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 manpower, thereby creating value to all stakeholders.

Shared Values

. **CUSTOMER DEDICATION**
Our philosophy is being customer focused and desirous of exceeding customer expectation at all times. Customers can count on us to deliver superior products and services which are tailored to enable them acheive their personal and business goals.

- **RESPECT FOR INDIVIDUALS**
We treat ourselves with respect and dignity, valuing our natural differences. Our environment supports growth, continuous learning and professionalism.

- **CREATIVITY**
We are certain that creativity is the driving force which keeps us growing and whish is most vital to our customers.

- **TEAMWORK**
We appreciate and reward both individual and team achievements. We relate freely with colleagues across organisational boundaries. Our team spirit is excellent and worthy of emulation.

- **INTEGRITY**
We ensure that the confidence reposed in us by our stakeholders will never be undermined and we are continuously striving to fulfil our obligations to them.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of Capital Express Assurance Limited will hold virtually on Tuesday 18th August 2020 at 12 noon to transact the following businesses:

Ordinary Business

i) To receive the Audited Approved Financial Statements for the year ended 31st December 2019, the report of the Directors, and the Auditors report thereon

ii) To consider and if thought fit, fix the remuneration of the Directors

iii) To consider and if thought fit authorize the Directors to fix the remuneration of the Auditors

iv) To re-elect the Members of the Audit Committee

NOTES

Proxies

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company. For the appointment to be valid, a proxy form must be completed and duly signed/stamped by the Member and delivered to the Company Secretary at the Head Office of the Company at 13, Bishop Kale Close, Off Saka Tinubu Street, Off Kasumu Ekemode Street, Victoria Island, Lagos, not less than forty-eight (48) hours before the date of the meeting.

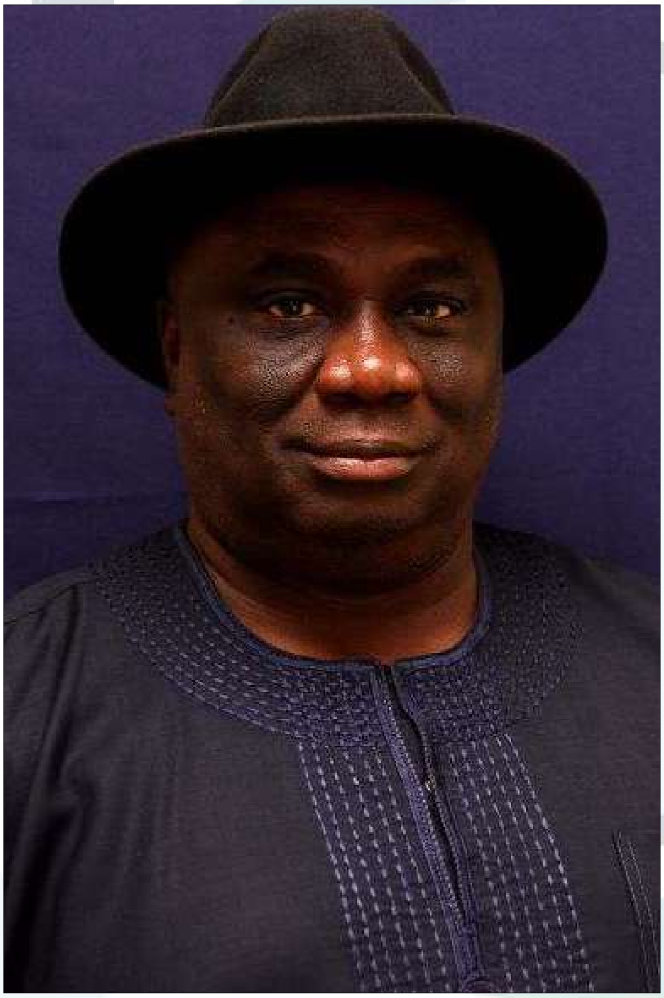
Closure of Register

The register of Members shall be closed from 13th to 14th August 2020, both dates inclusive
Dated 3rd August 2020

....

I. J. Sulucainan
Company Secretary/Legal Adviser
Capital Express Assurance Limited
13 Bishop Kale Close, Off Saka Tinubu Street, Off Kasumu Ekemode Street
Victoria Island
Lagos

CHAIRMAN'S STATEMENT



Distinguished Shareholders, Special Guests, Colleagues on the Board, Ladies and Gentlemen.

I welcome you to the 1st virtual and 19th Annual General Meeting of Capital Express Assurance Limited. It is virtual to enable us to observe social distancing in view of the COVID 19 health concerns.

To present to you the financial statements for the year ended December 31, 2019. I will start by providing a brief review of the business environment we operated for the period under review.

Macroeconomic Review

Global economic growth was underperformed and tilted towards a slowdown as economic performance in major advanced economies and emerging markets declined. The heightened uncertainty surrounding geopolitics and trade including US-China trade tensions, Brexit-related uncertainty in Europe, and even more pronounced macroeconomic strains on emerging market and developing economies, were major drivers of the global economic slowdown.

Domestic Environment

The Nigerian economy is not isolated from these developments. Performance in Q1of 2019 commenced at a slow pace while the GDP growth remained stable at 2% in the first half of the year, having averaged 1.9% throughout 2018.

The economy experienced improved activities and recorded its strongest growth in the second half of the year and advanced 2.55% year-on-year in the final quarter. This was the strongest growth since the recovery of 2017, quickened by activities in the oil sector amid higher crude oil production and favourable prices.

The non-oil sector on the other hand, experienced a boost due to growth in the telecommunications and information services, transport, financial services and manufacturing industries.

By year end 2019, the GDP growth rate stood at 2.3%, which was below the expected growth rate of 2.5%, predicted by analysts. The inflation rate as at year end was 11.3%.

Insurance Sector

The year 2019 was challenging for the Nigeria Insurance landscape. This was due to the pressures from the regulator (NAICOM) to introduce the new minimum capital requirement for the continued operation as an insurance company in Nigeria.

The National Insurance Commission of Nigeria (NAICOM) had approved the recapitalisation plans of insurance companies which was expected to have been concluded by June 2020. However, the recapitalisation plan of the commission has since been extended to September 2021, due to the impact of Covid-19 pandemic.

With your approval at the last AGM, we initiated a rights issue exercise to raise the sum of N2bn and also acquire an Insurance company of our size. These

however are still work in progress.
Our company, however, took strategic steps to ensure that we continue to expand our retail, as it remains a potential growth driver for the organization and different initiatives are being explored to improve performance.

These include manpower drive, product review, reviews of remuneration, brand push and efforts at providing exceptional customer experience by revamping our website to become more functional and mobile-device friendly. In addition, we introduced Pay direct and Pay Stack to optimize our sales team's customer engagements by simplifying data collection processes, reducing sales turnaround time and most importantly minimising issues related to customer payment matching.

Financial Performance
While the world around us remains turbulent, we keep building on our strengths. In 2019, we grew the Company's Gross Written Premium (GWP) by 30% to N4.421bn from N3.3B in 2018.

We recorded a slight increase in our total underwriting expenses from N2.151bn reported in 2018 to N2.239bn, mostly because of the changes in our life insurance contract liabilities.

Fees and Commission Income however grew by 68% from N35m in 2018 to N59m, all of these led to a 71% growth in underwriting profit from N1.165bn recorded in the prior year to N1.988bn for the period.

The Company also recorded a Profit Before Tax of N469m from N581m and a Profit After Tax of N463m from N563m recorded in the previous year.

Our Total assets grew by 7% to N9.481bn from N8.890bn in 2018. With a 45% growth, the Shareholders' Funds stood at N4.490bn for the period from N3.108bn recorded in 2018.

The year 2019 though challenging witnessed significant top line growth and curtailed business operating expenses. With an improved approach to business strategy, we expect that the performance will be better in 2020 and beyond.

Appreciation
These achievements are the best proof for the exceptional quality of us all. On behalf of the Board, I want to express our thanks to the Shareholders, Management, staff, Policyholders and Brokers for their unfailing dedication and loyalty.

Across the world, we are experiencing a very difficult and challenging time with the outbreak of the COVID-19 pandemic that has caused disruption in global activities.
Despite this, we look to the year 2020 with utmost confidence – not because it is going to be an easy one (it is certainly not) but because we are prepared for what lies ahead.

Thank you and God bless.

CORPORATE INFORMATION

Country of incorporation and domicile	Nigeria
Company registration number	RC 380157
Nature of business and principal activities	The principal activities of the Company are the provision of Life Assurance and Mortgage Protection
Directors	Alhaji Isa Bello Sali — Chairman Resigned 1/1/2018 Mr. Anthony Aletor — Acting Chairman Mrs. Bola Odukale — Managing Director / CEO Mr. Festus Olabiyi — Executive Director Mrs. (Dr.) 'Dere Awosika — Independent Director Dr. Olusegun Aina — Independent Director (Resigned **13/3/2019)** Barr. Osahon Idemudia — Independent Director
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 (Formerly Skye Bank Plc) 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

BOARD OF DIRECTORS

DR (MRS) 'DERE AWOSIKA
MFR, mni
Director

BARR. OSAHOM IDEMUDIA
Director

MR. ANTHONY ALETOR
Acting Chairman

MRS. ADEBOLA ODUKALE
Managing Director/CEO

MR. FESTUS OLABIYI
Executive Director

Management Team

Mrs. Adebola Odukale	Managing Director/CEO
Mr. Festus Olabiyi	Executive Director, Operations
Mr. Francis Oketola	Chief Risk Officer
Mr. Akin Aboaba	Head, Abuja Annex Office
Mr. Tunde Muraina	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 Business
Mr. Olufemi Adediran	Head, Agency Operations
Mr. Olugbemileke Olusesan	Zonal Manager, South-South
Mr. Chima Okeoma	Zonal Manager, South-East
Mr Sani Ahmed	Zonal Manager, North

MANAGEMENT TEAM

MR. FESTUS OLABIYI
Executive Director

MRS. ADEBOLA ODUKALE
Managing Director

MR. AKIN ABOABA
Head, Abuja Head Office Annex

MR. TUNDE MURIANA
Chief Finance Officer

FRANCIS OKETOLA
Chief Risk Officer

JOY SULUCAINAN (MRS.)
Company Secretary/
Chief Compliance Officer

MR. OLUGBENGA OWODUNNI
Head, Lagos Region

MR. MATTHEW OGWEZHI
Head, Branch Operations

MANAGEMENT TEAM (Cont'd)

MR. OLADIPO ANIFOWOSE
Head, Information Technology

MR. AYO OGUNKEYE
Head, Retail Business

AKOLAWOLE OGUNBAYO
Head, Actuarial Services

MR. OLUFEMI ADEDIRAN
Head, Agency Administration

MR. OLUGBEMILEKE OLUSESAN
Zonal Manager, South-South Region

MR. STEVE AKADIRI
Zonal Manager, South-West Region

AHMED SANI
Zonal Manager, North Region

MR. CHIOMA EKEOBA
Zonal Manager, South-East Region

RESULTS AT A GLANCE

Major Financial Position Items	2019 N'000	2018 N'000	Changes N'000	%
Assets				
Cash and cash equivalents	698,630	375,821	322,809	86
Financial assets	3,423,679	4,090,819	(667, 140)	(16)
Investment properties	3,621,260	2,933,645	687,615	23
Property, plant and equipment	1,018,230	903,432	114,798	13
Liabilities				
Insurance contract liabilities	(2,476,440)	(2,561 ,094)	(84,654)	(3)
Investment contract liabilities	(1 ,814,892)	(1 ,796, 137)	18,755	1
Trade payables	(54,325)	(37,548)	16,777	45
Major profit or loss items				
Gross premium written	4,421,685	3,391,365	1,030,320	30
Gross premium income	4,371,025	3,373,807	997,218	30
Reinsurance expenses	(202, 118)	(91 ,406)	110,712	121
Net underwriting income	4,228,184	3,317,750	910,434	27
Net claims expenses	(1 ,635,348)	(1 ,866,334)	(230,986)	12
Underwriting profit	1'988,403	1,165,867	822,536	71
Investment income	64,069	113,588	(49,519)	(44)
Management expenses	(1 ,083,407)	(1,059,738)	23,669	2.2
Profit before taxation	464,978	581,025	(116,047)	(20)
Profit for the year	463,928	563,000	(99,072)	(18)
Total comprehensive profit for the year	444,065	952,049	(507,984)	(53)
Per Share Data				
Basic earnings per share (kobo)	15	27		
Diluted earnings per share (kobo)	15	27		

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2019.

