CAPITAL EXPRESS ASSURANCE LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2020

BDO

Capital Express Assurance Limited

Contents

Corporate Information

Country of incorporation and domicile	Nigeria	
Company registration number	RC 380157	
Tax Identification Number	00962461-0001	
Nature of business and principal activities	The principal activities of the Company are the provision of Life Assurance and Mortgage Protection	
Directors	Otunba Ademola Adenuga	Chairman - Appointed 19 October 2020
	Mr. Anthony Aletor	Vice Chairman
	Mrs.Bola Odukale	Managing Director/CEO
	Mr. Festus Olabiyi	Executive Director
	Mrs. (Dr.) 'Dere Awosika	Independent Director
	Barr. Osahon Idemudia	Independent Director
	Mr. Obalade Adeyinka	Non-Executive Director - Appointed 19 October 2020
Company Secretary	Mrs. Joy Sulucainan Capital Express Assurance Limited 13, Bishop Kale Close Off Kasumu Ekemode Street Behind Saka Tinubu Street, Victoria Island, Lagos	
Registered Office	13, Bishop Kale Close Off Kasumu Ekemode Street Behind Saka Tinubu Street, Victoria Island, Lagos.	
Corporate Head Office	13, Bishop Kale Close Off Kasumu Ekemode Street Behind Saka Tinubu Street, Victoria Island, Lagos.	
Bankers	Access Bank Plc Ecobank Nigeria Limited Fidelity Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc Polaris Bank Limited United Bank for Africa Plc Zenith Bank Plc	
Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com	

Corporate Information (Cont'd)

Reinsurer	African Reinsurance Corporation 8th - 11th floors, Africa Re-building Plot 1679, Karimu Ikotun Street, Victoria Island, Lagos.
Actuaries	Ernst & Young (Advisory Services) UBA House, 10th Floor 57 Marina, Lagos, Nigeria
NAICOM No	RC 006
FRC Registration No	FRC/2012/0000000000341
Branch and Agency Networks	**Aba** 143, Azikiwe Road, (3rd Floor) Aba, Abia State Branch Manager: Mrs. Chioma Oguno Tel: 234-8029999658 Email: coguno@capitalexpressassurance.com **Abeokuta** 2A, Segun Osoba Way, Okelewo, Abeokuta Ogun State Branch Manager: Mr. Babatunde Oyewole Tel: 234-8029999659 Email: boyewole@capitalexpressassurance.com **Abuja** Plot 3B, Accelerated Development District, Herbert Macaulay Way, Wuse Abuja. Branch Manager: Mr. Sani Ahmed Tel: 08029999671, 08029999696 Email: asani@capitalexpressassurance.com **Ado-Ekiti** 7, Ado-Iworoko Raod Opp. Omolayo Hostel Similoluwa Adebayo Ado-Ekiti Team lead: fabunmi Yemisi Tel: 08030715868 **Akure** 4th floor, Tisco House, Oba Adesida Road, Alagbaka-Akure, Ondo State. Branch Manager: Mr. Kehinde Adedeji Tel: 234-8029999676 Email: kadedeji@capitalexpressassurance.com

Corporate Information (Cont'd)

Anthony
300, Ikorodu Road (3rd Floor)
Anthony, Lagos
Manager: Mr Tunde Fadehan
Tel: 234-8029999708
Email: bfadehan@capitalexpressassurance.com

Benin
FMFL, 12 Ewaise Street, Forestry Road,
Benin City, Edo State
Manager: Mr. Oti Collins
Tel: 234-8029999677
Email: coti@capitalexpressassurance.com

Calabar
3, Bassey Duke Street,
By Chamley Junction
Calabar Cross River
Branch Manager: Mr. Peter Ibekwe
Tel: 234-8029999682
Email: pibekwe@capitalexpressassurance.com

Enugu
3rd Floor, Martina Chukwuma,
2A, O'Connor Street,
Asata, Enugu
Branch Manager: Mr. Chima Ekeoma
Tel: 234-8029999684
Email: cekeoma@capitalexpressassurance.com

Ibadan
3rd Floor FMBN Building
14, Ring Road,
Challenge, Ibadan,
Oyo State.
Manager: Mr. Kehinde Adedeji
Tel: 234-8029999676
Email: aadedeji@capitalexpressassurance.com

Ikeja
(3rd Floor, Olaoluwa House)
47, Toyin Street,
Ikeja Lagos
Manager: Ijeoma Ekpunobi
Tel: 234-8129988024
Email: ijeomaekpunobi2010@yahoo.com

Ilorin
199A, Ibrahim Taiwo Road,
Ilorin Kwara State
Branch Manager: Mr. Teki Alawiye
Tel: 234-8029999694
Email: talawiye@capitalexpressassurance.com

Corporate Information (Cont'd)

Jos
28/30, Bukuru Bye Pass
Jos, Plateau State
Branch Manager: Mr. Isah Emmanuel
Tel: 234-8029999690
Email: eisah@capitalexpressassurance.com

Kaduna
(1st Floor, Wema Bank Building)
Plot No 13, Bida Road,
Kaduna, Kaduna State.
Branch Manager: Mr. Sanni Ahmed
Tel: 234-8129988020
Email: asani@capitalexpressassurance.com

Kano
2nd Floor, Union Bank Building,
43, Niger Street,
Kano, Kano State.
Branch Manager: Babatunde Akogun
Tel: 234-8129988021, 234-8029999693
Email: bakogun@capitalexpressassurance.com

Maiduguri
FMFL BLD, Shehu Laminu Way,
Maiduguri, Borno State
Manager: Mr. Abubakar Mayaki
Tel: 234-8029999695, 08023754334
Email: amayaki@capitalexpressassurance.com

Makurdi
45, Railway Bye-pass, High Level,
Makurdi, Benue State
Branch Manager: Mr. Sar Tabunde
Tel: 234-8029999691
Email: starbunde@capitalexpressassurance.com

Nnewi
The Ancestors House,
57/58 Onitsha Road,
Nnewi. Anambra State.
Branch Manager: Mr. Ugochukwu Okafor
Tel: 234-8029999728, 08033266911
Email: uokafor@capitalexpressassurance.com

Corporate Information (Cont'd)

Warri
179, Jakpa Road,
by Ken Plaza, Effurun-Warri
Branch Manager: Mr. Sada Peter
Tel: 234-8029999723
Email: psada@capitalexpressassurance.com

Yaba
394, Herbert Macaulay Way
Presbyterian Church Premises
Yaba, Lagos Branch
Branch Manager: Mr. Olabode Ogunbusuyi
Tel: 234-8129988023
Email: oogunbusuyi@capitalexpressassurance

Yenagoa
Suite 003, No 1 Bay Bridge
Kpansia, Yenagoa, Bayelsa State
Branch Manager: Mrs. Mercy Sunday
Tel: 08029999713
Email: angelonyi@yahoo.com

Yola
Sabru House, 2nd Floor Right Wing,
30, Mubi Road
Yola, Adamawa State
Branch Manager: Mr. Usman Abubakar
Tel: 234-8029999706

Our Vision: To be a world-class financial services provider

Our Mission: To be in every household providing wealth management and risk protection services, using the most sophisticated technology and man-power, thereby creating value to all stakeholders.

Shared Values
Customer Dedication
Respect for Individual
Creativity
Teamwork
Integrity

Management Team

Mrs. Adebola Odukale	Managing Director/CEO
Mr. Festus Olabiyi	Executive Director, Operations
Mr. Francis Oketola	General Manager, Finance & Management Service
Mr. Akin Aboaba	Head, Abuja Annex Office
Mr. Tunde Muriana	Chief Financial Officer
Mrs. Joy Sulucainan	Company Secretary/Chief Compliance Officer
Mr. Dipo Anifowose	Head, Information Communication Technology
Mr. Olugbenga Owodunni	Head, Lagos Marketing
Mr. Matthew Ogwezhi	Head, Branch Marketing and Agency Operation
Mr. Ayo Ogunkeye	Head, Retail
Mr. Olugbemileke Olusesan	Zonal Manager, South-South
Mr. Chima Okeoma	Zonal Manager, South-East
Mr Sani Ahmed	Zonal Manager, North

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CAPITAL EXPRESS ASSURANCE LIMITED
FINANCIAL STATEMENTS, 31 DECEMBER 2020
RESULTS AT A GLANCE

	2020	2019	Changes	
Major Financial Position Items	₦'000	₦'000	₦'000	%
Assets				
Cash and cash equivalents	1,288,525	698,630	589,895	84
Financial assets	4,538,299	3,423,679	1,114,620	33
Investment properties	4,141,705	3,621,260	520,445	14
Property, plant and equipment	1,137,333	1,018,230	119,103	12
Liabilities				
Insurance contract liabilities	(4,011,416)	(2,476,440)	1,534,976	62
Investment contract liabilities	(1,831,384)	(1,814,892)	16,492	1
Trade payables	(276,423)	(56,280)	220,143	391
Major profit or loss items				
Gross premium written	6,328,410	4,421,685	1,906,725	43
Gross premium income	5,491,695	4,371,025	1,120,670	26
Reinsurance expenses	(268,125)	(202,118)	66,007	33
Net underwriting income	5,288,712	4,228,184	1,060,528	25
Net claims expenses	(2,972,750)	(1,635,348)	1,337,402	82
Underwriting profit	1,149,187	1,988,403	(839,216)	(42)
Investment income	79,917	64,069	15,848	25
Management expenses	(1,543,523)	(1,083,407)	460,116	42
Profit before taxation	68,878	469,628	(400,750)	(85)
Profit for the year	67,887	463,928	(396,041)	(85)
Total comprehensive (loss)/profit for the year	(141,410)	444,065	(585,475)	(132)
Per Share Data				
Basic earnings per share (kobo)	1.67	15.19		
Diluted earnings per share (kobo)	1.67	15.19		

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2020.

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's operational guidelines 2011 and the provisions of Financial Reporting Council of Nigeria Act,No 6, 2011, the Directors are responsible for the preparation of annual financial statements which reflect a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

i. implements appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities.

ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN, 2004, and NAICOM Operational Guidelines and Circulars.

iii. has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors accept responsibility for maintaining adequate accounting records as required by:

a. International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
b. Companies and Allied Matters Act, 2020;
c. Insurance Act, CAP I17, LFN 2003;
d. NAICOM Operational Guidelines and circulars.
e. Banks and Other Financial Institutions Act, 1991;
f. Financial Reporting Council Act 2011.
g. Investment and Securities Act 2007.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors indicating that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.

....	....
Otunba Ademola Adenuga	**Mrs. Adebola Odukale**
Chairman	***Managing Director***
FRC/2013/IODN/00000004307	**FRC/2013/CIIN/00000003501**

CAPITAL EXPRESS ASSURANCE LIMITED
FINANCIAL STATEMENTS, 31 DECEMBER 2020
REPORT OF DIRECTORS

The Directors submit their report together with the financial statements of Capital Express Assurance Limited for the year ended 31 December 2020.

1. **Legal form**

The Company was incorporated as a Private Limited Liability Company on 9th May 2000 under the Companies and Allied Matters Act, 2020 and was licensed by the National Insurance Commission to transact life insurance business. It formally commenced business in the year 2000 under a restructured management with the corporate name, Capital Express Insurance Company Limited, which was later changed to Capital Express Assurance Limited.

2. **Principal activities and corporate development**

The Company underwrites life assurance and related products, investment products; investment funds derived there from are utilised among other things to meet claims obligations to its numerous policyholders.

3. **Result for the year**	**2020** **N'000**
Gross premium written	6,328,410
Gross premium income	5,491,695
Reinsurance expenses	(268,125)
Net underwriting income	5,288,712
Net claims expenses	2,972,750
Underwriting profit	1,149,187
Investment income	79,917
Management expenses	(1,543,523)
Profit before taxation	68,878
Profit for the year	67,887
Total comprehensive loss for the year	(141,410)
Per Share Data	
Basic earnings per share (kobo)	1.67
Diluted earnings per share (kobo)	1.67

4. **Corporate governance**

The Company conducts its business under structured corporate governance environment incorporating the Board Committees and an Executive Management system. The Board of Directors is the apex decision making body responsible for controlling and managing the strategic business of the Company and constantly reviews and presents a balanced and comprehensive assessment of the Company's performance and future prospects.

The Company is committed to the principles of Corporate Governance and Best Practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of all stakeholders. The Board, in compliance with the guidelines of the National Insurance Commission carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition and structure, frequency of meetings, duties, tenure and reporting lines to the Board.

THE BOARD OF DIRECTORS

The Board of Directors employs effective tools in the delivery of good corporate practice and other objectives. The Board exercises effective oversight functions on management performance primarily through its committees. The Board may exercise all such powers of the Company as are not, by law or the Articles of the Company, required to be exercised by the Company in general meetings.

The Board of Directors of the Company is composed of a mix of non-executive and executive members whereby the number of non-executives exceeds the executives while the position of the Chairman of the Board is clearly delineated from that of the Chief Executive Officer.

The Chairman

The Chairman of Capital Express Assurance Limited was duly appointed. The Chairman's primary role is to ensure that the Board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively and ensures that Board Members make impartial contributions towards the decisions of the Board and that the Board operates in harmony.

The Chief Executive Officer

The Chief Executive Officer with members of Management is responsible for developing, implementing and monitoring the strategic and financial plans of the Company with the cooperation and support of the Board. The CEO sees to the effective operation and management of the Company's resources in order to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

The Board appointed two independent members who has remained truly independent since their appointments.

(a) ACTIVITIES OF THE BOARD

The Board meets at least quarterly to discuss critical issues affecting the Organisation and performs other responsibilities that fall within its purview as provided in the Company's Article of Association and by other relevant regulatory authorities. Meetings were well attended with sufficient notice given well in advance of the meetings.

Names	Status	Mar 10	June 24	Aug 18	Nov 4
Otunba Ademola Adenuga	Chairman	X	X	X	√
Mr. Anthony Aletor	Vice Chairman	√	√	√	√
Dr. (Mrs.) Dere Awosika	Independent Director	√	√	√	√
Mr. Adeyinka Obalade	Independent Director	X	X	X	√
Bar. Osahon Idemudia	Non-Executive Director	√	√	√	√
Mrs. Adebola Odukale	Managing Director	√	√	√	√
Mr. Festus Olabiyi	Exec. Director	√	√	√	√

(b) **Board Committees**

The Board functions through the below stated committees, whose memberships are as follows:

i. **Audit and Compliance Committee**

In line with the National Insurance Commission's code on corporate governance, the Committee is responsible for providing oversight functions with regards to the financial statements, internal control, audit and compliance. Also, the Committee reviews the terms of engagement and recommends the appointment or reappointment and compensations of the independent auditors to the Board and the Shareholders. The Committee also reviews the Company's compliance level to relevant laws, regulations, guidelines, directives and circulars that are currently in force regarding the Company's operations.

Below are the dates of the meetings called in 2020 and the attendance:

Names	Status	June 19	Aug 5	Oct 27	Nov 27
Mr. Anthony Eromosele	Acting Chairman	√	√	√	√
Mr. Anthony Aletor	Member	√	√	√	X
Mr. Segun Olorunfunmi	Member	X	√	√	√
Mr. Festus Olabiyi	Member	√	√	√	√
Mr. Adeyinka Obalade	Member	X	X	√	√

ii. **Enterprise Risk Management and Governance Committee**

The Board Enterprise Risk Management and Governance Committee is responsible at ensuring that the generated risks by the Company in its pursuit of its corporate goals and objectives are within the risk appetite level approved by the Board, ensures that the mitigating solutions proffered to manage the identified risks are adequate and effective to allow a comfortable solvency level that would support the Company's operations. In addition the Committee also ensures that the Organization's governance structures are well established and working optimally to ensure efficiency and substainability.

