc (Parent company) for investment management services provided to the Company during the year.

(ii) Other liabilities liabilities is made up of the following balances:

	2019 ₦'000	2018 ₦'000
Employee benefit payable	41,640	44,613
PAYE payable	3,654	2,566
Witholding tax payable	54,647	57,330
VAT payable	14,399	16,472
Pension payable	6,470	6,470
NHF payable	7,418	7,418
Professional fee payable	21,045	21,045
Other creditors(see (iii) below))	177,421	179,659
	326,694	335,573
Pension and Gratuity Scheme	6,440	6,470
Paye Suspense Account	2,064	7,961
Staff Thrift	416	828
Staff Premium Deduction Account	1,464	1,674
Unclaimed Dividend	3,983	3,983
Horizon Construction	50,000	50,000
Legacy Creditors	24,601	24,601
Commercial Property Loss Recovery Account	3,332	3,332
Creditors Control Account	20,351	16,040
	177,421	179,659

The balance due to Horizontal construction company Ltd is in respect of property at plot respect of property at plot 1396 Garki 11 Abuja which is a subject of litigation in SC NO:440/2015 in which Royal Exchange is a Plaintiff. No date has been assigned for the hearing of the appeal by the supreme Court. The balance due to staff –Phoenix company are inherited staff retirement benefit on the merger of Royal Exchange Assurance Nigeria with Phoenix of Nigeria Assurance Plc in 2007.

21b Deposit for shares

	2019 ₦'000	2018 ₦'000
Royal Exchange Plc	-	2,000,000

The holding company(Royal Exchange Plc) intended increase of holding interest in REGIC did not materialize which resulted to a refund of the amount placed for deposit for shares.

22 Long term liabilities

22(a) Finance lease obligations

The Company leased certain of its property, plant and equipment under finance leases. The average lease term is 3 years. The Company has options to purchase the equipment for a nominal amount at the end of the lease terms. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 18% to 24% (2018: 18% to 24%) per annum.

	Future minimum lease payments		Interest		Net present value of future lease payments	
	31-Dec-19 ₦'000	31-Dec-18 ₦'000	31-Dec-19 ₦'000	31-Dec-18 ₦'000	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Not later than one year	41,439	43,328	11,552	6,809	29,888	36,519
Later than one year and not later than 5 years	37,271	14,711	5,471	1,758	31,800	12,954
Prepaid Rent- Leased Liability	2,239				2,239	
	80,949	58,039	17,022	8,567	63,927	49,473
Within one year	41,439	43,328	11,552	6,809	29,888	36,519
More than one year	37,271	14,711	5,471	1,758	31,800	12,954
	78,710	58,039	17,022	8,567	61,688	49,473

Finance lease payments	2019	2018
Opening	49,473	89,061
Addition	58,252	13,592
Repayment of principal amount	(43,798)	(53,181)
	63,927	49,473
Interest expense (see note 39)	16,088	18,034

22(b) Borrowings

	2019 ₦'000	2018 ₦'000
Royal Exchange Prudential Life Plc	-	-
Royal Exchange Finance and investment Ltd	-	31,708
	-	31,708
Due within 1-12 months	-	31,708
Due after more than one year		-
	-	31,708
1 January	**31,709**	330,499
Addition	-	180,000
Interest expense	-	52,529
Repayment -cash	**(14,300)**	(150,000)
Intercompany settlement	**(17,409)**	(381,320)
31 December	-	31,709

Borrowings consist of facilities with Royal Exchange Finance and Investment Limited with original maturities between 33 to 135 days at an interest rate of 18% obtained to meet working capital needs of the Company.

No asset is pledged as security.

23 Insurance contract liabilities

	2019 ₦'000	2018 ₦'000
Non-life business		
Unearned premium reserve	**1,288,775**	1,572,771
Incurred but not reported	**1,247,327**	680,323
Claims outstanding	**2,055,190**	3,065,007
	4,591,292	5,318,102

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

	2019 ₦'000	2018 ₦'000
Fire	**1,512,891**	2,156,893
Accident	**549,133**	579,206
Motor	**786,598**	842,811
Marine	**305,048**	296,600
Oil and Gas	**1,279,499**	1,251,627
Engineering	**119,812**	162,726
Bond	**13,386**	28,239
Agric	**24,925**	
	4,591,292	5,318,102

(b) Unexpired risk is summarised by type below:

	2019 ₦'000	2018 ₦'000
Fire	**262,880**	281,965
Accident	**83,210**	150,385
Motor	**425,544**	428,760
Marine	**156,365**	115,240
Oil and Gas	**330,620**	504,308
Engineering	**28,895**	88,709
Bond	**1,262**	3404
Total	**1,288,775**	1,572,772

(c) The movement in unexpired risk reserve is shown below:

	2019 ₦'000	2018 ₦'000
At 1 January	**1,572,772**	1,956,982
Movement during the year (see note 30(a))	**(283,997)**	(384,210)
At 31 December	**1,288,775**	1,572,772

(d) 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 and provision 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.

Analysis of claims arising from incidents occurring prior to the end of reporting date, but not settled at that date is shown below:

	2019 ₦'000	2018 ₦'000
Fire	**1,250,012**	1,874,926
Accident	**465,922**	428,821
Motor	**361,054**	414,051
Marine	**148,683**	181,361
Oil and Gas	**948,879**	747,320
Engineering	**90,916**	74,017
Bond	**12,124**	24,835
Agric	**24,925**	-
Total	**3,302,516**	3,745,331

An ageing analysis of the time between when the outstanding claims were reported and the date of the financial statements is presented below:

	₦'000	₦'000
0- 90 days	**75,883**	110,707
91- 180 days	**31,607**	78,467
181-270 days	**63,563**	58,699
271-360 days	**66,722**	113,248
Above 360 days	**1,817,414**	2,703,886
	2,055,190	3,065,008

Outstanding claims days

	0-90 days ₦'000	91-180 days ₦'000	181-270 days ₦'000	271-360 days ₦'000	Above 360 days ₦'000	Total ₦'000
Awaiting Supporting Documents	54,811	25,609	47,720	54,913	1,127,809	1,310,863
Awaiting settlement decision from lead insurer	14,220	5,998	10,979	11,809	306,986	349,992
Claims awaiting payment	6,852	-	4,864	-	382,619	394,335
Total	75,883	31,607	63,563	66,722	1,817,414	2,055,190

(e) The movement in outstanding claims is shown below:

	2019 ₦'000	2018 ₦'000
At 1 January	**3,745,330**	3,489,027
Movement during the year (see note 33)	**(442,814)**	256,303
At 31 December	**3,302,516**	3,745,330

(f) Policyholders' Assets and Liabilities Management(PALM)

		Insurance contract liabilities ₦'000	Shareholders & other funds ₦'000	2019 ₦'000	2018 ₦'000
Cash ad cash equivalent		3,343,964	7,275,495	**10,619,459**	11,325,338
Financial Assets:				**-**	-
- Fair value through profit or loss	(quoted equities)	666,176		**666,176**	781,688
- Fair value through other comprehensive income	(Federal Government Bonds & Treasury Bills)	157,576		**157,576**	149,156
- Fair value through other comprehensive income	(Unquoted equities)	543,764		**543,764**	398,428
- Amortised cost		44,674		**44,674**	93,407
Trade receivables			53,837	**53,837**	361,667
Reinsurance assets		2,235,297		**2,235,297**	2,709,833
Deferred acquisition cost			162,488	**162,488**	217,457
Other receivables and prepayments			882,465	**882,465**	745,873
Right of use asset			76,895	**76,895**	
Investment in associates			449,521	**449,521**	432,781
Investment properties		847,869	3,427,986	**4,275,855**	4,239,347
Property and equipment			1,137,844	**1,137,844**	1,226,384
Intangible assets			-	**-**	-
Statutory deposits			340,000	**340,000**	340,000
Employees retirement benefits			295,649	**295,649**	283,850
Deferred tax assets			-	**-**	-
Total assets		7,839,320	14,102,180	**21,941,500**	23,305,209
Liabilities		4,591,292	7,738,286	**12,329,578**	
Excess/(Deficit) is Asset Cover		3,248,028	6,363,894	**-**	

24 Taxation
24(a) Charge for the year

	Notes	2019 ₦'000	2018 ₦'000
Recognised in profit or loss			
Company Income tax		**68,244**	131,979
Policy trust fund levy		**49**	-
Tertiary education tax		**13,556**	32,003
Minimum tax		**-**	-
		81,849	163,982
NTDA levy		**9,746**	11,545
		91,595	175,527
Origination of temporary differences	18	**228,343**	243,663
Income Taxes		**319,938**	419,191

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 as amended and Tetiary Education Tax Act, CAP E4 LFN 2004.