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP 117, 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 CAP C20, LFN 2004, Insurance Act CAP 117, 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, CAP C20, LFN 2004;
c. Insurance Act, CAP 117, 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.

Mr. Tony Aletor	Mrs. Adebola Odukale
Acting Chairman	Managing Director
FRC/2013/CISN/00000003344	FRC/2013/CIIN/00000003501

REPORT OF DIRECTORS

The Directors submit their report together with the financial statements of Capital Express Assurance Limited for the year ended 31 December 2019.

1. Legal form

The Company was incorporated as a Private Limited Liability Company on 9th May 2000 under the Companies and Allied Matters Act, CAP C20 LFN 2004 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

Result for the year	N'000
Gross premium written	4,421,685
Gross premium income	4,371,025
Reinsurance expenses	(202,118)
Net underwriting income	4,228,184
Net claims expenses	1,635,348
Underwriting profit	1'988,403
Investment income	64,069
Management expenses	(1,083 ,407)
Profit before taxation	464,978
Profit for the year	463,928
Total comprehensive profit for the year	444,065

Per Share Data

Basic earnings per share (kobo)	15
Diluted earnings per share (kobo)	15

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 the Code of 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.

REPORT OF DIRECTORS (CONT'D)

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 18	May 17	Aug 2	Nov 7
Alhaji Isa Bello Sali	Ex Chairman	X	X	X	X
Mr. Anthony Aletor	Vice Chairman	X	[	[	[
Dr. (Mrs.) Dere Awosika	Independent Director	[	X	X	[
Dr. Olusegun Aina (Resigned)	Independent Director	X	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:

REPORT OF DIRECTORS (CONT'D)

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 is the dates of the meetings called in 2019 and the attendance:

Names	Status	May 15	July 16	Oct 28	Dec 10
Dr. Olusegun Aina	Ex Chairman	X	X	X	X
Mr. Anthony Eromosele	Acting Chairman	J	J	J	J
Mr. Anthony Aletor	Member	J	J	J	X
Mr. Segun Olorunfunmi	Member	X	J	J	J
Mr. Festus Olabiyi	Member	J	J	J	J

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 ease the Company operations.

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

Names	Status	Jan 8	April 30	July 25	Oct 30
Dr. (Mrs.) Dere Awosika	Chairman	J	J	X	J
Mr. Anthony Aletor	Member	J	J	J	J
Bar. Osahon Idemudia	Member	J	J	J	J
Mrs. Adebola Odukale	Member	J	J	J	X
Mr. Festus Olabiyi	Member	J	J	J	J

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:

REPORT OF DIRECTORS (CONT'D)

Names	Status	Mar 7	Apr 29	July 24	Oct 28
Mr. Anthony Aletor	Chairman	J	J	J	J
Dr. Olusegun Aina	Ex-Member	X	X	X	X
Dr. (Mrs) Dere Awosika	Member	J	J	X	J
Mrs. Bola Odukale	Member	J	J	J	J
Mr. Festus Olabiyi	Member	J	J	J	J

5. Directors' Interest

Directors

None of the directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the Company was involved during the year ended 31 December 2019.

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 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 is as noted:

	Direct Units	Indirect Units	Total Units
Mr. Anthony Aletor	213,595,000	295,000,000	508,595,000

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 2019.

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 2019 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 2019 however, no physically challenged person was in the employment of the Company.

REPORT OF DIRECTORS (CONT'D)

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.

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 , Regional Directors Meetings , Executive Management Meetings and Branch Managers Meetings, all of which are structured and held at stated times.

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 357(1) of the Companies and Allied Matters Act of Nigeria.

COMPLIANCE WITH CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2019

In line with the principles of Corporate Governance, the Company 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............................... .
FRC/2013/NBA/00000003483

ENTERPRISE RISK MANAGEMENT REPORT

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.

ENTERPRISE RISK MANAGEMENT REPORT (CONT'D)

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 (KRI)

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;

ENTERPRISE RISK MANAGEMENT REPORT (CONT'D)

- 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 cns1s 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.

ENTERPRISE RISK MANAGEMENT REPORT (CONT'D)

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;

ENTERPRISE RISK MANAGEMENT REPORT (CONT'D)

- 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 2019 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
Chief Finance Officer
Date 24 June 2020
FRC/2013/ICAN/00000002280

Mrs. Adebola Odukale
Managing Director/CEO
Date 24 June 2020
FRC/2013/CIIN/00000003501

Tel: +234 1 4483050-9
+234 (0) 903 644 0755
www.bdo.ng.com

ADOL House
15 CIPM Avenue
Central Business District
Alausa, Ikeja
P.O.Box 4929, GPO, Marina
Lagos, Nigeria

BDO

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 2019, 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 2019 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 , CAP C20, LFN 2004, Insurance Act CAP 117, 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 .

BDO

(i) Valuation of investment properties

Management has estimated the value of the Company's investment properties to be N3.6 billion as at 31 December 2019. 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.

(ii) 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 N4.29 billion as at year ended 31 December 2019 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, CAP C20 LFN 2004, Insurance Act, CAP

BDO

117 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

- 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, CAP C20, LFN, 2004 and Insurance Act CAP 117 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.

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

Lagos, Nigeria
3rd August, 2020

REPORT OF THE AUDIT COMMITTEE

To the members of Capital Express Assurance Limited

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, 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 2019 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 2019.

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

Mr. Tony Allen Eromosele
Chairman of the Audit Committee
Date 19 June 2020
FRC/2013/ICAN/00000002939

Members of the Audit Committee

Mr. Tony Allen 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 2019 were authorised for issue by the Directors on 24 June 2020

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 2019 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, CAP C20, LFN 2004, Insurance Act CAP 117, 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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical 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 judgm ent 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.5 Changes in accounting policies

2.5.1 New standards, interpretations and amendments effective from 1 January 2019

The following new/amended accounting standards have been issued, but are not mandatory for the financial year ended 31 December 2019. They have not been adopted in preparing the financial statements for the year ended 31 December 2019 and are expected to affect the entity in the period of initial application . In all cases the entity intends to apply these standards from application date as indicated below.

(a) IFRS 16 - Leases

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. However, as a lessor , the standard does not have any significant impact on these financial statements as stated in note 50. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or required accounting which is consistent with the Company's current accounting policies.

(b) 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

Express Assurance Limited has carried out the predominance assessment on its liabilities from 31 December 2015 to 31 December 2019 as follows:

Statement of financial position item (Liabilities)	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019	Does it relates to insurance activities?
	N'000	N'000	N'000	N'000	N'000	
Insurance contract liabilities:						
Incurred but not reported (IBNR)	1,355,538	473,816	568,150	877,143	779,497	Yes
Outstanding claims	685,886	820,845	1,059,578	592,885	305,123	Yes
Unearned premium reserve	885,493	409,945	357,327	374,885	425,545	Yes
Life insurance contract liabilities	907,344	851,969	763,468	716181	966,275	Yes
Investment contract liabilities:						
Investment contract liabilities - Group	528,059	641,109	582,107	423,366	448,790	Yes
Investment contract liabilities - Individual	390,837	698,977	1,013,753	1,326,233	1,310,844	Yes
Fund in trust	31,497	39,343	44,808	46,538	55,258	Yes
Trade payable						
Payable to Reinsurance, Co-Insurance companies, Brokers and due to insured	9,953	8,143	64,679	37,548	54,325	Yes
Other payables and accruals						
Accrued rent and management expenses	45,105	21,409	102,088	71,136	76,266	Yes
Agency career fund	24,824	28,971	33,007	-	-	Yes
Commission payable	338	1,405	2,294	-	-	
Deposit for shares	-	-	-	938,308	224,138	No
Insurance supervisory levy	24,000	24,000	24,000	32,495	17,003	Yes
Statutory payables	17,017	10,568	14,771	7,314	14,490	Yes
Loan from director	-	-	30,207	12,205	14,586	No
Policy proposal	8,507	5,794	56,972	79,794	1,955	Yes
Other creditors	17,266	26,827	11,383	177,656	245,622	Yes
Deferred income	22,500	7,500	9,000	15,000	-	No
Current income tax payable	40,487	13,617	8,729	18,025	7,025	Yes
Deferred tax liabilities	-	16,715	22,810	35,056	43,669	Yes
Total Liabilities	4,994,651	4,100,953	4,769,131	5,781,768	4,990,411	
Total Liabilities connected to insurance activities	4,972,151	4,093,453	4,729,924	4,816,255	4,751,687	
Percentage of liabilities connected to insurance activities	99.55%	99.82%	99.18%	83.30%	95.22%	

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 .

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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;

Financial Assets that meet the SPPI Test		N'000	N'000
Categories	IAS 39 Carrying	IFRS 9 Fair Value	Fair Value Changes (Impact on 2019) Accounts (C')=(A)-(B)
	As at 31 Decemeber 2019 (A)	As at 31 Decemeber 2019 (B)	
Cash and Cash Equivalents (Note 3)			
Placement & Short term deposit with financial Institutions	648,292	648,292	-
Held to Maturity (Note 4.3):			
Treasury Bills	62,578	62,578	-
Government Bonds	11,440	11,440	-
Sub-Total	74,018	74,018	-
Loans and receivables (Note 4.4):			
Loan to policy holders	27,083	27,083	-
Staff Loans	5,683	5,683	-
Sub Total	32,766	32,766	-
Trade Receivables			
Premium due from brokers,agents & Insurance entities	-	-	-
Other receivables and prepayments			
Loans and advances	-	-	-
Grand Total	755,076	755,076	-

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
Categories	IAS 39 Carrying	IFRS 9 Fair Value	Fair Value Changes (Impact on 2019) Accounts (C')=(A)-(B)
	As at 31 Decemeber 2019 (A)	As at 31 Decemeber 2019 (B)	
Available-for-sale (Note 4.1)			
Quoted/Unquoted equity securities measured at fair value	1,318,053	1,318,053	-
Quoted/Unquoted equity securities measured at cost	-	-	-
	1,318,053	1,318,053	-
Fair value through profit or loss - FVTPL (Note 4.2)			
Quoted equity securities measured at fair value	1,677,794	1,677,794	-
Total	2,995,847	2,995,847	-

NOTES TO THE FINANCIAL STATEMENTS

2.5.2 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:

Title	Key requirements	Effective Date
IFRS 17 - Insurance Contracts	IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. IFRS17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity"s financial position, financial performance and cash flows. An entity shall apply IFRS 17 Insurance Contracts to: [IFRS 17:3] Insurance contracts, including reinsurance contracts, it issues; Reinsurance contracts it holds; and Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. Some contracts meet the definition of an insurance contract but have as their primary purpose the provision of services for a fixed fee. Such issued contracts are in the scope of the standard, unless an entity chooses to apply to them IFRS 15 Revenue from Contracts with Customers and provided the following conditions are met: [IFRS 17:8)	The Standard is effective for annual reporting periods beginning on or after 1 January 2023, with early application
	(a) the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer; (b) the contract compensates the customer by providing a service, rather than by making cash payments to the customer; and (c) the insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services.	