The recorded attendance at the meeting of the Committee is stated below:

Names	Status	Mar 2	May 29	Aug 6	Oct 30
Dr. (Mrs.) Dere Awosika	Chairman	√	√	X	√
Mr. Anthony Aletor	Member	√	√	√	√
Bar. Osahon Idemudia	Member	√	√	√	√
Mrs. Adebola Odukale	Member	√	√	√	X
Mr. Festus Olabiyi	Member	√	√	√	√

iii. **The Board of Finance, Investment and General Purpose Committee**

The Board of Finance, Investment and General Purpose Committee is responsible for budget monitoring, evaluating the financial performance in accordance with budget targets,comparison of the Company's performance to its peers in the industry, ensuring its operating ratios are competitive and within estimated levels, control of expenses, ensuring the reliability and integrity of the quarterly management accounts submitted to the Regulator, setting the investment policy and periodic reviews of same, approving the Company's investment plan, reviews and evaluates the Company's various investment portfolios amongst other things. In addition the Committee also oversees all other matters of the Company's operations not specifically assigned to the other Board Committees under its general purpose roles.

The meetings held by the Committee and the recorded attendance by its members are reported below:

Names	Status	Jan 13	May 28	July 27	Oct 26	Nov 30
Mr. Anthony Aletor	Chairman	√	√	√	√	√
Dr. (Mrs) Dere Awosika	Member	√	√	X	√	√
Mrs. Bola Odukale	Member	√	√	√	√	√
Mr. Festus Olabiyi	Member	√	√	√	√	√
Mr. Adeyinka Obalade	Member	X	X	X	√	√

5. **Directors' Interest**

Directors

None of the directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts in which the Company was involved during the year ended 31 December 2020.

Directors' interest

The direct and indirect interest of directors in the issued share capital of the Company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of Section 301 of the Companies and Allied Matters Act, 2020 is as noted:

	Total Units
Mr. Anthony Aletor	1,015,100,328

6. **Property, plant and equipment**

Movement in property, Plant and equipment during the year is shown in note 10 of the notes to the financial statements. In the opinion of the Directors, the market value of the Company's property is not less than the value shown in the financial statements.

7. **Dividends**

The Directors did not recommend dividend for the financial year ended 31 December 2020.

8. **Event after reporting date**

There are no events after the reporting date which could have had material effect on the state of affairs of the Company, and the result for the year ended 31 December 2020 which have not been adequately provided for in the financial statements.

9. **Reinsurance arrangement**

The Company maintains a Life Reassurance Treaty with African Reinsurance Corporation during the financial year under review.

10. **Business outlook**

The Company continues to pursue its vision of being a world class financial service provider. It enhanced its re-engineering processes aimed at rendering wealth management and financial protection services to every household.

11. **Employment and Employees**

A. **Employment of physically challenged Persons:**

It is the Company's policy that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees are given equal opportunities for self-development. As at 31 December 2020 however, no physically challenged person was in the employment of the Company.

B. **Health, Safety and Welfare**

Health, Safety and Welfare regulations for employees are enforced within the premises of the Company and employees are fully aware of existing safety regulations. The Company provides safety equipment at all its premises and also has in force an arrangement with a Health Management Organisation (HMO) to provide medical services to all categories of employees. The Company has enhanced safety measures in this regard as well as educating staff and its clients on appropriate hygiene manners. The Company is also strictly adhering to COVID-19 safety measures with regard to employees and other parties within its premises.

C. **Employee involvement and training**

The Company has continued to ensure that it maintains an efficient and effective information dissemination system. Information is circulated constantly to update the various categories of staff in terms of the Company's values, goals, policies, performance, procedures and progress. Employees at various levels are encouraged to express their opinions on issues ranging from personal to corporate management matters.

This is mainly achieved at different meetings such as Staff General Meetings, Departmental/Divisional Meetings, Zonal Meetings, Executive Management Meetings and Branch Managers Meetings, all of which are structured and held at stated periods.

Capital Express Assurance Limited places high premium on employee development. The Company continuously trains its staff both locally and internationally and encourages each staff to embrace professional tutelage and certification. With its corporate policy on employee development, the Company is able to strengthen the skills and competencies of its employees with the aim of increasing the value that we bring to our clients, business partners and other stakeholders.

D. **Whistle blowing policy**

The Company has installed an effective whistle blowing mechanism which encourages staff to put forward their opinion with regard to certain corporate and operational issues under strict confidence. The mechanism also provides the needed protection to such staff to ensure that they are not unnecessarily victimised for whistle blowing.

12. **Auditors**

The Auditors, Messrs BDO Professional Services (Chartered Accountants) have indicated their willingness to continue in office in compliance with NAICOM Corporate Governance regulation and section 401(2) of the Companies and Allied Matters Act, 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2020

In line with the global principles of Corporate Governance and the Nigerian Code on Corporate Governance, the Company is applying the stipulated principles and making reports on its level of implementation regarding the requirements. The Company also made efforts to satisfy the requirement of convening a Board Meeting every quarter. The Board Committees are equally viable and are efficiently working in line with their Terms of References.

By Order of the Board

Joy I. Sulucainan (Mrs.)
Company Secretary/Legal Adviser

Date 01-06-2021
FRC/2013/NBA/00000003483

OVERVIEW

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. In line with best practice, operational risk in the Company is composed of the following risk types: operations risk, legal risk, regulatory compliance risk, financial crime risk, people risk, property, technology, vendor, financial, and environmental risks.

The Company recognises the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

Objectives

The Company is committed to the management of operational risks. The Company's operational risk management framework aims to:

- Reduce losses arising from operational risk - a key role of operational risk management in the Company is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;
- Improve performance measurement - the Company's improved understanding of its operational risk profile shall enable appropriate allocation of risk and economic capital to individual lines of business, which would allow improved performance measurement and evaluation of activities;
- Ensure better control of operations - the Company expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvement in the control of operations and the emergence of a more proactive operational risk management culture;
- Provide early warning signals of deterioration in the Company's internal control system; and
- Raise awareness of operational risk in the Company from top to bottom through the implementation of an enterprise-wide operational risk approach.

Philosophy and principles

The following philosophy and principles govern the management of operational risk in the Company:

- The Board of Directors is responsible for setting the operational risk strategy of the Company and its implementation.
- The Board approves and periodically reviews the operational risk management framework.
- Operational risk in the Company is coordinated through a centralised and independent risk management function.
- Ownership, management and accountability for operational risk are decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting operational risk.
- The Company's operational risk management practices are in line with best practices.
- The Company's operational risk management practices are subject to regular independent review internally and externally.
- Operational risk management is governed by well-defined policies and procedures which are clearly communicated across the Company.
- Operational risk-related issues are taken into consideration in business decisions including new product and process designs.

- Operational risk and loss events are reported openly and fully to the appropriate levels once they are identified.
- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling operational risks are being implemented by the Company.

Methodologies

In order to meet its operational risk management objectives, each business function within the Company is required to identify, assess, measure and control its operational risk in line with the policy set by the Board.

The following are some of the key tools and techniques used by each business unit, in line with the nature and scale of the business risks:

Operational risk reporting template

This template is used for operational risk reporting on a monthly basis. Issues to be reported using this template take the form of significant operational risk exposures, exceptions from Key Risk Indicators (KRI) analysis and trending, exceptions from Control Risk Self-Assessment (CRSA), operational and fraudulent losses incidences, significant control breakdowns rectified during the month, all exceptions to corporate governance standards and outstanding audit issues, and any other issues with operational risk implications.

Real time incidence reporting

This is for reporting urgent and significant operational risk issues/events that have to be escalated to relevant senior management stakeholders within 72 hours of the incidence without having to wait for the monthly risk reporting cycle. Examples of significant operational risk issues are: fraud, accidents and whistle blowers' alerts.

Risk and Control Self-Assessment (RCSA)

Risk and control self-assessment is a key component of the Company's operational risk framework and involves, on a quarterly basis, each business unit within the Company proactively identifying and assessing its significant operational risks and the controls in place to manage those risks.

Internal loss data

The tracking of internal loss event data is a key component of the Company's operational risk framework. Internal loss events and data are analysed with a view to focusing attention on where they are needed and to forestall re-occurrence through sharing lessons learnt.

Key Risk indicators (KRIs)

Key risk indicators are measures that track the risk profile of the Company. Each business unit within the Company develops and monitors key risk indicators for its significant risks, which:

- target key operational risk exposures for the business unit;
- enable management of the underlying causes of risk exposures;
- use thresholds aligned to the Company's risk appetite and enable risk-based decision-making;
- are monitored with a frequency that matches the nature of the risks;
- complement the self-assessment and loss-event collection processes; and
- are reported as part of monthly management reporting.

Key operational risks

Major operational risks faced by the Company are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Company is also investing in enhanced loss control. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Policyholder (KYP) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Company's customers for each activity on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff, agents and brokers; and
- installation of panic alarm system, CCTV.

Strategy

Failure to manage operational risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of insurance license, all of which directly impact shareholders' value. Accordingly, the Company's operational risk strategy aims to minimise the impact of operational risk on its shareholders' value. In more specific terms, the Company's strategy is to:

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;
- minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Company's long-term growth, cash flow management and statement of affairs protection, and;
- make all managers responsible for the management of operational risk and thus minimise actual or potential losses. The Company recognises that some losses, such as operational errors, are inevitable and are normal business cost but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Company:

- has put in place best-practice operational risk management policies and procedures. These include procedures to help identify, assess, control, manage and report on operational risk within the Company;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;
- ensures that all staff in business and support functions are aware of their responsibilities for operational risk management;
- considers the potential operational risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to the Board Audit & Risk Committees respectively;
- ensures that staff are provided with appropriate operational risk management training that is commensurate to their roles;

- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of operational losses, through management of risk factors and utilisation of insurance and other risk transfer strategies; and
- ensures that staff responsibility with respect to operational risk management is communicated through ongoing risk awareness workshops and management action.

Governance

The overall responsibility for operational risk management in the Company resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on Company's operational risk profile through the Board Risk Committee.

To ensure consistency and prudent management of operational risks, the responsibility for managing operational risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Committees) and Management Risk Committee;
- the approval of operational risk policies and standards of risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board and Board Committees;
- the operational risk management framework implementation and review is owned by the Risk Management department;
- the implementation of the operational risk framework within the branches, departments/business units and the day-to-day management of operational risks is owned by their respective core processes and executed through their management structure; and
- the assurance role that operational risk management controls are effective is owned by the internal audit function.

The Board and Board Committees

The Board of Directors, Board Audit & Risk Committees and the Management Risk Committee shall have overall oversight function for operational risk management. It shall be their responsibility to ensure effective management of operational risk and adherence to the approved operational risk policies.

Board of Directors

The Board of Directors:

- Sets the Company's operational risk strategy and direction in line with the Company's corporate strategy;
- Gives final approval for the Company's operational risk management framework, policies and procedures; and
- Periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities.

Board Enterprise Risk Management and Governance Committee

The Board Committees:

- Ensures that the operational risk management framework is comprehensive and in line with the Company's strategy;
- Approves the operational risk management framework and oversees its implementation;
- Establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and
- Reports significant operational risk issues to the Board of Directors.

Management Risk Committee

The Company's Management Risk Committee:

- Ensures that the framework is implemented consistently across the Company;
- Ensures policies and procedures are developed for operational risk management;
- Ensures that all levels of staff understand their responsibilities with respect to operational risk management;
- Reviews the Company's risk dashboard and assesses potential impact on the activities of the Company or business unit;
- Ensures the Company's risk profile is within established risk parameters;
- Ensures that staff are adequately trained and have access to the necessary resources;
- Obtains and reviews periodic reports on operational loss events, risk profiling and control failures Company-wide and ensures corrective measures are being implemented;
- Ensures that the outputs from the operational risk management process are factored into the day-to-day management decisions of the Company; and
- Ensures that the Company's operational policies and procedures promote the desired risk culture.

Chief Risk Officer

The Chief Risk Officer shall:

- Lead the development and implementation of operational risk management across the Company.
- Develop operational risk management strategy, principles, framework and policy.
- Implements appropriate operational risk management processes and methodologies.
- Advise and coach management and business units on risk management.
- Coordinate the appropriate and timely delivery of risk management information.
- Exercise supervisory responsibilities over operational risk management in addition to responsibility over insurance risk, market risk, credit risk and other key risk types.
- Approve all reports, operational risk policy proposals, recommendations and other documents prepared for presentation to the Management Risk Committee, and Board Audit & Risk Committees.

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters, monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit.

Future outlook

The Company is on a journey to embedding a robust operational risk management practice, culture and environment beyond complying with regulatory requirements. The goal is to make risk management a value driver that enhances and contributes to stakeholders' value and the long-term existence and survival of the institution. To this end, a number of initiatives and projects are being initiated. When completed, it will enhance the risk management culture and practices within the organisation and by extension significantly reduce the Company's operational risk exposures and incidences, monitor them closely to ensure that the Company is satisfactorily managing its affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from natural disasters.

Some of these key initiatives and projects are as follows:

- Sourcing of a risk solution that has capacity to support the management of insurance risks, operational risk, credit risk and market risk in line with best practices and ultimately complying with risk-based capital regulation in anticipation;
- Structuring a business continuity management framework and infrastructure;
- Review and update of existing operational risk management processes and introduction of new ones; and
- Ongoing aggressive Company-wide operational risk awareness campaign to increase employees' risk-awareness level, competence and involvement in managing risks.

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2020 that:

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

Mr. Tunde Muriana	**Mrs. Adebola Odukale**
Chief Finance Officer	**Managing Director/CEO**
Date 1/06/ 2021	**Date 1/06/ 2021**
FRC/2013/ICAN/00000002280	**FRC/2013/CIIN/00000003501**

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAPITAL EXPRESS ASSURANCE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Capital Express Assurance Limited** which comprise, the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

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

2. Basis for Opinion

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

3. Key Audit Matters

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

(i) Revenue recognition

Due to the large number of policies underwritten by the Company there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger may not be completely accounted for.

Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical testing procedures on the gross and unearned premium balances amongst others.

(ii) **Valuation of investment properties**

Management has estimated the value of the Company's investment properties to be **N4.1 billion** as at 31 December 2020. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures on note 9 to be appropriate based on the assumptions and available evidence.

(iii) **Valuation of insurance and investment contracts liabilities.**

Management has estimated the value of insurance and investment contract liabilities in the Company's financial statements to be **N5.84 billion** as at year ended 31 December 2020 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

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

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We ascertained the following

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

4. **Responsibilities of the Directors for the Financial Statements**

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

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

5. **Other information**

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

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

6. **Auditors' responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

  Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

7. **Report on other legal and regulatory requirements**

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) in our opinion, proper books of account have been kept by the Company, and
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.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
SG/ICAN
1018312

Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
1 June 2021

To the members of Capital Express Assurance Limited

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020, we the Members of the Audit Committee of Capital Express Assurance Limited, have carried out our statutory functions under the Act, and hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December 2020 and we confirm that they were adequate;

- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and

- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2020.

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

01/06/21

Mr. Tony Ailen Eromosele
Chairman of the Audit Committee
Date 01/06 2021
FRN/2013/ICAN/00000002939

Members of the Audit Committee

Mr. Tony Ailen Eromosele	Chairman
Mr. Anthony Aletor	Member
Mr. Festus Olabiyi	Member
Mr. Segun Olorunfunmi	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.