Reconciliation of effective tax rate

	2019		2018	
	Tax rate %	Amount ₦'000	Tax rate %	Amount ₦'000
Profit before tax		**974,643**		1,154,518
Company income tax using the domestic corporation tax rate	**30.0%**	**292,393**	30%	346,355.40
Non-deductible expenses	**10.9%**	**105,846**	4%	44,258
Net capital Allowance	**-12.1%**	**(118,224)**	-14%	(166,540)
De-recognition of unrelieved losses	**0.0%**	**-**	13%	151,570
Education tax	**1.2%**	**11,891**	0%	-
Information technology tax levy	**1.0%**	**9,746**	1%	11,545
Tertiary education tax	**0.0%**	**-**	3%	32,003
Tax exempt income	**-22.6%**	**(220,269)**		-
Current year deferred tax	**25.3%**	**247,497**		
	34%	**328,879**	37%	419,191

24(b) Current income tax liabilities

	2019 ₦'000	2018 ₦'000
At 1 January	**376,966**	266,976
Charge for the year	**91,595**	175,527
Paid during the year	**(175,528)**	(65,537)
At 31 December	**293,033**	376,966

25 Share capital

	2019 ₦'000	2018 ₦'000
Share capital comprises		
Authorized share capital		
8,000,000,000 ordinary share of ₦1 each	**8,000,000**	8,000,000
Ordinary share capital		
5,366,666,666 ordinary share of ₦1 each	**5,366,667**	4,366,667
Addition during the year	**-**	1,000,000
5,366,666,666 ordinary share of ₦1 each	**5,366,667**	5,366,667

(i) During the year, the shareholders approved the issue of Nil ordinary shares to Royal Exchange Plc (2018: Nil).

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

26 Share premium

	2019 ₦'000	2018 ₦'000
At 1 January	**802,737**	802,737
At 31 December	**802,737**	802,737

27 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 the regulatory requirements in respect of Contingency Reserve for general business, 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.

	2019 ₦'000	2018 ₦'000
At 1 January	**2,170,933**	1,849,430
Transfer from profit or loss account	**317,531**	321,503
At 31 December	**2,488,464**	2,170,933

28 Retained earnings

The reserve comprises undistributed profit/ (loss) from previous years and the current year available for dividend distribution to the equity shareholders of the company (if approved at the Annual General Meeting).

	2019 ₦'000	2018 ₦'000
At 1 January	**354,360**	44,853
IFRS 9 opening transition adjustment	**-**	(104,317)
Transfer from profit and loss	**654,705**	735,327
Transfer to contingency reserve	**(317,531)**	(321,503)
At 31 December	**691,534**	354,360

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	2019 ₦'000	2018 ₦'000
At 1 January	**155,129**	200,272
IFRS 9 opening transition adjustment	**-**	7,494
Fair value changes :		
- Fair value gain/losses recognised in OCI (see note 7(d))	**139,331**	(50,355)
- Share of current year results in equity accounted investees (see note 12(a))	**2,643**	3,072
Total fair value changes in statement of changes in equity	**297,103**	160,483
- Actuarial gains/(losses) on employee benefit obligations (see note 17(c))	**(34,583)**	(5,354)
	262,520	155,129

(a) Nature and purpose of other components of equity

Fair value reserves
Fair value reserves represent the cummulative net change in the fair value of available-for-sale financial assets at the reporting date.

Acturial reserves
Actuarial (surplus)/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax asset/liability on employee benefit obligation, are recognized in other comprehensive income.

30(a) Premium written

	2019 ₦'000	2018 ₦'000
Non-life insurance premiums:		
Gross written premiums	**10,584,353**	10,716,756
Change in unearned premiums (see note 23(c))	**283,995**	384,210
Gross earned premiums	**10,868,348**	11,100,966

31 Reinsurance expenses

	2019 ₦'000	2018 ₦'000
Gross written reinsurance premiums	**5,290,016**	5,498,747
Change in reinsurance unearned premiums(see note 9(a) below)	**99,838**	101,185
	5,389,854	5,599,932

32 Fee and commission income

	2019 ₦'000	2018 ₦'000
Reinsurance commissions	**415,546**	494,463
	415,546	494,463

33 Insurance claims and benefits incurred

	2019 ₦'000	2018 ₦'000
Gross claims paid	**2,111,389**	2,860,624
Less: Movement in gross outstanding claims and IBNR (see note 23(e))	**(442,814)**	256,303
Gross incurred claims (see note (a) below)	**1,668,575**	3,116,927
Less: Reinsurance incurred claims (see note 33(b) below)	**(554,305)**	(2,472,472)
	1,114,271	644,455

(a) Analysis of insurance claims and benefits incurred by class are as follows:

	2019 ₦'000	2018 ₦'000
Motor and Accident	**518,074**	764,913
Fire and IAR	**524,063**	1,426,358
Marine	**146,089**	166,810
Engineering	**68,355**	24,928
Bond	**(12,710)**	16,081
Special Risk	**399,779**	717,838
Agric	**24,925**	-
	1,668,575	3,116,927

(b) Insurance claims and benefits incurred - recoverable from reinsurers

	2019 ₦'000	2018 ₦'000
Motor and Accident	**87,715**	83,061
Fire and IAR	**156,249**	870,123
Marine	**17,948**	55,941
Engineering	**60,854**	68,174
Bond	**(6,355)**	7,604
Special Risk	**234,147**	1,387,567
Agric	**3,747**	-
	554,305	2,472,471

(c) Breakdown of insurance claims and benefits incurred-recoverable from reinsurers

	2019 ₦'000	2018 ₦'000
Reinsurance claims recoveries	**929,002**	1,874,004
Movement in reinsurers' share of claims expenses outstanding (see note 9(b))	**(809,237)**	662,838
Movement in reinsurers' share of incurred but not reported claims (see note 9(c))	**434,540**	(64,370)
	554,305	2,472,470

34 Underwriting expenses (fees, commissions and other acquisition expenses)

	2019 ₦'000	2018 ₦'000
Salaries and allowances - underwriting	**497,642**	549,813
Accommodation costs	**51,013**	36,629
Communication Costs	**400,819**	238,040
Business and administration expenses	**807,950**	221,674
Acquisition expenses:		
Insurance contracts – non-life	**1,780,509**	1,800,972
Amortisation of insurance contracts deferred acquisition costs	**54,968**	30,803
Impairment and other changes in deferred acquisition costs		
Reinsurance commissions		
Other commissions	**40,641**	35,376
	3,633,542	2,913,306
Acquisition expenses	**1,876,118**	1,831,775
Maintenance expenses	**1,757,424**	1,081,531
	3,633,542	2,913,306

