

INTERNATIONAL ENERGY INSURANCE PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

DOYIN OWOLABI & CO.
(Chartered Accountants)
14, Falolu Street,
Surulere,
Lagos.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2019

DIRECTORS

Mr. Muhammad K. Ahmad (OON)	-	Interim Chairman
Mr. Peter Irene	-	Interim Managing Director (Resigned on 20 th Dec' 2020)
Mr. Ebunolu Ayeni	-	Ag. Managing Director (Appointed on 20 th Dec' 2020)
Ms. Ibiyemi B. Adeyinka	-	Interim Non-Executive Director
Ms. Daisy Ekineh	-	Interim Non-Executive Director

SECRETARY

H. Michael & Co
48B, Lasode Crescent
Victoria Island, Lagos

REGISTRATION NO.

RC No. 6126

REGISTERED OFFICE

Plot 294, Jide Oki Street
Victoria Island, Lagos

SOLICITORS

Bayo Osipitan & Co.
2A Ireti Street
Off Thorburn Avenue, Yaba

Solola & Akpana
3B, Tokunbo Omisore Street,
Off Wole Olateju, Lekki Phase 1, Lagos

AUDITORS

Doyin Owolabi & Co. (Chartered Accountants)
14, Falolu Street,
Surulere, Lagos.

BANKERS

Access Bank Plc
United Bank for Africa Plc
Zenith Bank Plc
Diamond Bank Plc
Keystone Bank Limited
Wema Bank Plc
Fidelity Bank Plc

ACTUARIES

Brian Karidza (FIA FASSA CERA)
FRC/2017NAS/00000016625
Alexander Forbes Nigeria Limited
Plot 235, Muri Okunola Street,
Rio Plaza, 2nd Floor, Victoria Island, Lagos

INTERNATIONAL ENERGY INSURANCE PLC

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Group			Company		
	2019 N'000	2018 N'000	%	2019 N'000	2018 N'000	%
Major statement of financial position items						
As at December 31:						
Total assets	8,755,366	7,598,656	15	8,636,224	7,551,962	14
Insurance contract liabilities	4,053,715	3,956,877	2	4,053,715	3,956,877	2
Total deficit	(10,634,447)	(11,870,643)	(10)	(10,575,108)	(11,797,474)	(10)
Major statement of profit or loss items						
For the year ended December 31:						
Gross written premium	525,947	459,596	14	525,947	463,059	14
Underwriting results	103,296	(157,693)	(166)	103,296	(154,387)	(167)
Investment and other operating income, net realized, fair value changes and Interest Revenue	1,719,279	848,517	103	859,121	53,223	1514
Profit/(loss) before income tax expense	308,115	(3,995,596)	(108)	276,230	(3,981,220)	(107)
Income tax expense	(32,726)	(183,111)	(82)	(8,816)	(183,866)	(95)
Profit/(loss) for the year	275,399	(4,178,707)	(107)	267,414	(4,165,086)	(106)
Net liabilities per share (kobo)	(824)	(938)		(820)	(918)	
Loss Per Share:						
Basic and Diluted loss per share (Kobo)	24	(325)		24	(324)	

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2019

The Directors submit their Report on the affairs of International Energy Insurance Plc (“the Company”) and its subsidiary, (collectively “the Group”) together with the consolidated and separate financial statements for the year ended December 31, 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of International Energy Insurance Plc are the provision of general business risk underwriting and related financial services to corporate and retail customers. The Company has 81% shareholding in IEI Anchor Pensions Managers Limited. IEI Anchor Pensions Managers Limited is engaged in Pension Fund Administration for employees in the private and public sector.

RESULTS FOR THE YEAR	Group		Company	
	₦'000	₦'000	₦'000	₦'000
Profit/(loss) before income tax expense	308,115	(3,995,596)	276,230	(3,981,220)
Income tax expense	(32,726)	(183,111)	(8,816)	(183,866)
	-----	-----	-----	-----
Profit/loss for the year	275,399	(4,178,707)	267,414	(4,165,086)
Other comprehensive income/(loss) for the year, net of tax	469,804	(71,645)	469,804	(71,645)
	-----	-----	-----	-----
Total comprehensive profit/(loss)for the year	745,193	(2,319,906)	737,218	(2,357,199)
	=====	=====	=====	=====

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended December 31, 2019 (2018: Nil).

EVENTS AFTER REPORTING DATE

There are no events after the reporting date, which could have had a material effect on the financial position of the Group and the Company as at December 31, 2019 and the profit for the year then ended.

BOARD OF DIRECTORS

The following are members of the Interim board of Directors who held office during the year and at the date of this report, these directors were appointed by NAICOM:

Mr. Muhammad K. Ahmad, OON	-	Interim Chairman
Mr. Peter Irene	-	Interim Managing Director (Resigned on 20 th Dec 2020)
Mr. Ebunolu Ayeni	-	Ag. Managing Director (Appointed on 20 th Dec 2020)
Ms. Ibiyemi B. Adeyinka	-	Interim Non-Executive Director
Ms. Daisy Ekineh	-	Interim Non-Executive Director

DIRECTORS' INTEREST IN CONTRACTS

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, CAP C20 Laws of the Federation of Nigeria, none of the Directors has notified the Company of any declarable interest in contracts during the year.

DIRECTORS' INTEREST IN SHARES

The Directors' direct and indirect interests in the issued share capital of the Company are as follows:

Directors	2019	2018
Mr. Muhammad K. Ahmad (OON)	-	-
Mr. Peter Irene	-	-
Mr. Ebunolu Ayeni	-	-
Ms. Ibiyemi B. Adeyinka	38,888	38,888
Ms. Daisy Ekineh	-	-

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2019

AGENTS AND BROKERS

The Group maintains a network of licensed agents. The Group also renders services directly to its customers as well as through a varied network of brokers who are licensed by the National Insurance Commission (NAICOM).