1. General Information

Capital Express Assurance Limited ("CAPEX" or "the Company") was incorporated in Nigeria on 9 May 2000 as a private Limited Liability Company domiciled in Nigeria. It was licensed to carry on insurance business in the same year. The address of the Company's registered office is 13, Bishop Kale Close, Victoria Island Lagos. Capital Express Assurance Limited is a specialist in life assurance Company with operations in major parts of the Country. The Company's vision is to be a world class financial services provider.

Ownership structure

Capital Express Assurance Limited is fully owned by Nigerians.

Authorisation for issue

The financial statements of Capital Express Assurance Limited for the year ended 31 December 2020 were authorised for issue by the Directors on 14 May 2021.

2. Summary of Significant Accounting Policies

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

2.1 Going Concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concerns threats to the operations of the Company.

2.2 Basis of Preparation and Compliance with IFRS

The Company's financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

2.2.1 Basis of measurement

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

- Financial instruments at fair value through profit or loss;
- Financial assets classified as Available-for-sale which are measured at fair value through other comprehensive income;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income;
- Loans and receivables and held to maturity financial assets and financial liabilities which are measured at amortised costs; and
- Investment properties which are measured at fair value.

2.3 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.4

2.4 Judgments, Estimates and Assumptions

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

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

2.4.1 Income Taxes

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

2.4.2 Retirement Benefits

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

The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

2.4.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

2.5 Amendments to IFRS 4 - Insurance Contract, regarding implementation of IFRS 9

The IASB issued the amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

1 An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is called the overlay approach.

2 An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is called the deferral approach.

In 2018, the Company conducted an initial predominance assessment using 2015 financial report as stated in IFRS 4 amended 2016 section 20D of the standard and having met the criteria for exemption, the Board opted for temporary exemption option (deferral approach).

There has been no change in activities of the Company since the predominance assessment. The Company is registered with Corporate Affairs Commission to carry out insurance activities and its activities are predominantly connected with insurance contracts.

Capital Express Assurance Limited has carried out the predominance assessment on its liabilities from 31 December 2016 to 31 December 2020 as follows:

Statement of financial position item (Liabilities)	31 December 2016	31 December 2017	31 December 2018	31 December 2019	31 December 2020	Does it relates to insurance activities?
	N'000	N'000	N'000	N'000	N'000	
Insurance contract liabilities:						
Incurred but not reported (IBNR)	473,816	568,150	877,143	779,497	932,712	Yes
Outstanding claims	820,845	1,059,578	592,885	305,123	324,744	Yes
Unearned premium reserve	409,945	357,327	374,885	425,545	1,262,260	Yes
Life insurance contract liabilities	851,969	763,468	716,181	966,275	1,491,700	Yes
Investment contract liabilities:						
Investment contract liabilities - Group	641,109	582,107	423,366	448,790	523,040	Yes
Investment contract liabilities - Individual	698,977	1,013,753	1,326,233	1,310,844	1,250,657	Yes
Fund in trust	39,343	44,808	46,538	55,258	57,687	Yes
Trade payable						
Payable to Reinsurance, Co-Insurance companies, Brokers and due to insured	13,937	121,651	117,342	56,280	276,423	Yes
Other payables and accruals						
Accrued rent and management expenses	21,409	102,088	71,136	76,266	71,111	Yes
Agency career fund	28,971	33,007	-	-	-	Yes
Commission payable	1,405	2,294	-	-	-	
Deposit for shares	-	-	938,308	224,138	-	No
Insurance supervisory levy	24,000	24,000	32,495	17,003	63,284	Yes
Statutory payables	10,568	14,771	7,314	14,490	6,469	Yes
Loan from director	-	30,207.00	12,205	14,586	-	No
Other creditors	26,827	11,383	177,656	245,622	262,378	Yes
Deferred income	7,500	9,000	15,000	-	-	No
Current income tax payable	13,617	8,729	18,025	7,025	2,569	Yes
Deferred tax liabilities	16,714.80	22,810	35,056	43,669	55,036	Yes
Total Liabilities	**4,100,953**	**4,769,131**	**5,781,768**	**4,990,411**	**6,580,070**	
Total Liabilities connected to insurance activities	4,093,453	4,729,924	4,816,255	4,751,687	6,580,070	
Percentage of liabilities connected to insurance activities	99.82%	99.18%	83.30%	95.22%	100.00%	

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

2.5.2 Fair value disclosures

Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest:

The Company financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows;

(a)

Financial Assets that meet the SPPI Test	N'000	N'000	N'000
Categories	IAS 39 Carrying Amount	IFRS 9 Fair Value	Fair Value Changes (Impact on 2020) Accounts (C')=(A)-(B)
	As at 31 Decemeber 2020 (A)	As at 31 Decemeber 2020 (B)	
Cash and Cash Equivalents (Note 3)			
Placement & Short term deposit with financial Institutions	1,288,398	1,288,398	-
Held to Maturity (Note 4.3):			
Treasury Bills	20,903	20,903	-
Government Bonds	-	-	-
Sub-Total	20,903	20,903	-
Loans and receivables (Note 4.4):			
Loan to policy holders	27,732	27,732	-
Staff Loans	7,028	7,028	(0)
Sub-Total	34,760	32,760	(0)
Trade Receivables			
Premium due from brokers, agents & Insurance entities	-	-	-
Other receivables and prepayments			
Loans and advances	-	-	-
Grand Total	**1,344,061**	**1,342,061**	(0)

(b) **Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest :**

Financial Assets that meet the SPPI Test	N'000	N'000	N'000
Categories	IAS 39 Carrying	IFRS 9 Fair Value	Fair Value Changes (Impact on 2020) Accounts (C')=(A)-(B)
	As at 31 Decemeber 2020 (A)	As at 31 Decemeber 2020 (B)	
Available-for-sale (Note 4.1)			
Quoted/Unquoted equity securities measured at fair value	1,006,452	1,006,452	-
Quoted/Unquoted equity securities measured at cost	-	-	-
	1,006,452	**1,006,452**	-
Fair value through profit or loss - FVTPL (Note 4.2)			
Quoted equity securities measured at fair value	1,758,661	1,758,661	-
Total	**2,765,113**	**2,765,113**	-

2.5.3 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations effective from 1 January 2020

New standards effective for adoption in the annual financial statements for the year ended 31 December 2020 but had no significant effect or impact on the Company are:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material);
- Revisions to the Conceptual Framework for Financial Reporting.
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

(b) New standards and interpretations issued but not yet adopted by the Company

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2020. They have not been adopted in preparing financial statements for the year ended 31 December 2020.

standard/interpretation		Date issued by IASB	Effective date period beginning on or after
IFRS 16	Covid-19-Related Rent Concessions	28 May 2020	1 June 2020
IFRS 9,IAS 39,IFRS 7,IFRS 4 ans IFRS 16	Interest rate Benchmark Reform	27 August 2020	1 January 2020
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract Reform	14 May 2020	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	14 May 2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	14 May 2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework	14 May 2020	1 January 2022
IAS 16	Classification of Liabilities as Current or Non-current	23 January2020	1 January 2023
IFRS 10 and IAS 28 amendment IFRS 10 and IAS 28 amendment	Sales or Contribution of assets between an investor and its Associate or Joint Venture	11 September 2014	Deferred indefinitely

2.5.4 New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are:

IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard 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 will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and Information Technology. • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgments and estimates made must be reassessed whenever circumstance have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements.	The Standard is effective for annual reporting periods beginning on or after 1 January 2022/2023, with early application
IAS 1 Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

2.6 Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

The financial statements are presented in Nigerian naira (₦), which is the presentation currency, and rounded to the nearest thousand (₦'000) unless otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income' or 'other operating expenses'.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short-term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts.

2.8 Trade receivables

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect the entire amount due under the original terms of the invoice.

Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt.

Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the Income Statement.

2.9 Deferred Acquisition Costs

Deferred acquisition costs comprise of commission, brokerage and other related expenses arising from generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognised in the subsequent period. They are recognised on a basis consistent with the related provision for unearned premiums.

2.10 Financial Assets

A financial asset is recognised when the Company becomes a party to the contractual provisions of the instrument.

2.10.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

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

Management determines the appropriate classification of the financial assets at initial recognition and the classification depends on the purpose for which the financial assets were acquired or originated. The Company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognised in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unquoted equities, and quoted equities for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

Held to maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than an insignificant amount of held-to- maturity assets, the entire category would be obtained and classified as available for sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. The Company classifies as Available-for-sale financial assets those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de-recognition of the investment.

Dividends received on Available-for-sale financial assets are recognised in income statement when the Company's right to receive payment has been established.

2.10.2 **Initial recognition and measurement**

Financial assets are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial assets on a fair value basis, because the related liabilities are also managed on this basis.

2.10.3 **Subsequent measurement**

Fair values of quoted investments in active markets are based on quoted bid prices.
Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are re-measured subsequent to initial recognition, at fair value.

Held to maturity

Held-to-maturity investments after initial measurement are carried at amortised cost using the effective interest rate method (EIR), less impairment. Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired.

Loans and receivables

Loans, advances and receivables after initial measurement are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement.

Available-for-sale financial assets

Changes in the carrying amount of available for sale financial assets are recognised in other comprehensive income and accumulated under the heading of "Available-for-sale financial assets reserve". Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at the end of each reporting period.

2.10.4 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Financial assets carried at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at financial asset's original effective interest rate.

If a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, past-due status and other relevant factors.

Future cash flows of a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the end of reporting year, that have an impact on the future cash flows of the asset.

Available-for-sale financial assets equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is a decline in Available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the loss recognised in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial assets carried at cost

For financial assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.10.5 De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

2.11 Reinsurance Assets

The Company cedes insurance risk in the normal course of business on the bases of treaty agreements. Reinsurance assets represent balances due from Reinsurance Companies. Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Reinsurance assets also include prepaid reinsurance cost as at the reporting date. The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the income statement. There are no indications of impairment as at year end. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due 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 impairment loss is recorded in the income statement.

Premiums, losses and other amounts relating to reinsurance treaties are recognised over the period from inception of a treaty to expiration of the related business. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

2.12 Prepayments and Other Receivables

Prepayments and other receivables are carried at cost less accumulated impairment losses.The carrying amounts of the Company's non-financial assets other than deferred tax assets are assessed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in income statement.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement. Impairment losses on revalued assets are recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Investment properties

Investment properties are those properties held for rentals and appreciation in value and are not occupied by the Company. Investment properties comprise freehold land and buildings.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Fair value changes are recognised under 'net fair value gains/losses' in the income statement.

Derecognition

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfer

Transfers are made to or from investment properties only when there is a change in use evidenced by the owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfer between investment property and owner-occupied property does not change the cost of that property for measurement or disclosure purposes.

2.14 Property, Plant and Equipment

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

Recognition and measurement

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

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is provided on a straight line basis so as to allocate the cost/revalued amounts less their residual values over the estimated useful lives of the assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de- recognised or classified as held for sale in accordance with IFRS 5 '*Non-current Assets Held for Sale and Discontinued Operations*'.

The depreciation rates for the current and comparative periods are as follows:

Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Machinery	10%
Computer equipment	15%
Office equipment	15%

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

De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de- recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement of the year the asset is derecognised.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in income statement.

2.15 **Statutory Deposit**

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

2.16 **Intangible assets (Software)**

2.16.1 **Recognition and Measurement**

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable to and will flow to the Company. Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs are not to be included. Internally developed software is capitalised when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

2.16.2 Amortisation

Amortisation is calculated on intangible assets on the straight line basis to write down the cost of software to its residual value over its estimated useful life. Amortisation methods, useful lives and residual values are reassessed at each reporting date. No Amortisation is charged on intangible assets until they are available for use.

Amortisation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

IES-Online Software	20%

2.17 Insurance Contracts Liabilities

2.17.1 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.

The Company issues life insurance contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the Policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues contracts with a discretionary participation feature.

2.17.2 Recognition and Measurement of Insurance Contracts

Premium income is recognised on assumption of risks. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission and are gross of any taxes.

Gross Premiums

Gross premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums.

Reinsurance

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross premiums written. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

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 recognised at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognised on the same basis as the acquisition costs incurred. Premiums ceded, claims recovered and commission received are presented in the Income Statement separately from the gross amounts.

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

Claims and policyholder benefits payable

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.Claims and loss adjustment expenses are charged to Income Statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Receivables and Payables related to Insurance Contracts

Receivables and Payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognised as impairment loss in income statement.

2.18 Investment Contracts Liabilities

Investment Contracts Liabilities are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

2.18.1 Interest on Investment Contracts

Interest accruing to the assured from investment of the savings is recognised in the income statement in the period it is earned while interest paid and due to depositors is recognised as expense. The net amount of the deposit administration revenue is transferred to the income statement.

2.18.2 Recognition and measurement of investment contracts

Receipt and payments under investment contracts are not classified as insurance contracts in the Income statement but are deposits accounted in the Statement of Financial Position in line with the accounting policies for financial instruments. The deposit liability recognised in the Statement of Financial Position represents the amounts payable to the holders of the investment contracts inclusive of allocated investment income.

A number of insurance and investment contracts contain a discretionary feature. This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

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

Investment Contracts with Discretionary Participation Feature (DPF)

Insurance contracts and investment contracts with DPF are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Long -term Insurance Business (i.e. Long-term insurance contracts with fixed and guaranteed terms, and Long-term insurance contracts without fixed terms and with DPF) includes insurance business of all or any of the following classes, namely; life insurance business, superannuation business and business incidental to any such class of business.

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

2.19 Financial Liabilities

Financial liabilities are classified as either financial liability at fair value through profit or loss (FVTPL) or 'other financial liabilities'. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.The Company's financial liabilities include investment contracts without discretionary participation feature (DPF) trade and other payables, insurance payables.

The Company does not have financial liabilities classified as at FVTPL. Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition

The Company de-recognises financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Offsetting financial instruments
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.20 **Trade Payables**
Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. These include amounts due to agents, brokers, insurance contract holders, insurance companies and reassurance companies.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

Derecognition
Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.21 **Other Payables and Accruals**
Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

2.22 **Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

2.22.1 **Current tax**

Current tax is the expected tax payable on total or 'taxable' income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2.22.2 **Deferred tax**

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.
Deferred income tax assets are recognised for all deductible temporary differences and unused tax credits and losses, only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.23 **Share capital and reserves**

Issued Share Capital
The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend

Dividends on ordinary shares are recognised and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are disclosed as an event after reporting date.

2.24 Statutory Contingency Reserve

Contingency reserve is done in accordance with the provisions of Section 22(1) (b) of the Insurance Act CAP I17 LFN 2004. The contingency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profit. The amount shall accumulate until it reaches the amount of the minimum paid up capital.

2.25 Asset Revaluation Reserve

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

2.26 Available-For-Sale Reserve

The fair value reserve shows the effect from the fair value measurement of financial instruments categorised as available-for-sale financial assets after deduction of deferred taxes. Any gains or losses are not recognised in the Income Statement until the financial asset has been sold or impaired.

2.27 Retained Earnings

Retained earnings comprise of undistributed profits from previous years, which have not been reclassified to any other reserve attributable to shareholders.

2.28 Revenue Recognition

Revenue comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

2.28.1 Insurance Premium Revenue

Gross recurring premium on life and investment contracts with Discretionary Participating Features (DPF) are recognised as revenue when payment is made by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

2.28.2 Unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.28.3 Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into for the period and are recognised on the date on which the policy incepts. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

2.28.4 Fees and commission income

Fees are charged on insurance and investment contracts for policy administration services, investment management services, surrenders, reinstatement and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Commission income is earned on reinsurance arrangement made with the reinsurer. It is recognised as revenue over the period in which the related reinsurance arrangement covered.