35 Investment and other income

	2019 ₦'000	2018 ₦'000
Interest income on investment (see note 35(a) below)	**660,304**	344,353
Dividend income (see note 35(a) below)	**81,727**	64,358
Net realised gains/(losses) on financial assets (see 35(a) below)	**-**	(33,691)
Net Investment Income	**742,031**	375,020
(a) Changes in fair value (see note 35(a)i below)	**(86,259)**	(55,853)
Total Investment Income	**655,772**	319,167

(a)i Analysis of investment income are shown below:

	2019				
	Dividend income ₦'000	Net realised gains and losses ₦'000	Changes in fair value ₦'000	Interest Income ₦'000	Total ₦'000
Debt securities:					
*At fair value through profit/loss	-	-	-	-	-
*Financial asset at amortised cost	-	-	-	6,030	6,030
Equity securities:					
*At fair value through profit/loss	41,698		(122,766)	-	(81,068)
*At fair value through OCI	40,028	-	-	-	40,028
Investment properties	-	-	36,508	-	36,508
Cash and cash equivalents	-	-	-	654,274	654,274
	81,727	-	(86,259)	660,304	655,772

	2018				
	Dividend income ₦'000	Net realised gains and losses ₦'000	Changes in fair value ₦'000	Interest Income ₦'000	Total ₦'000
Debt securities:					
*At fair value through profit/loss	-	-	-	-	-
*Financial asset at amortised cost	-	-	-	4,780	4,780
Equity securities:					-
*At fair value through profit/loss	63,697	(33,691)	(125,108)	-	(95,102)
*At fair value through OCI	661				661
Investment properties	-	-	69,255	-	69,255
Cash and cash equivalents	-	-	-	339,573	339,573
	64,358	(33,691)	(55,853)	344,353	319,167

36(a)i Write back/(allowance) for impairment

	2019 ₦'000	2018 ₦'000
Impairment allowance on premium receivables - non-life business (see note 8(a)(i))	**(58,049)**	(182,674)
Impairment allowance on reinsurance receivables (see note 8(b)(i))	**211,920**	(80,148)
	153,871	(262,822)

(a)ii ECL Impairment Allowance

	1-Jan 2019 ₦'000	Addition/ (write-back) ₦'000	31-Dec 2019 ₦'000
Cash and cash equivalent	**50,150**	**(48,459)**	**1,691**
Treasury bills	**23**	**-**	**23**
FGN bonds	**173**	**479**	**652**
Mortgage loan	**16,393**	**(11,514)**	**4,879**
Trade receivables	**187,501**	**-**	**187,501**
Intercompany receivable	**12,893**	**38,988**	**51,881**
	267,133	**(20,506)**	**246,627**

(a)ii ECL Impairment Allowance

	1-Jan 2018 ₦'000	Addition/ (write-back) ₦'000	31-Dec 2018 ₦'000
Cash and cash equivalent	6,121	44,029	50,150
Treasury bills	259	(236)	23
FGN bonds	223	(50)	173
Mortgage loan	16,921	(528)	16,393
Trade receivables	129,996	57,505	187,501
Intercompany receivable	128,066	(115,173)	12,893
	281,586	(14,453)	267,133

37 Other operating income

	2019 ₦'000	2018 ₦'000
Rental income	**82,075**	87,791
Profit on disposal of property and equipments	**4,616**	5,056
(Loss)/profit on disposal of right of use	**(12,600)**	-
Income from lead-underwriting businesses	**169,949**	241,778
	244,040	334,625

38 Foreign exchange gains

	2019 ₦'000	2018 ₦'000
Gains on translation of foreign currency transactions	**67,744**	(339,814)

39 Management expenses

	Notes	2019 ₦'000	2018 ₦'000
Salaries and allowances of other employees	39(a)	**314,913**	416,630
Post employment defined benefit expenses	17(c)	**(42,869)**	23
Redundancy cost		**-**	381,513
Audit fees		**16,750**	16,000
Amortization of intangible assets	15	**-**	1,389
Promotional and advert expenses		**3,747**	1,965
Depreciation on property and equipment	14	**33,450**	96,311
Depreciation on Right of use asset (MV Lease)	14(i)	**50,411**	-
Depreciation on Right of use asset (Rent prepayment)		**7,512**	-
Directors' fees		**454**	890
Donation		**100**	-
Bank charges		**23,283**	2,724
Legal fee retainer		**14,023**	26,673
Insurance premium		**15,061**	30,082
Accounting consultancy fee		**15,844**	15,237
Investment expenses		**48,818**	214,083
Electricity charges		**37,061**	42,309
Repairs and maintenance		**2,302**	20,251
Telephone expenses		**6,170**	6,504
Transportation expenses		**28,156**	34,179
Annual software renewal fees		**1,386**	19,192
Subscription and journals		**13,242**	16,042
Marketing expenses		**69,803**	144,471
Finance charges		**16,088**	18,034
Finance cost - Right of use asset		**389**	-
Communication cost		**100,140**	210,076
Rent and rate		**-**	10,893
Business and admin cost		**275,667**	194,834
Other administrative expenses		**8,684**	4,134
		1,060,585	1,924,439

(i) Other administrative expenses relate to expenses incurred for the day to day running of the Company during the year.

(ii) This is the net impact of interest cost on the defined benefit obligation and expected returns on plan assets as a result of actuarial review of the defined pension plan and long service awards maintained by the Company. For the year 2019,the expected return on plan assets was greater than the interest cost on the obligation.

(a) Analysis of salaries and allowances are shown below:

	2019 ₦'000	2018 ₦'000
Salaries & allowances - underwriting employees (see note 34)	**497,642**	549,813
Salaries and allowances of other employees	**314,913**	416,630
	812,555	966,443

40 Related party transactions

The Company is a subsidiary of Royal Exchange Plc which owns 60.75% of the paid up share capital. During the year, the Company entered into commercial transactions with other companies within the Royal Exchange group.

Related parties and related party transactions during the period include:

Name of related party/(relationship)

Name of related party	Relationship	Nature of transaction	2019 ₦'000	2018 ₦'000
Royal Exchange Plc	Parent Company	Receivable	**-**	-
Royal Exchange Prudential Life Assurance Plc	Sister Company	Receivable	**-**	3,405
Royal Exchange Finance and Investment Ltd	Sister Company	Receivable	**-**	31,854
Royal Exchange Healthcare Plc	Sister Company	Receivable	**57,652**	90,713
Royal Exchange Microfinance Bank Ltd	Sister Company	Receivable	**-**	2,985
Royal Exchange Plc	Parent Company	Payable	**(41,107)**	(78,068)
Royal Exchange Trustee Fund	Fund managed by parent company	Payable	**(64,058)**	(72,925)
Royal Exchange Dividend Fund	Fund managed by parent company	Payable	**(64,058)**	(64,058)
Royal Exchange Plc	Parent Company	Gross premium written	**-**	-
Royal Exchange Finance and Investment Ltd	Sister Company	Gross premium written	**-**	2,441
Royal Exchange Prudential Life Assurance Plc	Sister Company	Gross premium written	**11,390**	12,055
Royal Exchange Healthcare Plc	Sister Company	Gross premium written	**1,322**	-
Royal Exchange Microfinance Bank Ltd	Sister Company	Gross premium written	**1,200**	-
Royal Exchange Finance and Investment Ltd	Sister Company	Borrowings	**-**	(31,708)
Royal Exchange Prudential Life Assurance Plc	Sister Company	Borrowings	**-**	-
Royal Exchange Finance and Investment Ltd	Sister Company	Finance lease obligation	**(63,927)**	(49,473)
Royal Exchange Prudential Life Assurance Plc	Sister Company	Preium Outstanding	**-**	-
Royal Exchange Trustee Fund	Fund managed by parent company	Interest expense	**-**	-
Royal Exchange Dividend Fund	Fund managed by parent company	Interest expense	**-**	-
Royal Exchange Prudential Life Assurance Plc	Sister Company	Interest expense	**-**	55,985
Royal Exchange Finance and Investment Ltd	Sister Company	Interest expense	**16,088**	8,621
Royal Exchange Plc	Parent Company	Management fees	**35,550**	110,786
Royal Exchange Healthcare Plc	Sister Company	Employee health insurance	**-**	19,895
Royal Exchange Prudential Life Assurance Plc	Sister Company	Employee group life cover	**-**	13,600
Royal Exchange Microfinance Bank Ltd	Sister Company	Bank overdraft	**(29,030)**	(54,220)