COMPLAINTS MANAGEMENT POLICY FRAMEWORK

Complaint Management Policy has been prepared in compliance with the requirement of the Nigerian Capital Market (SEC Rules) issued by the Securities & Exchange Commission and the Nigerian Stock Exchange Directives (the NSE Directives) as well as in recognition of the importance of effective engagement in promoting shareholders/investors' confidence in the Company and the capital market.

REINSURANCE

The Group had reinsurance treaty arrangements with the following companies during the year:

- | | |
|--------------------------------------|------------------------------------|
| - African Reinsurance Corporation | - Continental Reinsurance Plc. |
| - WAICA Reinsurance Corporation Plc. | - Nigerian Reinsurance Corporation |
| - CICA Reinsurance Company | - PTA/ZEP Reinsurance Company |
| - NCA Reinsurance Company | |

RESEARCH AND DEVELOPMENT

The Group is not involved in any research and development activities.

DISABLED PERSONS

The Group believes in giving full and fair consideration to all current and prospective staff. No disabled person (2018: Nil) is currently employed by the Group. There are procedures in respect for those employees who became disabled, to be assigned duties that are commensurate to their disabilities.

GIFTS AND DONATIONS

The Group made no charitable donations (2018: Nil) during the year under review.

HEALTH AND SAFETY AT WORK OF EMPLOYEES

The Group places a high premium on the health and welfare of its employees. Medical facilities are provided for the staff and their families at private hospitals retained within the respective localities of the staff residence through Group's appointed Health Management Organizations (HMO). Firefighting equipment has also been installed in strategic positions within the offices of the Group. The Group incurred a sum of ₦6.8million (2018: N13.5 million) and Company ₦6.8million (2018: ₦13.5 million) in providing such medical benefits during the year.

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2019

EMPLOYEE INVOLVEMENT AND TRAINING

In addition to in-house training, the Group, where necessary sends its employees on various seminars, conferences, workshops and courses both locally and abroad. The staff are encouraged to improve themselves academically in any chosen profession, which is relevant to their job. The Group refunds a substantial proportion of all expenses incurred on such courses on the successful completion of the course. The Group incurred ₦5.4million (2018: ₦7.8million) on employees training during the year.

AUDITORS

Messrs. Doyin Owolabi & Co (Chartered Accountants) were appointed as auditors on 27 July 2020 and have indicated their willingness to continue in office as auditors of the Company in accordance with Section 357 (2) the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria.

Order of the Interim Board


25 March 2021
H. Michael & Co.
Company Secretary
FRC/2013/NBA/0000001060
Lagos, Nigeria



INTERNATIONAL ENERGY INSURANCE PLC

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

Management Objectives

International Energy Insurance Plc is the first energy-sector focused insurance company in the country providing first class underwriting solutions for offshore, onshore as well as general business risks using a combination of strategic initiatives and excellent service delivery.

We are a market oriented Company that focuses on customers' satisfaction. Our business model is "Superior Service Delivery" which is customer-centric. It is aimed at meeting and surpassing the expectations of internal and external customers'.

Management focus in the period to come is to adopt initiatives and actions that will guarantee the growth of the Company including introducing additional capital necessary to reposition the Company.

Management Strategy

The Company's strategy is to use technology and international best practice and superior services to provide its customers with tailor made solutions. The Company has put series of measures, initiatives and target aimed at profitable growth and increase market share. The Company aspire to achieve market leadership in all segment of the business.

Operating Results

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Gross Premium written	525,947	459,596	525,947	463,059
Profit/(loss) before income tax expense	308,115	(3,995,596)	276,230	3,981,220)
Income tax expense	(32,726)	(183,111)	(8,816)	(183,866)
Profit/(loss) for the year	275,399	(4,178,707)	267,414	(4,165,086)

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

In line with our commitment to the principles of good governance, ethics, probity and professionalism, we continue to be transparent in our business transactions through compliance with ethics and statutory provisions and laws relating to insurance business to achieve our corporate objectives. One of the recent attempts of the Federal Government at improving the business environment in Nigeria was the establishment of the Nigerian Code of Corporate Governance 2018 which took effect from January 2020. Together with the sectorial codes guiding the operations of the Insurance Industry, we have constantly worked at ensuring meeting the statutory compliance standards of the codes and extant legal provisions within the insurance industry.

IEI operates its business within the framework of appropriate rules and regulations under which it was incorporated, as well as global best practices, corporate governance codes and guidelines released by relevant regulatory authorities such as the National Insurance Commission, the Nigerian Stock Exchange and the Securities and Exchange Commission.

These best practices have indeed been an integral part of how we now conduct our business affirming our belief that good corporate governance is a means of retaining and expanding our clientele, sustaining the viability of the business in the long term and maintaining the confidence of investors. IEI believes that the attainment of its business objectives is, among others, directly aligned to good corporate behavior as it provides stability and growth to the enterprise. In line with this objective and the need to meet its responsibility to its stakeholders, the Company strives to meet the expectations of its operating environment. That is why we have continued to challenge ourselves and to reinvent our processes to effectively tackle the unfolding challenges and exploit emerging opportunities. In spite of our current challenges, we are determined to remain an important player in the industry.

The Company has put in place systems of internal control and risk management to safeguard the interest of all stakeholders. As indicated in the statement of responsibility of Directors and notes to the Financial Statements, IEI adopts standard accounting practices to engender transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

ETHICAL STANDARDS

To maintain high ethical standard for the conduct of its business, IEI ensures that each director and employee discloses to the board his/her interest in any other company within the insurance industry and in position where their self-interest conflict with their duty to act in the best interest of the Company.

