# SUNU ASSURANCES NIGERIA PLC AND ITS SUBSIDIARY COMPANIES

## INTERIM FINANCIAL STATEMENTS
## JUNE 30, 2021

**SUNU ASSURANCES NIGERIA PLC**

**Introduction**

Sunu Assurances Nigeria Plc's unaudited Interim Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding interim financial statements. These financial statements contain extract of the unaudited financial statements prepared in accordance with IAS 34 'Interim Financial Reporting' its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria. Due to rounding numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

We confirmed that SUNU Assurances Nigeria Plc has:

a. adopted a code of conduct regarding securities transactions by its directors on terms no less exacting than the required standard set out in the Financial Reporting Council of Nigeria (FRC), International Financial Reporting Standards (IFRS) and provisions of Rule 17.15(d) of the Listings Rules;

b. made specific enquiry of all directors and hereby confirm that its directors have complied with the required standard set out in the Listings Rules and in the Company's code of conduct regarding securities transactions by directors

In line with the provisions of Rule 2.2 of the Rules Governing Free Float Requirements, the shareholding pattern of the Company is disclosed at page 4 of the unaudited Financial Statements for the period ended 30th June, 2021.

We confirm that the Company's free float is in compliance with the Exchange's free float requirements for the Main Board on which the Company is listed

**SUNU ASSURANCES NIGERIA PLC**

**CONTENTS**


| | PAGES |
|---|---|
| Corporate information | 3 |
| Summary of significant accounting policies | 4 |
| **Financial Statements:** | |
| Statement of Financial Position | 23 |
| Statement of Profit or Loss and Other Comprehensive Income | 24 |
| Statement of Changes in Equity - Group | 25 |
| Statement of Changes in Equity - Company | 26 |
| Statement of Cash Flows | 27 |
| Notes to the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position | 28 |

## SUNU ASSURANCES NIGERIA PLC AND ITS SUBSIDIARY COMPANIES

## CORPORATE INFORMATION

**BOARD OF DIRECTORS**

| | | |
|---|---|---|
| Mr Kyari Bukar | - | Chairman |
| Mr Samuel Ogbodu | - | MD /CEO |
| Ms Taizir Ajala | | |
| Mr. Philippe Ayivor | | |
| Mr. Ibikunle Balogun | | |
| Mr. Mohammed Bah | | |
| Mr Karim-Franck Dione | | |
| Mr. Olanrewaju Ogunbanjo | | |
| Mr Leke Hassan | | ED, Technical & Operations |

**COMPANY SECRETARY**
*John Nkemakonam Akujieze*
Plot 1196, Bishop Oluwole street
Victoria Island, Lagos

**REGISTERED OFFICE**
Sunu Place
Plot 1196, Bishop Oluwole Street
Victoria Island, Lagos

**RC No:** - 65443

**FRC Registration no:** - **FRC/2012/0000000000408**

**REGISTRARS AND TRANSFER OFFICE**
Crescent Registrars Limited ( formerly EDC Registrars Limited)
23 Olusoji Idowu Street
Ilupeju
Lagos

**BANKERS**
Access Bank Plc
Diamond Bank Plc
Ecobank Nigeria Limited
First Bank of Nigeria Limited
First City Monument Bank
Fidelity Bank Plc
Guaranty Trust Bank Plc
Heritage Bank Plc
Skye Bank Plc
Sterling Bank Plc
Union Bank of Nigeria Plc
United Bank for Africa Plc
Unity Bank Plc
Wema Bank Plc
Zenith Bank Plc

**RE-INSURERS**
WAICA Reinsurance Corporation
African Reinsurance Corporation
Continental Reinsurance Plc
Nigerian Reinsurance Corporation

**ACTUARIES**
Logic Professional Services
4th floor, Oshopey Plaza
17/19 Allen Avenue
Ikeja, Lagos, Nigeria

**EXTERNAL AUDITORS**
SIAO Partners
18b Olu Holloway Road
Ikoyi,
Lagos, Nigeria.

**SOLICITORS**
TEMPLARS
5th floor, The Octagon
13A AJ Marinho Drive
Victoria Island, Lagos

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
**FOR THE PERIOD ENDED 30 JUNE, 2021**

## 1 REPORTING ENTITY

These financial statements are the consolidated financial statements of Sunu Assurances Nigeria Plc, a Company incorporated in Nigeria and its subsidiaries, namely EA Capital Management Limited and Sunu Health Nigeria Limited (formerly Managed Health Care Services Limited) (hereafter referred to as ' the Group').

Sunu Assurances Nigeria Plc formerly Equity Assurance Plc (the Company) emerged as a result of the merger between Equity Indemnity Insurance Limited and First Assurance Plc. In the scheme of the merger arrangement, First Assurance Plc acquired the net assets of Equity Indemnity Insurance Limited and subsequently changed its name to Equity Assurance Plc.

Sunu Assurances Nigeria Plc (the Company) was incorporated in Nigeria as a private limited liability Company, on 13 December 1984 to carry out non-life insurance business and was converted to a Public Liability Company in 1985.

Sunu Assurances Nigeria Plc (the Company) has two subsidiaries namely: EA Capital Management Limited (wholly owned) which was incorporated on 29 October 2008 and Sunu Health Nigeria Limited (formerly Managed Health Care Services Limited )(65.53% owned) which was incorporated on 11 December 1997.

The principal activities of Sunu Assurances Nigeria Plc and its subsidiaries are mainly the provision of non-life insurance, health management, assets management and hospitality services.

The consolidated financial statements for the period ended June 30, 2021 were approved for issue by the Board of Directors on 29 June, 2021

## 2 SHAREHOLDING PATTERN AS AT JUNE 30, 2021

| S/N | HOLDERS TYPE | No of Shareholders | % holding | No of holdings | % holdings |
|---|---|---|---|---|---|
| 1 | Nigerian Shareholders | 41,865 | 99.94 | 2,014,654,287 | 34.67 |
| 2 | Foreign Shareholders | 26 | 0.06 | 3,796,145,713 | 65.33 |
| | | **41,891** | **100.00** | **5,810,800,000** | **100.00** |

**SHAREHOLDERS STRUCTURE AS AT JUNE 30, 2021**

| S/N | HOLDERS TYPE | No of Shareholders | % holding | No of holdings | % holdings |
|---|---|---|---|---|---|
| 1 | Individual | 40,770 | 97.32 | 1,002,157,582 | 17.25 |
| 2 | Corporate body | 1,121 | 2.68 | 4,808,642,418 | 82.75 |
| | | **41,891** | **100.00** | **5,810,800,000** | **100.00** |

## 3 BASIS OF PREPARATION

### (a) GOING CONCERN

The directors assess the group's future performance and financial position on a going concern basis and have no reason to believe that the group will not be a going concern in the year ahead.

### (b) STATEMENT OF COMPLIANCE WITH IFRS

These interim financial statements have been prepared in accordance with IAS 34.

### (c) BASIS OF MEASUREMENT

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- Non-derivative financial instruments are measured at fair value through profit or loss.
- At fair value through Other Comprehensive Income and at fair value through profit or loss financial assets are measured at fair value.
- Investment property is measured at fair value.
- Insurance liabilities measured at present value of future cashflows.

### (d) USE OF SIGNIFICANT ESTIMATES, ASSUMPTIONS AND MANAGEMENT JUDGEMENT

The presentation of the group's financial statements requires management to make estimates and judgement that affect the reported amount of assets and liabilities at the reporting date and the reported amount of income and expenses during the year ended.

The Group makes estimates and assumptions about the future that affect the reported amounts of assets, liabilities, income, expenses and equity. Estimates and judgments are continually re- evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 4 of the financial statements.

**(e) FUNCTIONAL AND PRESENTATION CURRENCY**
Items included in the consolidated financial statement of each entity of the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity(" the functional currency"). These consolidated financial statements are presented in Nigerian Naira(N), which is the Company's functional currency. The financial information has been rounded to the nearest thousand , except as otherwise indicated.

**(f) REGULATORY AUTHORITY AND FINANCIAL REPORTING**
The Company and its subsidiaries are regulated by the National Insurance Commission of Nigeria (NAICOM) under the Nigeria Insurance Act. The Act specifies certain provisions which have impact on financial reporting as follows:

(i) Section 20(1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year.

(ii) Section 20(1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10% of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review.

(iii) Section 21(1a) requires maintenance of contingency reserves for general businesses at specified rate as set out under Note 3.18 to cover flunctuations in securities and variation in statistical estimates

(iv) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act.

(v) Section 10(3) requires insurance Companies in Nigeria to deposit 10% of the minimum paid up share capital with the Central Bank of Nigeria

(vi) Section 25(1) requires an insurance Company operating in Nigeria to invest and hold investment in Nigeria assets equivalent to not less than the amount of policyholders' funds in such accounts of the insurer. Note 52 sets out assets allocation that covers policyholders' funds.

Section 59 of the Financial Reporting Council Act , 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provision of the FRC Act has promulgated IFRS as the National financial reporting framework of Nigeria. Consequently, the provision of Section 20(1b) of the Insurance Act 2003 which conflicts with the provisions of IFRS have not been adopted. Section 20(1b) of the Insurance Act requires provision of 10% for outstanding claims in respect of claims incurred but not reported at the end of the year under review whereas Claims incurred but not reported liabilities have been estimated in line with accounting policy.