	REPLC ₦'000	REPRU ₦'000	REHEALTH ₦'000	REFCO ₦'000	RMFB ₦'000	RETFUND ₦'000	REDFUND ₦'000
At 1 January 2019	(78,068)	3,405	80,002	29,696	2,961	(72,925)	(64,058)
Addition	-	(1,862)	-	-	-	-	-
Total	(78,068)	1,543	80,002	-	-	-	-
Payment	48,598	(3,405)	(22,351)	(29,696)	(2,961)	-	-
ECL impairment allowance			(51,881)	-	-	-	-
At 31 December 2019	**(29,470)**	**(1,862)**	**5,770**	**-**	**-**	**(72,925)**	**(64,058)**
Interest expense	-	-	-	16,088	-	-	-
Management fees	35,550	-	-	-	-	-	-
Employee health insurance	-	-	19,895	-	-	-	-
Employee group life cover	-	13,600	-	-	-	-	-
Gross premium written	-	11,390	1,322	-	1,200	-	-
Amount borrowed from related party							
At 1 January 2019	-	-	-	31,708	-	-	-
Addition	-	-	-	-	-	-	-
Payment	-	-	-	(31,708)	-	-	-
At 31 December 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Overdraft from related party	-	-	-	-			
At 1 January 2019	-	-	-	-	54,220		
Addition	-	-	-	-	-		
Payment	-	-	-	-	(25,190)		
At 31 December 2019	**-**	**-**	**-**	**-**	**29,030**		
Finance lease from related party							
At 1 January 2019	-	-	-	49,473	-	-	-
Addition	-	-	-	58,252	-	-	-
Payment	-	-	-	(43,798)	-	-	-
At 31 December 2019	**-**	**-**	**-**	**63,927**	**-**	**-**	**-**

Legend:

REPLC- Royal Exchange Plc
REPRU Plc- Royal Exchange Prudential Life
REHEALTH- Royal Exchange Healthcare Limited
REFCO- Royal Exchange Finance Company Limited
REMFB- Royal Exhange Microfinance Bank Limited
RETFUND- Royal Exchange Trustee Fund
REDFUND- Royal Exchange Dividend Fund

41 Contingencies and Commitments

a Commitments for expenditure

The Company has no commitment for capital expenditure at the reporting date.

b Contingencies and commitments

	2019 ₦'000	2018 ₦'000
Contingent liabilities		
Legal proceedings and litigations	**3,819,657**	3,498,925
Additional income tax obligation (ii)	**-**	-
Contingent assets		
Legal proceedings and litigations	**11,672**	11,672

The Company in its ordinary course of business, is presently involved in 35 (2018:38) litigation cases as a plaintiff and defendants. The total amount claimed in the cases against the Company is stated above. The Directors having sought the advice of professional legal counsel are of the opinion that based on the advice received, no additional provisions other than those in the books are deemed necessary for these claims.

c Dividend

In respect of the current year, the Board of Directors proposed a Cash Dividend of ₦419,354,000.00 (Four hundred and nineteen Million, three hundred and fifty four thousand Naira) at 8 Kobo per share held at the close of business on 31st December 2019, the proposed dividend is also extended to all Shareholders on the Company's Register of Members as at 31 March 2020.

This dividend is subject to approval by the shareholders at the next Annual General Meeting and subject to a withholding tax at the appropriate tax rate.

42 Events after the reporting period

One cannot help but acknowledge the emergence of COVID-19 and its impact on Nigerian corporates and global business climate at large. The Pandemic pose key risks that are going to impact the business climate such as regulatory Risk, Fiscal & monetary policy risk to mention a few.

Given the scarcity of available and reliable information in the current context, there is uncertainty as it relates to generating reasonable and supportable short-term economic forecasts. However, management has decided to continue accessing the impact of the pandemic on its business.

The federal government has put in place some economic measures to cushion the impact of COVID-19 on businesses, the extent to which the related support will be factored into the company's financial result of both the company and its customers cannot be readily ascertained. However, should the relief affect positively and largely on the company's customers this will translate to more business patronage in spite of the effect of COVID 19 on the global economy.

The Company put in place adequate reinsurances on all the products underwrote by the company to cushion the effected of future claims liabilities. The company has also put in place health and safety measures (work from home, temperature check, masks and gloves, social distancing) to avoid the spread of the virus.

If the Pandemic persists, this might negatively affects the business financial health in areas such as assets, assumptions and macroeconomic variables on expected credit loss, liquidity and staff benefits in 2020. The quantitative impacts however cannot be readily ascertained. Management will continue to monitor the events carefully throughout the year 2020.

43 Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non-executive, and senior mangement. The summary of compensation of key manangement personnel for the year is as follows:

	2019 ₦'000	2018 ₦'000
Chairman	**1,500**	700
Other Directors	**24,705**	16,504
	26,205	17,204
Directors' fees	**454**	890
Emoluments as Executives	**25,751**	16,314
	26,205	17,204
The highest paid director	**16,811**	15,614

The number of directors who received fees and other emoluments(excluding pension contributions) in the following ranges were:

	2019	2018
2,000,001 - 5,000,000	**1**	1
Above ₦5,000,000	**-**	-

Employees remunerated at higher rates

The number of employees in receipt of emoluments including allowances within the following ranges were:

			2019 ₦'000	2018 ₦'000
900,001	-	1,000,000	**-**	-
1,000,001	-	2,000,000	**9**	11
2,000,001	-	3,000,000	**51**	70
3,000,001	-	4,000,000	**4**	11
4,000,001	-	5,000,000	**31**	33
5,000,001	-	6,000,000	**20**	18
6,000,001	-	7,000,000	**4**	8
7,000,001	-	8,000,000	**3**	2
8,000,001	-	9,000,000	**6**	4
9,000,001	-	10,000,000	**4**	6
10,000,001	-	12,000,000	**2**	4
12,000,001	-	18,000,000	**3**	4
18,000,001	-	22,000,001	**-**	-
			137	171

Average number of persons employed in the financial year and the related staff cost were as follows:

	2019 ₦'000	2018 ₦'000
Managerial	**12**	15
Senior staff	**116**	146
Junior staff	**9**	10
	137	171

The staff costs for the above persons was:

	2019 ₦'000	2018 ₦'000
Salaries , wages and other allowances	**812,555**	918,222
Pension cost	**42,869**	48,221
	855,424	966,443
Pension Scheme		
At January	**-**	-
Provision in the year	**42,869**	48,221
Remitted to Pension Fund Administrators	**(42,869)**	(48,221)
At 31 December	**-**	-

44 Contraventions

During the year, the Company did not contravene any sections of the Insurance Act Cap I17 LFN 2004 and the NAICOM Circulars.