CORPORATE STRUCTURE

Shareholders Meeting

The Company in actualization of its corporate governance objectives recognizes its shareholders as the highest decision making body in line with the provisions of its Memorandum and Articles of Association. The Annual General Meeting of the Company by statutory requirement is to be held once in a year. An Extra-Ordinary General Meeting of the Company may be convened at the behest of the Board or shareholders holding not less than 10% of the Company's paid up capital. Attendance at these meetings is open to shareholders and/or their proxies and sufficient notice is given to ensure maximum attendance of the shareholders. IEI held its 42nd Annual General Meeting on February 23, 2017 and decisions affecting the strategic development and direction of the Company were taken under the watchful eyes of representatives of regulatory authorities such as the National Insurance Commission, Nigerian Stock Exchange, Securities and Exchange Commission and members of the press.

The Board of Directors of International Energy Insurance Plc has overall responsibility for ensuring that the highest standard of corporate governance are maintained and adhered to by the Company. The following structures have been put in place for the execution of corporate governance strategy:

- 1) Board of Directors
- 2) Board Committees
- 3) Management

INTERNATIONAL ENERGY INSURANCE PLC

BOARD OF DIRECTORS

During the period under review, the Board met to set policies for the operations of the Company, and ensured that it maintained a professional relationship with the Company's Auditors to promote transparency in financial and non-financial reporting.

The Interim Board met three times within the year under review. Within the same period its Finance and General Purpose Committee met five times and the Statutory Audit Committee met three times. The Interim Board Members are:

Mr. Muhammad K. Ahmad (OON)	-	Interim Chairman
Mr. Peter Irene	-	Interim Managing Director
Ms. Ibiyemi B. Adeyinka	-	Interim Non-Executive Director
Ms. Daisy Ekineh	-	Interim Non-Executive Director
H. Michael & Co	-	Company Secretary

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

The manner in which the Company structured the roles of the Chairman and the Managing Director has assisted in averting overlaps of roles and effectiveness of governance. This is done in accordance with NAICOM guidelines on Code of Good Corporate Governance for insurance industry.

The Chairman has the primary responsibility of ensuring that the board carries out its governance role in the most effective manner. He is responsible for the overall leadership of board and for creating an enabling environment for the effectiveness of individual directors. The Managing Director is responsible for the day to day running of the Company to achieve overall efficiency of management controls. He has responsibilities for developing, implementing and monitoring the strategic and financial plans of the Company in the most effective manner.

ROLE OF THE BOARD

- Establish corporate strategies, set performance indices, monitor implementation and performances
- Review alignment of goals, major plans of action and annual budget
- Ensure the integrity of the Company accounting and financial reporting systems (including the independent audit) and that appropriate system are in place for monitoring risks financial control and compliance with the law
- Formulate risk strategies and make decisions on business acquisitions and expansions/investments into foreign markets
- Ensure that the interests of the stakeholders are balanced
- Ensure that the Company's operations are in accordance with high business and ethical standards

The Board meets regularly to review financial performance and reports on the contribution of the various business units to the overall performance of the company as well as consider other matters. Adequate advance notice of the meeting, the agenda and reports to be considered are circulated to members. Emergency meetings are convened as and when the need arises.

DIRECTORS' ATTENDANCE

In accordance with Section 284(2) of the Companies and Allied Matters Act 2020, the record of the Directors attendance at Directors and Committee meetings during the year under review is as shown below.

S/N	DATE OF MEETING	MUHAMMAD K. AHMAD (OON)	DAISY EKINEH	IBIYEMI B. ADEYINKA	PETER IRENE
1.	16/05/2019	✓	✓	✓	✓
2.	07/08/2019	✓	✓	✓	✓
3.	15/11/2019	✓	✓	✓	✓

BOARD COMMITTEES

The Interim Board carried out its oversight functions with the assistance of the Board Committee; namely The Finance and General Purposes Committee

INTERNATIONAL ENERGY INSURANCE PLC

BOARD FINANCE AND GENERAL PURPOSES COMMITTEE

The Board Finance and General Purposes Committee had the mandate to review and make recommendations on all staff and related matters, approve within set limits, review and make recommendations on branch expansions and/or closures, implement safeguarded measures as recommended from time to time, and to ensure an adequate platform by which the company will adequately protect its finances. Other functions of the Committee include but not limited to, determining the policies, strategies and financial objectives of the company, overseeing and monitoring the implementation of these policies, with a view to maximizing its overall economic value. It also reviews the community, environmental, health and safety issues and incidents to determine, that management takes appropriate action in respect of those matters and that management is diligent in carrying out its responsibilities and activities in relation to sustainability issues.

The members of the Committee met five times within the year under review, they are as follows;

Ms. Daisy Ekineh	Interim Chairman
Ms. Ibiyemi B. Adeyinka	Interim Non-Executive Director
Mr. Peter Irene	Interim Managing Director
H. Michael & Co	Secretary

S/N	DATE OF MEETING	DAISY EKINEH	IBIYEMI B. ADEYINKA	PETER IRENE
1.	07/02/2019	✓	✓	✓
2.	20/03/2019	✓	✓	✓
3.	16/05/2019	✓	✓	✓
4.	25/09/2019	✓	✓	✓
5.	06/11/2019	✓	✓	✓

AUDIT COMMITTEE

In compliance with the provisions of Section 359 of the Companies and Allied Matters Act, Cap C20, LFN 2004, the Company had an Audit Committee comprised of two (2) Non-executive Directors and two (2) shareholders' representatives as follows:

Mr. Augustine Anono	Chairman
Mr. Moses Igrude	Shareholders 'representative
Ms. Daisy Ekineh	Non-executive Director
Ms. Ibiyemi Adeyinka	Non-executive Director

In compliance with the amended provision of the Companies and Allied Matters Act, 2020(as amended) the company shall propose a reconstitution of the Audit Committee to be comprised of three members and two Non-Executive Directors.