2.28.5 Interest Income

Interest income for interest bearing financial instruments, are recognised within 'interest income' in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

2.28.6 Dividend Income

Dividend income is recognised in the Income Statement when the Company's right to receive payment is established.

2.28.7 Realised gains and losses

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

2.29 Benefits, claims and expenses recognition

2.29.1 Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

2.29.2 Claims expenses recovered

This represents claims expenses recovered or recoverable from reassurers based on reinsurance contracts arrangement made with reinsurance companies.

2.29.3 Changes in Life Insurance Contract Liability

This is based on actuarial valuation reports as at the reporting date. Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there are charged to the income statement while the surplus is appropriated to the shareholders and credited to the income statement.

2.30 Expense Recognition

2.30.1 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance and investment contracts. These costs include, but are not limited to, commission expense and other technical expenses.

Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting year in which they are incurred.

2.30.2 Management expenses

Management expenses are charged to Income Statement when the goods are received or services rendered. They are expenses other than claims, investments and underwriting expenses. It includes audit fee, Directors' emoluments, employee benefits, depreciation charges, amortisation charge, finance charges, legal and professional fees, marketing and other administration/operating expenses.

Finance charge relates to Interest expense for interest bearing financial instruments. It is recognised within 'finance charge' included in management expenses in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the net carrying amount of the financial liability. The effective interest rate is calculated on initial recognition of the financial liability and is not revised subsequently.

2.30.3 Short -term employee benefit

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

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2004. The contribution of the Company is 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees. Employees' contribution is 8%. The Company's obligations for contributions to the plan are recognised as an expense in Income Statement when they are due.

2.31 Earnings per share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements that could give rise to dilution of equity.

2.32 Provisions, contingent liabilities and contingent assets

a. Provisions

A provision is recognised when the Company has present obligations as a result of past event, it is probable that a outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate can be made of amount of the obligation. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the reporting date. these estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

b. Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

c. Contingent liabilities

A Contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability alos arises in extremely rare cases where there is liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contigent liability but discloses its existence in the financial statements.

2.33 Leases

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

a. The Company as a lessor

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

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

b. The Company as a lessee

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

(i) **Right-of-use assets**

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantee.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

CAPITAL EXPRESS ASSURANCE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Assets	Note	2020 N'000	2019 N'000
Cash and cash equivalents	3	1,288,525	698,630
Financial assets:			
- Available-for-sale	4.1	1,006,452	1,318,053
- Fair value through profit or loss	4.2	1,758,661	1,677,794
- Held to maturity	4.3	1,738,426	395,066
- Loans and receivables	4.4	34,760	32,766
Reinsurance assets	6	284,694	349,521
Deferred acquisition cost	7	127,601	47,283
Prepayments and other receivables	8	211,713	99,479
Investment properties	9	4,141,705	3,621,260
Property, plant and equipment	10	1,137,333	1,018,230
Statutory deposit	11	215,000	215,000
Intangible assets	12	3,542	7,943
Total assets		11,948,412	9,481,025
Liabilities			
Insurance contract liabilities	13	4,011,416	2,476,440
Investment contract liabilities	14	1,831,384	1,814,892
Trade payables	15	276,423	56,280
Other payables & accruals	16	403,242	592,105
Income tax liabilities	17	2,569	7,025
Deferred tax liabilities	18	55,036	43,669
Total liabilities		6,580,070	4,990,411
Equity			
Issued share capital	19	4,074,041	3,054,903
Statutory contingency reserve	20	511,043	447,759
Asset revaluation reserve	21	646,734	544,430
Available-for-sale reserve	22	314,038	625,639
Retained earnings	23	(177,514)	(182,117)
Total equity		5,368,342	4,490,614
Total liabilities and equity		11,948,412	9,481,025

The financial statements were approved and authorised for issue by the Board of Directors on 14 May 2021 and signed on its behalf by:

....	....	....
Mr. Tony Aletor	Mrs. Adebola Odukale	Mr. Tunde Muriana
Vice Chairman	Managing Director/CEO	Chief Finance Officer
FRC/2013/CISN/00000003344	FRC/2013/CIIN/00000003501	FRC/2013/ICAN/00000002280

The accompanying notes and significant accounting policies on pages 6 to 65 and other national disclosures on pages 66 and 67 form an integral part of these financial statements.

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CAPITAL EXPRESS ASSURANCE LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 N'000	2019 N'000
Gross premium written	24	6,328,410	4,421,685
Changes in unearned premium	25	(836,715)	(50,660)
Gross premium income		5,491,695	4,371,025
Reinsurance expenses	26	(268,125)	(202,118)
Net premium income		5,223,570	4,168,907
Fees and commission income	27	65,142	59,277
Net underwriting income		5,288,712	4,228,184
Net claims incurred	28	(2,972,750)	(1,635,348)
Changes in life insurance contract liabilities	13.3	(525,425)	(250,094)
Underwriting expenses	29	(641,350)	(354,339)
Total underwriting expenses		(4,139,525)	(2,239,781)
Underwriting profit		1,149,187	1,988,403
Investment income	30.2	79,917	64,069
Net realised gains	31	16,698	-
Net fair value gain/(loss)	32	318,667	(517,161)
Profit on investment contract liabilities	33	48,621	16,747
Foreign exchange gains	34	-	977
Management expenses	35	(1,543,523)	(1,083,407)
Profit before taxation		69,567	469,628
Information Technology Development Levy	17.2	(689)	(4,650)
		68,878	464,978
Income tax expense	17.2	(991)	(1,050)
Profit for the year		67,887	463,928
Other comprehensive income			
Item that may be reclassified to Profit or Loss:			
Fair value loss on available-for-sale financial assets	22	(311,601)	(97,378)
Item that will not be reclassified to profit or loss:			
Revaluation gain on property, plant and equipment (net of tax)	21	102,304	77,515
Other comprehensive loss for the year		(209,297)	(19,863)
Total comprehensive (loss)/profit for the year		(141,410)	444,065
Earnings per share			
Basic/diluted earnings per share(kobo)	37	1.67	15.19

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Auditors' report, pages 1 to 4

CAPITAL EXPRESS ASSURANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Statutory contingency reserve	Asset revaluation reserve	Available-for-sale reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2020	3,054,903	447,759	544,430	625,639	(182,117)	4,490,614
Profit for the year	-	-	-	-	67,887	67,887
Other comprehensive income:						
Changes in Available-for-sale financial assets	-	-	-	(311,601)	-	(311,601)
Changes in valuation of land and building	-	-	102,304	-	-	102,304
Addition to issued share capital	1,019,138	-	-	-	-	1,019,138
Transfer between reserves	-	63,284	-	-	(63,284)	-
Balance at 31 December 2020	4,074,041	511,043	646,734	314,038	(177,514)	5,368,342
Balance at 1 January 2019	2,116,595	401,366	466,915	723,017	(599,652)	3,108,241
Profit for the year	-	-	-	-	463,928	463,928
Other comprehensive income:						
Changes in Available-for-sale financial assets	-	-	-	(97,378)	-	(97,378)
Changes in valuation of land and building	-	-	77,515	-	-	77,515
Addition to issued share capital	938,308	-	-	-	-	938,308
Transfer between reserves	-	46,393	-	-	(46,393)	-
Balance at 31 December 2019	3,054,903	447,759	544,430	625,639	(182,117)	4,490,614

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CAPITAL EXPRESS ASSURANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Cash flows from operating activities			
Premium received from policy holders	24	6,328,410	4,421,685
Commission paid - Group life		(422,262)	(197,763)
Commission paid - Investment Contract Liabilities	33	(77,904)	(73,214)
Fess and Commission received	16.6&27	66,013	65,470
Recoveries from co-assurance	28(a)	35,405	3,693
Cash paid to and on behalf of Employees	35	(445,772)	(449,344)
Cash received from Investment Contract Holders - Group	14.1	119,895	95,077
Cash received from Investment Contract Holders - Individual	14.2	388,264	394,200
Cash paid to Investment Contract Holders - Group	14.1	(64,515)	(87,706)
Cash paid to Investment Contract Holders - Individual	14.2	(542,651)	(493,656)
Reinsurance premium paid	15.1	(155,218)	(146,989)
Other underwriting expenses	29.2	(286,452)	(180,408)
Other operating cash payments		(950,581)	(882,207)
Claims paid	28	(2,819,925)	(2,075,680)
Fund in trust paid	14.3	(14,571)	(20,450)
Cash generated from operating activities	40	1,158,136	372,708
Company income tax paid	17.1	(6,136)	(16,700)
Net cash generated from operating activities		1,152,000	356,008
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(34,116)	(72,611)
Additions to intangible assets	12	(1,200)	-
Proceeds from disposal of property, plant and equipment		463	-
Proceeds from sale of financial assets -FVPL	4.2(a)	757,773	-
Proceeds from matured and liquidated financial assets -HTM	4.3	89,384	207,154
Purchase of financial assets - FVPL	4.2	(979,183)	-
Purchase of financial assets - HTM	4.3	(1,416,733)	(500,894)
Loan granted to staff & policy holders	4.4	(10,162)	(3,478)
Repayment of staff & policy loan	4.4	8,684	2,880
Dividend received	8.2.2	64,007	76,212
Rent Income received	8.4	26,667	47,100
Interest received on statutory deposit	8.2.1	22,969	30,912
Additions to investment properties	9	(45,000)	(82,615)
Interest and other investment incomes received		159,342	38,003
Net Cash outflow from investing activities		(1,357,105)	(257,337)
Cash flows from financing activities:			
Deposit for shares	16.2	795,000	224,138
Net Cash inflows from financing activities		795,000	224,138
Net increase in cash and cash equivalents		589,895	322,809
Cash and cash equivalents at the beginning		698,630	375,821
Cash and cash equivalents at the end of the year (Note 3)		1,288,525	698,630

The accompanying notes and significant accounting policies on pages 6 to 65 and other national disclosures on pages 66 and 67 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

	2020	2019
3. Cash and cash equivalents	**N'000**	**N'000**
Cash - petty cash	127	50,338
Balances with Local banks	72,633	362,559
Domiciliary accounts with local banks	426	30,167
Placement with banks	1,215,339	255,566
	1,288,525	698,630
	N'000	**N'000**
Current	1,288,525	698,630
Non-current	-	-
	1,288,525	698,630

Placements with banks are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Company. All deposits are subject to an average variable rate of 6.16%, (2019: 12.2%)

3.1 Attributable to policyholders	**N'000**	**N'000**
Balances with local banks	31,317	135,745
Domiciliary accounts with local banks	184	16,290
Placement with banks	524,013	147,965
	555,514	300,000
3.2 Attributable to investment contracts	**N'000**	**N'000**
Balances with local banks	31,317	181,067
Domiciliary accounts with local banks	184	13,877
Placement with banks	524,013	105,056
	555,514	300,000
3.3 Attributable to shareholders	**N'000**	**N'000**
Cash - Petty cash	127	50,338
Balances with local banks	177,370	48,292
	177,497	98,630
Cash and cash equivalents	1,288,525	698,630

4. Financial assets	**N'000**	**N'000**
The Company's financial assets are summarised by categories as follows:		
Available-for-sale (Note 4.1)	1,006,452	1,318,053
Fair value through profit or loss (Note 4.2)	1,758,661	1,677,794
Held to maturity (Note 4.3)	1,738,426	395,066
Loans and receivables (Note 4.4)	34,760	32,766
	4,538,299	3,423,679
	N'000	**N'000**
Current	1,793,421	1,710,560
Non-current	2,744,878	1,713,119
	4,538,299	3,423,679
4.1 Available-for-Sale	**N'000**	**N'000**
Balance at the beginning of the year	1,318,053	1,415,431
Fair value loss (Note 22)	(311,601)	(97,378)
Balance at the end of the year	1,006,452	1,318,053
(a) Equity instrument measured at Available-for-Sale includes:	**N'000**	**N'000**
Consolidated Hallmark Inssurance Plc	379,993	390,000
NEM Insurance Plc	626,459	928,053
Total equity instruments measured at Available-for-Sale	1,006,452	1,318,053

	2020	2019
	N'000	N'000
Attributable to policy holders	503,226	659,027
Attributable to investment contract	503,225	659,026
	1,006,452	1,318,053

The fair value gains in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of Available-For-Sale Reserve.

4.2 Fair Value through Profit or Loss

	N'000	N'000
Balance at the beginning of the year	1,677,794	2,575,817
Purchases during the year	979,183	-
Equities transferred as deposit for shares (Note 16.2)	-	224,138
Fair value loss (Note 32)	(156,778)	(1,122,161)
Carrying amount of FVTPL disposed (Note 4.2(a))	(741,538)	-
Balance at the end of the year	1,758,661	1,677,794

(a) Profit on disposal of FVTPL

	N'000	N'000
Proceeds from sale of financial assets -FVTPL	757,773	-
Carrying amount of FVTPL disposed (Note 4.2)	(741,538)	-
Gain on disposal (Note 31)	16,235	-

	N'000	N'000
Attributable to policy holders	439,665	419,448
Attributable to investment contract	386,906	369,115
Attributable to shareholders	932,090	889,231
	1,758,661	1,677,794

(b) Fair value through profit or loss

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

4.3 Held to maturity

	N'000	N'000
Balance at the beginning of the year	395,066	68,289
Purchases during the year	1,416,733	500,894
Accrued interest capitalised (Note 30)	16,011	33,037
	1,827,810	602,220
Matured and liquidated during the year	(89,384)	(207,154)
Balance at the end of the year	1,738,426	395,066

	N'000	N'000
Attributable to policy holders	1,738,426	395,066
Attributable to investment contract	-	-
	1,738,426	395,066

	N'000	N'000
(a) Debt instruments Held to maturity includes		
FGN Bond	-	11,440
CBN Treasury Bill	20,903	62,578
Other short term investments	1,717,523	321,048
	1,738,426	395,066

	2020	2019
4.4 Loans and receivables	**N'000**	**N'000**
Balance at the beginning of the year	32,766	31,282
Loan granted during the year	10,162	3,478
Interest on loan	516	886
	43,444	35,646
Repayment during the year	(8,684)	(2,880)
Balance at the end of the year	34,760	32,766

(a) Loans and receivables comprises of:	**N'000**	**N'000**
Loan to policy holder	27,732	27,083
Staff loans	7,028	5,683
	34,760	32,766

	N'000	**N'000**
Attributable to policy holders (Note 4.4.1)	27,732	27,083
Attributable to shareholders (Note 4.4.2)	7,028	5,683
	34,760	32,766

4.4.1 Loan to policy holder	**N'000**	**N'000**
Balance at the beginning of the year	27,083	26,123
Loan granted during the year	1,840	2,805
Interest on loan (Note 30)	75	586
	28,998	29,514
Repayment during the year	(1,266)	(2,431)
Balance at the end of the year	27,732	27,083

The Company grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 80% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contact as at the date of determination and it is used as collateral on policy cash loan granted.

Policy Loans are not impaired as balances are set-off against benefits accruable to the policyholder. The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 15% per annum and it is reviewed periodically.

4.4.2 Staff loans	**N'000**	**N'000**
Balance at the beginning of the year	5,683	5,159
Loan granted during the year	8,322	673
Interest on loan (Note 30)	441	300
	14,446	6,132
Repayment during the year	(7,418)	(449)
Balance at the end of the year	7,028	5,683

The Company grants loans to staff at below market rate (7%) per annum, these loans were re-measured at transition date at amortize cost using average prime lending rate issued by Central Bank of Nigeria. The difference between the fair value using average prime lending rate and the rate at which the loan was granted is included in employee costs.