**(g) OFFSETTING**
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when,the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

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

**Basis of presentation and compliance with IFRS**
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) applicable to Companies reporting under IFRS. Additional information required by National regulations is included where appropriate.

The consolidated financial statements comprise the consolidated statement of financial position, the statements of changes in equity, the consolidated statement of cash flows and the notes.

## 3 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

### 3.1 CONSOLIDATION

**(i) Subsidiaries**

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non- controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter- company transactions, balances and unrealised gains on transactions between Companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statements of the Company entity is measured at cost.

**Acquistion - related costs are expensed as incurred.**
If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re- measured to fair value at the acquisition date through profit or loss.

**(ii) Disposal of subsidiaries**
On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity, accounted investment or as an available - for - sale financial asset depending on the level of influence retained.

**(iii) Special purpose entities**

Special purpose entities that are created to accomplish a narrow and well- defined objective such as the securitisation of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee.

The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

## 3.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

## 3.3 FINANCIAL ASSETS AND LIABILITIES

### 3.3.1 Recognition

The Group on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

### 3.3.2 Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

**Financial assets are classified into one of the following measurement categories:**

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

### 3.3.3 Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Group takes into consideration the following factors

1. The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets

2. How the performance of assets in a portfolio is evaluated and reported to Group heads and other key decision makers within the Company's business lines;

3. The risks that affect the performance of assets held within a business model and how those risks are managed;
4. How compensation is determined for the Company's business lines' management that manages the assets;
5. The frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:
(a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;

(b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

(c ) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Group may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

(i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Group may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

(ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

(iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

**Other reasons:** The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

**3.3.4 Cash flow characteristics assessment**

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

**a) Financial assets measured at amortised cost**

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

**b) Financial assets measured at FVOCI**

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

**c) Financial assets measured at FVTPL**

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income.

**d) Equity Instruments**

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Consolidated Statement of Income. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Consolidated Statement of Income. Dividends received are recorded in Interest income in the Consolidated Statement of Income.Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated Statement of Income on sale of the security.

**Financial liabilities are classified into one of the following measurement categories:**

(a) Amortised cost
(b) Fair Value through Profit or Loss (FVTPL)

**e) Financial Liabilities at fair value through profit or loss**

**Financial liabilities accounted for at fair value through profit or loss fall into two categories:** financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of shortterm profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial assets are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities

**f) Financial Liabilities at amortised cost**

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied,convertible bonds and subordinated debts.

**3.3.5 Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occurs only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category
- Disposal of a business line i.e. Disposal of a business segment

Any other reason that might warrant a change in the Group's business model as determined by management based on facts and circumstances

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

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

(b A temporary disappearance of a particular market for financial assets.

(c ) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 31st December 2018, the reclassification date will be 1 January, 2019 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 31st December, 2018. Gains, losses or interest previously recognised are not be restated when reclassification occurs.

**3.3.6 Impairment of Financial Assets**

In line with IFRS 9, the Group assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets; and
- Debt securities classified as at FVOCI;

Equity instruments and financial assets measured at FVTPL are not subjected to impairment under the standard.

**'3.3.7 Write-off**

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

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

**3.4 REINSURANCE RECEIVABLES**

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for the insurance contracts in accounting policy in IFRS 4 are classified as reinsurance contracts held. Contract that do not meet these classification requirements are classified as financial assets. Insurance contracts entered in to by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Group assesses its reinsurance assets for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

**(a) 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. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have beeb grouped based on days overdue.

## 3.5 DEFERRED ACQUISITION COSTS

Acquisition costs comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

## 3.6 PREPAYMENTS AND OTHER RECEIVABLES

Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts, prepayments are carried at amortised cost.Other receivables are stated after deductions of amount considered bad or doubtful of recovery.When a debt is deemed not collectible,it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for.Any subsequent recovery of written-off debts is credited to the profit and loss account. Prepayments are carried at cost less amortisation and accumulated impairment losses

## 3.7 INVESTMENT IN SUBSIDIARIES

In the separate financial statements of Sunu Assurances Nigeria Plc, investments in subsidiaries is accounted for at cost.

## 3.8 INVESTMENT PROPERTIES

Properties that are held for long-term rental yields or for capital appreciation or both and that are insignificantly occupied by the entities in the consolidated group are classified as investment properties. These properties consist of office and residential buildings. The Group considers the owner-occupied portion as insignificant when it occupies less than 20 percent. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the date of the consolidated statement of financial position.

Gains or losses arising from the changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The fair value of investment property is based on the nature, location and condition of the specific asset.

Rent receivable is recognized in profit or loss and is spread on a straight-line basis over the period of the lease. Where lease incentive, such as a rent free period are given to a Lessee, the carrying value of the related investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

## 3.9 INTANGIBLE ASSETS

### (i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years.Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### (ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the Company acquired at the date of acquisition. Goodwill is tested annually for impairment and carried as cost less accumulated impairment losses. Impairment losses in goodwill are not reversed.

### (iii) Amortization of investment in Equity Resort Hotel Limited

The Company's investment in Equity Resort Hotel Limited will be written off over the concession period of 25 years and is tested annually for possible impairment. Profit/(loss) accruing to the Company from the operations of the Hotel will be taken into statement of profit or loss and other comprehensive income.

## 3.10 PROPERTY, PLANT AND EQUIPMENT

### (i) Recognition and measurement

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.

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.

### (ii) Subsequent costs

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

**(iii) Depreciation**

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets.Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. The average useful lives per class of asset are as follows:

| Assets class | Average useful life |
|---|---|
| Land | - |
| Buildings | 50 years |
| Office equipment | 5 years |
| Motor Vehicles | 5 years |
| Furniture and fittings | 5 years |
| ICT equipment | 5 years |
| Billboard | 5 years |

**(iv) De-recognition**

An item of property and equipment is derecognized 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 which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognized.

## 3.11 LEASES

Leases are accounted for in accordance with IFRS 16 and are accounted for in line with the following based on whether the Group is the Lessor or the Lessee:.

**(a) When the Group is the Lessee**

At the commencement date, the Group recognises a right-of-use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Group subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The corresponding lease liabilities, where applicable, are included in other liabilities. The interest element of the lease liabilities is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**(b) When the Group is the Lessor**

When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

## 3.12 IMPAIRMENT OF NON- FINANCIAL ASSETS

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value- in- use and fair value less costs to sell, the asset is written down accordingly.

For the purpose of 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 assessment of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows. The Company has two cash-generating units for which impairment testing is performed. Impairment charges are included in profit or loss except to the extent they reverse gains previously recognized in other comprehensive income.

Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually, regardless of any indicators an impairment of goodwill will not be reversed.

**3.13 STATUTORY DEPOSIT**

In pursuant to Section 10(3) of the Insurance Act of Nigeria CAP I17, 2004, every insurer is expected to deposit at least 10% of its paid up capital with the Central Bank of Nigeria(CBN). The Statutory deposit represents not less than the 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN). Statutory deposit is measured at cost

**3.14 INSURANCE CONTRACT LIABILITIES**

The Group underwrites risks that individuals, corporate and other entities wish to transfer to an insurer. These risks relate to property, personal accident, motor, liability, marine and other perils which may arise from an insured event. The company is therefore exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The major risk is that the frequency and severity of claims may be greater than estimated or expected. The Group is engaged in the general and health insurance businesses and most of the risks it underwrites are insurance which claims are settled within one year of the occurrence of the events giving rise to the claims.

In accordance with IFRS 4 on insurance contracts, the Company has continued to apply certain accounting policies which are applied in accordance with pre-changeover Nigeria GAAP.

**Technical Reserves**

Technical Reserves are statutory amounts which are computed in accordance with the provisions of Sections 20(1) (a) of the Insurance Act of Nigeria CAP I17 LFN 2004 as follows:

**a) Insurance Funds**

**i) Reserves for unearned premium**

Reserves for unearned premium is made on the basis of percentage of net premiums written on time apportionment in accordance with section 20(1) (a) of the Insurance Act of Nigeria CAP I17 LFN 2004.

**ii) Reserves for additional unexpired risk**

A provision for additional unexpired risk reserves (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve ("UPR")

**iii) Reserves for outstanding claims**

Reserves for outstanding claims is maintained as the total amount of oustanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on adequacy test.

**b) Liability adequacy test**

This is an assessment of whether the carrying amount of an insurance liablity needs to be increased ( or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cashflows. At each reporting date the Company performs a liability adequacy test on its insurance liabilities less deferred policy acquisition expenses to ensure that the carrying amount is adequate. If the assessment shows that the carrying amount is inadequate, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position at amortised cost. The impairment loss is calculated under the same method.

The provisions of the Insurance Act CAP I17, 2004 requires an actuarial valuation for life reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act of Nigeria, CAP I17 LFN,2004 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act of Nigeria,CAP I 17 2004, it well serves the Company's prudential concerns.

## 3.15 TRADE AND OTHER PAYABLES

Trade and other payables 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.

## 3.16 BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds(net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

## 3.17 FAIR VALUE MEASUREMENT

When an asset or liability , financial and non-financial is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date and assumes that the transaction will take place either in the pricipal market or in the absence of a principal market in the most advantageous market. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used maximising the use of relevant observable inputs and minimising the use of unobervable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant, External Valuers are selected based on market knowledge and reputation. Where there is significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable with external sources of data.