The Committee met three (3) times during the year under review as shown below

S/N	DATE OF MEETING	DAISY EKINEH	IBIYEMI B. ADEYINKA	AUGUSTINE ANONO	MOSES IGRUDE
1.	16/05/2019	✓	✓	X	✓
2.	31/07/2019	✓	✓	✓	✓
3.	06/11/2019	✓	✓	✓	✓

DIRECTORS NOMINATION PROCESS

The Board of Directors of the Company is currently an interim board appointed by the National Insurance Commission (NAICOM) in 2015 following the dissolution of the erstwhile Board of Directors. The tenure of the Board has been extended by NAICOM.

INTERNATIONAL ENERGY INSURANCE PLC

THE MANAGEMENT TEAM

The Management team consists of Executive and Senior Management Staff led by the Interim Managing Director. It formulates programmes and assigns responsibilities and resources for the achievement of set goals. The Management team is also charged with the responsibility of identifying and assessing the risk profile within which the Company is operating, with a view to eliminating or minimizing the impact of such risks to the achievement of set Company objectives.

Other functions of the Management team include; determining the long term strategic direction of the company and developing annual business plan and budget that drives the long term strategy, ensuring that the company complies with all relevant laws and corporate governance principles, ensuring proper staffing and establishment of appropriate organizational structure that support effective succession plan for the company, putting the right structure in place to ensure that accounts and financial affairs are carried out in a reliable manner. The Management also take steps to ensure successful implementation of the company's policies as well as creating effective ethical environment within the company. The leadership team meets regularly to review the performance of the Company, and assess progress against the achievement of laid down objectives.

COMPLIANCE AND DISCLOSURE

As a result of the determination of the Interim Board to reposition the Company's operations within international standards of best practices, the Company made significant efforts to ensure compliance with applicable regulatory requirements. Certain infractions were however found due to late submission of the Company's Audited Financial Statements for the year ended December 31, 2019.

Penalties levied against the Company for late submission of financial statements as mentioned above by the regulators amounted to N14.3million. Details of these payments are recorded on note 51 in the financial statements.

This disclosure of non-compliance is in conformity with the provisions of Appendix III, Clause 14 (g) of the Nigerian Stock Exchange Rules which requires companies to state in the Annual Report contraventions and sanctions imposed for such contraventions. The Interim Board is however paying concerted attention to eliminate incidences of infractions.

The company in the course of the current year took certain corporate actions that were duly disclosed and announced to the investing public through the Nigerian Stock Exchange portal. These included the resignation of the Interim Managing Director with effect from December 20, 2020 and subsequent appointment of a new Interim Managing Director whose appointment is subject to the ratification of NAICOM and the Shareholders.

CORPORATE SOCIAL RESPONSIBILITY

The company had its share of the aftermath of the total lockdown of Nigeria's economy because of Covid 19 global Pandemic. The company made contributions to its immediate environment to control the spread of the disease.

HEALTH AND SAFETY AT WORK FOR EMPLOYEES

The Company ensured that the robust HSE plan, process and procedure that had been previously put in place was reviewed for improvements and maintained for the safety of its workforce which has reduced work related discomfort, accidents and injury, litigation and non-compliance issues. Consequently, the employees have become more confident as regards their health and wellbeing in the manner, which the Company has invested in HSE issues, that has reduced overtime, health related costs to the Company as well.