5. <u>Trade receivables</u>	**N'000**	**N'000**
Premium receivable (Note 5.1)	-	-
Impairment-trade receivables (Note 5.2)	-	-
	-	-

		2020	2019
5.1	**Premium receivable**	N'000	N'000
	Balance at the beginning of the year	-	-
	Gross written premium during the year (Note 24)	6,328,410	4,421,685
	Premium received during the year	(6,328,410)	(4,421,685)
	Balance at the end of the year	-	-
		N'000	N'000
	Current	-	-
	Non-current	-	-
		-	-
5.2	**Impairment - Trade receivables**	N'000	N'000
	Balance at the beginning of the year	-	-
	Impairment during the year	-	-
	Amount written off against bad debts	-	-
	Balance at the end of the year	-	-

5.3 **Basis of Impairment**

An impairment is based on the likelihood that a premium debt will not be paid and will fall into default. Debts are assessed individually and where objective evidence of impairment exists, for receivables considered significant, they are impaired accordingly.

If the Company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with the same credit risk characteristics and collectively assesses them for impairment.

6. **Reinsurance assets**

		2020	2019
		N'000	N'000
	Reinsurer Share of UPR (Note 6.1)	80,970	52,720
	Reinsurer Share of IBNR (Note 6.2)	74,756	90,150
	Balance as per Actuary's Estimate	155,726	142,870
	Prepaid Reinsurance Expenses (Note 6.3)	-	67,675
	Co-assurance receivables (Note 6.4)	128,968	138,976
		284,694	349,521
		N'000	N'000
	Current	284,694	349,521
6.1	**Reinsurer share of UPR**	N'000	N'000
	Balance at the beginning of the year	52,720	52,720
	Movement during the year (Note 26)	28,250	-
	Balance at the end of the year	80,970	52,720
6.2	**Reinsurer share of IBNR**	N'000	N'000
	Balance at the beginning of the year	90,150	38,919
	Movement during the year (Note 28(a))	(15,394)	51,231
	Balance at the end of the year	74,756	90,150
6.3	**Prepaid Reinsurance expenses**	N'000	N'000
	Balance at the beginning of the year	67,675	53,487
	Movement during the year (Note 26)	(67,675)	14,188
	Balance at the end of the year	-	67,675
6.4	**Co-assurance receivables**	N'000	N'000
	Balance at the beginning of the year	167,222	112,276
	Addition during the year	25,397	58,639
	Claims expenses recovered during the year (Note 28(a))	(35,405)	(3,693)
		157,214	167,222
	Impairment loss (Note 6.5)	(28,246)	(28,246)
		128,968	138,976

		2020	2019
6.5	**Impairment loss**	N'000	N'000
	Balance at the beginning of the year	28,246	23,505
	Addition during the year (Notes 35 & 30.1)	-	4,741
	Balance at the end of the year	28,246	28,246

7.	**Deferred acquisition cost**	N'000	N'000
	Balance at the beginning of the year	47,283	23,451
	Acquisition cost during the year (Note 29.1)	435,216	197,763
	Total acquisition cost	482,499	221,214
	Amortised acquisition cost during the year (Note 29.1)	(354,898)	(173,931)
	Balance at the end of the year	127,601	47,283
		N'000	N'000
	Current	127,601	47,283
	Non-current	-	-
		127,601	47,283

8.	**Prepayments and other receivables**	N'000	N'000
	Prepayments (Note 8.1)	22,135	17,767
	Stock brokers' current account (Note 8(a))	-	22,497
	Withholding tax recoverable	10,023	9,690
	Other receivables (Note 8.3)	-	287
	Accrued investment income (Note 8.2)	119,555	19,238
		151,713	69,479
	Rent receivable (Note 8.4)	60,000	30,000
		211,713	99,479
		N'000	N'000
	Current	211,713	99,479
	Non-current	-	-
		211,713	99,479

The carrying value of prepayments and other receivables approximate their fair value at the year end date.

(a) Stock brokers' current account comprise of amount due to Capital Express Assurance Limited from stock brokers who manage the Company's equities on the stock exchange.

8.1	**Prepayments**	N'000	N'000
	Prepaid rent (Note 8.1.1)	11,775	9,066
	Prepaid insurance (Note 8.1.2)	3,110	3,322
	Other prepayment (Note 8.1.3)	7,250	5,379
		22,135	17,767
8.1.1	**Prepaid rent**	N'000	N'000
	Balance at the beginning of the year	9,066	6,973
	Payment during the year	23,528	20,239
	Accrued rent (Note 16.1)	5,046	5,046
	Amortisation during the year (Note 35)	(25,865)	(23,192)
	Balance at the end of the year	11,775	9,066
8.1.2	**Prepaid insurance**	N'000	N'000
	Balance at the beginning of the year	3,322	2,889
	Payment during the year	15,284	15,026
	Amortisation during the year (Note 35)	(15,496)	(14,593)
	Balance at the end of the year	3,110	3,322

		2020	2019
8.1.3	**Other prepayments**	N'000	N'000
	Balance at the beginning of the year	5,379	4,995
	Payment during the year	22,526	14,250
	Amortisation during the year	(20,655)	(13,866)
	Balance at the end of the year	7,250	5,379
8.2	**Accrued investment income**	N'000	N'000
	Accrued interest on statutory deposit (Note 8.2.1)	29,987	13,826
	Accrued interest on short-term placements	85,281	-
	Interest earned on Bond (Note 30)	4,287	783
	Dividend receivable (Note 8.2.2)	-	4,629
		119,555	19,238
8.2.1	**Accrued interest receivable**	N'000	N'000
	Balance at the beginning of the year	13,826	27,326
	Interest earned on statutory deposit (Note 30)	22,969	30,912
	Interest received during the year	(6,808)	(44,412)
	Balance at the end of the year	29,987	13,826
8.2.2	**Dividend receivable**	N'000	N'000
	Balance at the beginning of the year	4,629	1,398
	Dividend earned during the year (Note 30)	64,007	76,212
	Dividend received during the year	(68,636)	(72,981)
	Balance at the end of the year	-	4,629
8.3	**Other receivables**	N'000	N'000
	Balance at the beginning of the year	287	2,849
	Addition during the year	1,657	-
	Repayments during the year	(1,944)	(2,562)
	Balance at the end of the year	-	287

(a) Other receivables represent cash and touring advances given to staff for business purposes. However, all advances have been retired as at the year end.

		2020	2019
8.4	**Rent receivable**	N'000	N'000
	Balance at the beginning of the year	30,000	-
	Rent earned during the year (Note 30)	56,667	77,100
	Rent received during the year	(26,667)	(47,100)
	Balance at the end of the year	60,000	30,000
9.	**Investment properties**	N'000	N'000
	Balance at the beginning of the year	3,621,260	2,933,645
	Addition during the year	45,000	82,615
	Fair value gains (Note 32)	475,445	605,000
	Balance at the end of the year	4,141,705	3,621,260

9.1	The Company's investment properties are as stated below:	Balance at the beginning of the year	Addition during the year	Disposal during the year	Fair value changes	Carrying amount
		N'000	N'000	N'000	N'000	N'000
	Plot of Land at Oba Adesida Road, Oyemekun, Akure	43,110	-	-	17,027	60,137
	Plot 2 & 3, Oko Orisan Water Front Scheme, Epe,	56,235	-	-	7,800	64,035
	4A, Robinson Close, Off Wharf-Road Apapa Lagos	302,850	-	-	77,650	380,500
	Nouakchott Street Off Olusegun Obasanjo Way Wuse Ab	506,315	25,000	-	30,500	561,815
	18, Bishop Kale Close, Victoria Island, Lagos	709,000	-	-	91,355	800,355
	35, Akin Adesola Street, Victoria Island, Lagos	850,190	20,000	-	90,340	960,530
	Plot 1626C-E, Idejo Street, Victoria Island, Lagos	1,153,560	-	-	160,773	1,314,333
	Total investment properties	3,621,260	45,000	-	475,445	4,141,705

	2020	2019
9.2 **The Company's investment properties are allocated as follows:**	**N'000**	**N'000**
Attributable to policyholders	1,022,490	866,754
Attributable to investment contract	1,022,490	635,212
Attributable to shareholders	2,096,725	2,119,294
	4,141,705	3,621,260

9.3 The nature of additions to investment properties during the year ended 31 December 2020 are as stated below:

	N'000
Akin Adesola building project construction	20,000
Renovation of annex office in Abuja	25,000
	45,000

9.4 Investment properties are stated at fair value, which has been determined based on valuations performed by Austine Udoh & Partners (FRC/2013/NIESV/00000004380) who are accredited independent valuers, as at 31 December 2020.

The valuer is an industry specialist 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 buyers and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standard Committee. Valuation is performed on an annual basis and the fair value gains and losses are recorded within the Income Statement.

9.5 The present status of the properties is presented hereunder:

Property	Type	Acquisition Date	Status of Title	Rental Status
Plot of Land Along Oba Adesida Road, Oyemekun, Akure.	Land	14th February 2007	Deed of Assignment / Governor's Consent	This is for future development and capital appreciation
Plot 2 & 3, Oko Orisan Water Front Scheme, Epe, Lagos.	Land	20th April 2012	Deed of Assignment / Governor's Consent	This is for future development and capital appreciation
4A, Robinson Close Off Wharf-Road, Apapa, Lagos.	Land	24th October 2007	Deed of Assignment / Governor's Consent	This is for future development and capital appreciation
Nouakchott Street, Off Olusegun Obasanjo Way, Wuse 1, Abuja.	Land & Building	30th May 2012	Deed of Assignment / Governor's Consent	The building is scheduled for renovation upon relevant government approval
18, Bishop Kale Close, Victoria Island, Lagos.	Land & Building	3rd April 2007	Deed of Assignment / Governor's Consent	The building is currently occupied by tenants
35, Akin Adesola Street, Victoria Island, Lagos.	Land & Building	14th February 2007	Deed of Assignment / Governor's Consent	The building is currently occupied by tenants
Plot 1626C-E, Idejo Street, Victoria Island, Lagos.	Land & Building	6th July 2007	Deed of Assignment / Governor's Consent	The building is currently occupied by tenants

10. Property, plant and equipment

	Land	Building	Plant and machinery	Motor vehicles	Computer equipment	Office equipment	Furniture & Fittings	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	297,010	548,100	31,673	251,667	55,987	32,528	82,428	1,299,393
Additions	-	25,341	19,102	-	23,266	1,722	3,180	72,611
Asset revaluation reserve (Note 21)	25,450	49,209	-	-	-	-	-	74,659
At 31 December 2019	322,460	622,650	50,775	251,667	79,253	34,250	85,608	1,446,663
At 1 January 2020	322,460	622,650	50,775	251,667	79,253	34,250	85,608	1,446,663
Additions	-	8,701	493	-	21,096	2,120	1,706	34,116
Disposals	-	-	-	(3,310)	-	-	-	(3,310)
Asset revaluation reserve (Note 21)	56,245	44,799	-	-	-	-	-	101,044
At 31 December 2020	378,705	676,150	51,268	248,357	100,349	36,370	87,314	1,578,513
Accumulated depreciation								
At 1 January 2019	-	-	21,047	231,440	45,962	27,208	70,304	395,961
Charge for the year	-	11,469	3,561	19,910	4,773	1,754	2,474	43,941
Asset revaluation reserve (Note 21)	-	(11,469)	-	-	-	-	-	(11,469)
At 31 December 2019	-	-	24,608	251,350	50,735	28,962	72,778	428,433
At 1 January 2020	-	-	24,608	251,350	50,735	28,962	72,778	428,433
Charge for the year	-	12,627	3,862	68	6,429	1,793	3,905	28,684
Disposals	-	-	-	(3,310)	-	-	-	(3,310)
Asset revaluation reserve (Note 21)	-	(12,627)	-	-	-	-	-	(12,627)
At 31 December 2020	-	-	28,470	248,108	57,164	30,755	76,683	441,180
Carrying amounts at:								
31 December 2020	378,705	676,150	22,798	249	43,185	5,615	10,631	1,137,333
31 December 2019	322,460	622,650	26,167	317	28,518	5,288	12,830	1,018,230

(a) The Company's land and building were professionally valued at the reporting date by Austine Udoh & Partners, an accredited independent valuer, with registration number FRC/2013/NIESV/00000004380 based on the open market value of the properties. The revaluation surplus of N113.6million arising therefrom were taken to revaluation reserve in accordance with International Accounting Standard - IAS 16 paragrah 31.

(b) No leased assets are included in the above property, plant and equipment (2019: Nil)

(c) The Company had no capital commitments as at the statement of financial position date (2019: Nil).

(d) There is no restriction on title of any item of property, plant and equipment.

(e)

Carrying amount of land and building in property, plant and equipment	Type	Status of Title	Balance at the beginning of the year N'000	Addition during the year N'000	Revaluation surplus N'000	Carrying amount N'000
18, Bishop Kale Close, Victoria Island, Lagos	Land	Deed of Assignment	322,460	-	56,245	378,705
18, Bishop Kale Close, Victoria Island, Lagos	Building	Deed of Assignment	622,650	8,701	44,799	676,150
Total land and building			**945,110**	**8,701**	**101,044**	**1,054,855**

11. **Statutory deposit**

	N'000	N'000
Deposit with Central Bank of Nigeria	215,000	215,000

This represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act 2004. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

12. **Intangible assets**

Intangible assets represent computer softwares acquired by the Company for use in it's daily operations. The table below shows the details of balances at the year end.

Cost	N'000	N'000
At 1 January	27,501	27,501
Additions	1,200	-
At 31 December	28,701	27,501
Amortisation		
At 1 January	19,558	14,059
Charge for the year (Note 35)	5,601	5,499
At 31 December	25,159	19,558
Carrying amount	3,542	7,943

13. **Insurance contract liabilities**

	N'000	N'000
Incurred but not reported (IBNR)(Note 13.1(a))	932,712	779,497
Outstanding claims (Note 13.1(b))	324,744	305,123
Unearned premium reserve (Note 13.2)	1,262,260	425,545
Life insurance contract liabilities (Note 13.3)	1,491,700	966,275
	4,011,416	2,476,440

The firm of Ernst & Young, an actuarial service organisation did the valuation of life insurance portfolio for the reporting year. The actuarial valuation reports were authorised by Mr. Olurotimi O. Okpaise, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738).

13.1 **Outstanding claims**

(a) **Incurred but not reported (IBNR)**

	N'000	N'000
Balance at the beginning of the year	779,497	877,143
Changes in Incurred but not reported (Note 28)	153,215	(97,646)
Balance at the end of the year	932,712	779,497

	2020	2019
(b) **Outstanding claims as reported by policyholders:**	**N'000**	**N'000**
Balance at the beginning of the year	305,123	592,885
Claims incurred during the year	2,839,546	1,787,918
Claims paid during the year (Note 28)	(2,819,925)	(2,075,680)
Balance at the end of the year	324,744	305,123

	N'000	N'000
Current	42,313	39,937
Non-current	282,431	265,186
	324,744	305,123

The sum outstanding as unsettled claims as at the reporting date according to age analysis is as follows:

	2020 N'000	2019 N'000
0 - 90 days	42,313	39,937
91 - 180 days	73,249	51,485
181 - 270 days	24,560	13,212
270 - 365 days	6,105	4,434
365 days and above	178,517	196,055
	324,744	305,123

Outstanding claims are as a result of the following:

- Some claims for which discharged vouchers had been issued but are yet to be returned by the customers for settlement.
- Some claims for which discharged vouchers have not been issued due to either incomplete documentations or awaiting necessary documentations.