## 3.18 INCOME TAX

Income tax expense comprises current and deferred tax

### (i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

### (ii) Deferred income tax

Deferred income tax is provided using liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

(a) Temporary differences arising on the initial recognition of goodwill

(b) Temporary differences on the intial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

(c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## 3.19 SHARE CAPITAL AND PREMIUM

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Company raises in excess of par value.

### 3.19.1 TREASURY SHARES

Where any member of the Group purchases the Company's equity share capital(treasury shares), the consideration paid, including any directly attributable costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed off, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

### 3.19.2 DIVIDENDS

Dividends on the company's ordinary share are recognized in equity in the period in which they are approved by the company's shareholders. Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the year which the dividend is approved by the company's shareholders.

### 3.20 CONTINGENCY RESERVE

Contingency reserve is credited at the higher of 3% of total premiums during the year and 20% of net profit per year, until it reaches the higher of the minimum paid up capital or 50% of net premium in accordance with Section 21 (2) of the Insurance Act CAP I17, LFN 2004.

### 3.21 ASSET REVALUATION RESERVES

When the group's land and building are revalued by independent professional valuer, surpluses arising on the revaluation of these assets are credited to the asset revaluation reserve account. When assets previously revalued are disposed off, any revaluation surplus relating to the disposed assets is transferred to retained earnings.

### 3.22 RETAINED EARNINGS

This represents the amount available for dividend distribution to the equity shareholders of the Company.

### 3.23 FOREIGN CURRENCY TRANSLATION

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's presentation currency.

**(b) 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 and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or ' Other operating expenses'.

**(c) Foreign Operations**

The results and financial position of all the subsdiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position.

ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions.

All resulting exchange differences are recognised in other comprehensive income.
The group applies IAS 27- Consolidated and Separate Financial Statements in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore, no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

**3.24 REVENUE RECOGNITION**

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognized as follows:

(a) Rendering services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

(b) Dividend income: Dividend income for available-for sale equities is recognised when the right to receive payment is established, this is the ex- dividend date for equity securities.

(c ) Rent
Rent revenue from investment properties is recognised on a straight line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

(d) Other income: Other income is recognised when it is received or when the right to receive payment is establised.

Recognition and Measurement of Insurance Contracts

**i Gross premium written**

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium.

**ii Gross premium earned**

Gross premium earned is stated at premium written on direct and indirect business after deducting premium relating to unexpired risks which is determined on time apportionment basis.

**iii Net premium earned**

Net premium represents total amount invoiced to policy holders less reinsurance and is recognized as an income from the date of attachment of risk.

**iv Reinsurance premium**

The Group cedes reinsurance in the normal course of business with retention limits varying by line of business for the purpose of limiting its net loss potential. Reinsurance arrangements however do not relieve the Company from its direct obligation to its policy holders. This is recognized as an expense or deduction from the gross premium and it relates to premium on business ceded on treaty and facultative and is recognized on part apportionment basis.

### 3.25 REINSURANCE EXPENSES

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

### 3.26 COMMISSION INCOME

Commissions earned are recognized on ceding businesses to the reinsurers and other insurance companies and are credited to the income statement.

### 3.27 CLAIMS AND LOSS ADJUSTMENT EXPENSES

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claim settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims.

Liabilities for unpaid claim are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

#### (a) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim.

The Group may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expenses when the claim is settled.

### 3.28 UNDERWRITING EXPENSES

Underwriting expenses comprise acquistion costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing exisitng policies/contract.

#### (a) Commission expenses

Commission expenses are brokerage fees paid to brokers and agents which are certain percentages based on the class of business underwritten as below:

| Class of business | % |
|---|---|
| Motor | 12.5 |
| General Accident | 20 |
| Oil & gas | 20 |
| Marine | 20 |
| Engineering | 20 |
| Bond | 20 |
| Fire | 20 |

#### (b) Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the revenue account in the accounting period in which they are incurred.

## 3.29 EMPLOYEE BENEFIT EXPENSES

### (a) Defined contribution plans

The Group operates a defined contributory pension scheme for eligible employees. Employees contribute 8% and the Group contribute 10% of the qualifying staff's salary in line with the provisions of the Pension Reform Act 2014. The Group pays contributions to pension fund administrator on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (b) Short-term benefits

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

## 3.30 OTHER OPERATING EXPENSES

Other expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include rents, professional fee, depreciation expenses and other non-operating expenses. Other operating expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service or at the date of their origin.

## 3.31 INTEREST INCOME AND EXPENSES

Interest income and expenses for all interest bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

## 3.32 EARNINGS PER SHARE

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

## 3.33 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about the resources allocated to each segment and assess its performance, and for which discrete financial information is available.All costs that are directly traceable to the operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

## 3.34 CONTINGENT LIABILITIES

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the ocurrence or non-ocurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of illegal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

## 3.35 PROVISIONS

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and , where appropriate, the risks speciific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least: - the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken;
- and when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision;
- and the amount initially recognised less cumulative amortization.

Contingent assets and contingent liabilities are not recognised.

SUNU ASSURANCES NIGERIA PLC

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021
(IN THOUSAND OF NIGERIAN NAIRA UNLESS OTHERWISE STATED)

| | NOTES | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | 1 | 3,193,889 | 3,369,342 | 2,807,965 | 3,121,509 |
| Financial assets | | | | | |
| - At fair value through profit or loss | 2 | 96,914 | 92,777 | 39,913 | 42,688 |
| - At fair value through Other Compreher | 2 | 1,931 | 1,931 | 1,931 | 1,931 |
| - At Amortised cost | 2 | 343,882 | 2,793,934 | 343,882 | 2,793,934 |
| Trade receivables | 3 | 471,345 | 323,392 | 101,071 | 17,424 |
| Reinsurance receivables | 4 | 1,983,259 | 1,111,294 | 1,983,259 | 1,111,294 |
| Deferred acquisition costs | 5 | 366,405 | 157,227 | 366,405 | 157,227 |
| Prepayments and other receivables | 6 | 826,014 | 620,183 | 485,199 | 474,269 |
| Investment in subsidiaries | 7 | - | - | 677,045 | 669,085 |
| Investment properties | 8 | 397,901 | 397,901 | 342,000 | 342,000 |
| Intangible assets | 9 | 652,876 | 684,326 | 638,709 | 663,244 |
| Property, plant and equipment | 10 | 3,921,140 | 860,824 | 3,421,829 | 362,810 |
| Statutory deposit | 11 | 315,000 | 315,000 | 315,000 | 315,000 |
| Total assets | | 12,570,556 | 10,728,131 | 11,524,208 | 10,072,415 |
| Liabilities | | | | | |
| Insurance contract liabilities | 12 | 4,196,904 | 2,584,605 | 4,196,904 | 2,584,605 |
| Trade payables | 13 | 201,791 | 164,785 | 188,853 | 147,452 |
| Other payables | 14 | 886,797 | 618,444 | 570,386 | 593,455 |
| Deposit for shares | 15 | - | 3,010,800 | - | 3,010,800 |
| Income tax liabilities | 16 | 65,124 | 55,904 | 16,532 | 26,514 |
| Deferred tax | 17 | 91,038 | 91,038 | 48,994 | 48,994 |
| Total liabilities | | 5,441,654 | 6,525,576 | 5,021,669 | 6,411,820 |
| EQUITY | | | | | |
| Paid up share capital | 18 | 2,905,400 | 1,400,000 | 2,905,400 | 1,400,000 |
| Share premium | 19 | 2,528,865 | 1,023,465 | 2,528,865 | 1,023,465 |
| Contingency reserves | 20 | 1,203,035 | 1,112,741 | 1,203,035 | 1,112,741 |
| Revaluation reserves | 21 | 63,089 | 63,089 | 63,089 | 63,089 |
| Fair value reserve | 22 | 22 | 22 | 22 | 22 |
| Retained earnings | 23 | 195,175 | 361,447 | 197,872 | 61,278 |
| | | 6,895,586 | 3,960,764 | 6,502,539 | 3,660,595 |
| Non controlling interest | 24 | 233,316 | 241,791 | - | - |
| Total Equity | | 7,128,902 | 4,202,555 | 6,502,539 | 3,660,595 |
| Total liabilites and equity | | 12,570,556 | 10,728,131 | 11,524,208 | 10,072,415 |

The financial statements were approved by the Board of Directors on July 29, 2021 and signed on its behalf by:

**Mr. Samuel Ogbodu**
**FRC/2013/CIIN/00000002970**
**Managing Director/CEO**

**Mr. Theophilus Iyile**
**FRC/2013/ICAN/00000002323**
**Acting Chief Financial Officer**

**SUNU ASSURANCES NIGERIA PLC AND ITS SUBSIDIARY COMPANIES**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE PERIOD ENDED 30 JUNE , 2021**
**(IN THOUSAND OF NIGERIAN NAIRA UNLESS OTHERWISE STATED)**

| | NOTES | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|---|
| Gross premium written | 25 | 3,717,953 | 2,409,628 | 3,009,801 | 1,925,170 |
| Gross premium income | 25 | 2,633,992 | 1,868,918 | 1,931,993 | 1,367,769 |
| Re-insurance expenses | | (422,532) | (371,512) | (422,532) | (371,512) |
| Net premium income | 25 | 2,211,460 | 1,497,406 | 1,509,461 | 996,257 |
| Commission income | 26 | 70,069 | 70,328 | 70,070 | 70,328 |
| Net underwriting income | | 2,281,529 | 1,567,734 | 1,579,531 | 1,066,585 |
| Claims: | | | | | |
| Claims expenses (Gross) | 27 | 1,977,066 | 810,439 | 1,762,553 | 603,111 |
| Claims expenses recovered from reinsurers | 27 | (1,289,394) | (358,754) | (1,289,394) | (358,754) |
| Claims expenses (Net) | 27 | 687,672 | 451,685 | 473,159 | 244,357 |
| Underwriting expenses | 28 | 669,973 | 376,493 | 538,299 | 353,170 |
| Total underwriting expenses | | 1,357,645 | 828,178 | 1,011,458 | 597,527 |
| Underwriting results | | 923,884 | 739,556 | 568,073 | 469,058 |
| Profit from concessionary arrangement | | 7,534 | - | 7,534 | - |
| Net income from non-insurance subsidiaries | 29 | 38,102 | 10,199 | - | - |
| Investment income | 30 | 121,612 | 208,274 | 107,466 | 195,818 |
| Net realised gain/(loss) on financial assets | 2.1b | (128) | - | (128) | - |
| Net realised gain/(loss) on fixed assets | | 1,416 | | | |
| Net fair value (loss) on financial assets | 31 | 4,138 | (15,650) | 307 | (5,828) |
| Other operating income | 32 | 125,505 | 34,122 | 125,449 | 30,848 |
| Employee benefit expenses | | (389,454) | (313,863) | (246,248) | (187,926) |
| Impairment loss | 33 | 2,128 | (1,744) | 2,243 | (1,608) |
| Other operating expenses | 34 | (729,893) | (568,346) | (603,831) | (466,942) |
| Results of operating activities | | 104,844 | 92,548 | (39,135) | 33,420 |
| Finance costs | 35 | - | (654,139) | - | (654,139) |
| Profit/(loss) before tax | | 104,844 | (561,591) | (39,135) | (620,719) |
| Income tax expense | 16.1 | (159,860) | (30,855) | (129,721) | (9,626) |
| Profit/(loss) for the period | | (55,016) | (592,446) | (168,856) | (630,345) |
| Profit attributable to: | | | | | |
| Owners of the parent | | (75,978) | (606,913) | (168,856) | (630,345) |
| Non-controlling interests | | 20,962 | 14,467 | - | - |
| | | (55,016) | (592,446) | (168,856) | (630,345) |
| **Other comprehensive income:** | | | | | |
| ***Items within OCI that may be reclassified to profit or loss*** | | | | | |
| Gains on available for sale financial assets | | - | - | - | - |
| ***Items within OCI that may not be reclassified to profit or loss*** | | | | | |
| **Other comprehensive income for the period** | | - | - | - | - |
| **Total comprehensive income for the period** | | (55,016) | (592,446) | (168,856) | (630,345) |
| Attributable to: | | | | | |
| Owners of the parent | | (75,978) | (606,913) | (168,856) | (630,345) |
| Non-controlling interests | | 20,962 | 14,467 | - | - |
| Total comprehensive income for the period | | (55,016) | (592,446) | (168,856) | (630,345) |
| Earnings/(loss) per share: | | | | | |
| Basic Earnings /(loss) per share | 36 | (1.3) | (4.3) | (2.9) | (4.5) |
| Diluted Earnings/ (loss) per share | 36 | (1.3) | (4.3) | (2.9) | (4.5) |

**SUNU ASSURANCES NIGERIA PLC AND ITS SUBSIDIARY COMPANIES**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD ENDED 30 JUNE 2021**
**IN THOUSANDS OF NIGERIAN NAIRA**

| Group | Share capital | Share premium | Revaluation reserves | Fair value reserve | Contingency reserves | Retained Earnings | Total | Non-Controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 1,400,000 | 1,023,465 | 63,089 | 22 | 1,112,741 | 361,447 | 3,960,764 | 241,791 | 4,202,555 |
| **Total Comprehensive income for the period** | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | - | (75,978) | (75,978) | 20,962 | (55,016) |
| Transfer to contingency reserves | - | - | - | - | 90,294 | (90,294) | - | - | - |
| **Other comprehensive income:** | | | | | | | | | |
| Fair value adjustment | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 90,294 | (166,272) | (75,978) | 20,962 | (55,016) |
| **Transactions with owners, recorded directly in equity contributions by and distributions to owners** | | | | | | | | | |
| Increase in share capital & share premium | 1,505,400 | 1,505,400 | - | - | - | - | 3,010,800 | - | 3,010,800 |
| Transfer from non-controlling interest | - | - | - | - | - | - | - | (29,437) | (29,437) |
| Total transactions with owners | 1,505,400 | 1,505,400 | - | - | - | - | 3,010,800 | (29,437) | 2,981,363 |
| **Balance at 30 June, 2021** | 2,905,400 | 2,528,865 | 63,089 | 22 | 1,203,035 | 195,175 | 6,895,586 | 233,316 | 7,128,902 |

| Group | Share capital | Share premium | Revaluation reserves | Fair value reserve | Contingency reserves | Retained Earnings | Total | Non-Controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | 7,000,000 | 1,023,465 | 63,089 | 22 | 1,014,627 | (5,348,715) | 3,752,488 | 242,811 | 3,995,299 |
| **Total Comprehensive income for the period** | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | - | (606,913) | (606,913) | 14,467 | (592,446) |
| Transfer to contingency reserves | - | - | - | - | 57,755 | (57,755) | - | - | - |
| **Other comprehensive income:** | | | | | | | | | |
| Fair value adjustment | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 57,755 | (664,668) | (606,913) | 14,467 | (592,446) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| Dividend to equity holders | | | | | | (13,882) | (13,882) | (7,338) | (21,220) |
| Transfer from non- controlling interest | - | - | - | - | - | 1,039 | 1,039 | (10,501) | (9,462) |
| Increase in share capital | - | - | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - | (12,843) | (12,843) | (17,839) | (30,682) |
| **Balance at 30 June, 2020** | 7,000,000 | 1,023,465 | 63,089 | 22 | 1,072,382 | (6,026,226) | 3,132,732 | 239,439 | 3,372,171 |

SUNU ASSURANCES NIGERIA PLC AND ITS SUBSIDIARY COMPANIES

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE, 2021
IN THOUSANDS OF NIGERIAN NAIRA

| Company | Share capital | Share premium | Fair Value reserves | Revaluation reserves | Contingency reserves | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 1,400,000 | 1,023,465 | 22 | 63,089 | 1,112,741 | 61,278 | 3,660,595 |
| **Total Comprehensive income for the period** | | | | | | | |
| Loss for the period | - | - | - | - | - | (168,856) | (168,856) |
| Transfer to contingency reserves | - | - | - | - | 90,294 | (90,294) | - |
| **Other comprehensive income:** | | | | | | | |
| Fair value adjustment | | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | 90,294 | (259,150) | (168,856) |
| **Transactions with owners, recorded directly in equity contributions by and distributions to owners** | | | | | | | |
| Increase in share capital and share premium | 1,505,400 | 1,505,400 | - | - | - | - | 3,010,800 |
| **Total transactions with owners** | 1,505,400 | 1,505,400 | - | - | - | - | 3,010,800 |
| **Balance at 30 June 2021** | **2,905,400** | **2,528,865** | **22** | **63,089** | **1,203,035** | **(197,872)** | **6,502,539** |

| Company | Share capital | Share premium | Available for sale reserves | Revaluation reserves | Contingency reserves | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | 7,000,000 | 1,023,465 | 22 | 63,089 | 1,014,627 | (5,621,788) | 3,479,415 |
| **Total Comprehensive income for the period** | | | | | | | |
| Profit for the period | - | - | - | - | - | (630,345) | (630,345) |
| Transfer to contingency reserves | - | - | - | - | 57,755 | (57,755) | - |
| **Other comprehensive income:** | | | | | | | |
| Fair value adjustment | - | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | 57,755 | (688,100) | (630,345) |
| **Transactions with owners, recorded directly in equity contributions by and distributions to owners** | | | | | | | |
| **Total transactions with owners** | - | - | | - | - | - | - |
| **Balance at 30 June 2020** | **7,000,000** | **1,023,465** | **22** | **63,089** | **1,072,382** | **(6,309,888)** | **2,849,070** |