INTERNATIONAL ENERGY INSURANCE PLC

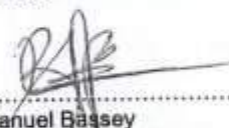
FOR THE YEAR ENDED DECEMBER 31, 2019

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

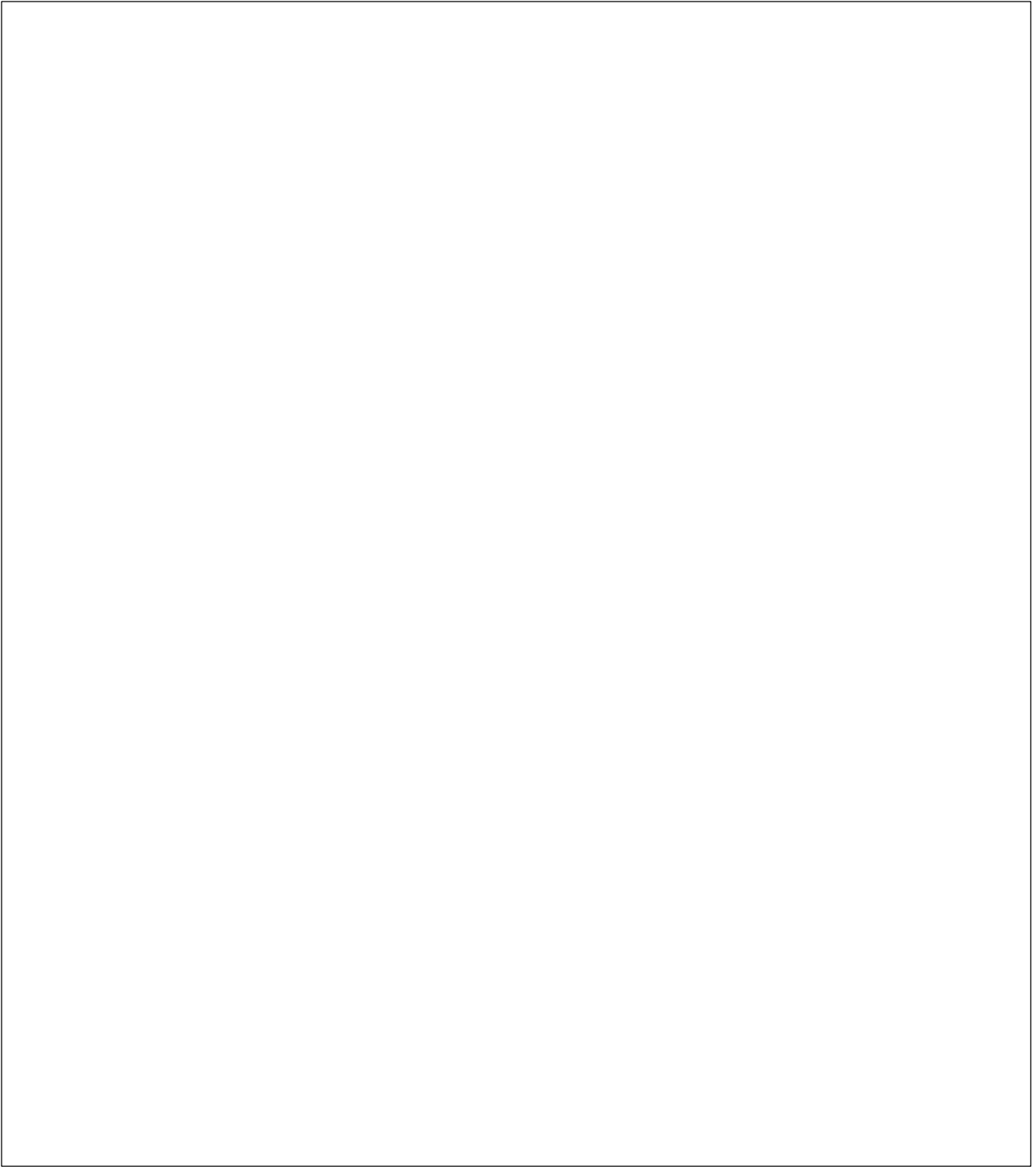
We the undersigned hereby certify the following with regards to our consolidated and separate financial statements for the year ended 31 December 2019 that:

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


Mr. Egunolu Ayeni
Ag. Managing Director
FRC/2015/CIIN/00000011052


Mr. Emmanuel Bassey
Chief Financial Officer
FRC/2013/LCAN/00000000635

15 Feb 2021



INTERNATIONAL ENERGY INSURANCE PLC

FOR THE YEAR ENDED DECEMBER 31, 2019

REPORT OF THE AUDIT COMMITTEE

To the members of International Energy Insurance Plc.:

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004, the members of the Audit Committee of International Energy Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Group and the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audit for the year ended December 31 2019 were satisfactory and reinforce the Group's and the internal control systems.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group's system of accounting and internal control.



Chief Augustine G. Anono
Chairman, Audit Committee
FRC/2020/002/00000020618
15 Feb 2021

Members of the Audit Committee are:

- | | | |
|-----------------------------|---|----------|
| 1. Chief Augustine G. Anono | - | Chairman |
| 2. Mr. Moses Igbude | - | Member |
| 3. Ms. Ibiyami B. Adeyinka | - | Member |
| 4. Ms. Daisy Ekineh | - | Member |

Secretary to the Committee
H. Michael & Co.
Company Secretary
FRC/2013/NBA/00000001060
Lagos, Nigeria

INTERNATIONAL ENERGY INSURANCE PLC

FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

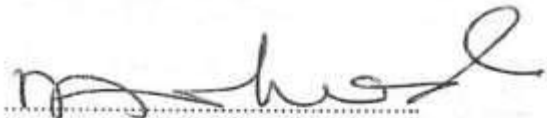
The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare consolidated financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company and its subsidiary at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company and its subsidiary:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiary and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

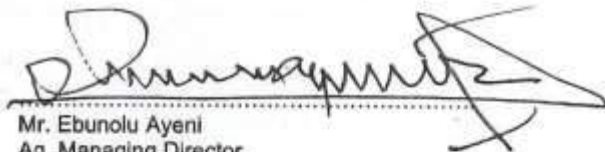
The Directors accept responsibility for the preparation and fair presentation of the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pension Reform Act 2014 and Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its subsidiary as at 31 December 2019, and of their financial performance for the year ended then. Nothing has come to the attention of the Directors to indicate that the Company and its subsidiary will not remain a going concern for at least twelve months from the date of this statement.

On behalf of the Directors



Mr. Muhammad K. Ahmad, OON
Interim Chairman
FRC/2015/IODN/00000012581



Mr. Egunolu Ayeni
Ag. Managing Director
FRC/2015/CIIN/00000011052

15 February 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of International Energy Insurance Plc ("the Company") and its subsidiary (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at December 31 2019, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and its subsidiary as at December 31 2019 and their financial performance and their cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audit of International Energy Insurance Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of International Energy Insurance Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to the fact that the Company's total liabilities exceeded its total assets by **₦10.58 billion** (2018: ₦11.80 billion) while the Group's total liabilities exceeded its total assets by **₦10.64 billion** (2018: ₦11.87 billion). In addition, the Company's negative total equity as at December 31, 2019 of **₦10.58 billion** (2018: ₦11.80 billion) is below the minimum regulatory requirement of **₦3 billion** and the Company did not meet the regulatory solvency margin whilst there was a shortfall of **₦2.48 billion** (2018: **₦2.208billion**) in the assets cover. The Company also had a negative solvency margin of **(₦14.384billion)** as at December 31, 2019 (2018: **₦14.557billion**). The Company recorded a negative operating cash flow of **₦85 million** (2018: **₦677 million**) while the Group recorded a negative operating cash flow of **₦53 million** (2018: **₦742 million**). The Company no longer carries out oil and gas business and this led to its declining revenue over the years. The Company has also not been able to resolve issue relating to its obligations in respect of Daewoo loan. The note indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. In addition to the matters described in the Material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC – CONTINUED