13.2 **Unearned Premium Reserve**	**N'000**	**N'000**
Balance at the beginning of the year	425,545	374,885
Changes in unearned premium (Note 25)	836,715	50,660
Balance at the end of the year	1,262,260	425,545
13.3 **Life insurance contract liabilities**	**N'000**	**N'000**
Balance at the beginning of the year	966,275	716,181
Movement during the year	525,425	250,094
Balance at the end of the year	1,491,700	966,275

13.4 Life insurance contract liabilities is represented by:	**N'000**	**N'000**
Cash and cash equivalents (Note 3.1)	555,514	300,000
Financial assets - available-for-sale (Note 4.1(a))	503,226	659,027
Financial assets - fair value through profit or loss (Note 4.2)	439,665	419,448
Financial assets - held to maturity (Note 4.3)	1,738,426	395,066
Financial assets - loans and receivables (Note 4.4(a))	27,732	27,083
Reinsurance assets	284,694	349,521
Deferred acquisition cost	127,601	47,283
Investment properties (Note 9.2)	1,022,490	866,754
	4,699,348	3,064,182

13.5 **Assets Cover**	**N'000**	**N'000**
Insurance Contract Liabilities (Note 13)	4,011,416	2,476,440
Assets Allocated (Note 13.4)	(4,699,348)	(3,064,182)
Surplus in Assets Cover	(687,932)	(587,742)

14. **Investment Contract Liabilities**	**N'000**	**N'000**
Investment contract liabilities - Group (Note 14.1)	523,040	448,790
Investment contract liabilities - Individual (Note 14.2)	1,250,657	1,310,844
Fund in Trust (Note 14.3)	57,687	55,258
	1,831,384	1,814,892

	2020	2019
	N'000	N'000
Current	622,671	617,063
Non-current	1,208,713	1,197,829
	1,831,384	1,814,892

Investment contract liabilities is stated at amortised cost and analysed as follows:

	2020	2019
14.1 Investment Contract Liabilities - Group	**N'000**	**N'000**
Balance at the beginning of the year	448,790	423,366
Deposit during the year	119,895	95,077
Withdrawal during the year	(64,515)	(87,706)
	504,170	430,737
Guaranteed interest (Note 33)	18,870	18,053
Balance at the end of the year	523,040	448,790
14.2 Investment Contract Liabilities - Individual	**N'000**	**N'000**
Balance at the beginning of the year	1,310,844	1,326,233
Deposit during the year	388,264	394,200
Withdrawal during the year	(542,651)	(493,656)
	1,156,457	1,226,777
Guaranteed interest (Note 33)	94,200	84,067
Balance at the end of the year	1,250,657	1,310,844
14.3 Fund in Trust	**N'000**	**N'000**
Balance at the beginning of the year	55,258	46,538
Claims incurred during the year	17,000	29,170
Payment made during the year	(14,571)	(20,450)
Balance at the end of the year	57,687	55,258
	N'000	**N'000**
Current	57,687	55,258
Non-current	-	-
	57,687	55,258

Fund in Trust represents amount held in trust on behalf of policyholders arising from insurance contracts. This has been separated from outstanding claims because of the peculiar mode of payment under the policy condition. Death cover is provided under Guaranteed Tuition Protection Policy (GTPP) for payment of tuition fees of named beneficiary in case of death of the insured. Payments are made directly to the school to settle school fees when due, subject to the sum assured. Unutilised amount (if any) on graduation of the beneficiary is paid directly to the beneficiary.

The carrying amount disclosed above reasonably approximates fair value at the reporting date.

	2020	2019
14.4 Investment Contract fund is represented by:	**N'000**	**N'000**
Cash and cash equivalents (Note 3.2)	555,514	300,000
Financial Assets - Available-for-Sale (Note 4.1(a))	503,225	659,026
Financial Assets - Fair Value through profit or loss (Note 4.2(a))	386,906	369,115
Investment properties (Note 9.2)	1,022,490	635,212
	2,468,135	1,963,353
14.5 Assets Cover	**N'000**	**N'000**
Investment Contract Liabilities (Note 14)	1,831,384	1,814,892
Assets Allocated (Note 14.4)	(2,468,135)	(1,963,353)
Surplus in Assets Cover - Investment Contract Liabilities	(636,751)	(148,461)
Surplus in Assets Cover - Insurance Contract Liabilities	(687,932)	(587,742)
Surplus in Assets	(1,324,683)	(736,202)

	2020	2019
15. Trade payables	N'000	N'000
Premium payable to Reinsurance companies (Note 15.1)	35,538	27,694
Premium payable to Co-insurance companies (Note 15.2)	-	26,631
Commission payable to Insurance brokers (Note 15.3)	12,954	-
Deposit premium (Note 15.4)	227,931	1,955
	276,423	56,280
	N'000	N'000
Current	276,423	56,280
Non-current	-	-
	276,423	56,280

Trade payable represents the reinsurance premium payable to reinsurance companies, co-insurance premium to co-underwriters and commission due to insurance brokers. The carrying amounts disclosed above approximate fair values at the reporting date.

15.1 Premium payable to Reinsurance companies	N'000	N'000
Balance at the beginning of the year	27,694	6,285
Treaty premium ceded to reinsurance (Note 26)	154,142	123,898
Facultative reinsurance outward (Note 26)	74,558	92,408
Commission received from reinsurance (Note 16.5)	(65,638)	(47,908)
Reinsurance premium paid during the year	(155,218)	(146,989)
Balance at the end of the year	35,538	27,694
15.2 Premium payable to Co-insurance companies	N'000	N'000
Balance at the beginning of the year	26,631	31,263
Movement during the year	(26,631)	(4,632)
Balance at the end of the year	-	26,631
15.3 Commission payable to Insurance brokers	N'000	N'000
Balance at the beginning of the year	-	-
Movement during the year	12,954	-
Balance at the end of the year	12,954	-

15.4 Policy proposal represents deposit premium received from policy holders that are yet to have policy numbers.

16. Other payables and accruals	N'000	N'000
Accrued rent (Note 16.1)	5,046	5,046
Accrued management expenses	66,065	71,220
Insurance supervisory levy	63,284	17,003
Statutory payables (Note 16.3)	6,469	14,490
Loan from director (Note 16(b))	-	14,586
Deferred Commission income (Note 16.5)	18,490	17,619
Due to stock brokers	65,406	-
Other creditors (Note 16(c))	178,482	228,003
	403,242	367,967
Deposit for shares (Note 16.2)	-	224,138
	403,242	592,105
	N'000	N'000
Current	403,242	592,105
Non-current	-	-
	403,242	592,105

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

(b) Loan from director represents facility granted to Capital Express Assurance Limited by a director, to enable the Company meets its operational expenses.

(c) Included in other creditors are unpaid invoices which cheques were issued but turned staled at year end amounting to N128.5 million (2019:156.2million).

		2020	2019
16.1	**Accrued rent**	**N'000**	**N'000**
	Balance at the beginning of the year	5,046	7,024
	Changes during the year	-	(1,978)
	Balance at the end of the year	5,046	5,046
16.2	**Deposit for shares**	**N'000**	**N'000**
	Balance at the beginning of the year	224,138	938,308
	Deposit made during the year	795,000	224,138
	Deposit utilised for share capital (Notes 19.2)	(1,019,138)	(938,308)
	Balance at the end of the year	-	224,138
16.3	**Statutory payables**	**N'000**	**N'000**
	Pay As You Earn	1,050	1,054
	Pension Fund (Note 16.4)	518	4,067
	Value Added Tax	619	1,291
	Withhoding Tax	877	1,639
	Industrial Training Fund	3,405	6,439
		6,469	14,490
16.4	**Pension Fund**	**N'000**	**N'000**
	Balance at the beginning of the year	4,067	1,857
	Provision during the year	14,877	34,540
	Payment during the year	(18,426)	(32,330)
	Balance at the end of the year	518	4,067
16.5	**Deferred commission income**	**N'000**	**N'000**
	Deferred Commission income as at the beginning of the year	17,619	11,426
	Commission received from reinsurance (Note 15.1)	65,638	47,908
	Fees and Commission earned during the year (Note 27)	(64,767)	(41,715)
	Deferred Commission income as at the end of the year	18,490	17,619

17. **Income tax liabilities**

The major components of income tax expenses for the reporting years are as follows:

17.1	**Per Statement of financial position**	**N'000**	**N'000**
	Balance at the beginning of the year	7,025	18,025
	Charge for the year (Note 17.2)	1,680	5,700
	Payments during the year	(6,136)	(16,700)
	Balance at the end of the year	2,569	7,025
17.2	**Per Income Statement**	**N'000**	**N'000**
	Minimum Tax	988	1,027
	Police fund levy	3	23
		991	1,050
	Information Technology Development Levy	689	4,650
		1,680	5,700

Income tax and Education tax

(i) The amount provided as Income tax on the profit for the year has been computed on the basis of the income tax rate of 30% in accordance with Companies Income Tax Act, CAP C21 LFN, 2004 (as amended).

(ii) Provision for Education Tax has been computed at the rate of 2% on the assessable profit in accordance with Education Tax Act CAP E4 LFN, 2004 (as amended).

(iii) **Police Fund Levy**

In accordance with Section 4 of the Nigeria Police Trust Fund (Establishment) Act, a levy of 0.005% on the net profit is payable by Companies operating businesses in Nigeria.

(iv) Information Technology Levy

In accordance with Section 12(2)(b) of The Nigerian Information Technology Development Act (NITDA) 2007, 1% of profit before tax is payable as information technology levy.

17.3 **Reconciliation of total tax charge**

The income tax expense for the year can be reconciled to the accounting profit as per the statement of profit or loss and other comprehensive income as follows:

	2020 N'000	2019 N'000
Profit for the year	69,567	469,628
Tax at the statutory corporation tax rate of 30%	20,870	140,888
Effect of income that is exempt from taxation	(1,967,132)	(1,307,208)
Effect of expenses that are not deductible in determining taxable profit	1,591,876	901,706
Current year fiscal loss	354,247	264,614
Minimum tax	988	1,027
Balancing charge	139	-
Police Fund Levy of 0.005% of Net Profit	3	23
NITDA Levy @ 1% of PBT	689	4,650
Tax expense recognised in profit or loss statement	1,680	5,700
Effective rate	0.02	0.01

The tax rate used for 2020 and 2019 reconciliation above is the corporate tax rate of 30% and 2% for tertiary education tax payable by corporate entities in Nigeria on taxable profits under tax laws in the Country,for the year ended 31 December 2020.

18. Deferred tax	N'000	N'000
Balance at the beginning of the year	43,669	35,056
Deferred tax on revaluation surplus on property, plant and equipment (Note 21)	11,367	8,613
Balance at the end of the year	55,036	43,669

As a result of accelerated rates of capital allowances, the carrying amount of the Company's property, plant and equipment at the statement of financial position date exceeded its corresponding tax written down value by N666,750,849(2019:N584,474,861). The Company has fiscal loss of N5,870,188,560 (2019:N4,679,756,600) and unutilised capital allowance of N1,386,287,214 (2019:) resulting into deferred tax asset of N1,974,034,477 (2019:N1,630,146,476). The deferred tax asset of N1,974,034,477 analysed below was not recognised in the financial statements because there is no evidence that it will be utilised in the foreseable future.

	Opening balance as at 1 January 2020	tax movement in profit or loss	tax movement in other comprehensive income	Closing Balance at 31 December 2020
Deferred Tax Liabilities	N'000	N'000	N'000	N'000
Defered tax on revaluation surplus on property, plant and equipment	43,669	-	11,367	55,036
Difference between Carrying Value of PPE and TWDV	-	200,025	-	200,025
Total	43,669	200,025	11,367	255,061
Deferred tax assets				
Fiscal losses	-	1,758,173	-	1,758,173
Unutilised capital allowances	-	415,886	-	415,886
Sub total	-	2,174,059	-	2,174,059
Net deferred tax liability/ (asset)	43,669	(1,974,034)	11,367	(1,918,998)

		2020	2019
19.	Issued share capital	N'000	N'000
19.1	**Authorised Share Capital**		
	8,000,000,000 Ordinary Shares of ₦1.00 each	8,000,000	8,000,000
19.2	**Ordinary shares issued and fully paid**	N'000	N'000
	3,054,903 ordinary shares of N1.00 at the beginning of the year	3,054,903	2,116,595
	Additions during the year (Note 16.2)(Note 19.2(a))	1,019,138	938,308
	Balance at the end of the year	4,074,041	3,054,903

(a) The Company increased it issued share capital during the year by issue of additional 1,019,138,000 shares of N1 each at par.

(b) The issued and fully paid share capital of the Company in value and number as at the end of the year is as stated below:

Issued and fully paid	N'000	N'000
Value		
4,074,041,000 (2019: 3,053,903,000)Ordinary Shares of ₦1.00 each	4,074,041	3,054,903
Number	'000	'000
4,074,041,000 (2019: 3,053,903,000)Ordinary Shares of ₦1.00 each	4,074,041	3,054,903

20.	Statutory contingency reserve	N'000	N'000
	Balance at the beginning of the year	447,759	401,366
	Transfer from comprehensive income (Note 23)	63,284	46,393
	Balance at the end of the year	511,043	447,759

The statutory contingency reserve has been computed at the rate of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 21(1) of the Insurance Act, CAP I17 LFN 2004.

21.	Asset revaluation reserve	N'000	N'000
	Balance at the beginning of the year	544,430	466,915
	Additions during the year	113,671	86,128
	Transferred to deferred tax (Note 18)	(11,367)	(8,613)
	Balance at the end of the year	646,734	544,430
22.	Available-for-sale reserve	N'000	N'000
	Balance at the beginning of the year	625,639	723,017
	Fair value loss during the year (Note 4.1)	(311,601)	(97,378)
	Balance at the end of the year	314,038	625,639
23.	Retained earnings	N'000	N'000
	Balance at the beginning of the year	(182,117)	(599,652)
	Profit for the year	67,887	463,928
	Transfer to contingency reserve (Note 20)	(63,284)	(46,393)
	Balance at the end of the year	(177,514)	(182,117)
		N'000	N'000
24.	**Gross premium written**	6,328,410	4,421,685
	Group life	5,426,403	3,414,135
	Individual life	902,007	1,007,550
		6,328,410	4,421,685

Gross premium written is recognised as revenue when it becomes payable by the policyholders. Revenue is recognised on single premium business on the date on which the policy is effective.

25.	Changes in unearned premium	N'000	N'000
	Changes in unearned premium reserve (Note 13.2)	(836,715)	(50,660)
26.	Reinsurance expenses	N'000	N'000
	Treaty premium ceded for reinsurers (Note 15.1)	154,142	123,898
	Facultative reinsurance outward (Note15.1)	74,558	92,408
	Reinsurance premium ceded during the year	228,700	216,306
	Changes in reinsurer share of UPR (Note 6.1)	(28,250)	-
	Changes in prepaid reinsurance expenses (Note 6.3)	67,675	(14,188)
		268,125	202,118

		2020	2019
27.	**Fees and commission income**	N'000	N'000
	Fees and Commission (Note 16.5)	64,767	41,715
	Policy reinstatement and other fee	375	17,562
		65,142	59,277
28.	**Net claims incurred**	N'000	N'000
	Surrender	84,239	111,964
	Maturities	429,534	550,197
	Claims incurred on Fund in Trust	17,000	29,170
	Death	2,289,152	1,384,349
	Gross claims paid during the year (Note 13.1(b))	2,819,925	2,075,680
	Changes in outstanding claims	19,621	(287,762)
	Changes in Incurred But Not Reported Claims (Note 13.1(a))	153,215	(97,646)
	Gross claims incurred during the year	2,992,761	1,690,272
	Recoverables from Reinsurance (Note 28(a))	(20,011)	(54,924)
	Net claims incurred	2,972,750	1,635,348
	Recoverables from Reinsurance	N'000	N'000
(a)	Claims expenses recovered from reinsurer (Note 6.4)	(35,405)	(3,693)
	Changes in Reinsurer share of IBNR (Note 6.2)	15,394	(51,231)
		(20,011)	(54,924)
29	**Underwriting expenses**	N'000	N'000
	Acquisition expenses (Note 29.1)	354,898	173,931
	Other Underwriting expenses (Note 29.2)	286,452	180,408
		641,350	354,339
29.1	**Acquisition expenses**	N'000	N'000
	Commission on insurance contracts (Note 7)	435,216	197,763
	Changes in deferred acquisition cost	(80,318)	(23,832)
		354,898	173,931
29.2	**Other Underwriting expenses**	N'000	N'000
	Administrative charges	61,099	6,839
	Agency career fund - Company's contribution	4,196	3,812
	Agency running expenses	13,593	15,274
	Medical and stamp duty expenses	4,938	2,958
	Underwriting employee's benefits	170,426	138,156
	Value Added Tax on commission	31,172	13,369
	Profit Sharing	1,028	-
		286,452	180,408

29.3 Agency Career Fund

The Company operates self-maintained contributory post-retirement benefits for the financial planners, in which the financial planners (Agents) and the Company contribute 5% each, of their monthly earnings and borne by the Company. Financial planners are Sales Agent directly involved in marketing of various retails products of the Company on commission basis.