SUNU ASSURANCES NIGERIA PLC AND ITS SUBSIDIARY COMPANIES

## STATEMENT OF CASHFLOWS
## FOR THE PERIOD ENDED 30 JUNE, 2021
## (IN THOUSANDS OF NIGERIAN NAIRA)

| | NOTES | Group 2021 | Group 2020 | Company 2021 | Company 2020 |
|---|---|---|---|---|---|
| Premium received from policy holders | | 3,680,739 | 2,230,593 | 2,908,730 | 1,842,199 |
| Commission received | | 151,579 | 125,583 | 151,579 | 125,583 |
| Receipt from reinsurance recovery | | 889,180 | 164,681 | 889,180 | 428,977 |
| Claims paid | | (1,442,575) | (766,534) | (1,228,062) | (559,207) |
| Commission paid | | (738,387) | (414,046) | (661,546) | (390,502) |
| Maintenance cost | | (144,975) | (60,769) | (90,143) | (60,769) |
| Reinsurance premium paid | | (883,023) | (414,284) | (883,023) | (414,284) |
| Other operating income | | 44,197 | 32,719 | 44,185 | 30,848 |
| Operating costs and payment to employees | | (908,898) | (731,145) | (667,137) | (412,623) |
| Tax paid | | (150,640) | (6,152) | (139,703) | (1,379) |
| **Net cash inflow from operating activities** | | 497,197 | 160,646 | 324,060 | 588,843 |
| **Cash flows from investing activities** | | | | | |
| Additions to investment in subsidiaries | | - | - | (7,960) | (9,461) |
| Additions to Investment properties | | - | - | - | - |
| Additions to Intangible assets | 9 | - | (2,835) | - | - |
| Rental income | | 7,943 | 4,750 | 3,900 | 3,250 |
| Dividend received | | 29,934 | 18,509 | 26,822 | 15,807 |
| Proceeds from disposal of Property Plant & Equipment | | 1,416 | 1,403 | 549 | - |
| Additions to property, plant and equipment | 10 | (3,119,428) | (28,486) | (3,113,921) | (10,137) |
| Additions to financial assets at fair value through profit or loss | | (3,082) | - | - | - |
| Financial assets at amortised costs | | 2,450,052 | 3,378,876 | 2,450,052 | 3,096,728 |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 2,954 | - | 2,954 | - |
| **Net cash inflow/(outflow) from investing activities** | | (630,211) | 3,372,217 | (637,604) | 3,096,187 |
| **Cash flows from financing activities** | | | | | |
| Deposit for shares | | - | (5,825) | - | - |
| Repayment of borrowings | | - | - | - | - |
| Dividend Paid | | (42,439) | (21,220) | - | - |
| **Net cash outflow from financing activities** | | (42,439) | (27,045) | - | - |
| **Net increase/(decrease) in cash and cash** | | (175,453) | 3,505,818 | (313,544) | 3,685,030 |
| **Cash and cash equivalents brought** | | 3,369,342 | 2,775,280 | 3,121,509 | 2,315,337 |
| **Cash and cash equivalents carried** | | 3,193,889 | 6,281,098 | 2,807,965 | 6,000,367 |

IN THOUSANDS OF NIGERIAN NAIRA

## 1.0 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of less than 90 days.

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| **Cash at bank and in hand** | 271,410 | 152,848 | 192,885 | 117,815 |
| **Placements with financial institutions** | 2,929,390 | 3,225,156 | 2,621,565 | 3,012,089 |
| | 3,200,800 | 3,378,004 | 2,814,450 | 3,129,905 |
| **Less: Impairment on placements** | (6,911) | (8,662) | (6,485) | (8,396) |
| | **3,193,889** | **3,369,342** | **2,807,965** | **3,121,509** |

Deposits with banks earned interest at floating rates based on the daily rates. Cash and deposits are available for use in the company's day-to-day operations.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

| | | | | |
|---|---|---|---|---|
| **Cash at bank and in hand** | 3,193,889 | 3,369,342 | 2,807,965 | 3,121,509 |
| **Bank overdraft** | - | - | - | - |
| | **3,193,889** | **3,369,342** | **2,807,965** | **3,121,509** |

## 2.0 FINANCIAL ASSETS

The Group's financial assets are summarized below by measurement category in the table below:

### 2.1 - At fair value through profit or loss

| | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss: | | | | |
| Quoted shares | **96,914** | **92,777** | **39,913** | **42,688** |

### 2.1a Details of fair value through profit or loss

| | | | | |
|---|---|---|---|---|
| Opening balance | 92,777 | 79,843 | 42,688 | 35,224 |
| Purchases during the period | 3,082 | - | - | - |
| Disposal during the period | (3,082) | - | (3,082) | - |
| Net fair value gain/(loss) | 4,138 | 12,934 | 307 | 7,464 |
| Closing balance | 96,914 | 92,777 | 39,913 | 42,688 |

### 2.1b Realised gain/(loss) from disposal of Fair value through profit or loss financial assets

| | | | | |
|---|---|---|---|---|
| Fair value of consideration received | 2,954 | - | 2,954 | - |
| less: fair value of financial assets sold | (3,082) | - | (3,082) | - |
| | (128) | - | (128) | - |

### 2.2 - At fair value through other comprehensive income

| | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| Trustbond mortgage bank | 1,931 | 1,931 | 1,931 | 1,931 |
| | **1,931** | **1,931** | **1,931** | **1,931** |

| | | | | |
|---|---|---|---|---|
| Fair value as at January 1 | 1,931 | 8,099 | 1,931 | 8,099 |
| Fair value gain | - | ( 6,168 ) | - | ( 6,168 ) |
| | 1,931 | 1,931 | 1,931 | 1,931 |

### 2.3 - Held at Amortised cost

| | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| FGN Treasury bills | 155,647 | - | 155,647 | - |
| FGN Bonds | 188,260 | 194,221 | 188,260 | 194,221 |
| CBN Special bills | - | 2,600,070 | - | 2,600,070 |
| | 343,907 | 2,794,291 | 343,907 | 2,794,291 |
| Less: impairment | (25) | (357) | (25) | (357) |
| | 343,882 | 2,793,934 | 343,882 | 2,793,934 |

IN THOUSANDS OF NIGERIAN NAIRA

## 3.0 TRADE RECEIVABLES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Insurance receivables (see below) | 101,071 | 17,424 | 101,071 | 17,424 |
| Other trade receivables | 410,524 | 351,210 | - | - |
| Less: Provision for impairment: | | | | |
| Insurance receivables (see below) | - | - | - | - |
| Other trade receivables (see below) | (40,250) | (45,242) | - | - |
| TRADE RECEIVABLES | 471,345 | 323,392 | 101,071 | 17,424 |

## 3.1 The make up of the insurance receivables are as follows:

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Brokers | 100,693 | 11,083 | 100,693 | 11,083 |
| Coinsurance | 378 | 6,341 | 378 | 6,341 |
| Agents | - | - | - | - |
| Total | 101,071 | 17,424 | 101,071 | 17,424 |

## 4.0 REINSURANCE RECEIVABLES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Reinsurers' share of outstanding claims | 961,402 | 415,725 | 961,402 | 415,725 |
| Reinsurers' share of IBNR | 92,474 | 220,522 | 92,474 | 220,522 |
| Reinsurers' share of claims paid | 166,778 | 172,934 | 166,778 | 172,934 |
| Prepaid re-insurance | 762,605 | 302,113 | 762,605 | 302,113 |
| | 1,983,259 | 1,111,294 | 1,983,259 | 1,111,294 |

| | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| The movement in prepaid reinsurance is as follows: | | | | |
| Balance at January 1 | 302,113 | 226,392 | 302,113 | 226,392 |
| Additions during the period | 883,024 | 1,003,726 | 883,024 | 1,003,726 |
| Released in the period | (422,532) | (928,005) | (422,532) | (928,005) |
| Closing balance | 762,605 | 302,113 | 762,605 | 302,113 |

(i) Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

(ii) Reinsurance assets are not impaired as balances are set-off against payables from retrocession.

## 5.0 DEFERRED ACQUISITION COSTS

This represents commission on unearned premium relating to the unexpired tenure of risk and the movement in deferred acquisition costs is as follows:

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| At 1 January | 157,227 | 118,311 | 157,227 | 118,311 |
| Additions in the period | 570,167 | 680,146 | 570,167 | 680,146 |
| Expensed during the period | (360,989) | (641,230) | (360,989) | (641,230) |
| Closing balance | 366,405 | 157,227 | 366,405 | 157,227 |

Deferred policies acquisition expenses will be recognized as an expense within 12 months after the reporting date.

IN THOUSANDS OF NIGERIAN NAIRA

## 6.0 PREPAYMENTS AND OTHER RECEIVABLES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Other receivables (Note 6.1) | 150,915 | 157,005 | 122,835 | 110,105 |
| Due from related companies (Note 6.2) | 46,379 | 50,995 | 35,562 | 35,927 |
| Due from Equity Resort hotel (Note 6.3) | 272,685 | 248,771 | 190,381 | 166,468 |
| Prepayments - staff | 8,212 | 4,411 | 8,212 | 4,310 |
| Prepayments - others | 400,583 | 211,761 | 160,278 | 189,528 |
| | 878,774 | 672,943 | 517,268 | 506,338 |
| Less: Impairment | (52,760) | (52,760) | (32,069) | (32,069) |
| | 826,014 | 620,183 | 485,199 | 474,269 |
| Current | 606,089 | 424,172 | 326,887 | 339,870 |
| Non-current | 272,685 | 248,771 | 190,381 | 166,468 |

## 6.1 OTHER RECEIVABLES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Investment receivables | 9,998 | 9,867 | 9,998 | 9,867 |
| Withholding tax receivables | 81,053 | 83,766 | 80,595 | 83,664 |
| Sundry receivables | 59,864 | 63,372 | 32,242 | 16,574 |
| | 150,915 | 157,005 | 122,835 | 110,105 |

## 6.2 DUE FROM RELATED PARTIES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Equity Micro Life Insurance Company Limited | 2,062 | 2,062 | 2,062 | 2,062 |
| Sunu Assurance Limited, Ghana | 27,185 | 27,185 | 27,185 | 27,185 |
| Shanu Medical Centre | 12,425 | 16,266 | | |
| Sunu Assurances vie Cotedivoie | - | 775 | | |
| Sunu Health Nigeria Limited | | | 1,608 | 1,973 |
| Equity Assurance Limited, Liberia | 4,707 | 4,707 | 4,707 | 4,707 |
| | 46,379 | 50,995 | 35,562 | 35,927 |