45 Regulatory capital

The Company's solvency margin as at 31 December 2019 was ₦6.120 billion. This is ₦3.120billion above the Company's required minimum solvency margin of ₦3billion.

46 Reconciliation notes to statement of cash flows

(a) Insurance premium received from customers

	2019 ₦'000	2018 ₦'000
Gross Premium Income (See note 30(a)	**10,868,348**	11,100,966
Unexpired risk, opening balance (See note 23(c))	**(1,572,772)**	(1,956,982)
Unexpired risk, closing balance (See note 23(c))	**(1,288,775)**	(1,572,771)
Unearned premium	**(283,997)**	(384,211)
Trade receivables,opening balance (See note 8)	**361,667**	35,646
Recoveries, premium receivables - non-life business (see note 36(a)(b)(i))	**58,049**	182,674
Trade receivables,closing balance (See note 8)	**(53,837)**	(361,667)
Premium received from trade debtors	**365,879**	(143,347)
Insurance premium received from customers	**10,950,230**	10,573,407

(b) Insurance benefits and claims paid to customers

	2019 ₦'000	2018 ₦'000
Claims incurred (See note 33)	**(1,668,575)**	(3,116,928)
Outstanding claims reserve, opening balance (See note 23(d))	**(3,745,331)**	(3,489,027)
Outstanding claims reserve,closing balance (See note 23(d))	**3,302,516**	3,745,331
Insurance benefits and claims paid to customers	**(2,111,390)**	(2,860,624)

(c)(i) Outward reinsurance premium paid

	2019 ₦'000	2018 ₦'000
Opening trade payables (See note 20)	**(298,694)**	(618,161)
Gross expenses recognised in Profit or Loss (See note 31)	**(5,290,016)**	(5,498,747)
Closing trade payables (See note 20)	**223,407**	298,694
Outward reinsurance premium paid	**(5,365,303)**	(5,818,214)

(c)(ii) Net premium received in advance

	2019 ₦'000	2018 ₦'000
Premium paid (See note 20)	**(5,166,855)**	(9,292,796)
	5,775,254	5,166,855
Net premium received in advance	**608,399**	(4,125,941)

(d) Fees and commssion received

	2019 ₦'000	2018 ₦'000
Opening deferred income (See note 19(b))	**(103,580)**	(103,205)
Net fee and commssion recognised in profit or loss (See note 32)	**415,546**	494,463
Closing deferred income (See note 19(b))	**93,154**	103,580
Fees and commssion received	**405,120**	494,838

(e) Claim recoveries made from reinsurers

	2019 ₦'000	2018 ₦'000
Reinsurers share of claims expenses outstanding, opening (See note 9)	**1,867,130**	1,204,292
Reinsurers' share of claims expenses outstanding,closing (See note 9)	**(1,057,893)**	(1,867,130)
Movement in reinsurers share of claims expenses outstanding	**809,237**	(662,838)
Reinsurers share of incurred but not reported claim,opening (See note 9)	**301,299**	365,669
Reinsurers share of incurred but not reported claim,closing (See note 9)	**(735,839)**	(301,299)
Movement in reinsurers share of incurrec but not reported claims	**(434,540)**	64,370
Claim recoveries (See note 33(b))	**554,305**	2,472,472
Claim recoveries made from reinsurers	**929,002**	1,874,003

(f) Commission paid

	2019 ₦'000	2018 ₦'000
Deferred Acquisition cost,opening balance (See note 10)	**217,457**	248,260
Deferred Acquisition cost,closing balance (See note 10)	**(162,488)**	(217,456)
Charge to Profit or Loss	**(1,876,118)**	(1,401,435)
Commission paid	**(1,821,149)**	(1,370,631)

(g) Cash payment to employees, intermediaries and other supplier

	2019 ₦'000	2018 ₦'000
Cash payments to employees (See note 39(a))	**(812,555)**	(927,764)
Other cash payments to intermediaries and supplier	**(1,814,556)**	(1,720,153)
Cash payment to employees, intermediaries and other supplier	**(2,627,111)**	(2,647,917)

(h) Proceeds from sale of property and equipment

	2019 ₦'000	2018 ₦'000
Cost of property and equipment	**133,281**	256,937
Accumulated depreciation	**(133,280)**	(256,230)
Profit on disposal (See note 37)	**4,616**	5,056
Loss from sale of property and equipment	**4,617**	5,763

(i) Dividend income received

	2019 ₦'000	2018 ₦'000
Dividend accrual, opening balance (See note 11(b))	**23,040**	4,018
Profit or loss Charge (See note 35)	**81,727**	64,358
Dividend accrual, closing balance (See note 11(b))	**(15,081)**	(23,040)
Dividend income received	**89,686**	45,336

(j) Rental Income

	2019 ₦'000	2018 ₦'000
Rental income recognised in profit or loss (See note 37)	**82,075**	87,791
Deferred rental income, opening balance	**(40,553)**	-
Deferred rental income, closing balance	**16,178**	-
Rental income received	**57,700**	87,791

(k) Interest income received

	2019 ₦'000	2018 ₦'000
Accrued interest income (opening)	**-**	50,855
Profit or loss charge	**-**	344,353
Accrued interest income (closing)	**-**	(56,981)
Interest income received	**-**	338,227

(l) Interest income received

	2019 ₦'000	2018 ₦'000
Net changes in accrued interest income	**(261,222)**	-
Profit or loss charge	**660,304**	-
Interest income received	**399,081**	-

47 Outstanding claims on insurance contracts

Outstanding claims represents the estimated cost of settling all claims arising from incidents occuring as at the date of the statement of financial position. The Company has adopted the Discounted Inflation Adjustment Basic Chain Ladder Method in determining the claimss reserves for the year.

(a) The summary of results using the Discounted Inflation Adjusted Chain Ladder Method is presented below:

31 December, 2019
Table 47(a)(i)

Class of Business	Gross Outstanding Claims ₦'000	Estimated Reinsurance Recoveries ₦'000	Net Outstanding Claims ₦'000
General Accident	467,862	(68,614)	399,249
Engineering	90,916	(64,469)	26,447
Fire	1,248,072	(918,171)	329,901
Marine	148,683	(58,582)	90,101
Motor	361,028	(50,691)	310,337
Agriculture*	24,925	(3,747)	21,178
Bond*	12,124	(6,062)	6,062
Oil and Gas*	948,879	(621,890)	326,989
Total	**3,302,491**	**(1,792,227)**	**1,510,264**

*Estimated using Expected Loss Ratio method and discounted

31 December , 2018

Class of Business	Gross Outstanding Claims ₦'000	Estimated Reinsurance Recoveries ₦'000	Net Outstanding Claims ₦'000
General Accident	428,821	(61,871)	366,950
Engineering	74,016	(50,735)	23,281
Fire	1,874,926	(1,431,344)	443,582
Marine	181,361	(77,333)	104,028
Motor	414,051	(59,805)	354,246
Bond*	24,835	(12,417)	12,417
Oil and Gas*	747,320	(474,923)	272,397
Total	**3,745,329**	**(2,168,428)**	**1,576,902**

31 December, 2019
Gross Incurred But Not Reported (IBNR) Table

Table 47(a)(ii)

Class of Business	Outstanding Claim Reserves ₦'000	Outstanding Reported Claim Reserves ₦'000	IBNR ₦'000
General Accident	467,862	406,239	61,624
Engineering	90,916	48,474	42,442
Fire	1,248,072	904,992	343,080
Marine	148,683	63,022	85,661
Motor	361,028	167,390	193,638
Agriculture	24,925	20,630	4,295
Bond*	12,124	11,578	546
Oil and Gas*	948,879	432,955	515,924
Total	**5,357,770**	**3,302,490**	**1,247,210**