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 (N), which is the presentation currency, and rounded to the nearest thousand (N'OOO) 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.

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

- 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 period, that have an impact on the future cash flows of the asset.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 .

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

2.24 Statutory Contingency Reserve

Contingency reserve is done in accordance with the provisions of Section 22(1) (b) of the Insurance Act CAP 117 LFN 2004. The contingency reserve is credited with the higher of an amount equalto 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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 serv1cmg 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 alas 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 (Policy applicable as of 1 January 2019)

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 guarantees.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 tease payments) or a change in the assessment of an option to purchase the underlying asset.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Assets	Note	2019 N'000	2018 N'000
Cash and cash equivalents	3	698,630	375,821
Financial assets:			
- Available -for-sale	4.1	1,318,053	1,415,431
- Fair value through profit or loss	4.2	1,677,794	2,575,817
- Held to maturity	4.3	395,066	68,289
- Loans and receivables	4.4	32,766	31,282
Reinsurance assets	6	349,521	257,402
Deferred acquisition cost	7	47,283	23,451
Prepayments and other receivables	8	99,479	76,997
Investment properties	9	3,621,260	2,933,645
Property, plant and equipment	10	1,018,230	903,432
Statutory deposit	11	215,000	215,000
Intangible assets	12	7,943	13,442
Total assets		**9,481,025**	**8,890,009**
Liabilities			
Insurance contract liabilities	13	2,476,440	2,561,094
Investment contract liabilities	14	1,814,892	1,796,137
Trade payables	15	54,325	37,548
Other payables & accruals	16	594,060	1,333,908
Current income tax payable	17	7,025	18,025
Deferred tax	18	43,669	35,056
Total liabilities		**4,990,411**	**5,781,768**
Issued share capital	19	3,054,903	2,116,595
Statutory contingency reserve	20	447,759	401,366
Available-for -sale reserve	22	625,639	723,017
Asset revaluation reserve	21	544,430	466,915
Retained earnings	23	(182,117)	(599,562)
Total equity		**4,490,614**	**3,108,241**
Total liabilities and equity		**9,481,025**	**8,890,009**

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2020 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 64 and other national disclosures on pages 65 and 66 form an integral part of these financial statements.

Auditor's report, pages 1 to 4

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		N'000	N'000
Gross premium written	24	4,421 ,685	3,391,365
Changes in unearned premium	25	{50,660)	(17,558)
Gross premium income		**4,371,025**	**3,373,807**
Reinsurance expenses	26	{202,118}	(91 ,406)
Net premium income		4,168,907	3,282,401
Fees and commission income	27	59,277	35,349
Net underwriting income		**4,228,184**	**3,317,750**
Net claims incurred	28	(1,635,348)	(1,866,334)
Changes in life insurance contract liabilities	13.3	(250,094)	47,287
Underwriting expenses	29	(354, 339)	(332,836)
Total underwriting expenses		**(2,239 ,781)**	**(2,151,883)**
Underwriting profit		**1,988,403**	**1,165,867**
Investment income	30.2	64,069	113,588
Net realised gains	31	-	42,187
Net fair value (loss)/gain	32	(517,161)	315,294
Profit on investment contract liabilities	33	16,747	11,672
Exchange gain/ (loss)		977	(7,845)
Management expenses	34	(1 ,083,407)	(1 ,059,738)
Profit before taxation		469,628	581,025
Information Technology Development Levy	**17.2**	**(4,650)**	**(5,753)**
		464 ,978	575,272
Income tax expense	17.2	(1 ,050)	(12,272)
Profit for the year		**463,928**	**563,000**
Other comprehensive income			
Item that may be reclassified to Profit or Loss:			
Fair value (loss)/ gain on available-for-sale financial assets	22	(97,378)	278,833
Item that will not be reclassified to profit or loss:			
Revaluation gain on property, plant and equipment (net of tax)	21	77,515	110,216
Other comprehensive (loss)/income for the year		(19,863)	389,049
Total comprehensive profit for the year		**444,065**	**952,049**
Earnings per share			
Basic/diluted earnings per share	**36**	**0.15**	**0.27**

The accompanying notes and significant accounting policies on pages 30 to 86 and other national disclosures on pages 87 and 88 form an integral part of these financial statements.

Auditors' report, pages 25 to 28

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	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 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
Balance at 1 January 2018	2,116,595	345,066	356,699	444,184	(1'106,352)	2,156,192
Profit for the year					563,000	563,000
Other comprehensive income :						
Changes in Available-for-sale financial assets				278,833		278,833
Changes in valuation of land and building			110,216			110,216
Transfer between reserves		56,300			(56,300)	
Balance at 31 December 2018	2,116,595	401,366	466,915	723,017	(599,652)	3,108,241

The accompanying notes and significant accounting policies on pages 30 to 86 and other national disclosures on pages 87 and 88 form an integral part of these financial statements.

Auditors' report, pages 25 to 28

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
Cash flows from operating activities	Notes	N'000	N'000
Premium received from policy holders		4,421,685	3,563,179
Commission paid - Group life		(197,763)	(119,207)
Commission paid - Investment Contract Liabilities	33	(73,214)	(56,301)
Fess and Commission received	27	59,277	35,349
Recoveries from co-assurance	28(a)	3,693	30,023
Cash paid to and on behalf of Employees	34	(449,344)	(365,388)
Cash received from Investment Contract Holders - Group	14.1	95,077	61,334
Cash received from Investment Contract Holders - Individual	14.2	394,200	536,147
Cash paid to Investment Contract Holders - Group	14.1	(87,706)	(259,594)
Cash paid to Investment Contract Holders - Individual	14.2	(493,656)	(286,712)
Reinsurance premium paid	15.1	(146,989)	(107,308)
Other underwriting expenses	29.2	(180,408)	(204,462)
Other operating cash payments		(1,381,046)	334,268
Claims paid	28	(2,075,680)	(2,073,957)
Fund in trust	14.3	(20,450)	(24,500)
Cash (used in)/generated from operating activities	39	(132,324)	1,062,871
Company income tax paid	17.1	(16,700)	(8,729)
Net cash (used in)/generated from operating activities		(149,024)	1,054,142)
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(72,611)	(3,194)
Proceeds from sale of financial assets -FYPL	4.2	-	921,612
Proceeds from sale of financial assets -HTM	4.3	207,154	65,692
Purchase of financial assets - FVPL	4.2	-	(1,297,675)
Equities transferred as deposit for shares	4.2	(224, 138)	(938,308)
Purchase of financial assets - HTM	4.3	(500,894)	(52,992)
Loan granted to staff & policy holders	4.4	(3,478)	(6,671)
Repayment of staff & policy loan	4.4	2,880	17,403
Dividend received	8.2.2	76,212	53,919
Rent Income received	16.6	62,100	32,000
Interest received on statutory deposit	8.2.1	30,912	33,037
Additions to investment properties	9	(82,615)	-
Interest and other investment incomes received		38,003	161,952
Net Cash outflows from investing activities		(466,475)	(1,013,225)
Cash flows from financing activities:			
Additions to share capital	19.2	938,308	-
Net Cash inflows from financing activities		938,308	-
Net (decrease)/increase in cash and cash equivalents		322,809	40,917
Cash and cash equivalents at the beginning		375,821	334,904
Cash and cash equivalents at the end of the year (Note 3)		698,630	375,821

The accompanying notes and significant accounting policies on pages 30 to 86 and other national disclosures on pages 86 and 87 form an integral part of these financial statements .

Auditors' report, pages 25 to 28

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
3.	Cash and cash equivalents	N'000	N'000
	Cash - petty cash	50,338	6
	Balances with Local banks	362,559	50,993
	Domiciliary accounts with local banks	30,167	17,770
	Placement with banks	255,566	307,052
		698,630	375,821
		N'000	N'000
	Current	698,630	375,821
	Non-current	-	-
		698,630	375,821

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 12.2%, (2018: 11.6%)

3.1	Attributable to policyholders	N’000	N’000
	Balances with local banks	135,745	27,536
	Domiciliary accounts with local banks	16,290	9,596
	Placement with banks	147, 965	177,142
		300,000	214, 274
3.2	Attributable to investment contracts	N'000	N'000
	Balances with local banks	181,067	23,457
	Domiciliary accounts with local banks	13,877	8,174
	Placement with banks	105,056	129,910
		300,000	161,541
3.3	Attributable to shareholders	N'000	N'000
	Cash - Petty cash	50,338	6
	Balances with local banks	48,292	-
		98,630	6
	Cash and cash equivalents	698,630	375,2821
4.	Financial assets	N'000	N'000
	The Company's financial assets are summarised by categories as follows:		
	Available -for-sale (Note 4.1)	1,318,053	1,415,431
	Fair value through profit or loss (Note 4.2)	1,677,794	2,575,817
	Held to maturity (Note 4. 3)	395,066	68,289
	Loans and receivables (Note 4.4)	32,766	31, 282
		3,423,679	4,090,819
		N'000	N'000
	Current	1,710,560	2,607,099
	Non-current	1,713,119	1,483,720
		3,423,679	4,090,819
4.1	Available-for-Sale	N'000	N'000
	Balance at the beginning of the year	1,415,431	1,136,598
	Fair value (loss)/gain (Note 22)	(97,378)	278,833
	Disposal during the year	-	-
	Balance at the end of the year	1,318,053	1,415,431
(a)	Equity instrument measured at Available-for-Sale includes:	N'000	N'000
	Consolidated Hallmark Insurance Plc	390,000	380,000
	NEM Insurance Plc	928,053	1,035,431
	Total equity instruments measured at Avalaible-for-sale	1,318,053	1,415,431

NOTES TO THE FINANCIAL STATEMENTS

	2019	2018
	N'000	N'000
Attributes to policy holders	659,027	707,716
Attributes to Investment contract	659,026	707,715
	1,318,053	1,415,431

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	2,575,817	1,335,165
	Purchases during the year	-,	1,297,675
	Equities transferred as deposit for shares (Note 16.3)	224,138	938,308
	Fair value loss (Note 32)	(1,122,161)	(115,906)
	Carrying amount of FVTPL disposed	-	(879,425)
	Balance at the end of the year	1,677,794	2,575,817

(a)	Profit on disposal of FVTPL	N'000	N'000
	Proceeds from sale of financial assets -FVTPL	-	921,612
	Carrying amount of FVTPL disposed	-	(879,425)
	Gain on disposal (Note 31)	-	42,187

	N'000	N'000
Attributable to policy holders	419,448	444,586
Attributable to investment contract	369,115	318,598
Attributable to shareholders	889,231	1,812,633
	1,677,794	2,575,817

(b) Management valued the Company's quoted equities at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. This prompted the classification of quoted investment as Financial Assets Fair Value through Profit or Loss (FVTPL).
The fair value gains in the carrying amount of fair value through profit or loss financial assets are recognised under 'fair value gains/losses' in the income statement. None of the financial assets fair value through profit or loss was designated at initial recognition. The prices used in valuation above is as provided on trading floor of the Nigerian Stock Exchange market.