## 6.3 DUE FROM EQUITY RESORT HOTEL LIMITED

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| At 1 January | 248,771 | 144,249 | 166,468 | 61,946 |
| Reimbursable expenses incurred | 16,380 | 128,012 | 16,379 | 128,012 |
| Repayment during the period | - | - | - | - |
| Profit/(loss) from concessionary arrangement | 7,534 | (23,490) | 7,534 | (23,490) |
| **Closing balance** | 272,685 | 248,771 | 190,381 | 166,468 |

## 7 INVESTMENT IN SUBSIDIARIES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| EA Capital Management Limited | - | - | 278,294 | 278,294 |
| Sunu Health Nigeria Limited (formerly Managed HealthCare Services Limited (MHS)) | - | - | 398,751 | 390,791 |
| | | - | 677,045 | 669,085 |

**Principal subsidiary undertakings:**

The Group is controlled by Sunu Assurances Nigeria Plc "the company" (incorporated in Nigeria). The controlling interest of Sunu Assurances Nigeria Plc in the Group entities is disclosed in the table below:

| Company name | Nature of business | % of equity capital controlled Jun-21 | Dec-20 |
|---|---|---|---|
| EA Capital Management Limited | Asset management | 100 | 100 |
| Sunu Health Nigeria Limited (formerly Managed HealthCare Services Limited (MHS)) | Health management | 67.3 | 65.42 |

1. EA Capital Management Limited was incorporated on October 29, 2008 as a private limited liability company primarily to carry on the business of finance leases to both individual and corporate clients. Its registered office is at Plot 1196 Bishop Oluwole Street, Victoria Island, Lagos, Nigeria.

IN THOUSANDS OF NIGERIAN NAIRA

2. Sunu Health Nigeria Limited formerly Managed HealthCare Services Limited was incorporated on December 11, 1997 to carry on the business of health management. It is a nationally licensed Health Management Organization(HMO), accredited by the National Health Insurance Scheme (NHIS). It has its head office at 16 Obokun street, off Coker road, Ilupeju, Lagos, Nigeria and twelve branches across major cities in Nigeria.

| 8 INVESTMENT PROPERTIES | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Balance at 1 January | 397,901 | 390,351 | 342,000 | 336,000 |
| Additions | - | - | - | - |
| Revaluation | | 7,550 | - | 6,000 |
| Closing balance | 397,901 | 397,901 | 342,000 | 342,000 |

The Investment Properties were independently valued by Timothy Opeyemi of Timothy Oyeyemi & Partners, Estate Surveyor and valuers with FRC No FRC/2015/NISSV/000000004761 on December 29, 2020 to ascertain the open market value using the market comparison approach through analysis of recent transaction of sale of comparable the neighbourhood.

| 9 INTANGIBLE ASSETS | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| **COST** | | | | |
| **Balance at 1 January** | 1,295,823 | 1,281,448 | 1,245,242 | 1,245,242 |
| Additions | - | 14,375 | - | - |
| **Closing balance** | 1,295,823 | 1,295,823 | 1,245,242 | 1,245,242 |
| **ACCUMMULATED AMORTISATION** | | | | |
| **Balance at 1 January** | 611,497 | 552,665 | 581,998 | 532,932 |
| Amortisation charge for the period | 31,450 | 58,832 | 24,535 | 49,066 |
| **Closing balance** | 642,947 | 611,497 | 606,533 | 581,998 |
| - | - | | | |
| **Carrying value** | 652,876 | 684,326 | 638,709 | 663,244 |
| The closing net book of the intangible assets comprises the following: | | | | |
| Computer Software | 16,626 | 24,511 | 2,459 | 3,429 |
| Leasehold improvements on Equity Resort hotels | 636,250 | 659,815 | 636,250 | 659,815 |

The Parent company was granted a concession right in 2010 by the Ogun state Government to manage the affair of Equity resort hotel, Ijebu-ode for the period of 25 years. The sum of N1.152 billion was spent to refurbish the hotel to enable it meet international standards. This sum above represents the carrying amount at cost of the improvements carried out on the hotel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021 (Contd)
IN THOUSANDS OF NIGERIAN NAIRA

## 10.1 PROPERTY, PLANT AND EQUIPMENT (GROUP)

| | Leasehold Land | Buildings | Office Equipment | Motor Vehicles | Furniture and Fittings | ICT Equipment | Bill Board | Total |
|---|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | | |
| At 1 January 2021 | 199,812 | 473,186 | 149,620 | 456,056 | 69,468 | 63,962 | 10,411 | 1,422,515 |
| Additions | 1,000,000 | 1,999,063 | 5,137 | 109,952 | 430 | 4,846 | - | 3,119,428 |
| Disposals | - | - | (281) | (10,290) | - | - | - | (10,571) |
| At 30 June 2021 | 1,199,812 | 2,472,249 | 154,476 | 555,718 | 69,898 | 68,808 | 10,411 | 4,531,372 |
| At 1 January 2020 | 199,812 | 473,186 | 140,477 | 451,206 | 67,839 | 57,939 | 10,411 | 1,400,870 |
| Additions | - | - | 5,811 | 19,860 | 217 | 2,598 | - | 28,486 |
| Disposals | - | - | - | (15,010) | - | - | - | (15,010) |
| At 30 June 2020 | 199,812 | 473,186 | 146,288 | 456,056 | 68,056 | 60,537 | 10,411 | 1,414,346 |
| **ACCUMULATED DEPRECIATION** | | | | | | | | |
| At 1 January 2021 | - | 41,953 | 115,628 | 303,334 | 52,677 | 44,478 | 3,621 | 561,691 |
| Charge for the period | - | 20,678 | 3,060 | 29,602 | 1,224 | 2,725 | 937 | 58,226 |
| Disposals | - | - | (242) | (9,443) | | | - | (9,685) |
| At 30 June 2021 | - | 62,631 | 118,446 | 323,493 | 53,901 | 47,203 | 4,558 | 610,232 |
| At 1 January 2020 | - | 36,466 | 105,053 | 248,439 | 46,978 | 39,588 | 1,747 | 478,271 |
| Additions | - | 2,744 | 5,226 | 35,950 | 2,904 | 2,337 | 937 | 50,098 |
| Disposals | - | - | - | (15,010) | - | - | - | (15,010) |
| At 30 June 2020 | - | 39,210 | 110,279 | 269,379 | 49,882 | 41,925 | 2,684 | 513,359 |
| **CARRYING VALUE** | | | | | | | | |
| **At 30 June 2021** | **1,199,812** | **2,409,618** | **36,030** | **232,225** | **15,997** | **21,605** | **5,853** | **3,921,140** |
| At 31 December, 2020 | 199,812 | 431,233 | 33,992 | 152,722 | 16,791 | 19,484 | 6,790 | 860,824 |
| At 30 June 2020 | 199,812 | 433,976 | 36,009 | 186,677 | 18,174 | 18,612 | 7,727 | 900,987 |

IN THOUSANDS OF NIGERIAN NAIRA

## 10.2 PROPERTY, PLANT AND EQUIPMENT (COMPANY)

| | Leasehold Land | Buildings | Office Equipment | Motor Vehicles | Furniture & Fittings | ICT Equipment | Bill Board | Total |
|---|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | | |
| At 1 January 2021 | 199,812 | 28,600 | 74,974 | 302,573 | 44,007 | 63,195 | 10,411 | 723,572 |
| Additions | 1,000,000 | 1,998,182 | 511 | 109,952 | 430 | 4,846 | - | 3,113,921 |
| Disposals | - | - | (281) | (10,290) | | - | - | (10,571) |
| At 30 June 2021 | 1,199,812 | 2,026,782 | 75,204 | 402,235 | 44,437 | 68,041 | 10,411 | 3,826,922 |
| | | | | | | | | |
| At 1 January 2020 | 199,812 | 28,600 | 73,751 | 295,751 | 43,660 | 57,172 | 10,411 | 709,157 |
| Additions | - | - | 526 | 6,820 | 192 | 2,598 | - | 10,136 |
| Disposals | - | - | - | - | - | - | - | - |
| At 30 June 2020 | 199,812 | 28,600 | 74,277 | 302,571 | 43,852 | 59,770 | 10,411 | 719,293 |
| | | | | | | | | |
| **ACCUMULATED DEPRECIATION** | | | | | | | | |
| At 1 January 2021 | - | 4,004 | 59,362 | 211,623 | 38,404 | 43,748 | 3,621 | 360,762 |
| Charge for the period | - | 20,268 | 1,507 | 27,670 | 910 | 2,725 | 937 | 54,017 |
| Disposals | - | - | (243) | (9,443) | - | - | - | (9,686) |
| At 30 June 2021 | - | 24,272 | 60,626 | 229,850 | 39,314 | 46,473 | 4,558 | 405,093 |
| | | | | | | | | |
| At 1 January 2020 | - | 3,432 | 55,840 | 165,450 | 36,214 | 38,856 | 1,747 | 301,539 |
| Additions | - | 286 | 1,788 | 24,210 | 1,117 | 2,337 | 937 | 30,675 |
| Disposals | - | - | - | - | - | - | - | - |
| At 30 June 2020 | - | 3,718 | 57,628 | 189,660 | 37,331 | 41,193 | 2,684 | 332,214 |
| | | | | | | | | |
| **CARRYING VALUE** | | | | | | | | |
| At 30 June 2021 | 1,199,812 | 2,002,510 | 14,578 | 172,385 | 5,123 | 21,568 | 5,853 | 3,421,829 |
| At 31 December 2020 | 199,812 | 24,596 | 15,612 | 90,950 | 5,603 | 19,447 | 6,790 | 362,810 |
| At 30 June 2020 | 199,812 | 25,454 | 19,319 | 136,883 | 4,904 | 18,860 | 9,601 | 414,833 |

### 10.2.1 Valuation of properties

Land and building held by Sunu Assurances Plc was independently valued by Igbenabor Uzorchikwa of Millsnabor & Associates Limited, quantity surveyors and valuers with FRC/2018/000000011860 on December 22, 2017 to ascertain the open market value of the land and building.