Key Audit Matters - continued

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matters	How the matter was addressed in the audit
<p>Valuation of Insurance Contract Liabilities.</p> <p>The Group through the parent Company has insurance contract liabilities of N4 billion as at December 31, 2019 (2018: N3.9 billion) representing 2.4% (2018: 25%) of the Group's and the Company's total liabilities. This is an area that involves significant judgment over uncertain future outcomes and therefore we considered it a key audit matter for our audit.</p> <p>Consistent with the insurance industry practice, the Company engages an actuary to test the adequacy of this valuation of non-life business as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgment is applied in setting these assumptions.</p> <p>Insurance contract liabilities are disclosed in Note 12 to the consolidated and separate financial statements.</p>	<p>We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Group's' Actuarial report on non-life business which included among others:</p> <ul style="list-style-type: none"> i. Consideration of the appropriateness of assumptions used in the valuation of the Insurance Contracts by reference to company and industry data and expectations. ii. Consideration of the appropriateness of non-economic assumptions used in the valuation of the Insurance Contracts in relation to lapse or extension assumptions by reference to company specific and industry data. <p>Other Key audit procedures included:</p> <ul style="list-style-type: none"> i. We reviewed and documented management's process for estimating insurance contracts. ii. We performed file review of specific underwriting contracts in order to maximize our understanding of the business and validate initial loss estimates. iii. We performed subsequent year claim payments to confirm the reasonableness of initial loss estimates.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC – CONTINUED

Other Information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, the Report of the Directors, Management Discussion and Analysis, Report of the Audit Committee, Certification pursuant to section 60 (2) of the Investment and Securities Act No. 29 2007, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, and Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards, as issued by the International Accounting Standard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC – CONTINUED

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements – continued

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Doyin Owolabi & Co.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC – CONTINUED

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and NAICOM's Prudential Guidelines we confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- iii. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.
- iv. In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and NAICOM's Prudential Guidelines so as to present fairly the consolidated and separate statements of profit or loss and other comprehensive income of the Company and its subsidiary.

Contravention of Regulatory Guidelines

The Company incurred penalties in respect of contravention of the requirement of a section of the Investment & Securities Act (ISA) 2007, Rule 7.4 of the Nigerian Stock Exchange, 2015 and Section 26 of the Insurance Act 2003 in conjunction with the National Insurance Commission's Prudential Guidelines for Insurers and Reinsurers, 2015 on the filing and submission of annual reports and accounts. The details of the contravention and penalty are disclosed in the Note 51 to the consolidated and separate of the financial statements.



Lagos, Nigeria
25 March 2021

Adedoyin Idowu Owolabi, FCA
FRC/2013/ICAN/00000000101
For: Doyin Owolabi & Co.
(Chartered Accountants)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Information

The International Energy Insurance Plc (“the Company”) was incorporated as Nigeria Exchange Insurance Limited on 26 March 1969. The name was changed to Mutual Life and General Insurance Limited in 1995. In 2000, the name of the Company was changed to Global Assurance Limited. In 2003, the Company's name was changed to International Energy Insurance Limited following the acquisition of 70% of the shares of Global Assurance Limited by SKI Consult. The Company merged its operations with Rivbank Insurance Limited on 30 November 2006 with the name of the combined business changing to International Energy Insurance Plc., thereafter; the Company was listed on the Nigerian Stock Exchange in 2007.

The consolidated and separate financial statements of International Energy Insurance Plc. for the year ended December 31 2019 were authorised for issue in accordance with a resolution by the Board of Directors on 15 February 2021.

Principal activities

The activities of the Company include general insurance business with special focus on Oil and Energy. The activities include insurance underwriting, claims administration and management of liquidity by investing the surplus in fixed deposits, bonds, held for trading and treasury bills. It has a subsidiary IEI Anchor Pensions Managers Limited which principal activity is pension funds administration for employees in private and public sectors.

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 Company and its subsidiary will not be a going concern in the year ahead as stated in Note 2.36.1. For this reason, these consolidated and separate financial statements are prepared on a going-concern basis.

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

2.1 Basis of preparation and compliance with International Financial Reporting Standard (IFRS)

The consolidated and separate financial statements of International Energy Insurance Plc have been prepared on a going concern principles in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Standing Interpretations Committee (SIC) interpretations, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 to the extent that they are not in conflict with IFRS.

These consolidated and separate financial statements are presented in Nigerian Naira, rounded to the nearest thousand, and prepared under the historical cost convention, except for financial assets measured at fair value through profit or loss, investment properties, equity instruments measured at fair value through Other Comprehensive Income (OCI) and ‘land and building’ which have been measured at fair value.

2.2 Basis of consolidation

Subsidiary

The financial statements of the subsidiary is consolidated from the date the Group acquires control, up to the date that the Group losses control.

Profit or loss and each component of other comprehensive income (OCI) is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to reflect their accounting policies in line with the Group's accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.2 Basis of consolidation - continued

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

For the purpose of these consolidated and separate financial statements, subsidiary is an entity over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. In the separate financial statements, investments in subsidiary is measured at cost.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised 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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.3 Functional currency and translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in Nigerian Naira (NGN), which is the functional and presentation currency.

Transactions and balances in individual entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. 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 consolidated and separate statements of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated and separate statements of profit or loss within 'finance costs or other income'.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.4 Cash and cash equivalents

For the purposes of the consolidated and separate statements of cash flows, cash comprises cash in hand and deposits held at call with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.5 Financial assets and financial liabilities

2.5.1 Financial assets

The Group classifies its financial assets into the following categories: fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification is determined by management at initial recognition and depends on the objective of the business model.