31 December, 2018
Incurred But Not Reported (IBNR) Table

Class of Business	Outstanding Claim Reserves ₦'000	Outstanding Reported Claim Reserves ₦'000	IBNR ₦'000
General Accident	428,820	408,166	20,654
Engineering	74,017	49,149	24,868
Fire	1,874,926	1,650,449	224,477
Marine	181,361	85,727	95,634
Motor	414,051	370,622	43,429
Bond*	24,835	24,578	257
Oil and Gas*	747,320	476,315	271,005
Total	**3,745,330**	**3,065,006**	**680,324**

31 December, 2019

Table 47(a)(iii): Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries ₦'000	Outstanding Reported Reinsurance Recoveries ₦'000	Reinsurance IBNR ₦'000
General Accident	68,614	61,504	7,110
Engineering	64,469	36,666	27,803
Fire	918,171	615,563	302,607
Marine	58,582	20,747	37,835
Motor	50,691	22,153	28,538
Agriculture	3,747	3,102	646
Bond*	6,062	5,789	273
Oil and Gas*	621,890	292,369	329,522
Total	**1,792,227**	**1,057,893**	**734,333**

31 December , 2018

Reinsurance IBNR Table

Class of Business	Total Outstanding Reinsurance Recoveries ₦'000	Outstanding Reported Reinsurance Recoveries ₦'000	Reinsurance IBNR ₦'000
General Accident	61,871	58,496	3,375
Engineering	50,735	34,401	16,334
Fire	1,431,344	1,366,744	64,600
Marine	77,333	40,419	36,914
Motor	59,805	52,081	7,724
Bond*	12,417	12,289	128
Oil and Gas*	474,924	302,670	172,254
Total	**2,168,429**	**1,867,100**	**301,329**

UPR (Gross and Reinsurance UPR) - Result Table

Table 47(a)(iv): UPR (Gross and Reinsurance UPR) - Result Table

Class of Business	Gross UPR ₦'000	Reinsurance UPR ₦'000	Net UPR ₦'000
General Accident	83,210	(24,092)	59,118
Engineering	28,895	(68,974)	(40,079)
Fire	245,151	(87,497)	157,654
Marine	156,365	(38,830)	117,534
Motor	425,544	(15,471)	410,072
Agriculture	-	-	-
Bond*	1,262	(644)	618
Oil and Gas*	330,620	(206,057)	124,564
Total	**1,271,046**	**(441,565)**	**829,481**

(b) Claims Data

The claims data has seven risk groups-(Marine,Motor,Engineering,Bond,Fire,General Accident and Oil and gas).

The combined claims data, for all lines of business between 2007 and 2019, are summarized in Table 41(b)(i) below:

31 December , 2019

Table 47(b)(i)
Incremental Chain Ladder:

	Incremental Chain ladder-Yearly Projections (₦)										
Accident year	1	2	3	4	5	6	7	8	9	10	11
2007	109,324	130,760	40,801	16,493	6,639	27,366	2,386	1,605	5,952	1,802	-
2008	224,573	320,685	10,146	4,537	56,817	2,088	564	873	4,045	-	-
2009	273,653	144,617	46,445	71,491	23,592	16,790	1,240	982	825	16,302	-
2010	424,976	201,641	191,204	19,854	21,506	5,250	563	1,535	743	-	-
2011	217,142	1,664,790	274,558	104,755	12,044	821	19,429	4,120	552	-	-
2012	920,028	963,273	362,810	58,722	4,922	34,185	24,797	524	-	-	-
2013	703,893	571,066	181,076	15,106	3,253	3,332	124	-	-	-	-
2014	740,384	1,018,548	389,088	19,085	14,465	5,687	-	-	-	-	-
2015	1,037,614	599,603	247,006	50,797	36,659	-	-	-	-	-	-
2016	944,962	632,754	373,400	100,014	-	-	-	-	-	-	-
2017	1,327,909	1,934,139	991,383	-	-	-	-	-	-	-	-
2018	438,529	440,545	-	-	-	-	-	-	-	-	-
2019	531,065	-	-	-	-	-	-	-	-	-	-

Table 47(b)(ii) Motor

	Incremental Chain ladder-Yearly Projections (₦)										
Accident year	1	2	3	4	5	6	7	8	9	10	11
2007	13,481	8,411	4,318	4,083	1,604	2,522	1,686	255	3,578	575	-
2008	30,101	10,914	934	1,504	1,361	-	439	427	-	-	-
2009	88,639	30,546	32,015	25,171	-	60	494	840	821	500	1000
2010	219,849	5,888	8,745	1,268	-	59	281	-	-	-	-
2011	11,186	162,423	11,635	265	617	-	232	3,500	550	-	-
2012	303,225	190,408	2,851	678	1,923	573	-	-	-	-	-
2013	344,468	81,833	9,053	77	880	1,508	61	-	-	-	-
2014	317,989	125,683	14,156	648	3,707	3820	-	-	-	-	-
2015	359,380	102,119	5,649	11,901	127	-	-	-	-	-	-
2016	372,082	100,896	16,961	1,888	-	-	-	-	-	-	-
2017	325,136	151,747	22,927	-	-	-	-	-	-	-	-
2018	247,369	120,540	-	-	-	-	-	-	-	-	-
2019	239,604										

Table 47(b)(iii) Marine

	Incremental Chain ladder-Yearly Projections (₦)										
Accident year	1	2	3	4	5	6	7	8	9	10	11
2007	235	116	798	32	104	4,251	-	-	-	-	-
2008	5,094	13,421	902	108	6,972	-	-	-	-	-	-
2009	15,955	7,849	4,772	157	60	135	2	-	-	-	-
2010	11,390	149,416	3,247	1,674	13	12	-	-	-	-	-
2011	155,086	29,262	5,208	656	1,880	21	236	-	2	-	-
2012	20,061	28,365	1,420	900	50	964	-	-	-	-	-
2013	22,666	13,975	4,969	1,030	382	1,462	-	-	-	-	-
2014	20,490	13,795	812	316	3,069	500	-	-	-	-	-
2015	48,679	6,158	22,560	1,109	31	-	-	-	-	-	-
2016	36,262	132,037	2,866	70	-	-	-	-	-	-	-
2017	85,222	23,340	3469	-	-	-	-	-	-	-	-
2018	11,515	15479	-	-	-	-	-	-	-	-	-
2019	19,654	-	-	-	-	-	-	-	-	-	-

Table 47(b)(iv) Accident

Accident year	Incremental Chain ladder-Yearly Projections (₦)										
	1	2	3	4	5	6	7	8	9	10	11
2007	246	17,808	3,409	2,586	101	16,819	700	-	2,374	577	-
2008	28,038	22,092	3,571	615	46,221	2,076	87	446	-	-	-
2009	49,304	46,466	4,915	22,320	13,906	1,563	668	143	3	752	-
2010	25,344	13,211	9,475	5,342	2,002	4,988	-	1,466	743	-	-
2011	9,363	61,322	22,754	2,957	7,081	52	1,666	620	-	-	-
2012	35,606	70,541	17,706	11,504	857	2,025	579	116	-	-	-
2013	46,991	33,390	17,903	8,647	2	-	27	-	-	-	-
2014	35,364	46,283	6,211	1,152	605	756	-	-	-	-	-
2015	61,158	41,138	4,365	2,424	1,688	-	-	-	-	-	-
2016	62,774	25,056	18,366	7,652	-	-	-	-	-	-	-
2017	23,231	38,093	19,071	-	-	-	-	-	-	-	-
2018	21,082	29,640	-	-	-	-	-	-	-	-	-
2019	26,109	-	-	-	-	-	-	-	-	-	-