4.3 Held to maturity

Profit before taxation is stated after accounting for the following:

	N'000	N'000
Balance at the beginning of the year	68,289	73,664
Purchases during the year	500,894	52,992
Accrued interest capitalised (Note 30)	33,037	7,325
	602,220	133,981
Matured during the year	(207, 154)	(65,692
Balance at the end of the year	395,066	68,289

	N'000	N'000
Attributable to policy holders	395,066	68,289
Attributable to investment contract	-	-
	395,066	68,289

(a)	Debt instruments Held to maturity includes	N'000	N'000
	FGN Bond	11,440	11,440
	CBN Treasury Bill	62,578	56,849
	Other short term investments	321,048	-
		395,066	68,289

The treasury bill represents investment in 91 days Federal Government of Nigeria Treasury Bills issued by Central Bank of Nigeria at 13.0% per annum. Other short term deposits are fixed deposit investments with maturity period of less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
4.4	Loans and receivables	N'000	N'000
	Balance at the beginning of the year	31,282	40,122
	Loan granted during the year	3,478	6,671
	Interest on loan	886	1,892
		35,646	48,685
	Repayment during the year	(2,880)	(17,403)
	Balance at the end of the year	32,766	31,282

(a)	Loans and receivables comprises of:	N'000	N'000
	Loan to policy holder	27,083	26,123
	Staff loans	5,683	5,159
		32,766	31,282
		N'000	N'000
	Attributable to policy holders (Note 4.4.1)	27.083	26,123
	Attributable to shareholders (Note 4.4 .2)	5,683	5,159
		32,766	31,282

4.4.1	Loan to policy holder	N'000	N'000
	Balance at the beginning of the year	26,123	32,968
	Loan granted during the year	2,805	6,671
	Interest on loan (Note 30)	586	1,739
		29,514	41,378
	Repayment during the year	(2,431)	(15,255)
	Balance at the end of the year	27,083	26,123

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	5,159	7,154
	Loan granted during the year	673	-
	Interest on loan (Note 30)	300	153
		6,132	7,307
	Repayment during the year	(449)	(2,148)
	Balance at the end of the year	5,683	5,159

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.	Trade receivables	N'000	N'000
	Premium receivable (Note 5.1)	-	-
	Impairment-trade receivables (Note 5.2)	-	-

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
5.1	Premium receivable	N'000	N'000
	Balance at the beginning of the year	-	171,814
	Gross written premium during the year (Note 24)	4,421,685	3,391,365
	Premium received during the year	(4,421,685)	(3,563.179)
	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

		N'000	N'000
	Reinsurer Share of UPR (Note 6.1)	52,720	52,720
	Reinsurer Share of IBNR (Note 6.2)	90,150	38,919
	Balance as per Actuary's Estimate	142,870	91,639
	Prepaid Reinsurance Expenses M & D (Note 6.3)	67,675	53,487
	Co-assurance receivables (Note 6.4)	138,976	112,276
		349,521	257,402
		N'000	N'000
	Current	349,521	257,402
6.1	Reinsurer share of UPR	N'000	N'000
	Balance at the beginning of the year	52,720	28,912
	Movement during the year (Note 26)	-	23,808
	Balance at the end of the year	52,720	52,720
6.2	Reinsurer share of IBNR	N'000	N'000
	Balance at the beginning of the year	38,919	19,019
	Movement during the year (Note 28(a))	51,231	19,900
	Balance at the end of the year	90,150	38,919
6.3	Prepaid Reinsurance expenses M& D	N'000	N'000
	Balance at the beginning of the year	53,487	25,128
	Movement during the year (Note 26)	14,188	28,359
	Balance at the end of the year	67,675	53,487
6.4	Co-assurance receivables	N'000	N'000
	Balance at the beginning of the year	112,276	92,541
	Addition during the year	58,639	73,263
	Claims expenses recovered during the year (Note 28(a))	(3,693)	(30,023)
	Impairment loss (Note 6.5)	(28,246)	(23,505)
		138,976	112,276

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
6.5	**Impairment loss**	N'000	N'000
	Balance at the beginning of the year	23,505	75,642
	Addition I (write back) during the year (Notes 34 & 30.1)	4, 741	{52,137}
	Balance at the end of the year	28,246	23,505

7.	**Deferred acquisition cost**	N'000	N'000
	Balance at the beginning of the year	23,451	32,618
	Acquisition cost during the year (Note 29.1)	197,763	119,207
	Total acquisition cost	221,214	151,825
	Amortised acquisition cost during the year (Note 29 .1)	(173,931)	(128,374}
	Balance at the end of the year	47 ,283	23,451
		N'000	N'000
	Current	47 ,283	23,451
	Non-current	-	-
		47,283	23,451

		2019	2018
8.	**Prepayments and other receivables**	N'000	N'000
	Prepayments (Note 8.1)	17,767	14,857
	Stock brokers· current account (Note 8(a))	22,497	22,497
	Rent receivable	30,000	-
	Withholding tax recoverable	9,690	8,070
	Other receivables (Note 8.3)	287	2,849
		80,241	48 ,273
	Accrued investment income (Note 8.2)	19,238	28,724
		99 ,479	76,997
		N'000	N'000
	Current	99,479	76,997
	Non-current	-	-
		99,479	76,997

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)	9,066	6,973
	Prepaid insurance (Note 8.1.2)	3,322	2,889
	Other prepayment (Note 8.1.3)	5, 379	4,995
		17,767	14 857

Prepaid rent	N'000	N'000
Balance at the beginning of the year	6,973	9,698
Payment during the year	20,239	14,629
Accrued rent (Note 16.1)	5,046	7,024
Amortisation during the year (Note 34)	(23, 192)	(24,378)
Balance at the end of the year	9,066	6, 973

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
8.1.2	**Prepaid insurance**	N'000	N'000
	Balance at the beginning of the year	2,889	3,824
	Payment during the year	15,026	12,512
	Amortisation during the year (Note 34)	(14,593)	(13,447)
	Balance at the end of the year	3,322	2,889
8.1.3	**Other prepayment**	N'000	N'000
	Balance at the beginning of the year	4,995	4,559
	Payment during the year	14,250	9,831
	Amortisation during the year	(13,866)	(9,395)
	Balance at the end of the year	5,379	4,995
8.2	**Accrued investment income**	N'000	N'000
	Accrued interest on statutory deposit (Note 8.2.1)	14,609	27,326
	Dividend receivable (Note 8.2.2)	4,629	1,398
		19,238	28,724
8.2.1	**Accrued interest receivable**	N'000	N'000
	Balance at the beginning of the year	27,326	11,404
	Interest earned on Bond (Note 30)	783	1,554
	Interest earned on statutory deposit (Note 30)	30,912	33,037
	Interest received during the year	(44,412)	(18,669)
	Balance at the end of the year	14,609	27,326
8.2.2	**Dividend receivable**	N'000	N'000
	Balance at the beginning of the year	1,398	-
	Dividend earned during the year (Note 30)	76,212	53,919
	Dividend received during the year	(72,981)	(52,521)
	Balance at the end of the year	4,629	1,398
8.3	**Other receivables**	N'000	N'000
	Balance at the beginning of the year	2,849	9,505
	Addition during the year	-	-
	Repayments during the year	(2,562)	(6,656)
	Balance at the end of the year	287	2,849

(a) Other receivables represent cash and touring advances given to staff yet to be retired.

9.	**Investment properties**	N'000	N'000
	Balance at the beginning of the year	2,933,645	2,502,445
	Addition during the year	82,615	-
	Fair value gains (Note 32)	605,000	431,200
	Balance at the end of the year	3,621,260	2,933,645

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
Oba Adesida Road Akure	37,110	-	-	6,000	43,110
Oko Orisan Water Front Lekki Lagos	42,235	-	-	14,000	56,235
4A Robinson Street Apapa Lagos	238,600	-	-	64,250	302,850
Plot 383 Cadastral Zone A02 Wuse 1 Abuja	442,750	50,000	-	13,565	506,315
18 Bishop Kale Street Victoria Island Lagos	581,000	2,115	-	125,885	709,000
35 Akin Adesola Street Victoria Island Lagos	658,640	10,000	-	181,550	850,190
162C Idejo Street Victoria Island Lagos	933,310	20,500	-	199,750	1,153,560
Total Investment properties	2,933,645	82,615	-	605,000	3,621,260

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
9.2	The Company's investment properties are allocated as follows:	N'000	N'000
	Attributable to policyholders	866,754	896,383
	Attributable to investment contract	635,212	628,648
	Attributable to shareholders	2,119,294	1,408,614
		3,621,260	2,933,645

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 2019.

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.

The present status of the properties is presented hereunder:

Property	Type	Acquisition Date	Present Title	Rental Status
Oba Adesida Road Akue Ondo State	Land	14th February 2007	Capital Express Asssurance	This is for future development and capital appreciation
Oko Orisan Water Front Lekki, Lagos	Land	20th April 2012	Capital Express Asssurance	This is for future development and capital appreciation
4A Robinson Close Apapa Lagos	Land	24th October 2007	Capital Express Asssurance	This is for future development and capital appreciation
Plot 383 Cadastral Zone A02 Abuja FCT	Land & Building	30th May 2012	Capital Express Asssurance Ltd	The building is scheduled for renovation upon relevant government approval
18 Bishop Kale Close Victoria Island Lagos	Land & Building	3rd April 2007	Capital Express Asssurance	The building is currently occupied by tenants
35 Akin Adesola Street Victoria Island	Land & Building	14th February 2007	Capital Express Asssurance	The building is currently occupied by tenants
162C Idejo Street Victoria Island Lagos	Land & Building	6th July 2007	Capital Express Asssurance Ltd	The building is currently occupied by tenants

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

As at 31 December 2019	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 2018	273,000	458,825	31,463	251,327	55,195	32,216	80,888	1,182,914
Additions		-	210	340	792	312	1,540	3,194
Disposals	-	-	-	-	-	-	-	-
Asset revaluation reserve (Note 21)	24,010	89,275	-	-	-	-	-	113,285
At 31 December 2018	297,010	548,100	31,673	251,667	55,987	32,528	82,428	1,299,393
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
Disposals	-	-		-	-	-	-	-
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	1,446,563
Accumulated depreciation								
At 1 January 2018	-	-	18,562	199,497	42,695	25,533	67,790	354,077
Charge for the year	-	9,177	2,485	31,943	3,267	1,675	2,514	51,061
Disposals	-	-	-	-	-	-	-	-
Asset revaluation reserve (Note 21)	-	(9,177)	-	-	-	-	-	(9,177)
At 31 December 2018	-	-	21,047	231,440	45,962	27,208	70,304	395,961
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
Disposals	-	-	-	-	-	-		-
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
Carrying amounts at:								
31 December 2019	322,460	622,650	26,167	317	28,518	5,288	12,830	1,018,230
31 December 2018	297,010	548,100	10,626	20,227	10,025	5,320	12,124	903,432

NOTES TO THE FINANCIAL STATEMENTS

(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 surpluses 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 (2018: Nil)

(c) The Company had no capital commitments as at the statement of financial position date (2018: Nil).

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

		2019 N'000	2018 N'000
11.	Statutory deposit		
	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 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.

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.