Business Model Assessment

Business model assessment involves determining if 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 which reflects how the assets are managed together to achieve a particular business objective.

2.5.2 Classification and Measurements

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. The classification is based on the results of the group's business model test and the contractual cash flow characteristics of the financial assets. The category relevant to The Group as at December 31 2019 are fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. At initial recognition all assets are measured at Fair Value.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by The Group as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/ (losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains from financial assets held for trading'.

(ii) Financial assets at fair value through other comprehensive income

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and
- b. the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities

(iii) Financial assets measured at amortized cost

Financial assets are measured at amortized 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. 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 Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

2.5.3 Recognition and measurement

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss are subsequently carried at fair value. Other financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of Investment income when the Group's right to receive payments is established.

Interest on financial assets fair value through other comprehensive income calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments fair value through other comprehensive income are recognised in the income statement when the Group's right to receive payments is established. Both are included in the investment income line.

Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid - offer spread or significant increase in the bid - offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using Inputs (for example, NIBOR, MPR etc.) existing at the dates of the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities

The Group uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements, and treasury bills. These financial instruments models are generally market observable. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairment.

The fair value for loans and receivables as well as liabilities to banks, and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.5.4 De-recognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.5.5 Reclassification of financial assets

Reclassification of financial assets is determined by The Group's senior management, and is done as a result of external or internal changes which are significant to The Group's operations and demonstrable to external parties.

Reclassification of financial assets occurs when The Entity changes its business model for managing financial assets investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable. For financial assets, reclassification is required between FVTPL, FVTOGI and amortised cost; if and only if the entity's business model objective for its financial assets changes so its previous business model assessment would no longer apply.

IFRS 9 does not allow reclassification:

- when the fair value option has been elected in any circumstance for a financial asset;
- or equity investments (measured at FVTPL or FVTOCI); or
- for financial liabilities.

If an entity reclassifies a financial asset, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the entity reclassifying financial assets. Previously recognised gains, losses (including impairment gains or losses) or interest are not restated,

All impairment losses are recognized through profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the income statement and is recognized as part of the impairment loss. The amount of the loss recognized in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities – continued

2.5.5 Financial Instrument - continued

Impairment of financial assets

The Group will assess on a forward-looking basis, the expected credit losses (“ECL”) associated with its debt instruments carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

No impairment is recognized on equity investments. This is because the fair value changes will incorporate impairment gains or losses if any.

General Approach

Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis or when a loan becomes credit impaired respectively.

Staging

Stage 1: On origination, a financial asset (provided that it is not a purchased or originated credit impaired asset) will be in stage 1 of the general model for expected credit losses. Financial assets that have not had a significant increase in credit risk since initial recognition or that (upon assessment and option selected by the Group) have low credit risk at the reporting date remain in stage 1.

For these assets, 12-month expected credit losses (‘ECL’) are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the Group) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized and interest revenue is still calculated on the gross carrying amount of the asset.

Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the Group is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.

The Group, when determining whether the credit risk on a financial instrument has increased significantly, considers reasonable and supportable (both historical and forward-looking) information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3: This includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). This is done by applying the EIR in subsequent reporting periods to the amortized cost of the financial asset.

When the Group has no reasonable expectations of recovering the financial asset, then the gross carrying amount of the financial asset can be directly reduced in its entirety via a write off. A write-off constitutes a derecognition event.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities – continued

2.5.5 Financial Instrument – continued

Impairment of financial assets – continued

Simplified approach

The simplified approach does not require the Group to track the changes in credit risk, but, instead, requires the Group to recognize a loss allowance based on lifetime ECLs at each reporting date, right from origination.

The Group recognizes lifetime ECLs at each reporting period for trade receivables or other receivables that result from transactions within the scope of IFRS 15 and that do not contain a significant financing component.

Measurement of expected credit losses

The standard defines credit loss as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument (i.e., the weighted average of credit losses with the respective risks of a default occurring as the weights).

When measuring ECLs, in order to derive an unbiased and probability-weighted amount, the Group would evaluate a range of possible outcomes. This involves identifying possible scenarios that specify:

- a. The amount and timing of the cash flows for particular outcomes
- b. The estimated probability of these outcomes
- c. Exposure at default (EAD): The EAD estimates the percentage of exposure the Group might lose if the borrower defaults.

Probability of default (PD)

12 Month PDs

12 month PD is the probability of a loan defaulting within the next 12 months. 12-month PD estimates are required to calculate 12-month ECLs for accounts classified as Stage 1. These PD estimates also form the basis of the lifetime PD curves, which are required to calculate lifetime ECLs for accounts classified as Stage 2. 12 Months PD used is computed using the Group's data.

Lifetime PDs

Lifetime PD curves are required to calculate expected credit losses for Stage 2 accounts. Ideally, lifetime PD curves will be developed based on internal default data. However, the Company does not have sufficient history of internal default data to build credible curves so it has derived lifetime PD curves using S & P's "2017 Annual Sovereign Default Study and Rating Transition".

Loss given default (LGD)

LGD is the share of an asset that is lost when a borrower defaults. The recovery rate is defined as 1 minus the LGD, the share of an asset that is recovered when a borrower defaults. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Exposure at default (EAD)

EAD is equal to the current amount outstanding at the expected point of default in case of fixed exposures like staff loans and investment securities. This is derived using the original carrying amount, interest rate and tenor of the facility.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities – continued

2.5.6 Financial liabilities

The Group's financial liabilities include trade and other payables as well as borrowings.