The fair value of land and buildings is determined by discounting the expected cash flows of the properties based upon internal plans and assumptions and comparable market transactions.

### 10.2.2 Assets pledged as security

None of the Company's property, plant and equipment was pledged as security for facility.

### 10.2.3 Capital commitment

The Group had no commitments for capital expenditure as at the statement of financial position date (2020: Nil) and no borrowing costs was capitalised in the current period (2020: Nil)

10.2.4 There were no impairment losses recognized during the period (2020:Nil).

IN THOUSANDS OF NIGERIAN NAIRA

## 11 STATUTORY DEPOSIT

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Closing balance | 315,000 | 315,000 | 315,000 | 315,000 |

This represents deposit with the Central Bank of Nigeria in accordance with Section 10(3) of the Insurance Act CAP I17 LFN 2004

## 12 INSURANCE CONTRACT LIABILITIES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Claims reported and loss adjustment expenses | 2,055,911 | 1,372,196 | 2,055,911 | 1,372,196 |
| Claims incurred but not reported | 200,591 | 349,815 | 200,591 | 349,815 |
| Unearned premiums | 1,940,402 | 862,594 | 1,940,402 | 862,594 |
| Total Insurance contract iabilities, gross | 4,196,904 | 2,584,605 | 4,196,904 | 2,584,605 |
| Reinsurance receivables | 1,816,481 | 636,247 | 1,133,154 | 636,247 |
| Net insurance contract liabilities | 2,380,423 | 1,948,358 | 3,063,750 | 1,948,358 |

## 13 TRADE PAYABLES

Trade payables represent liabilities to Agents, Brokers and Re-insurers as at year end.

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Reinsurance and coinsurance payable | - | 5,371 | - | 5,371 |
| Deposit for premium | 185,543 | 140,923 | 185,543 | 140,923 |
| Commission payable | 3,311 | 2,570 | 3,310 | 1,158 |
| Other trade payables | 12,937 | 15,921 | - | - |
| | 201,791 | 164,785 | 188,853 | 147,452 |

## 14 OTHER PAYABLES

| | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| Due to related parties (Note 14.1) | 27,879 | 35,062 | 194,295 | 198,231 |
| Deferred income (Note 14.2) | 96,457 | 80,886 | - | - |
| Dividend payable | 26,491 | 26,491 | 26,491 | 26,491 |
| Withholding tax payable | 25,786 | 30,306 | 26,051 | 22,311 |
| Staff pension & gratuity | 4,295 | 4,295 | 4,295 | 4,295 |
| Unclaimed dividend | 30,790 | 28,421 | 30,790 | 28,421 |
| Interest received in advance | 19,585 | 48 | 6,723 | 48 |
| Unearned commission | 126,628 | 46,896 | 126,628 | 46,896 |
| Penalty due to NAICOM (Note 14.3) | - | 173,323 | 0 | 173,323 |
| Sundry creditors | 165,644 | 109,808 | 72,265 | 49,025 |
| Accrued expenses | 363,242 | 82,908 | 82,848 | 44,414 |
| | 886,797 | 618,444 | 570,386 | 593,455 |
| Current | 790,340 | 537,558 | 570,386 | 593,455 |
| Non-current | 96,457 | 80,886 | - | - |

## 14.1 DUE TO RELATED PARTIES

| | | | | |
|---|---|---|---|---|
| EA Capital Management Limited | | - | 158,549 | 163,169 |
| Sunu Health Nigeria Limited formerly Managed Healthcare Services Limited | - | - | 0 | - |
| Sunu Group | 27,879 | 35,062 | 35,746 | 35,062 |
| | 27,879 | 35,062 | 194,295 | 198,231 |

**14.2** This represents unearned income from the businesses of EA Capital Management Limited- N12.862Million (December 31, 2020-N10.988Million) and Sunu Health Nigeria Limited- N83.595Million (December 31, 2020-N69.898Million).

**14.3** This sum represents penalty imposed on the Company by NAICOM for failure to obtain its approval before ceding out an aviation business to a foreign reinsurance company which contravenes provision of section 72(4) of the Insurance Act, CAP I17, LFN 2004. The penalty has been fully paid as at 30 June, 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021 (CONT'D)
IN THOUSANDS OF NIGERIAN NAIRA

### 15 DEPOSIT FOR SHARES

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| At January 1 | 3,010,800 | 5,825 | 3,010,800 | - |
| **Daewoo bond repayment in consideration of shares in Sunu Assurances Nigeria Plc by:** | | | | |
| Sunu Assurances vie Cote D'ivoire | | 1,129,050 | | 1,129,050 |
| Sunu Participation Holding SA | | 1,881,750 | | 1,881,750 |
| **Utilised as follows:** | | | | |
| Transfer to share capital | (1,505,400) | | (1,505,400) | |
| Transfer to share premium | (1,505,400) | | (1,505,400) | |
| **Refund during the period** | | | | |
| Benolus Nigeria Limited | | (2,395) | | |
| KYT Investments Limited | | (1,303) | | |
| Patrick Korie | | (355) | | |
| Joshua Enueme | | (477) | | |
| Oracle Asset Limited | | (1,295) | | |
| **Closing balance** | - | 3,010,800 | - | 3,010,800 |

Subsequent to year end, upon receipt of NAICOM's Capital verification report, SEC approved the allotment of shares to Sunu Participations Holding SA and SUNU Assurances vie Cote DÍvoire. The result of the allotment was published in The Guardian and the Punch Newspapers on February 9, 2021 and their CSCS accounts have been credited.

### 16 CURRENT INCOME TAX LIABILITIES

| The movement in this account during the period was as follows: | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Balance as at January 1 | 55,904 | 53,346 | 26,514 | 18,919 |
| WHT tax credit offset | - | (24,277) | - | (9,825) |
| Charge for the period | 159,860 | 48,233 | 129,721 | 34,045 |
| Payment during the period | (150,640) | (21,398) | (139,703) | (16,625) |
| Closing balance | 65,124 | 55,904 | 16,532 | 26,514 |

### 16.1 The tax charge for the period comprises:

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Company income tax | | | | |
| -Sunu Assurances Nigeria Plc | 7,525 | 34,045 | 7,525 | 34,045 |
| -Sunu Health Nigeria Limited | 30,110 | 14,064 | - | - |
| -EA Capital Management Limited | 29 | 124 | - | - |
| Underprovision in previous year- Sunu Assurances | 122,196 | | 122,196 | |
| | 159,860 | 48,233 | 129,721 | 34,045 |
| Deferred tax | - | 27,240 | - | - |
| Total tax charge for the Period | 159,860 | 75,473 | 129,721 | 34,045 |

### 17 DEFERRED TAX

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Balance as at January 1 | 91,038 | 63,798 | 48,994 | 48,994 |
| Charge for the period | - | 27,240 | - | - |
| Closing balance | 91,038 | 91,038 | 48,994 | 48,994 |

### 18 SHARE CAPITAL

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| **Authorised** | | | | |
| 14,000,000,000 ordinary shares of 50k each | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| **Issued and fully paid** | | | | |
| 5,810,800,000 ordinary shares of 50k each( 2020: 2,800,000,000 shares of 50k each) | 2,905,400 | 1,400,000 | 2,905,400 | 1,400,000 |

**The movement in issued and fully paid up share capital is as follows:**

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Opening balance | 1,400,000 | 7,000,000 | 1,400,000 | 7,000,000 |
| Transfer to retained earnings | - | ( 5,600,000 ) | - | ( 5,600,000 ) |
| Transfer from deposit for shares | 1,505,400 | - | 1,505,400 | - |
| Closing balance | 2,905,400 | 1,400,000 | 2,905,400 | 1,400,000 |

IN THOUSANDS OF NIGERIAN NAIRA

| 19 SHARE PREMIUM | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| Opening balance | 1,023,465 | 1,023,465 | 1,023,465 | 1,023,465 |
| Transfer from deposit for shares | 1,505,400 | - | 1,505,400 | - |
| **Closing balance** | **2,528,865** | **1,023,465** | **2,528,865** | **1,023,465** |

Share premium comprises additional paid up capital in excess of the par value. The reserve is not ordinarily available for distribution

## 20 CONTINGENCY RESERVES

In compliance with section 21(1) of Insurance Act CAP I17 LFN 2004, the contingency reserve for general insurance business is credited with the higher of 3% of total premiums during the year or 20% of the profits until it reaches the higher of the minimum paid up share capital or 50% of net premium.