	N'000	N'000
Cost		
At 1 January	27,501	27,501
Additions	-	-
At 31 December	27,501	27,501
Amortisation		
At 1 January	14,059	8,560
Charge for the year (Note 34)	5,499	5, 499
At 31 December	19,558	14,059
Carrying value	7,943	13,442

		N'000	N'000
13.	Insurance contract liabilities		
	Incurred but not reported (IBNR)(Note 13.1(a))	779,497	877,143
	Outstanding claims (Note 13.1(b))	305,123	592,885
	Unearned premium reserve (Note 13.2)	425,545	374,885
	Life insurance contract liabilities (Note 13.3)	966,275	716,181
		2,476,440	2,561,094

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).

		N'000	N'000
13.1	Outstanding claims		
(a)	Incurred but not reported (IBNR)	-	-
	Balance at the beginning of the year	877,143	568,150
	Changes in Incurred but not reported (Note 28)	(97,646)	308,993
	Balance at the end of the year	779,497	877,143

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
(b)	**Outstanding claims as reported by policyholders:**	N'000	N'000
	Balance at the beginning of the year	592,885	1,059,578
	Claims incurred during the year	1,787,918	1,607,264
	Claims paid during the year (Note 28)	(2,075,680)	(2,073,957)
	Balance at the end of the year	305,123	592,885

	N'000	N'000
Current	39,937	77,602
Non-current	265,186	515,283
	305,123	592,885

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

	2019	2018
	N'000	N'000
0 - 90 days	39,937	77,602
91 - 180 days	51,485	100,041
181 - 270 days	13,212	25,672
270 - 365 days	4,434	8,615
365 days and above	196,055	380,955
	305,123	592,885

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.

3.2	**Unearned Premium Reserve**	**N'000**	**N'000**
	Balance at the beginning of the year	374,885	357,327
	Changes in unearned premium (Note 25)	50,660	17,558
	Balance at the end of the year	425,545	374,885

13.3	**Life insurance contract liabilities**	**N'000**	**N'000**
	Balance at the beginning of the year	716,181	763,468
	Movement during the year	250,094	(47,287)
	Balance at the end of the year	966,275	716,181

13.4	**Life insurance contract liabilities is represented by:**	**N'000**	**N'000**
	Cash and cash equivalents (Note 3.1)	300,000	214,274
	Financial assets- available-for-sale (Note 4.1 (a))	659,027	707,716
	Financial assets - fair value through profit or loss (Note 4.2)	419,448	444,586
	Financial assets- held to maturity (Note 4.3)	395,066	68,289
	Financial assets - loans and receivables (Note 4.4)	27,083	26,123
	Reinsurance assets - (Notes 6.1, 6.2 & 6.4)	281 ,846	203 ,915
	Deferred acquisition cost	47,283	23,451
	Investment properties (Note 9.2)	866,754	896,383
		2,996,507	2,584,737

3. 5	**Assets Cover**	**N'000**	**N'000**
	Insurance Contract Liabilities (Note 13)	2,476,440	2,561,094
	Assets Allocated (Note 13.4)	(2,996,507)	(2,584,737)
	Surplus in Assets Cover	(520,067)	(23,643)

4.	**Investment Contract Liabilities**	**N'000**	**N'000**
	Investment contract liabilities - Group (Note 14.1)	448,790	423,366
	Investment contract liabilities - Individual (Note 14.2)	1,310,844	1,326,233
	Fund in trust (Note 14.3)	55,258	46,538
		1,814,892	1,796,137

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
		N'000	N'000
	Current	617,063	610,687
	Non-current	1,197,829	1,185,450
		1,814,892	1,796,137

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

4.1	Investment Contract Liabilities - Group	N'000	N'000
	Balance at the beginning of the year	423,366	582,107
	Deposit during the year	95,077	61,334
	Withdrawal during the year	(87,706}	(259,594)
		430,737	383,847
	Guaranteed interest (Note 33)	18,053	39,519
	Balance at the end of the year	448,790	423,366
4.2	Investment Contract Liabilities - Individual	N'000	N'000
	Balance at the beginning of the year	1,326,233	1,013,753
	Transfer from Agency career fund (Note 16.2)	-	37,949
	Deposit during the year	394,200	498,198
	Withdrawal during the year	(493,656)	(286,712)
		1,226,777	1,263,188
	Guaranteed interest (Note 33)	84,067	63,045
	Balance at the end of the year	1,310,844	1,326,233
4.3	Fund in trust	N'000	N'000
	Balance at the beginning of the year	46,538	44,808
	Claims incurred during the year	29, 170	26,230
	Payment made during the year	(20,450)	(24,500)
	Balance at the end of the year	55,258	46,538
		N'000	N'000
	Current	55,258	46,538
	Non-current	-	-
		55,258	46,538

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.

14.4	**Investment Contract fund is represented by:**	**N'000**	**N'000**
	Cash and cash equivalents (Note 3.2)	300,000	161,541
	Financial Assets - Available-for-Sale (Note 4.1(a))	659,026	707,715
	Financial Assets- Fair Value through profit or loss (Note 4.2(a))	369,115	318,598
	Investment properties (Note 9.2)	635,212	628,648
		1,963,353	1,816,502
14.5	**Assets Cover**	**N'000**	**N'000**
	Investment Contract Liabilities (Note 14)	1,814,892	1,796,137
	Assets Allocated (Note 14.4)	(1,963,353)	(1,816,502)
	Surplus in Assets Cover - Investment Contract Liabilities	(148,461)	(20,365)
	Surplus in Assets Cover - Insurance Contract Liabilities	(520,067)	(23,643)
	Surplus in Assets	(668,527)	(44,008)

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
15.	Trade payables	N'000	N'000
	Premium payable to Reinsurance companies (Note 15.1)	27,694	6,285
	Premium payable to Co-insurance companies (Note 15.2)	26,631	31,263
	Commission payable to Insurance brokers (Note 15.3)	-	-
		54,325	37,548
		N'000	N'000
	Current	54,325	37,548
	Non-current	-	-
		54,325	37,548

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 value at the reporting date.

15.1	Premium payable to Reinsurance companies	N'000	N'000
	Balance at the beginning of the year	6,285	6,147
	Treaty premium ceded to reinsurance (Note 26)	123,898	66,201
	Facultative reinsurance outward (Note 26)	92,408	77,372
	Commission received from reinsurance (Note 16.7)	(47'908)	(36,127)
	Reinsurance premium paid during the year	(146,989)	(107,308)
	Balance at the end of the year	27, 694	6, 285

15.2	Premium payable to Co-insurance companies	N'000	N'000
	Balance at the beginning of the year	31,263	159
	Movement during the year	(4,632)	31,104
	Balance at the end of the year	26, 631	31,263

5.3	Commission payable to Insurance brokers	N'000	N'000
	Balance at the beginning of the year	-	1,237
	Movement during the year	-	(1,237)
	Balance at the end of the year	-	-

16.	Other payables and accruals	N'000	N'000
	Accrued rent (Note 16.1)	5,046	7,024
	Accrued management expenses	71,220	64,112
	Agency career fund (Note 16.2)	-	-
	Deposit for shares (Note 16.3)	224,138	938,308
	Insurance supervisory levy	17,003	32,495
	Statutory payables (Note 16.4)	14,490	7,314
	Loan from director (Note 16(b))	14,586	12,205
	Policy proposal (Note 16(c))	1,955	79,794
	Deferred Commission income (Note 16.7)	17,619	11,426
	Other creditors (Note 16(d))	228,003	166,230
		594,060	1,318,908
	Deferred rental income (Note 16.6)		15,000
		594,060	1,333,908
		N'000	N'000
	Current	594,060	1,333,908
	Non-current	594,060	1,333,908

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

NOTES TO THE FINANCIAL STATEMENTS

(d) Included in other creditors are unpaid invoices which cheques were issued but turned staled at year end amounting to N156.2 million. After the year end N25.6 million was re - issued to various vendors.

		2019	2018
16.1	**Accrued rent**	N'000	N'000
	Balance at the beginning of the year	7,024	4,956
	Changes during the year	(1,978)	2 068
	Balance at the end of the year	5 046	7 024
16.2	**Agency career fund**	**N'000**	**N'000**
	Balance at the beginning of the year	-	33,007
	Provision during the year	-	6,104
	Payment during the year	-	(1,162)
	Transfer to investment contract liabilities (Note 14.2)	-	(37,949)
	Balance at the end of the year	-	-

(a) During the year, agency career fund was funded by the Company via it"s investment contract liability to generate guarantee interest on invested fund.

16.3	**Deposit for shares**	N'000	N'000
	Balance at the beginning of the year	938,308	-
	Deposit made during the year (Note 4.2)	224,138	938,308
	Deposit utilised for share capital (Notes 19)	(938,308)	-
	Balance at the end of the year	224,138	938,308
16.4	**Statutory payables**	N'000	N'000
	Pay As You Earn	1,054	1,496
	Pension Fund (Note 16.5)	4,067	1,857
	Value Added Tax	1,291	331
	Withhoding Tax	1,639	243
	Industrial Training Fund	6,439	3,387
		14,490	7,314
16.5	**Pension Fund**	N'000	N'000
	Balance at the beginning of the year	1,857	2,340
	Provision during the year	34,540	26,207
	Payment during the year	(32,330)	(26,690)
	Balance at the end of the year	4,067	1,857
16.6	**Deferred rental income**	N'000	N'000
	Balance at the beginning of the year	15,000	9,000
	Rent received during the year	62,100	32,000
	Rent earned during the year (Note 30)	(77,100)	(26,000}
	Balance at the end of the year	-	15,000
16.7	**Deferred commission income**	N'000	N'000
	Deferred Commission income as at the beginning of the year	11,426	-
	Commission received from reinsurance (Note 15.1)	47,908	36,127
	Fees and Commission earned during the year (Note 27)	(41,715)	(24,701}
	Deferred Commission income as at the end of the year	17 619	11,426

17. **<u>Current income tax payable</u>**

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

17.1	**Per Statement of financial position**	N'000	N'000
	Balance at the beginning of the year	18,025	8,729
	Charge for the year (Note 17.2)	5,700	18,025
	Payments during the year	(16,700)	8,729)
	Balance at the end of the year	7,025	18,025

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
17.2	**Per Income Statement Minimum Tax**	N'000	N'000
	Company income tax	1,027	12,272
	Education tax	-	-
	Police fund levy	23	
	Information Technology Development Levy	4,650	5,753
		5,700	18,025

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:

	N'000	N'000
Profit for the year	469,628	575,272
Tax at the statutory corporation tax rate of 30%	140,888	172,582
Effect of income that is exempt from taxation	(1,307,208)	(1,125,661)
Effect of expenses that are not deductible in determining taxable profit	901,706	499,374
Current year fiscal loss	264,614	453,705
Minimum tax	1,027	12,272
Police Fund Levy of 0.005% of Net Profit	23	-
NITDA Levy@ 1% of PBT	4,650	5,753
Tax expense recognised in profit or loss statement	5,700	18,025
Effective rate	0.01	0.03

17.4 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.

		2019	2018
18.	**Deferred tax**	N'000	N'000
	Balance at the beginning of the year	35,056	22,810
	Deferred tax on revaluation surplus on property, plant and equipment (Note 21)	8,613	12,246
	Balance at the end of the year	43,669	35,056

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 N584,474,861 (2018:N509,637 ,066). The Company has fiscal loss of N4,679,756 ,600 and impairment loss on reinsurance assets of N4,741,000 resulting into deferred tax asset of N1,630,146,476 (2018:N1,829 ,203 ,000). The deferred tax asset analysed below was not recognised because there is no evidence that it will be utilised in the foreseeable future.