		2020	2019
30.	Investment Income	N'000	N'000
	Interest income - cash & cash equivalents	125,595	33,314
	Other income (Note 30.1)	29,460	3,906
		155,055	37,220
	Interest income - Treasury Bills (Note 4.3)	16,011	33,037
	Interest income - Bond (Note 8.2)	4,287	783
	Interest income - Policyholders Loans (Note 4.4.1)	75	586
	Interest income - Staff Loans (Note 4.4.2)	441	300
	Rental income on investment properties (Note 8.4)	56,667	77,100
	Interest income on statutory deposit (Note 8.2.1)	22,969	30,912
	Dividend income on financial assets (Note 8.2.2)	64,007	76,212
		319,512	256,150
30.1	**Other income**	N'000	N'000
	Profit sharing	11,373	-
	Stamp duty refunds	11,054	-
	Provisions no longer required	1,500	-
	Others	5,533	3,906
		29,460	3,906
30.2	**Allocation of investment income**	N'000	N'000
	Attributable to policyholders	52,511	42,098
	Attributable to shareholders	27,406	21,971
		79,917	64,069
	Attributable to investment contracts	239,595	192,081
		319,512	256,150
31.	Net Realised Gains	N'000	N'000
	Property, plant and equipment:		
	Profit on disposal	463	-
	Quoted Equity Securities:		
	Gain on disposal (Note 4.2(a))	16,235	-
		16,698	-
32.	Net fair value gain/(loss)	N'000	N'000
	Investment Properties:		
	Fair Value Gains (Note 9)	475,445	605,000
	Fair Value through Profit or Loss:		
	Quoted Equity Securities (Note 4.2)	(156,778)	(1,122,161)
		318,667	(517,161)
33.	Profit on investment contract liabilities	N'000	N'000
	Investment income (Note 30.2)	239,595	192,081
	Commission paid	(77,904)	(73,214)
	Guaranteed interest (Notes 14.1&14.2)	(113,070)	(102,120)
		48,621	16,747
34	Foreign exchange gain	N'000	N'000
	Unrealised foreign exchange gain	-	977

		2020	2019
35.	**Management expenses**	N'000	N'000
	Actuarial valuation expenses	3,675	3,675
	Administration expenses	98,045	114,761
	AGM and Other Meeting Expenses	302	4,044
	Amortisation of Intangible Assets (Note 12)	5,601	5,499
	Audit Fee (Note 35.2)	4,500	4,200
	Bank charges (Note 36)	7,978	6,790
	Computer Accessories	8,980	8,815
	Depreciation charge (Note 10)	28,684	43,941
	Directors' emoluments (Note 39.2)	77,034	63,076
	Employee benefits expenses (Note 35.1)	445,772	449,344
	Fuel Expenses	26,098	33,730
	Gift and Donations	87,171	15,750
	Impairment loss on reinsurance assets (Note 6.5)	-	4,741
	Insurance expenses (Note 8.1.2)	15,496	14,593
	Insurance supervisory levy	63,284	44,217
	Internet expenses	5,340	11,092
	Legal and professional fees	26,921	30,194
	Marketing expenses (Note 35.3)	535,489	154,835
	Motor Vehicle expenses	22,667	22,161
	NIA Subscription	12,284	3,473
	Public relations expenses	5,486	4,309
	Rent and rates (Note 8.1.1)	25,865	23,192
	Repairs and maintenance (Note 35.3)	30,380	7,063
	Transportation expenses	6,471	9,912
		1,543,523	1,083,407

35.1	Employees benefits expenses		
	Employees benefits expenses comprise of:	N'000	N'000
	Wages and salaries	320,173	315,208
	Employee's Pensions Contribution	11,983	13,922
	Employer's Pensions Contribution	18,426	18,669
	Support staff wages and salaries	45,715	54,506
	NSITF/ITF Contribution and Others	49,475	47,039
		445,772	449,344

35.2 BDO Professional Services was appointed to carry out only the Statutory audit of the financial statements of the Company.

35.3 In order to secure more businesses to salvage the effect of COVID-19 restictions and lockdown during the year, the Company increased its marketing activities especially in the area of business promotions and sensitisations hence, increased marketing costs. Also, the general rise in inflation contributed to the increase in the Company's cost of repairs and maintenance.

36.	**Bank charges**	N'000	N'000
	Bank charges	7,978	6,790
	Commission on finance charges	-	-
		7,978	6,790

37. **Earnings Per Share**

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the number of ordinary shares issued and paid up at the reporting date.

	N'000	N'000
Net profit attributable to shareholders	67,887	463,928
Number of issued ordinary shares (Units)	4,074,041	3,054,903
Basic earnings per share (kobo)	1.67	15.19
Dilluted earnings per share (kobo)	1.67	15.19

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

38. **Profit before taxation**

	2020	2019
Profit before taxation is stated after charging:	N'000	N'000
Auditors' remuneration (Note 35)	4,500	4,200
Bank Charges (Note 36)	7,978	6,790
Depreciation of property, plant and equipment (Note 10)	28,684	43,941
Amortisation of Intangible Assets (Note 12)	5,601	5,499
Directors' remuneration (Note 39.2)	77,034	63,076
Employee benefits expenses (Note 35.1)	445,772	449,344
and after crediting:		
Profit on disposal of property, plant and equipment (Note 31)	463	-

39 **Employees benefits expenses and Directors' remuneration**

39.1 **Employees benefits expenses**

	N'000	N'000
Employees benefits expenses incurred during the year amounted to:		
Wages and salaries	320,173	315,208
Employer's Pensions Contribution	18,426	18,669
Staff Training and Development	45,715	54,506
NSITF/ITF Contribution and Others	49,475	47,039
	433,789	435,422

The average number of person employed in the Company during the year was:

	Number	Number
Executive Directors	2	2
Management staff	9	8
Senior staff	55	56
Junior	70	64
	136	130

39.2 **Directors' remuneration**

	N'000	N'000
The remuneration paid to directors of the Company were:		
Fees		
Chairman	250	250
Other non-executive directors	1,200	1,200
Other allowances	75,584	61,626
	77,034	63,076

40. **Net cash generated from/(used in) operating activities**

	N'000	N'000
Profit after taxation	67,887	463,928
Adjustments for non-operating items:		
Depreciation - Property, plant & equipment (Note 10)	28,684	43,941
Amortisation - Intangible assets (Note 12)	5,601	5,499
Fair value gains on investment properties (Note 9)	(475,445)	(605,000)
Profit on disposal of property, plant and equipment (Note 31)	(463)	-
Profit on disposal of FVTPL (Note 4.2(a))	(16,235)	-
Fair value loss on financial assets FVPL (Note 4.2)	156,778	1,122,161
Company income tax	1,680	5,700
Investment income (Note 30)	(319,512)	(256,150)
Operating profit before working capital changes	(551,025)	780,079

	2020	2019
Adjustments for Working Capital Items:	**N'000**	**N'000**
Decrease/(increase) in reinsurance assets	64,827	(92,119)
Increase in deferred acquisition cost	(80,318)	(23,832)
Increase in prepayment and other receivables	(82,234)	(7,482)
Increase in trade payable	220,143	16,777
Increase/(decrease) in insurance contract liabilities	1,534,976	(84,654)
Increase in investment contract liabilities	16,492	18,755
Increase/(decrease) in other payable and accruals	35,275	(234,816)
Cash generated from operating activities	1,158,136	372,708

41. Capital commitments

There were no capital commitments at 31 December 2020 (2019: Nil).

42. Contingent liabilities

There were no material contingent liabilities at 31 December 2020 (2019: Nil).

43. Comparative figure

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

44. Segment reporting

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

Group Life

The group life insurance segment offers pure protection products and other long-term insurance contracts for employers of labour covering their workforce. It is purely a protection policy that pays benefit on the death of the life assured occurring within the period of insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

Individual Life

The individual life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk for policyholders on individual basis. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

Investment contract

The investment contract segment offers savings, investment and other long-term contracts for both individual and group contract holders.

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

	Notes	Group Life N'000	Individual Life N'000	Investment Contract N'000	2020 N'000	2019 N'000
Gross premium written	24	5,426,403	902,007	-	6,328,410	4,421,685
Changes in unearned premium	13.2 & 25	(836,715)	-	-	(836,715)	(50,660)
Gross Premium Income		4,589,688	902,007	-	5,491,695	4,371,025
Premium ceded to reinsurers	26	(268,125)	-	-	(268,125)	(202,118)
Net premium income		4,321,563	902,007	-	5,223,570	4,168,907
Fees and commission income	27	65,142	-	-	65,142	59,277
Net underwriting income		4,386,705	902,007	-	5,288,712	4,228,184
Net Claims Incurred	28	2,458,977	513,773	-	2,972,750	1,635,348
Changes in life insurance contract liabilities	13.3	525,425	-		525,425	250,094
Underwriting Expenses	29	623,561	17,789	-	641,350	354,339
Total		3,607,963	531,562	-	4,139,525	2,239,781
Underwriting profit		778,742	370,445	-	1,149,187	1,988,403
Investment Income	30.2	52,511	27,406	-	79,917	64,069
Net Realised gains	31	16,698	-	-	16,698	-
Net Fair Value (loss)/gain	32	318,667	-	-	318,667	(517,161)
Profit on investment contract liabilities	33	-	-	48,621	48,621	16,747
Exhange gain/(loss)		-	-	-	-	977
Management expenses	35	(1,543,523)	-	-	(1,543,523)	(1,083,407)
Profit before taxation		(376,905)	397,851	48,621	69,567	469,628
Information Technology Development Levy		(689)	-	-	(689)	(4,650)
Income taxes	17.2	(991)	-	-	(991)	(1,050)
Profit for the year		(378,585)	397,851	48,621	67,887	463,928

45. Related Party Transactions

45.1 These are transactions with the key management personnel of the Company. The key management personnel comprises of Executive Management Team and the Board of Directors of the Company. These are mainly short term benefits such as directors' fee, sitting allowances, salaries and allowances.

	2020 N'000	2019 N'000
(i) Aggregate emoluments of the directors were:		
Chairman	250	250
Other Non-Executive Directors	1,200	1,200
Other allowances and emoluments of executives	75,584	61,626

46. Events after reporting date

No events or transactions have occurred since the financial position dates, which would have a material effect on the financial statements at that date or which need to be mentioned in the financial statements.

In compliance with the requirements of Financial Reporting Council of Nigeria(FRC) and the Institute of Chartered Accountants of Nigeria(ICAN) in respect of COVID-19, the Directors have assessed its impact on the financial statements as a whole and are of the opinion that it has no material effect.

47. Contraventions and Penalties

The company did not contravene any law or pay any penalty during the year.

48. Capital Management

Capital Express Assurance Limited has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Company to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

Capital Express's capital management strategy focus on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfies regulators.

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

i To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;

ii To generate sufficient capital to support the Company's overall business strategy;

iii To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board;

iv To ensure that the average return on capital over a 3-5 years performance cycle is sufficient to satisfy the expectations of investors;

v To maintain a strong risk rating;

vi To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;

vii To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);

viii To establish the efficiency of capital utilisation.

(a) Minimum Capital Requirement

The National Insurance Commission (NAICOM), the regulator of the Nigerian insurance industry, specifies the minimum amount and type of capital that must be held by the Company to cover its liabilities. Life insurance Companies are required to maintain a minimum capital requirement of N2billion. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company's capital base falls below this requirement as deemed necessary.

(b) **Solvency Status**

Based on the solvency margin calculated, Capital Express Assurance Limited has a surplus of N0.082 billion as indicated below, The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP I17, LFN 2004.

(c) **Capital Adequacy Test**

Based on the capital adequacy calculation below, Capital Express Assurance Limited has a surplus of N3.3 billion.

	2020	
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		5,368,342
Less:		
Intangible Assets	(3,542)	
Deferred tax liability	(55,036)	
Due from related parties	-	
		(58,578)
Capital base		5,309,764

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company capital base is above the minimum capital requirement of N2 billion specified by NAICOM.

(d) **DETERMINATION OF SOLVENCY MARGIN**

	2020 N'000	Inadmissible N'000	2020 Admissible N'000	2019 Admissible N'000
Cash and cash equivalents	1,288,525	(644,646)	643,879	698,630
Financial assets:				
- Available-for-sale	1,006,452	-	1,006,452	1,318,053
- Fair value through profit or loss	1,758,661	-	1,758,661	1,677,794
- Held to maturity	1,738,426	-	1,738,426	395,066
- Loans and receivables	34,760	-	34,760	32,766
Reinsurance assets	284,694	-	284,694	349,521
Deferred acquisition cost	127,601	-	127,601	47,283
Prepayments and other receivables	211,713	(211,713)	-	-
Investment properties	4,141,705	(1,430,058)	2,711,647	2,168,633
Property, plant and equipment	1,137,333	(1,054,855)	82,478	73,120
Statutory deposit	215,000	-	215,000	215,000
Intangible assets	3,542	-	3,542	7,943
Admissable assets	**11,948,412**	**(3,341,272)**	**8,607,140**	**6,983,809**
Liabilities				
Insurance contract liabilities	4,011,416	-	4,011,416	2,476,440
Investment contract liabilities	1,831,384	-	1,831,384	1,814,892
Trade payables	276,423	-	276,423	56,280
Other payables & accruals	403,242	-	403,242	594,060
Current income tax payable	2,569	-	2,569	7,025
Deferred tax	55,036	(55,036)	-	-
Admissable liabilities	**6,580,070**	**(55,036)**	**6,525,034**	**4,948,697**
Solvency margin			**2,082,106**	**2,035,112**
Minimum share capital			**2,000,000**	**2,000,000**
Surplus in solvency margin			**82,106**	**35,112**
Percentage of solvency			4%	2%

49 Asset and Liability Management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and reinsurance liabilities. In particular, the key financial risk is that in the long-term, its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Asset & Liability management (ALM) attempts to address financial risks the company is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Company.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The notes below show how the Company has managed its financial risks.