The movement in this account during the period is as follows:

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| At 1 January | 1,112,741 | 1,014,627 | 1,112,741 | 1,014,627 |
| Transfer from retained earnings | 90,294 | 98,114 | 90,294 | 98,114 |
| Closing balance | 1,203,035 | 1,112,741 | 1,203,035 | 1,112,741 |

| 21 ASSETS REVALUATION RESERVES | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| As at 1 January | 63,089 | 63,089 | 63,089 | 63,089 |
| Movement during the period | - | - | - | - |
| Closing balance | 63,089 | 63,089 | 63,089 | 63,089 |

| 22 FAIR VALUE RESERVE | June 2021 | Dec 2020 | June 2021 | Dec 2020 |
|---|---|---|---|---|
| As at 1 January | 22 | 22 | 22 | 22 |
| Gain on financial assets | - | - | - | - |
| Closing balance | 22 | 22 | 22 | 22 |

This represents gain on financial assets at fair value through Other Comprehensive Income

## 23 RETAINED EARNINGS

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. The movement in the retained earnings is shown in the statement of changes in equity.

| | Group June 2021 | Group Dec 2020 | Company June 2021 | Company Dec 2020 |
|---|---|---|---|---|
| At 1 January | 361,447 | (5,348,715) | 61,278 | (5,621,788) |
| Total Dividend paid | (42,439) | (21,220) | - | - |
| Dividend due to non-controlling shares | 20,603 | 7,338 | - | - |
| Transfer from share capital | - | 5,600,000 | - | 5,600,000 |
| Transfer from Non-controlling interest | 874 | 1,039 | - | - |
| Total comprehensive income for the period | (55,016) | 221,119 | (168,856) | 181,180 |
| Transfer to contingency reserves | (90,294) | (98,114) | (90,294) | (98,114) |
| Closing balance | 195,175 | 361,447 | (197,872) | 61,278 |

| 24 NON-CONTROLLING INTEREST IN EQUITY OF MANAGED HEALTHCARE SERVICES LIMITED | Group June 2021 | Group Dec 2020 |
|---|---|---|
| Balance as at 1 January | 241,791 | 242,811 |
| Dividend received | (20,603) | (7,338) |
| Transfer from NCI due to acquisition of additional shares in MHS | (7,960) | (9,462) |
| Transfer to retained earnings due to additional shares in Sunu Health | (874) | (1,039) |
| Transfer from the profit or loss account | 20,962 | 16,819 |
| Closing balance | 233,316 | 241,791 |

IN THOUSANDS OF NIGERIAN NAIRA

## 25 NET PREMIUM INCOME

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Gross direct premium written | 3,662,370 | 2,354,003 | 2,954,218 | 1,869,545 |
| Inward reinsurance premium | 55,583 | 55,625 | 55,583 | 55,625 |
| | - | - | | - |
| Gross premium written | 3,717,953 | 2,409,628 | 3,009,801 | 1,925,170 |
| Increase in unearned premiums | (1,083,961) | (540,710) | (1,077,808) | (557,401) |
| | - | - | | - |
| Gross Premium income | 2,633,992 | 1,868,918 | 1,931,993 | 1,367,769 |
| Less: Reinsurance costs | (422,532) | (371,512) | (422,532) | (371,512) |
| Net Premium income | 2,211,460 | 1,497,406 | 1,509,461 | 996,257 |

## 26 COMMISSION INCOME

Commission income represents commission received on transactions ceded to reinsurance Companies during the year under review

## 27 NET CLAIMS EXPENSES

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Claims paid during the period | 1,442,575 | 766,534 | 1,228,062 | 559,206 |
| Outstanding claims | 534,491 | 43,905 | 534,491 | 43,905 |
| Total claims and loss adjustment expenses | 1,977,066 | 810,439 | 1,762,553 | 603,111 |
| Recoverable from re-insurance, subrogation and salvges | (1,289,394) | (358,754) | (1,289,394) | (358,754) |
| | 687,672 | 451,685 | 473,159 | 244,357 |

## 28 UNDERWRITING EXPENSES

Underwriting expenses can be sub-divided into acquisition and other underwriting expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents and brokers and indirect expenses. Other underwriting expenses are those incurred in servicing existing policies. These include processing costs, preparation of statistics and reports and other incidental costs attributable to maintenance.

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Acquisition costs | 524,998 | 315,724 | 448,156 | 292,401 |
| Other underwriting expenses | 144,975 | 60,769 | 90,143 | 60,769 |
| Total underwriting expenses | 669,973 | 376,493 | 538,299 | 353,170 |

## 29 NET INCOME FROM NON-INSURANCE COMPANIES

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| EA Capital Management Limited | 35,640 | 426 | - | - |
| Managed Healthcare Services Limited | 2,462 | 9,773 | - | - |
| | 38,102 | 10,199 | - | - |

## 30 INVESTMENT INCOME

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Cash and cash equivalents interest income | 83,735 | 185,015 | 76,744 | 176,761 |
| Dividend income | 29,934 | 18,509 | 26,822 | 15,807 |
| Rental income | 7,943 | 4,750 | 3,900 | 3,250 |
| | 121,612 | 208,274 | 107,466 | 195,818 |

IN THOUSANDS OF NIGERIAN NAIRA

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| The investment income comprises the following: | | | | |
| Investment income attributable to shareholde | 37,877 | 23,259 | 30,722 | 19,057 |
| Investment income attributable to policyhold | 83,735 | 185,015 | 76,744 | 176,761 |
| | 121,612 | 208,274 | 107,466 | 195,818 |

## 31 NET FAIR VALUE LOSS ON FINANCIAL ASSETS

| | | | | |
|---|---|---|---|---|
| Net fair value (loss) on financial assets at fair value through profit or loss | 4,138 | (15,650) | 307 | (5,828) |

## 32 OTHER OPERATING INCOME

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Profit/(loss) from sale of property, plant & ec | - | 1,403 | 549 | - |
| Bank interest | 593 | 538 | - | 521 |
| Exchange gain | 80,715 | 10,822 | 80,715 | 10,822 |
| Other income | 44,197 | 21,359 | 44,185 | 19,505 |
| | 125,505 | 34,122 | 125,449 | 30,848 |

## 33 IMPAIRMENT LOSS

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Impairment on Other receivables | - | - | - | - |
| Impairment no longer required on Tbills | (402) | (300) | (357) | (280) |
| Impairment no longer required on placement | (8,662) | (3,186) | (8,396) | (3,037) |
| Impairment on placement | 6,911 | 5,182 | 6,485 | 4,877 |
| Impairment on Tbills | 25 | 48 | 25 | 48 |
| | (2,128) | 1,744 | (2,243) | 1,608 |

## 34 OTHER OPERATING EXPENSES

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Depreciation and amortization charges | 104,957 | 78,697 | 78,550 | 55,209 |
| Auditors remuneration | 6,842 | 6,429 | 4,263 | 3,850 |
| Directors expenses | 28,648 | 22,677 | 19,197 | 17,159 |
| Professional fees | 67,391 | 19,367 | 63,138 | 15,746 |
| Bank charges | 5,135 | 4,192 | 3,975 | 3,196 |
| Training expenses | 6,299 | 5,895 | 3,208 | 3,292 |
| Communication expenses | 63,625 | 62,816 | 57,762 | 58,448 |
| Exchange loss | - | - | | - |
| Marketing expenses | 226,971 | 122,580 | 203,786 | 109,962 |
| Statutory fees | 33,277 | 26,030 | 26,327 | 26,030 |
| Repairs and maintenance | 31,893 | 23,494 | 19,602 | 13,795 |
| Diesel and electricity | 11,436 | 10,179 | 8,435 | 6,747 |
| Rent and rates | 48,387 | 84,458 | 45,654 | 81,677 |
| Insurance expenses | 10,665 | 12,617 | 4,343 | 7,404 |
| Pension and gratuity | 22,260 | 19,247 | 13,503 | 11,395 |
| Printing and stationery | 5,659 | 4,517 | 1,408 | 1,175 |
| Travelling and accomodation | 32,168 | 35,241 | 28,747 | 31,515 |
| Branding | - | - | - | |
| Other administrative expenses | 24,280 | 29,910 | 21,933 | 20,342 |
| | 729,893 | 568,346 | 603,831 | 466,942 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2021 (CONT'D)
IN THOUSANDS OF NIGERIAN NAIRA

### 35 FINANCE COSTS

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| Interest on Daewoo loan | - | 75,605 | - | 75,605 |
| Exchange difference on Daewoo loan | - | 578,534 | - | 578,534 |
| Restructuring fees on Daewoo loan | - | - | - | - |
| | - | 654,139 | - | 654,139 |

### 36 EARNINGS/(LOSS) PER SHARE

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

| | Group 6 Months ended June 30, 2021 | Group 6 Months ended June 30, 2020 | Company 6 Months ended June 30, 2021 | Company 6 Months ended June 30, 2020 |
|---|---|---|---|---|
| (Loss)/Profit attributable to the equity holders | (75,978) | (606,913) | (168,856) | (630,345) |
| Total number of ordinary shares of 50k each in issue | 5,810,800 | 14,000,000 | 5,810,800 | 14,000,000 |
| Weighted average number of ordinary shares in issue (thousands) | 5,810,800 | 14,000,000 | 5,810,800 | 14,000,000 |
| Basic (loss)/earnings per share (kobo per share) | (1.3) | (4.3) | (2.9) | (4.5) |
| Diluted (loss)/earnings per share (kobo per share) | (1.3) | (4.3) | (2.9) | (4.5) |