Table 47(b)(v) Fire

Accident year	Incremental Chain ladder-Yearly Projections (₦)										
	1	2	3	4	5	6	7	8	9	10	11
2007	54,175	62,508	4,435	4,602	377	3,773	-	1,350		650	-
2008	116,006	3,304	1,505	350	2,262	11	38	-	-	-	-
2009	31,420	3,701	3,053	1,507	1,635	644	-	-	-	-	434
2010	70,296	11,825	10,948	2,668	7,384	190	-	54	-	-	-
2011	11,211	139,179	52,933	2,234	1,458	-	406	-	-	-	-
2012	20,874	170,000	27,385	5,795	1,937	910	75	-	-	-	-
2013	156,771	171,249	35,020	4,354	1,500	362	37	-	-	-	-
2014	117,750	143,860	24,699	16,914	7,083	491	-	-	-	-	-
2015	211,660	214,902	56,119	29,844	29,675	-	-	-	-	-	-
2016	226,674	123,769	139,604	76,629	-	-	-	-	-	-	-
2017	126,294	340,091	60,586	-	-	-	-	-	-	-	-
2018	76,028	130,669	-	-	-	-	-	-	-	-	-
2019	74,827	-	-	-	-	-	-	-	-	-	-

Table 47(b)(vi) Engineering

Accident year	Incremental Chain ladder-Yearly Projections (₦)										
	1	2	3	4	5	6	7	8	9	10	11
2007	8,837	11,723	14,266	5,190	4,453	-	-	-	-	-	-
2008	1,540	24,632	3,234	1,959	-	-	-	-	-	-	-
2009	11,922	2,640	1,689	12,620	-	-	76	-	-	-	-
2010	25,564	21,301	20,030	494	133	-	-	-	-	-	-
2011	30,295	123,508	-	35	-	8	-	-	-	-	-
2012	58,399	5,686	5,730	2,539	-	2	-	-	-	-	-
2013	4,011	6,720	6,082	-	-	-	-	-	-	-	-
2014	4,529	13,720	-	-	-	-	-	-	-	-	-
2015	22,464	12,080	-	788	771	-	-	-	-	-	-
2016	34,116	8,487	10,954	505	-	-	-	-	-	-	-
2017	4,047	8,111	10,469	-	-	-	-	-	-	-	-
2018	4,880	12,639	-	-	-	-	-	-	-	-	-
2019	16,757	-	-	-	-	-	-	-	-	-	-

Section 5

Other National Disclosures

Revenue analysis per business line

All revenue are earned in Nigeria. The classes of business that have similar risk and econimic characteristics are group together.

The following is an analysis of the Company's revenue and result by reportable segment in 2019.

	2019							
	Motor and Accident ₦'000	Marine Life ₦'000	Engineering ₦'000	Fire and IAR ₦'000	Bond ₦'000	Special Risk ₦'000	AGRIC ₦'000	Total ₦'000
Income:								
Gross written premiums	1,838,716	565,494	129,772	1,058,253	217	6,948,950	42,950	10,584,353
Net change in unearned premiums	70,391	(41,125)	59,814	19,086	2,143	173,687	-	283,995
	1,909,106	524,370	189,586	1,077,338	2,360	7,122,637	42,950	10,868,348
Insurance premium ceded to reinsurers	308,892	111,951	88,809	390,916	109	4,396,827	7,065	5,304,569
Net change in unearned premiums	34,604	(14,836)	(1,810)	19,622	1,104	46,600	-	85,285
	343,496	97,115	87,000	410,539	1,213	4,443,428	7,066	5,389,854
Net insurance premium income	1,565,611	427,255	102,586	666,800	1,147	2,679,209	35,885	5,478,492
Fee and commission income	107,416	30,861	29,007	118,668	364	127,904	1,326	415,546
Segment income	1,673,027	458,116	131,593	785,467	1,511	2,807,113	37,211	5,894,038
Expenses:								
Claims and benefits	518,371	146,089	68,355	523,767	(12,710)	399,779	24,925	1,668,575
Reinsurers' share - Change in insurance liabilities	(87,715)	(17,948)	(60,854)	(156,249)	6,355	(234,147)	(3,747)	(554,306)
Fees and commission expense	159,968	63,316	16,084	164,788	444	1,425,672	5,204	1,835,477
Business Acquisition cost	7,060	2,171	498	4,063	1	26,682	165	40,641
Salaries & Allowances - Undewriting personnel	86,450	26,588	6,101	49,756	10	326,717	2,019	497,642
Other Underwriting Expenses	218,850	67,307	15,446	125,956	26	827,085	5,112	1,259,782
	902,984	287,524	45,630	712,080	(5,872)	2,771,789	33,678	4,747,811
Segment underwriting profit	770,043	170,592	85,963	73,386	7,384	35,325	3,533	1,146,227

Revenue analysis per business line cont'd

	2018							
	Motor and Accident ₦'000	Marine Life ₦'000	Engineering ₦'000	Fire and IAR ₦'000	Bond ₦'000	Special Risk ₦'000	AGRIC ₦'000	Total ₦'000
Income:								
Gross written premiums	2,040,089	570,936	194,732	1,297,235	4,594	6,609,170		10,716,756
Net change in unearned premiums	111,548	116,959	(60,208)	128,160	(2,508)	90,261		384,212
	2,151,637	687,895	134,524	1,425,395	2,086	6,699,431		11,100,968
Insurance premium ceded to reinsurers	311,167	148,334	298,645	514,362	2,355	4,223,884		5,498,747
Net change in unearned premiums	(15,333)	16,344	(69,209)	65,344	(1,303)	105,342		101,185
	295,834	164,678	229,436	579,706	1,052	4,329,225		5,599,931
Net insurance premium income	1,855,803	523,217	(94,912)	845,689	1,034	2,370,205		5,501,036
Fee and commission income	94,062	49,414	65,162	160,325	316	125,185		494,463
Segment income	1,949,865	572,631	(29,750)	1,006,014	1,350	2,495,390		5,995,499
Expenses:								
Claims and benefits	764,913	166,810	24,928	1,426,358	16,081	717,838		3,116,927
Reinsurers' share - Change in insurance liabilities	(83,061)	(55,941)	(68,174)	(870,123)	(7,604)	(1,387,567)		(2,472,471)
Fees and commission expense	188,610	102,252	32,352	198,698	222	1,309,642		1,831,776
Business Acquisition cost	6,734	1,885	643	4,282	15	21,817		35,376
Salaries & Allowances - Underwriting personnel	104,665	29,291	9,991	66,553	236	339,077		549,813
Other Underwriting Expenses	94,486	26,443	9,019	60,081	213	306,101		496,342
	1,076,346	270,740	8,759	885,850	9,163	1,306,908		3,557,762
Segment underwriting profit	873,519	301,891	(38,509)	120,165	(7,815)	1,188,483		2,437,734

Value Added Statement

For the year ended 31 December, 2019

OTHER NATIONAL DISCLOSURES

	2019 ₦'000	%	2018 ₦'000	%
Net premium income	**10,868,348**		11,100,968	
Reinsurance, claims, commission and others	**(9,677,248)**		(8,883,025)	
	1,191,100		2,217,943	
Investment income	**742,031**		375,020	
Other income	**298,848**		384,593	
Other gains and losses	**(86,259)**		(55,853)	
Value added	**2,145,720**	**100**	2,921,703	100
Applied as follows:				
In payment of employees:				
- Salaries, wages and other benefits	**769,682**	**36**	1,347,979	46
In payment to government:				
- Taxation	**91,595**	**4**	175,526	6
For future replacement of assets				
and expansion of business:				
Deferred tax	**228,343**	**11**	243,664	9
Depreciation and amortization	**83,861**	**4**	97,704	3
Contingency reserve	**317,531**	**14**	321,503	11
General reserve	**654,705**	**31**	735,327	25
	2,145,717	**100**	2,921,703	100