	Insurance Contract liabilities	Investment Contract liabilities	Policy holders' Funds	Share holders' Fund	Total 2020
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	555,514	555,514	1,111,028	177,497	1,288,525
Financial assets:					
- Available-for-sale	503,226	503,226	1,006,452	-	1,006,452
- Fair value through profit or loss	439,665	386,906	826,571	932,090	1,758,661
- Held to maturity	1,738,426	-	1,738,426	-	1,738,426
- Loans and receivables	27,732	-	27,732	7,028	34,760
Reinsurance assets	284,694	-	284,694	-	284,694
Deferred acquisition cost	127,601	-	127,601	-	127,601
Prepayments and other receivables	-	-	-	211,713	211,713
Investment properties	1,022,490	1,022,490	2,044,980	2,096,725	4,141,705
Property, plant and equipment	-	-	-	1,137,333	1,137,333
Statutory deposit	-	-	-	215,000	215,000
Intangible assets	-	-	-	3,542	3,542
Total assets	**4,699,348**	**2,468,136**	**7,167,484**	**4,780,928**	**11,948,412**
Policyholders/Shareholders & Other funds	**4,011,416**	**1,831,384**	**5,842,800**	**6,105,612**	**11,948,412**
Surplus in Asset Cover	**687,932**	**636,752**	**1,324,684**	**(1,324,684)**	**-**
Investment properties	1,403,996	640,984	2,044,980	2,096,725	4,141,705
Property,plant & equipment(Land & Buildings)	-	-	-	1,137,333	1,137,333
	1,403,996	**640,984**	**2,044,980**	**3,234,058**	**5,279,038**
35% of Investment properties by section 25(3)	1,403,996	640,984	2,044,980	-	2,044,980
Investment properties Limited to 1/3 of Share Holders' Funds	-	-	-	666,667	666,667
Land & Building in Property,plant & equipment Section 24(13)(d)	-	-	-	-	-
	1,403,996	640,984	2,044,980	666,667	2,711,647

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of N2 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.
- This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

This test compares insurer's capital against the risk profile. The regulator indicated that insurers should produce a minimum capital base of 100%. The Company comply with the hypothecation policy that the assets invested in using the policyholders' fund should cover insurance liabilities.

50. Risk management framework

50.1 Overview

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

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. The Board of the Company appreciates that risks are inherent in all aspects of the Company's operations and that it cannot totally eliminate risks. It therefore acknowledges the role of risk management as critical to the achievement of the objectives of the organisation in order to meet the varied expectations of its stakeholders.

The Board is committed to managing risk in accordance with established risk management standards and has overall responsibility for the establishment and oversight of the Company's risk management framework. There is an established Board Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. It meets quarterly to review risk reports from the Chief Risk Officer.

The Company's risk management policies are established to give broad guideline on how strategic objectives are to be set, and cascaded through to operational, reporting and compliance objectives. This is reviewed annually. To identify and analyse the risks faced by the Company, risks are attached to objectives, core processes and key dependencies. The Company's risk policies set appropriate risk limits and appetites that form the basis for priortising identified risks. Risk controls are set and reviewed continually to monitor adherence to risk appetite and limits.

The Company has a policy to review the risk management policies and systems every three years in order to reflect changes associated with its activities and the global economy generally. The Company, through regular risks workshops, trainings and design of standard operating procedures, aims to embed a risk culture in which all employees are risk aware in their respective roles and obligations.

The Company's risk management framework functions on three lines of risk defense. Core process owners function as the first line of risk defense and they have responsibility for risk prevention. The risk management unit assumes the second line of risk defense and is assigned responsibility to holistically coordinate the risk control functions, enterprise-wide. The internal audit function, as the last line of risk defense, functions to secure assurance that risk controls are effective and efficient.

50.2 Long-term insurance contract

50.2.1 Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS and a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, the risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. The Company charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delay in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Company's underwriting procedures, to reflect the health condition and family medical history of the applicants.

The Company has a retention limit of ₦20million and ₦5million on any single life assured for group life and individual life respectively, and reinsures the excess through a surplus treaty reinsurance arrangement. The Company does not have in place any reinsurance for contracts that insure survival risk.

50.2.2 Sources of uncertainty in the estimation of future benefit payments and premium receipt

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Company over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Company's overall experience.

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

50.2.3 Process used to decide on assumption

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate,the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event.

50.3 The assumptions used for the insurance contracts disclosed in this note are as follows:

50.3.1 **Mortality**

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into the Company's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year.

Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

50.3.2 **Morbidity**

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

50.3.3 **Persistency**

An investigation into the Company's experience over the most recent three years is performed, and statistical methods are used to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behaviour.

50.3.4 **Investment returns**

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Company's primary assumptions on investment returns relate to three components:

- Risk-free rates: The risk-free rates are the gross yields to redemption of benchmark government securities
- Equity investments: The expected long-term return (dividend and capital growth) is derived by adding to the risk-free rate of return an equity risk premium percentage considered to be appropriate.
- Overall investment returns: A weighted average rate of investment return is derived by combining different proportions of the above financial assets in a model portfolio, which is assumed to back the liabilities.

50.3.5 **Renewal expenses level and inflation**

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be a suitable rate above current inflation rates at 11% per annum in Nigeria.

50.3.6 **Tax**

It has been assumed that current tax legislation and rates continue unaltered.

50.4 Credit risks

Credit risk is the risk of financial loss to the Company if a customer or counterpart to a financial instrument fails to meet its contractual obligations. Key areas where the Company is exposed to credit risk are:

- Reinsurer's share of insurance liabilities;
- Amount due from reinsurers in respect of claims already paid;
- Amount due from insurance policyholders;
- Amount due from insurance intermediaries;
- Amount due from loans and receivables;
- Amount due from debt securities;
- Amount due from money market and cash positions.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterpart, or groups of counterparties, and to geographical; and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

50.4.1 Credit Risk Measurement, Control and mitigation

Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurer is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Credit Control Committee works closely with the underwriting and reinsurance departments to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant policyholders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Exposures to individual policyholders and groups of policyholders are collated within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least BBB from rating agencies. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The table below presents industry analysis of credit risks in relation to investment.

2020	Financial Services N'000	Government N'000	Manufacturing N'000	Others N'000	Total N'000
Placement with banks	1,048,026	-	-	-	1,048,026
Trade receivable	-	-	-	-	-
Available-for-sale financial asset	1,006,452	-	-	-	1,006,452
Fair value through profit or loss	582,739	-	705,687	470,235	1,758,661
Loans and receivables	-	-	-	34,760	34,760
Held to maturity	-	11,440	-	1,726,986	1,738,426
Statutory deposit	-	215,000	-	-	215,000
	2,637,217	226,440	705,687	2,231,981	5,801,325
2019	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Placement with banks	253,021	-	-	-	253,021
Trade receivable	-	-	-	-	-
Available-for-sale financial asset	1,318,053	-	-	-	1,318,053
Fair value through profit or loss	501,872	-	705,687	470,235	1,677,794
Loans and receivables	-	-	-	32,766	32,766
Held to maturity	-	11,440	-	383,626	395,066
Statutory deposit	-	215,000	-	-	215,000
	2,072,946	226,440	705,687	886,627	3,891,700

50.5 **Liquidity risks**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of over 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

Maturity analysis on expected utilisation of assets and liabilities

The table below summarises the expected utilisation of assets and liabilities.

Assets	Under 30 days	31 - 365 days	Over 365 days	Total
2020	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	1,288,525	-	-	1,288,525
Available-for-sale financial asset	-	-	1,006,452	1,006,452
Fair value through profit or loss	-	-	1,758,661	1,758,661
Loans and receivables	-	-	34,760	34,760
Investment properties	-	-	4,141,705	4,141,705
Property and equipment	-	-	1,137,333	1,137,333
Prepayments and other receivables	-	211,713	-	211,713
Statutory deposit	-	-	215,000	215,000
	1,288,525	211,713	8,293,911	9,794,149
Liabilities				
Insurance contract liabilities	-	-	4,011,416	4,011,416
Investment contract liabilities	-	-	1,831,384	1,831,384
Trade payable	276,423	-	-	276,423
Other payables & accruals	-	-	403,242	403,242
Current income tax payable	-	2,569	-	2,569
Deferred Tax	-	-	55,036	55,036
	276,423	2,569	6,301,078	6,580,070

Assets	Under 30 days	31 - 365 days	Over 365 days	Total
2019	N'000	N'000	N'000	N'000
Cash and cash equivalents	698,630	-	-	698,630
Trade receivable	-	-	-	-
Available-for-sale financial asset	-	-	1,318,053	1,318,053
Fair value through profit or loss	-	-	1,677,794	1,677,794
Loans and receivables	-	-	32,766	32,766
Investment properties	-	-	3,621,260	3,621,260
Property and equipment	-	-	1,018,230	1,018,230
Prepayments and other receivables	-	99,479	-	99,479
Statutory deposit	-	-	215,000	215,000
	698,630	99,479	7,883,103	8,681,212
Liabilities				
Insurance contract liabilities	-	-	2,476,440	2,476,440
Investment contract liabilities	-	-	1,814,892	1,814,892
Trade payable	54,325	-	-	54,325
Other payables & accruals	-	-	594,060	594,060
Current income tax payable	-	7,025	-	7,025
Deferred Tax	-	-	43,669	43,669
	54,325	7,025	4,929,061	4,990,411

50.6 Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

50.6.1 Currency risks

Foreign currency risk management

The Company does not undertake its transactions in foreign currencies but maintain domiciliary bank account in foreign currency (USD $), hence, exposures to exchange rate fluctuation arise. The Company has minimal exposure to currency risk as the Company's bank account balances are primarily matched to the same currency as its insurance and investment contracts liabilities.

Carrying amount of Company's foreign currency denominated bank balance is:

	2020	2019
	N'000	N'000
Domiciliary account with Eco Bank Nigeria Limited	426	30,167

50.6.2 Interest rate risks

Interest rate risk management

Interest rate risk is the risk that the values of future cash flows of a financial instrument will fluctuate because of the changes in market interest. The Company is not exposed to interest rate risk as the Company does not invest in long-term debt at floating interest rates and its limited fixed interest rate holding are placement with banks.

The Company has no significant concentration of interest rate risk. There were no interest rate sensitivity exposures at statement of financial position date.

50.6.3 Equity price risks

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 returns through dividend income and capital appreciation. Equity investments designated as available-for-sale are held for strategic rather than trading purposes. The Company has no significant concentration of price risk.

50.6.4 Fair value and fair value hierarchy

The Company financial assets classified as available-for-sale and fair value through profit or loss are purely quoted securities and are fair value wholly at one level of fair value hierarchy using quoted (unadjusted) prices in active markets.

50.6.5 Fair valuation methods and assumptions

Financial assets and liabilities

- Cash and Cash equivalents
- Cash and cash equivalents represent cash and placements held with banks for short-term. The carrying amount of these balances approximates their fair value.
- Other receivables and other payables
- Other receivables represent monetary assets which usually have a short recycle period and other payables represent amount outstanding on accounts payable. And as such the fair values of these balances approximate their carrying amount.
- Equity prices
- Listed equities were fair valued using quoted prices from the Nigerian Stock Exchange.

Embedded Value Disclosure

NAICOM issued Prudential Guideline effective from July 2016 requiring insurers to include a certified disclosure by the Actuary in the Annual Financial Statement (AFS) on their Embedded Value (EV).

The Embedded Value is made up of the value of:

- Shareholders Net Asset Value (NAV) as reported in the AFS.
- Deductions for the cost of holding the required capital which we estimate as nil.
- The expected future value of profits to shareholders arising from the business in force at the valuation date (the value of In-force or VIF).

Embedded Value captures the value from the in-force business only, Future new business is excluded.

New business includes any future business underwritten for which a new insurance contract is issued, and in Nigeria will include renewed group Life business and General insurance business. Since these are re-priced with new contract issued. Put another way, we are not reflecting future renewable group life business in EV calculations.

- We illustrate below that 60% of the reported technical reserves by class of business as at 31 December 2020 represents group life business. The retail business represents only 40% of current reserves and is too small a base to materially provide future profits to shareholders as is indicated in the attached certification.

	Gross Reserve 31 December 2020 N'000	%
Group life	2,519,716	63%
Long Term risk reserves	1,491,700	37%
Total Insurance Liability	4,011,416	100%
Investment Contract Liabilities	1,831,384	
Total Insurance and Investment Liabilities	5,842,800	

Embedded Value Certification

The actuary certify that as at 31st December 2020, the Embedded Value of Capital Express Assurance Limited was not materially different from the reported audited Net Asset Value.

The firm of Ernst & Young, an actuarial service organisation did the Embedded Value of life insurance portfolio for the reporting year. The Embedded valuation reports were authorised by Mr. Olurotimi O.Okpaise, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738).

VALUE ADDED	2020 N'000	%	2019 N'000	%
Gross premium income	5,491,695		4,371,025	
Fees and commission income	65,142		59,277	
Investment income	79,917		64,069	
	5,636,754		4,494,371	
Net claims incurred	3,498,175		1,885,442	
Other operating & underwriting expenses less employees benefits	(8,591,595)		(5,421,550)	
Value Added	543,334	100	958,263	100
Applied as follows:				
Employees:				
Employees benefits expenses	445,772	82	449,344	47
Government:				
Income tax	991	0	1,050	-
Retained for business expansion:				
Depreciation	28,684	5	43,941	5
Profit for the year	67,887	13	463,928	48
	543,334	100	958,263	100

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts.

This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the year.

	2020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	1,288,525	698,630	375,821	334,904	440,322
Trade receivables	-	-	-	171,814	14,302
Deferred acquisition cost	127,601	47,283	23,451	32,618	39,290
Financial assets	4,538,299	3,423,679	4,090,819	2,585,549	1,843,380
Reinsurance assets	284,694	349,521	257,402	152,599	375,681
Prepayments & other receivables	211,713	99,479	76,997	82,616	59,480
Investment Properties	4,141,705	3,621,260	2,933,645	2,502,445	2,497,180
Property, plant and equipment	1,137,333	1,018,230	903,432	828,837	746,693
Statutory Deposit	215,000	215,000	215,000	215,000	215,000
Intangible assets	3,542	7,943	13,442	18,941	17,120
Total assets	11,948,412	9,481,025	8,890,009	6,925,323	6,248,448
Insurance contract liabilities	4,011,416	2,476,440	2,561,094	2,748,523	2,556,575
Investment contract liabilities	1,831,384	1,814,892	1,796,137	1,640,668	1,379,429
Trade payables	276,423	56,280	37,548	64,679	8,143
Other payables & Accruals	403,242	592,105	1,333,908	283,722	126,474
Current income tax payable	2,569	7,025	18,025	8,729	13,617
Deferred Tax	55,036	43,669	35,056	22,810	16,715
Total liabilities	6,580,070	4,990,411	5,781,768	4,769,131	4,100,953
Issued share capital	4,074,041	3,054,903	2,116,595	2,116,595	2,116,595
Statutory Contingency Reserve	511,043	447,759	401,366	345,066	322,093
Asset Revaluation Reserve	646,734	544,430	466,915	356,699	228,223
Available-For-Sale Reserve	314,038	625,639	723,017	444,184	210,253
Retained earnings	(177,514)	(182,117)	(599,652)	(1,106,352)	(729,669)
Total equity	5,368,342	4,490,614	3,108,241	2,156,192	2,147,495
Total liabilities and equity	11,948,412	9,481,025	8,890,009	6,925,323	6,248,448

Income Statement for the year ended 31 December

	N'000	N'000	N'000	N'000	N'000
Gross premium written	6,328,410	4,421,685	3,391,365	2,297,253	2,237,599
Profit/(loss) before taxation	69,567	469,628	581,025	(344,981)	(323,619)
Income tax expense	(991)	(1,050)	(12,272)	(8,729)	(13,617)
Profit/(loss) for the year	67,887	463,928	56,300	(353,710)	(337,236)
Basic earnings/(loss) per share (kobo)	1.67	15.19	26.60	(16.71)	(15.93)