	Opening balance as at 1 January 2019	Recognized in net income	Recognized in OCl	Recognised directly in equity	Reclassify from equity to net income	Closing Balance at 31 December 2019
Deferred Tax Liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Defered tax on revaluation surplus on property, plant and equipment	35,056		8,613		-	43,669
Difference between Carrying Value of PPE and TWDV		175,342			-	175,342
Total	35,056	175,342	8,613			219,011
Deferred tax assets						
Fiscal losses		1,403,927	-	-		1,403,927
Impairment loss on reinsurance assets		1,517				1,517
Unutilised capital allowances		400,045				400,045
Sub total		1,805,489				1,805,489

The deferred tax asset analysed below was not recognised because there is no evidence that it will be utilised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
19.	**Issued share capital**	N'000	N'000
19.1	**Authorised Share Capital**		
	8 ,000,000,000 (2018 : 7 .5billion) Ordinary Shares of N1.00 each	8,000,000	7,500,000
19.2	**Ordinary shares issued and fully paid**	N'000	N'000
	Balance at the beginning of the year	2,116,595	2,116,595
	Additions during the year (Note 16.3)	938 ,308	-
	Balance at the end of the year	3 ,054,903	2,116,595

(a) At the 18th Annual General Meeting of the Company held on 19 September 2019 it was unanimously resolved that the authorised share capital of the Company be increased from N7 ,500,000,000 (Seven billion and Five hundred million Naira) to N8,000,000,000 (Eight billion Naira).
The ordinary resolution and notice of increase in the authorised share capital dated 25 October 2019 was filed with Corporate Affairs Commission on 4 November 2019 and a certificate of increase in share capital was issued on 8 November 2019.

(b) The Company increased it issued share capital during the year by issue of additional 938,308,000 shares of N1 each at par. The shares were acquired with deposit for share to the tune of N938 .3million.

20.	**Statutory contingency reserve**	N'000	N'000
	Balance at the beginning of the year	401,366	345,066
	Transfer from comprehensive income (Note 23)	46 ,393	56,300
	Balance at the end of the year	447,759	401,366

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 117 LFN 2004.

21 .	**Asset revaluation reserve**	N'000	N'000
	Balance at the beginning of the year	466 ,915	356,699
	Additions during the year	86.128	122,462
	Transferred to deferred tax (Note 18)	(8 ,613)	(12,246)
	Balance at the end of the year	544 , 430	466,915
22.	**Available-for-sale reserve**	N'000	N'000
	Balance at the beginning of the year	723 ,017	444 ,184
	Fair value (loss)/ gain during the year (Note 4.1)	(97,378)	278 ,833
	Balance at the end of the year	625,639	723 ,017
23.	**Retained earnings**	N'000	N'000
	Balance at the beginning of the year	(599 ,652)	(1, 106,352)
	Profit for the year	463 ,928	563 ,000
	Transfer to contingency reserve (Note 20)	(46,393)	(56,300)
	Balance at the end of the year	(182,117)	(599,652)
24.	**Gross premium written**	N'000	N'000
	Direct business	3,414,135	2 ,894,451
	Facultative reinsurance	-	44 ,375
	Group life	3,414,135	2,938,826
	Individual life	1,007,550	452,539
		4,421,685	3,391,365

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)	(50,660)	(17,558)
26.	**Reinsurance expenses**	N'000	N'000
	Treaty premium ceded for reinsurers (Note 15.1)	123,898	66 ,201
	Facultative reinsurance outward (note15.1)	92,408	77,372
	Reinsurance premium ceded during the year	216,306	143,573
	Changes in reinsurer share of UPR (Note 6 .1)	-	(23,808)
	Changes in prepaid reinsurance cost M & D (Note 6.3)	(14, 188)	(28,359)
		202,118	91,406

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
27.	**Fees and commission income**	N'000	N'000
	Fees and commission (Note 16.7)	41,715	24,701
	Policy reinstatement and other fee	17,562	10,648
		59,277	35,349
28.	**Net claims incurred**	N'000	N'000
	Surrender	111,964	57,914
	Maturities	559,218	284 ,565
	Claims incurred on trust in fund	29,170	26 ,230
	Death	1,375,328	1,705,248
	Gross claims paid during the year (Note 13.1(b))	2,075,680	2,073,957
	Changes in outstanding claims	(287,762)	(466,693)
	Changes in Incurred But Not Reported Claims (Note 13.1(a))	(97,646)	308,993
	Gross claims incurred during the year	1,690,272	1,916,257
	Recoverables from Reinsurance (Note 28(a))	(54,924)	(49,923
	Net claims incurred	1,635,348	1,866,334
	Recoverables from Reinsurance	N'000	N'000
(a)	Claims expenses recovered from reinsurer (Note 6.4)	(3,693)	(30,023)
	Changes in Reinsurer share of IBNR (Note 6.2)	(51,231)	(19,900)
		(54,924)	(49,923)
29	**Underwriting expenses**	N'000	N'000
	Acquisition expenses (Note 29.1)	173,931	128,374
	Other Underwriting expenses (Note 29.2)	180,408	204,462
		354,339	332,836
29.1	**Acquisition expenses**	N'000	N'000
	Commission on insurance contracts (Note 7)	197,763	119,207
	Changes in deferred acquisition cost	(23,832)	9,167
		173,931	128,374
29.2	**Other Underwriting expenses**	N'000	N'000
	Administrative charges	6,839	10,424
	Agency career fund - Company's contribution	3,812	2,945
	Agency running expenses	15,274	24,564
	Medical and stamp duty expenses	2,958	2,254
	Underwriting employee's benefits	138,156	151,610
	Value Added Tax on commission	13,369	12,665
		180,408	204 ,462

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 .

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
30.	**Investment Income**	N'000	N'000
	Interest income - cash & cash equivalents	33,314	106,597
	Other income (Note 30.1)	3,906	53,801
		37,220	160,398
	Interest income - Treasury Bills (Note 4.3)	33,037	7,325
	Interest income - Bond (Note 8.2.1)	783	1,554
	Interest income - Policyholders Loans (Note 4.4. 1)	586	1,739
	Interest income - Staff Loans (Note 4.4.2)	300	153
	Rental income on investment properties (Note 16.6)	77,100	26,000
	Interest income on statutory deposit (Note 8.2.1)	30,912	33,037
	Dividend income on financial assets (Note 8. 2. 2)	76,212	53,919
		256,150	284,125
	Other income	N'000	N'000
	Provision no longer required (Note 6.5)	-	52,137
	Sundry Income	3 , 906	1,664
		3,906	53,801
	Allocation of investment income	N'000	N'000
	Attributable to policyholders	42,098	69,634
	Attributable to shareholders	21,971	43,954
		64,069	113,588
	Attributable to investment contracts	192,081	170,537
		256,150	284,125
31.	**Net Realised Gains**	N'000	N'000
	Property, plant and equipment:	-	-
	Profit on disposal		
	Quoted Equity Securities:		
	Gain on disposal (Note 4.2(a))	-	-
			42 ,187
			42,187
32.	**Net fair value (loss)/gain**	N'000	N'000
	Investment Properties:		
	Fair Value Gains (Note 9)	605,000	431,200
	Fair Value through Profit or Loss:		
	Quoted Equity Securities (Note 4.2)	(1,122,161)	(115,906)
		(517,161)	315,294
33.	**Profit on investment contract liabilities**	N'000	N'000
	Investment income	192,081	170,537
	Commission paid	(73,214)	(56,301)
	Guaranteed interest (Notes 14.1&14.2)	(102,120	(102,564)
		16,747	11, 672

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
34.	**Management expenses**	N'000	N'000
	Actuarial valuation expenses	3,675	7,600
	Administration expenses	114,761	55,026
	Impairment loss on reinsurance assets (Note 6.5)	4,741	-
	Fuel Expenses	33,730	30,000
	Internet expenses	11,092	10,351
	Rent and rates (Note 8.1.1)	23' 192	24,378
	Repairs and maintenance	7,063	16,067
	Public relations expenses	4,309	2,237
	Transportation expenses	9,912	6,429
	Computer Accessories	8,815	65,365
	Motor Vehicle expenses	22,161	19,290
	Insurance expenses (Note 8.1.2)	14,593	13,447
	Audit Fee (Note 34.2)	4,200	6,700
	AGM and Other Meeting Expenses	4,044	2,425
	Amortisation of Intangible Assets (Note 12)	5,499	5,499
	Depreciation charge (Note 10)	43,941	51,061
	Directors' emoluments	63,076	58,661
	Employee benefits expenses (Note 34.1)	449,344	365,388
	Bank charges (Note 35)	6,790	6,674
	NIA Subscription	3,473	3,562
	Legal and professional fees	30,194	64,298
	Insurance supervisory levy	44,217	33,464
	Marketing expenses	170,585	211,816
		1,083,407	1,059,738

34.1	**Employees benefits expenses**		
	Employees benefits expenses comprise of:	N'000	N'000
	Wages and salaries	315,208	255,856
	Employee's Pensions Contribution	13,922	11,611
	Employer's Pensions Contribution	18,669	14,596
	Staff Training and Development	54,506	36,608
	NSITFI/ITF Contribution and Others	47,039	46,717
		449,344	365,388

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

35.	**Bank charges**	N'000	N'000
	Bank charges	6,790	6.009
	Commission on finance charges	-	665
		6.790	6.674

36. **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	463,928	563,000
Number of issued ordinary shares (Units)	3,054,903	2,116,595
Basic earnings per share (kobo)	0,15	0.27
Dilluted earnings per share (kobo)	0.15	0.27

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.

NOTES TO THE FINANCIAL STATEMENTS

		2019	2018
37.	**Profit before taxation**		
	Profit before taxation is stated after charging:	N'000	N'000
	Auditors' remuneration (Note 34)	4,200	6,700
	Bank Charges (Note 34)	6,790	6,674
	Depreciation of property, plant and equipment (Note 10)	43,941	51,061
	Directors' remuneration (Note 34)	63,076	58,661
	Employee benefits expenses (Note 34.1)	449,344	365,388
	and after crediting:		
	Profit on disposal of property, plant and equipment (Note 31)	-	-

38	**Employees benefits expenses and Directors' remuneration**		
38.1	**Employees benefits expenses**	N'000	N'000
	Employees benefits expenses incurred during the year amounted to:		
	Wages and salaries	315,208	255,856
	Employer's Pensions Contribution	18,669	14,596
	Staff Training and Development	54,506	36,608
	NSITF/ ITF Contribution and Others	47,039	46,717
		435 422	353 777
	The average number of person employed in the Company during the year was:		
		Number	Number
	Executive Directors	2	2
	Management staff	8	8
	Senior staff	56	52
	Junior	64	70
		130	132
38.2	**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	61,626	57,211
		63,076	58 661

	N'000	N'000
Net cash (used in)/generated from operating activities		
Profit after taxation	463,928	563,000
Adjustments for:		
Depreciation- Property, plant & equipment (Note 10)	43,941	51,061
Amortisation - Intangible assets (Note 12)	5,499	5,499
Fair value gains on investment properties (Note 9)	(605,000)	(431,200)
Gain on disposal (Note 31)	-	(42,187)
Fair value loss on financial assets FVPL (Note 4.2)	1,122,161	115,906
Company income tax	5,700	18,025
Investment income (Note 30)	(256,150	(284,125)
Operating loss before working capital changes	780,079	(4,021)

NOTES TO THE FINANCIAL STATEMENTS

	2019	2018
Adjustments for Working Capital Items:	N'000	N'000
Decrease in trade receivables	-	171,814
Increase in reinsurance assets	(92,119)	(91,802)
(Increase)/ decrease in deferred acquisition cost	(23,832)	9,167
Increase in prepayment and other receivables	(22,482)	(7,382)
Increase/ (decrease) in trade payable	16,777	(27,131)
Decrease in insurance contract liabilities	(84,654)	(187,429)
Increase in investment contract liabilities	18,755	155,469
(Decrease)/increase in other payable and accruals	(724,848)	1,044,186
Cash (used in)/generated from operating activities	(132,324)	1,062,871

40. **Capital commitments**

There were no capital commitments at 31 December 2019 (2018 : Nil).