Section 5

Financial Summary

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Assets					
Cash and cash equivalents	**10,619,459**	11,325,338	11,333,888	9,615,160	5,534,750
Financial assets	**1,412,190**	1,422,679	1,842,965	2,428,713	2,676,939
Investment in associate	**449,521**	432,781	418,421	415,429	500,669
Deferred acqusition cost	**162,488**	217,457	248,260	283,338	301,965
Trade receivables	**53,837**	361,667	35,646	47,587	170,138
Other receivables and prepayment	**882,465**	745,873	3,255,643	1,082,007	1,530,051
Reinsurance assets	**2,235,297**	2,709,833	2,212,548	2,189,935	1,582,128
Statutory deposits	**340,000**	340,000	340,000	340,000	340,000
Intangible assets	**-**	-	1,389	5,907	12,597
Investment properties	**4,275,855**	4,239,347	3,660,719	3,741,609	3,265,716
Property and equipment	**1,137,844**	1,226,384	1,814,562	1,887,386	1,912,242
Right of use asset	**76,895**				
Employees retirement benefits/LSA	**295,649**	283,850	258,135	234,011	154,016
Deferred tax assets	**-**	-	235,968	339,360	401,915
Total Assets	**21,941,500**	**23,305,209**	**25,658,144**	**22,610,442**	**18,383,126**
Equity and Liabilities					
Share Capital and Reserves:					
Ordinary share capital	**5,366,667**	5,366,667	5,366,667	4,366,667	4,366,666
Share premium	**802,737**	802,737	802,737	802,737	802,737
Statutory contingency reserve	**2,488,464**	2,170,933	1,849,430	1,558,477	1,288,611
General reserve	**691,534**	354,360	44,853	70,087	255,889
Other component of equity	**262,520**	155,129	200,272	184,854	72,454
Total Equity	**9,611,922**	**8,849,826**	**8,263,959**	**6,982,822**	**6,786,357**
Liabilities					
Bank overdrafts	**29,030**	54,220	49,068	63,718	56,149
Deferred income	**109,332**	144,133	143,798	162,942	122,169
Trade payables	**5,998,661**	5,465,549	9,910,957	8,313,225	5,376,586
Other liabilities	**734,950**	737,733	880,894	1,052,868	704,396
Finance lease obligations	**63,927**	49,473	89,061	103,925	5,001
Borrowings	**-**	31,708	330,499	-	-
Deposit for shares	**-**	2,000,000	-	-	-
Insurance contract liabilities	**4,591,292**	5,318,102	5,446,009	5,398,979	4,434,285
Income tax payable	**293,033**	376,966	266,976	262,572	217,737
Deferred tax liabilities	**484,603**	256,260	248,565	239,396	186,916
Employees retirement benefits	**24,750**	21,239	28,358	29,995	493,530
Total Liabilities	**12,329,577**	**14,455,383**	**17,394,185**	**15,627,620**	**11,596,769**
Total Equity and Liabilities	**21,941,500**	**23,305,209**	**25,658,144**	**22,610,442**	**18,383,126**
Turnover and Profit					
Gross premium written	**10,584,353**	10,716,756	9,698,433	9,439,600	6,888,637
Net premium earned	**5,478,494**	5,501,036	4,235,774	4,090,546	4,657,133
Profitbefore taxation	**974,643**	1,154,518	394,077	140,798	159,413
Profit/(loss) after taxation	**654,705**	735,327	265,719	(203,660)	57,109

Management

ROYAL EXCHANGE GENERAL INSURANCE COMPANY LIMITED

Managing Director
Mr. Benjamin Agili - Managing Director
HND, MBA, FCII, FIIN

Company Secretary/Head of Legal and Compliance
Ms. S. I. Ezeuko - General Manager
B.Ed., LLB, BL, ACIARB, PGD INSURANCE LAW, PGCL CORPORATE & COMMERCIAL LAW

Executive Director (Technical Operations)
Mrs. Jane Ekomwereren
B.A., PGD, ACII

Head, Human Resources
Mr. Tudor Osademe - Deputy General Manager
Bsc, MBA

Group Head (Information Technology)
Mr. Jide Adams - Assistant General Manager
BSc, MBA, PGD, CISA, CISM, CRISC, FIIM

Head, Technical Division
Mr. Ayoku Kamoru - Assistant General Manager
BSc, LLB, BL, MBA, ACIIN, LLM

Chief Investment Officer
Mr. Kola Yakub - Assistant General Manager
BSc, MSc, ACA, CIIA

Head, Audit and Investigation
Mr. Saheed Abiola - Assistant General Manager
HND, MBA

Business Director (South-South)
Mrs. Vivian Elueme - Senior Manager
BA, PGD, MBA

Business Director (South-East)
Mr. Chukwuma Nicholas - Senior Manager
HND, BSc, MBA

Head, Agric Insurance and Emergency Business
Mr. Chukwuma Kalu - Senior Manager
HND, B.Sc, MBA, FCA, ACA, ACTI

Head, Enterprise Risk Management and Strategy
Mr. Mbat Idongesit - Senior Manager
BSc, ACIM, AIOR

Head, Finance and Accounts
Mr. Olalekan Jayeola - Senior Manager
BSc, MBA

Head, Claims
Mrs. Olawunmi Makanjuola - Senior Manager
B.A, MBA

Head, Underwriting
Mrs. Adedoyin Akintayo - Senior Manager
HND, MBA

Head, Oil and Gas
Mr. Akin-Francis Akinjide - Senior Manager
HND, MMP, ACIIN

Acting Head, Corporate Communications
Mr. Wilson Okoh-Esene - Senior Manager
BA, MNIM, MCIPR, NIPR

Business Director (Lagos-West)
Mr. Adekite Afolusho Titilayo - Senior Manager
BSc, MSc

Business Director (Lagos Main Branch)
Mrs. Victoria Afolayan - Senior Manager
HND, MBA

Business Director (Financial Institutions and Bancassurance)
Mrs. Esther Oduntan - Senior Manager
BA, CIIN

Business Director (North)
Mr. Ojima Onalo - Senior Manager
BSc, MBA

Business Director (West)
Mr. Tolulope Sanni - Manager
BA, MBA, CIIN

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01-295-5662

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Aba (Second Floor)
Abia State
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0803-661-3580

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Asaba, Delta State.
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New Lagos Road,
Benin City
Edo State
Tel: 0806-081-4253

Enugu
Canute House, 19/25 Ogui Road,
Enugu State.
Tel: 04-229-108, 0802-313-3497

Ibadan
Old Sketch Building, First Floor,
Cocoa House Complex,
Dugbe, Ibadan,
Tel: 0809-468-6750, 0814-999-3555

Ikeja
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Opposite Alade Market, Ikeja,
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0810-536-6664

Port Harcourt
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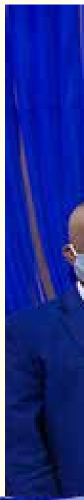
Port Harcourt
Tel: 0803-310-5143

Warri
Ogun House, 107,
Effurun/Sapele Road,
Opp. Stanbic IBTC Bank,
Effurun, Delta State.
Tel: 0806-715-865

Corporate Events



Corporate Events

Notes

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