41. **Contingent liabilities**

There were no material contingent liabilities at 31 December 2019 (2018: Nil).

42. **Comparative figure**

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

43. **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.

NOTES TO THE FINANCIAL STATEMENTS

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.

	Note	Group Life N'000	Individual Life N'000	Investment Contract N'000	2019 N'000	2018 N'000
Gross premium written	24	3,414,13	1,007,550	-	4,421,68	3,391,365
Changes in unearned premium	13.2 & 25	(50,660)	-	-	(50,660)	(17,558)
Gross Premium Income		3,363,475	1,007,550	-	4,371,025	3,373,807
Premium ceded to reinsurers	26	(202, 118)		-	(202, 118)	(91 ,406)
Net premium income		3,161,357	1,007,550	-	4,168,907	3,282,401
Fees and commission income	27	59,277	-	-	59,277	35,349
Net underwriting income		3,220,634	1,007,550	-	4,228,184	3,317,750
Net Claims Incurred	28	964,166	671,182	-	1,635,348	1,866,334
Changes in life insurance contract liabilities	13.3	250,094	-	-	250,094	(47,287)
Underwriting Expenses	29	335,253	19,086	-	354 ,339	332 ,836
Total		1,549,513	690,268	-	2 , 239 ,781	2 , 151 ,883
Underwriting profit		1,671,121	317,282	-	1,988,403	1,165,867
Investment Income	30	42,098	21,971	-	64,069	113,588
Net Realised gains	31	-	-	-	-	42 , 187
Net Fair Value (loss)/ gain	32	(517, 161)	-	-	(517,161)	315,294
Profit on investment contract liabilities	33	-	-	16,747	16,747	11,672
Exhange gain/(loss)		977	-	-	977	(7,845)
Management expenses	34	(1 ,083,407)	-	-	(1,083,407)	(1,059,738)
Profit before taxation		113,628	339,253	16,747	469,628	581,025
Information Technology Development Levy		(4,650)	-	-	(4,650)	(5,753)
Income taxes	17.2	(1,050)	-	-	(1 ,050)	(12,272)
Profit for the year		107,928	339,253	16,747	463,928	563,000

44. **Related Party Transactions**

44.1 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.

	2019 N'000	2018 N'000
Chairman	250	250
Other Non-Executive Directors	1,200	1,200
Other allowances and emoluments of executives	61 ,626	62,687
Staff cost	449,1344	383,1562

NOTES TO THE FINANCIAL STATEMENTS

	2019	2018
	Number	Number
Managerial	10	10
Senior staff	56	52
Junior Staff	64	70
	130	132

45. 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.

46. Contraventions and Penalties

The following contraventions which resulted to payment of penalties by the Company to Federal Reporting Council of Nigeria and Lagos State Internal Revenue Service were recorded during the reporting year.

	2019	2018
	N'000	N'000
2015 Tax Audit - Lagos State Internal Revenue Service	-	490
Penalty on Contravention - Financial Reporting Council of Nigeria	-	5,000
		5 490

47. 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.

NOTES TO THE FINANCIAL STATEMENTS

(b) Solvency Status

Based on the solvency margin calculated, Capital Express Assurance Limited has a surplus of N37 million as indicated below, The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP 117, LFN 2004.

(c) Capital Adequacy Test

Based on the capital adequacy calculation below, Capital Express Assurance Limited has a surplus of N2.4 billion.

	2019	
	N'000	N'000
Shareholders' fund as per Statement of Financial Position	-	4,490,614
Less:		
Intangible Assets	(7,943)	
Deferred tax liability	(43,669)	
Due from related parties	-	(51,612)
		4,439,002

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	2019 N'000	Inadmissible N'000	2019 Admissible N'000	2018 Admissible N'000
Cash and cash equivalents	698,630	-	698,630	375,821
Financial assets:				
- Available-for-sale	1,318,053	-	1,318,053	1,415,431
- Fair value through profit or loss	1,677,794	-	1,677,794	2,575 ,817
- Held to maturity	395,066	-	395,066	68,289
- Loans and receivables	32,766	-	32,766	31,282
Reinsurance assets	349,521	-	349 ,521	257,402
Deferred acquisition cost	47,283	-	47,283	23,451
Prepayments and other receivables	99,479	(99,479)	-	-
Investment properties	3,621,260	(1,452,627)	2,168,633	2,191 ,698
Property, plant and equipment	1,018,230	(945,110)	73 ,120	57,597
Statutory deposit	215,000	-	215 ,000	215 ,000
Intangible assets	7,943	-	7,943	13,442
Admissable assets	**9,481,025**	**(2,497,216)**	**6,983,809**	**7,225,230**
Liabilities				
Insurance contract liabilities	2,476,440	-	2,476 ,440	2,561 ,094
Investment contract liabilities	1,814,892	-	1,814,892	1,796,137
Trade payables	54,325	-	54,325	37,548
Other payables & accruals	594,060	-	594,060	395,600
Current income tax payable	7,025	-	7,025	18,025
Deferred tax	43,669	(43,669)		
Admissable liabilities	**4,990,411**	**(43,669)**	**4,946, 742**	**4,808,404**
Solvency margin			2,037,067	1,416,826
Minimum share capital			2,000,000	2,000,000
Surplus in solvency margin			37,067	416,826
Percentage of solvency			2%	17%

NOTES TO THE FINANCIAL STATEMENTS

48 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 N'000	Investment Contract liabilities N'000	Policy Holder's Funds N'000	Share Holder's Fund N'000	Total 2019 N'000
Cash and cash equivalents	300,000	300,000	600,000	98,630	698,630
Financial assets:					
- Available-for-sale	659,027	659,026	1,318,053	-	1,318,053
- Fair value through profit or loss	419,448	369,115	788,563	889,231	1,677,794
- Held to maturity	395,066	-	395,066		395,066
- Loans and receivables	27 ,083	-	27,083	5,683	32,766
Reinsurance assets	281,846	-	281,846	67,675	349,521
Deferred acquisition cost	-	-	-	47,283	47,283
Prepayments and other receivables	-	-	-	99,479	99,479
Investment properties	866,754	635,212	1,501,966	2,119,294	3,621,260
Property, plant and equipment	-	-	-	1,018,230	1,018,230
Statutory deposit	-	-	-	215,000	215,000
Intangible assets	-	-	-	7,943	7,943
Total assets	**2,949,224**	**1,963,353**	**4,912,577**	**4,568,448**	**9,481,025**
Policyholders/Shareholders & Other funds	2,476,440	1,814,892	4,291,332	5,189,693	9,481,025
Surplus in Asset Cover	472,784	148,461	621,245	(621 ,245}	0
Investment properties	866,754	635,212	1,501,966	2,119,294	3,621,260
Property, plant & equipment (Land & Buildings)	-	-	-	1,018,230	1,018,230
	866,754	635,212	1,501,966	3,137,524	4,639,490
35% of Investment properties by section 25(3)	866,754	635,212	1,501,966	-	1,501,966
Investment properties Limited to 1/3 of Share Holders' Funds	-	-	-	666,667	666,667
Land & Building in Property, plant & equipment Section 24(13)(d)	-	-	-	-	-
	866,754	635,212	1,501,966	666,667	2,168,633

NOTES TO THE FINANCIAL STATEMENTS

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 117, 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.

49. <u>Risk management framework</u>

49.1 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.

NOTES TO THE FINANCIAL STATEMENTS

9.2 Long-term insurance contract

9.2.1 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 N20million and N5million 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.

49.2.2 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.

9.2.3 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

49.3.1 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.

49.3.2 Morbidity

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

49.3.3 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.

49.3.4 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.

49.3.5 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.

49.3.6 Tax

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

49.4 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

49.4.1 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 .

NOTES TO THE FINANCIAL STATEMENTS

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

	Financial Services	Government	Manufacturing	Others	Total
2019	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Placement with banks	253,021	-	-	-	253 ,021
Trade receivable	-	-	-	-	-
Available for sale	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

2018	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Placement with banks	307,052	-	-	-	307,052
Trade receivable	-	-	-	-	
Available for sale	1,415,431	-	-	-	1,415 ,431
Fair value through profit or loss	649,492	-	1,926,325	-	2,575 ,817
Loans and receivables	-	-	-	31,282	31,282
Held to maturity	-	11,440	-	56,849	68,289
Statutory deposit	-	215,000	-	-	215,000
	2,371,975	226 , 440	1,926,325	88,131	4 , 612,871

49.5 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 maturity basis

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

Assets	Under 30	31 - 365 days	Over 365 days	Total days
2019	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	698,630	-	-	698,630
Available for sale	-	-	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
	54,32 5	7,025	4 , 929,061	4,990,411

NOTES TO THE FINANCIAL STATEMENTS

Assets	Under 30 days	31 - 365 days	Over 365 days	Total
2018	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	375,821	-	-	375,821
Trade receivable	-	-	-	-
Available for sale	-	-	1,415,431	1,415,431
Fair value through profit or loss	-	-	2,575,817	2,575,817
Loans and receivables	-	-	31,282	31,282
Investment properties	-	-	2,933 ,645	2,933 ,645
Property and equipment	-	-	903 ,432	903 ,432
Prepayments and other receivables	-	76,997	-	76,997
Statutory deposit	-	-	215 ,000	215 ,000
	375,821	76,997	8,074,607	8,527 , 425
Liabilities				
Insurance contract liabilities	-	-	2, 561 ,094	2,561 ,094
Investment contract liabilities	-	-	1,796,137	1,796,137
Trade payable	37,548	-	-	37,548
Other payables & accruals	-	-	1,333,908	1,333 ,908
Current income tax payable	-	18,025	-	18,025
Deferred Tax	-	-	35,056	35,056
	37,548	18,025	5,728,195	5,781,768

49.6 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.

49.6.1 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:

	2019	2018
	N'000	N’000
Domiciliary account with Eco Bank Nigeria Limited	30,167	17,771

49.6.2 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.

NOTES TO THE FINANCIAL STATEMENTS

49.6.3 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.

49.6.4 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.

49.6.5 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 (NAY) 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 2019 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 2019 N'000	%
Group life	1,510,165	61%
Long Term risk reserves	966,275	39%
Total Insurance Liability	2,476,440	100%
Investment Contract Liabilities	1,814,892	
Total Insurance and Investment Liabilities	4,291,332	

NOTES TO THE FINANCIAL STATEMENTS

Embedded Value Certification

The actuary certify that as at 31st December 2019, 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/Z012/NAS/00000000738) .

50. <u>Effect of changes in accounting policies</u>

IFRS 16 - Leases

In the current financial year the Company adopted IFRS 16 Leases with a transition date of 1 January 2019. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 primarily affect the accounting by lessees and resulted in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. However, as a lessor, the adoption of IFRS 16 did not require any adjustments to the amounts recognised in relation to assets held by the Company as lessor under operating leases. Upon adoption of IFRS 16, the Company did not make any adjustment to the accounting for assets held as lessor under operating leases as the standard did not have any significant impact on the Company's accounting policies. The Company does not have any right of-use assets and does not have any finance leases as lessor.

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED

	2019		2018	
VALUE ADDED	**N'000**	**%**	**N'000**	**%**
Gross premium income	4,371 ,025		3,373,807	
Fees and commission income	59,277		35,349	
Investment income	64,069		113, 588	
	4,494,371		3,522 ,744	
Net claims incurred	1,885,442		1,819,047	
Other operating & underwriting expenses less employees benefits	(5,421 ,550)		(4,350,070)	
Value Added	**958,263**	**100**	**991,721**	**100**
Applied as follows:				
Employees:				
Employees benefits expenses	449 , 344	47	365,388	37
Government:				
Income tax	1,050	-	12,272	1
Retained for business expansion:				
Depreciation	43,941	5	51 ,061	5
Profit for the year	463 ,928	48	563,000	57
	958,263	100	991,721	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.

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	698,630	375,821	334,904	440,322	497,194
Trade receivables	-	-	171,814	14,302	-
Deferred acquisition cost	47,283	23,451	32,618	39,290	91,279
Financial assets	3,423,679	4,090,819	2,585,549	1,843,380	1,603,171
Reinsurance assets	349,521	257,402	152,599	375,681	1,618,363
Prepayments & other receivables	99,479	76,997	82,616	59,480	293,235
Investment Properties	3,621,260	2,933,645	2,502,445	2,497,180	2,095,400
Property, plant and equipment	1,018,230	903,432	828,837	746,693	635,421
Statutory Deposit	215,000	215,000	215,000	215,000	215,000
Intangible assets	7,943	13,442	18,941	17,120	21,400
Total assets	**9,481,025**	**8,890,009**	**6,925,323**	**6,248,448**	**7,070,463**
Insurance contract liabilities	2,476,440	2,561,094	2,748,523	2,556,575	3,834,261
Investment contract liabilities	1,814,892	1,796,137	1,640,668	1,379,429	950,393
Trade payables	54,325	37,548	64,679	8,143	9,953
Other payables & Accruals	594,060	1,333,908	283,722	126,474	159,558
Current income tax payable	7,025	18,025	8,729	13,617	40,487
Deferred Tax	43,669	35,056	22,810	16,715	-
Total liabilities	**4 990,411**	**5,781,768**	**4769,131**	**4,100,953**	**4,994,652**
Issued share capital	3,054,903	2,116,595	2,116,595	2,116,595	2,000,000
Statutory Contingency Reserve	447,759	401,366	345,066	322,093	299,717
Asset Revaluation Reserve	544,430	466,915	356,699	228,223	77,790
Available-For-Sale Reserve	625,639	723,017	444,184	210,253	68,361
Retained earnings	(182,117)	(599,652)	(1,106,352)	(729,669)	(370,057)
Total equity	4,490,614	3,108,241	2, 156,192	2,147,495	2,075,811
Total liabilities and equity	**9,481,025**	**8,890,009**	**6,925,323**	**6,248,448**	**7,070,463**

Income Statement for the year ended 31 December

	N'000	N'000	N'000	N'000	N'000
Gross premium written	4,421,685	3,391,365	2,297,253	2,237,599	4,931,955
Profit!(loss) before taxation	469,628	581,025	(344,981)	(323,619)	54,871
Income tax expense	(1,050)	(12,272)	(8,729)	(13,617)	(54,427)
Profit!(loss) for the year	463,928	563,000	(353,710)	(337,236)	444
Basic earnings/(loss) per share (kobo)	15.19	26.60	(16.71)	(15.93)	0.02

CAPITAL EXPRESS ASSURANCE LIMITED
DETAILS OF REGIONAL & BRANCH NETWORK ON STATE BASIS

S/N	BRANCH	ADDRESS	OFFICIAL PHONE NO	E-MAIL
1	ABA	3RD FLOOR, NO. 143, AZIKWE ROAD, ABA, ABIA STATE	08029999658	coguno@capitalexpressassurance.com
			08129988017	
2	ABAKALIKI	23, EZZA ROAD ABAKALIKI, EBONYI STATE	08080280382	
			08029999620	homeh@capitalexpressassurance.com
3	ABEOKUTA	2A, SEGUN OSOBA WAY, OKELEWO, ABEOKUTA	08029999659	boyewole@capitalexpressassurance.com
			08129988007	
4	ABUJA(HEAD OFFICE ANNEX)	2ND FLOOR, UAC BUILDING, BESIDES THE SECURITIES AND EXCHANGE COMMISSION, CENTRAL BUSINESS DISTRICT, ABUJA	08029999671	cagha@capitalexpressassurance.com
			08129988016	
5	AKURE	4TH FLOOR, TISCO HOUSE, OBA ADESIDA ROAD, AKURE	08029999676	aadedeji@capitalexpressassurance.com
			08129988015	
6	ALABA	FEDAN PLAZA,6/7 ALABA INTERNATIONAL MARKET, OJO LAGOS	08029999640	
			08123257227	foboye@capitalexpressassurance.com
7	ANTHONY	3RD FLOOR, 300 IKORODU ROAD, ANTHONY LAGOS	08129988030	bfadehan@capitalexpressassurance.com
			08029999649	
8	ASABA	CITY COMPLEX, 455 NNEBISI ROAD, ASABA DELTA STATE	08129988037	
			07088606825	dazuali@capitalexpressassurance.com
9	BENIN	F.M.F.L, 12, EWAISE STREET, FORESTRY ROAD, BENIN, EDO STATE	08029999677	coti@capitalexpressasurance.com
			08129988003	
10	CALABAR	3, BASSEY DUKE STREET, BY CHAMLEY JUNCTION CALABAR,CROSS RIVER	08029999682	eibekwe@capitalexpressassurance.com
			08129988009	
11	ENUGU	2A, O'CONNOR STREET, ASATA, ENUGU	08029999684	cekeoma@capitalexpressassurance.com
			08129988035	
12	IBADAN 1	14, RING ROAD, CHALLENGE, IBADAN, OYO STATE	08029999676	aadedeji@capitalexpressassurance.com
			08029999689	

12	IBADAN 1	14, RING ROAD, CHALLENGE, IBADAN, OYO STATE	08029999676 08029999689	aadedeji@capitalexpressassurance.com
13	IBADAN 2	2ND FLOOR N6/26, FAJUYI ROAD, ADAMASINGBA, IBADAN	08029999687	mraheem@capitalexpressassurance.com
14	IKEJA	3RD FLOOR OLAOLUWA HOUSE, 47 TOYIN STREET IKEJA, LAGOS	08029999074 08129988032	ijeomaekpunobi2010@yahoo.com
15	IKORODU	210, LAGOS ROAD OJA IDIROKO BUSSTOP, IKORODU, LAGOS	08029988030	bfadehan@capitalexpressassurance.com
16	ILORIN	199A, IBRAHIM TAIWO ROAD, ILORIN, KWARA STATE	08029999694	talawiye@capitalexpressassurance.com
17	JOS	28/30, BUKURU BYE PASS, JOS, PLATEAU STATE	08029999690 08129988010	eisah@capitalexpressassurance.com
18	KADUNA	13, BIDA ROAD, 1ST FLOOR, WEMA BANK BUILDING, OPPOSITE STATE LIBRARY BOARD, KADUNA	08029999696 08129988020	asanni@capitalexpressassurance.com
19	KANO	2ND FLOOR, UNION BANK BUILDING, 43 NIGER STREET, KANO	08029999693 08129988021	bakogun@capitalexpressassurance.com
20	MAIDUGURI	1st FLOOR, 24 KASHIM IBRAHIM WAY OPP ACCESS BANK AND HERITAGE BANK BY LAKE CHAD HOTEL ,MAIDUGURI,BORNO STATE.	07088606823	amayaki@capitalexpressassurance.com
21	MAKURDI	45, RAILWAY BYE-PASS, HIGH LEVEL MAKURDI, BENUE STATE	08029999691	starbunde@capitalexpressassurance.com
22	NNEWI	ANCESTORS HOUSE 57/58 ONITSHA ROAD, NNEWI, ANAMBRA STATE	08029999728 08129988014	uokafor@capitalexpressassurance.com
23	NSUKKA	3RD FLOOR, 9 ORBA ROAD NSUKKA.	08123217070 08029999705	udcapex4you@gmail.com

24	ONITSHA	87, UPPER NEW MARKET ROAD, ONITSHA, ANAMBRA STATE	08029999728	uokafor@capitalexpressassurance.com
			08129988019	
25	OWERRI	1ST FLOOR, PLOT 5B, OKIGWE ROAD, OPPOSITE GOVERNMENT COLLEGE, OWERRI, IMO STATE	08029999697	cosakuni@capitalexpressassurance.com
			08129988006	
26	OSOGBO	DEBITOSH BUILDING, 6C, FAGBEWESA STREET, OSOGBO	08029999711	eadisa@capitalexpressassurance.com
			08129988011	
27	OTTA	2ND FLOOR, RIGHT WING, KM 2, IDIROKO ROAD, SANGO OTTA	08029999672	pokonkwo@capitalexpressassurance.com
			08080280430	
28	PORT HARCOURT	STEPHANIE HOUSE, NO 3 BONS AVENUE, RUMUOGBA HOUSING ESTATE, PORTHARCOURT	08029999726	oolugbemileke@capitalexpressassurance.com
			08129988013	
29	UYO	5, UDOTUNG UBO STREET, OFF AKA ROAD, UYO, AKWA IBOM STATE		
			08129988002	emathias@capitalexpressassurance.com
30	WARRI	179, JAKPA ROAD, BY KEN PLAZA, EFFURUN- WARRI, DELTA STATE	08029999723	psada@capitalexpressassurance.com
			08129988018	
31	YABA	PRESBYTERIAN CHURCH COMPLEX YABA BUSSTOP, YABA LAGOS	08029999651	oogunbusuyi@capitalexpressassurance.com
			08129988023	
32	YENAGOA	SUITE 003,NO 1 BAY BRIDGE, KPANSIA, YENAGOA, BAYELSA STATE	08029999713	
			08129988005	lilaya@capitalexpressassurance.com
33	YOLA	2ND FLOOR, SABRU HOUSE, RIGHT WING, 30 MUBI ROAD, YOLA, ADAMAWA STATE	08029999706	
				gihezie@capitalexpressassurance.com

CAPITAL EXPRESS ASSURANCE LIMITED

RC. NO. 380157

PROXY FORM

I/We………………………………………………………..of………………………………..,in Nigeria, being a member/members of the above-named Company, hereby appoint Chief/Mr./Mrs. ………………………..of…………………………………………………or failing him/her……………………………..of …………………………………………as my /our proxy to vote for me/our behalf at the Annual General Meeting of the Company to be held virtually on Tuesday 18th August 2020 at 12 noon or at any adjourned date.
Signed this ……………………………………day of …………………………..2020

…………………………………………….
(Name of Shareholder/Appointer)

Ordinary Business:

1. To receive the Audited Approved Financial Statements for the year ended 31st December 2019, the report of the Directors, and the Auditors thereon
2. To consider and if thought fit, fix the remuneration of the Directors
3. To consider and if thought fit, authorize the Directors to fix the remuneration of the Auditors
4. To consider and if thought fit, re-elect the Members of the Audit Committee

Ordinary Business

	*In favor of	*Against
Resolution 1	………………………	……………………………
Resolution 2	………………………	……………………………
Resolution 3	………………………	……………………………
Resolution 4	………………………	……………………………