Subsequent measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the consolidated and separate statements of profit or loss.

2.5.7 Derecognition of financial liabilities/assets

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated and separate statements of profit or loss.

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated and separate statements of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6 Trade receivables

Trade, reinsurance and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Impairment of trade receivables are presented within other operating expenses.

Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

2.7 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.7 Other Receivables and Prepayments

2.7.1 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.8 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumption that market participant would use when pricing the asset or liability, assuming that market participant's act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets, liabilities and equity items for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.8 Fair value measurement – Continued

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

2.9 Reinsurance assets

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of the reinsurance contract. The reinsurers' share of unearned premiums (i.e. the reinsurance assets) are recognised as an asset using principles consistent with the Company's method for determining unearned premium liability. The amount reflected on the statement of financial position is on a gross basis to indicate the extent of credit risk related to the reinsurance and its obligations to policy holders.

The Group assesses its reinsurance assets for impairment at each statement of financial position date. 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 statement of profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

2.10 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable can be measured reliably and it's probable that they will be recovered. All other acquisition costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating unearned premium. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium. The DAC is tested for impairment annually and written down when it is not expected to be fully recovered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.11 Investment properties

Investment properties comprise of completed property and property under construction that are held by the Group to earn rental income or for capital appreciation or both.

Investment properties are measured initially at their cost, including related transaction costs. Transaction costs include professional fees for legal services and other commissions to bring the properties to the condition necessary for them to be capable of operating. After initial recognition, investment properties are carried at fair value with any changes therein recognised in the consolidated and separate statements of profit or loss.

An external, independent valuer, having appropriate recognised professional qualifications, certified by the Financial Reporting Council (FRC) of Nigeria and with recent experience in the location and category of the Investment properties being valued, values the Company's investment properties annually. Fair value is evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee which reflects market conditions at the reporting date.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the property) is recognised in the statement of profit or loss in the period of the derecognition.

2.12 Intangible assets

Intangible assets comprise computer software purchase from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Amortisation is recognised in the statement of 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. The estimated useful life of software is 10years. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful live for the computer software is 10 years.

2.13 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment (except land and buildings) are carried at cost less subsequent accumulated depreciation and impairment losses. The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Subsequent costs

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

Depreciation

All property, plant and equipment (except land and buildings) are stated at historical cost less accumulated depreciation and impairment losses. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held-for-sale in accordance with IFRS 5 - Non-current Assets Held-for-Sale and Discontinued Operations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.13 Property, plant and equipment continued

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

Buildings	1%
Leasehold improvements	20%
Plant and Machinery	20%
Furniture, fittings and office equipment	10%
Computer equipment	10%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Revaluation of land and building

Land is shown at fair value based on periodic valuations by external independent valuers less subsequent depreciation for buildings. Buildings 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. When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve through OCI, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss. When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve through OCI in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit or loss.

De-recognition

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

2.14 Statutory deposit

The Company's Statutory deposit represents the fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General insurance business. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned.

2.15 Insurance contract liabilities

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. These contracts include General accident, workmen's compensation, motor, marine and aviation and fire insurance.

Insurance contracts protect the Company's customers against the risk of harm from unforeseen events to their properties resulting from their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.15 Insurance contract liabilities Continued

Others forms of Insurance contracts include but are not limited to workmen's compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties for damaged incurred or lost suffered by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Companies i.e. Claims incurred but not reported (IBNR) which is actuarial valuation. The Group does not discount its liabilities for unpaid claims other than for workmen compensation claims. Liabilities for unpaid claims are estimated using the impute of assessments of provision reported to the Group and analysis for the claims incurred but not reported (IBNR).

Reinsurance contracts held

The Group holds the under-noted reinsurance contracts:

- Treaty Reinsurance Outward is usually between the Group and Reinsurers.
- Facultative Reinsurance Outward is usually between the Group and other insurance companies or between the Group and Reinsurers.
- Facultative reinsurance inwards is usually between the Group and other insurance Companies or between the Group and Reinsurers.

Premiums due to the reinsurers are paid and all claims and recoveries due from reinsurers are received. 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 insurance contracts are classified as re-insurance contracts held while contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inward re-insurance) are included within insurance contracts.

The benefits to which the Group is entitled under its re-insurance contracts held are recognized as re-insurance assets. These 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.

Amount recoverable from or due to reinsurers are measured consistently with the amount associated with the primary insurance contracts and in accordance with the terms of each reinsurance contract. Re-insurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due. The Company's Insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuaries. These include unearned premiums reserve and outstanding claim reserve.

Reserve for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserve for outstanding claims

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

Reserves for unexpired risk

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.15 Insurance contract liabilities Continued

Liability adequacy test

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

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.16 Trade payables

Trade payables (i.e. insurance payables) are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The effective interest method is a method of calculating the amortised cost of the financial liabilities and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

2.17 Provisions and other payables

A provision is recognised if, as a result of a past event, the Company 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 measured at the Director's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and are subsequently measured at amortised cost using effective interest method. They comprise of other short-term monetary liabilities such as professional fees payable, insurance levy payable, and staff pension liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.18 Retirement obligations and employee benefits

The Group operates the following contribution and benefit schemes for its employees:

Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Employers and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company 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.

Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Company.

2.19 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the statement of profit or loss and other comprehensive income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.19 Taxes - Continued

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as a transaction cost 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 that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liabilities for at least twelve months after the date of the statement of financial position.

2.21 Deposit for share

Deposit for share is recognised at cost, being the amount of deposit received from potential shareholders of the Company. The deposit is derecognised when the Company's equity instruments have been issued to the depositors or refund made.

2.22 Share capital

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

2.23 Dividends on ordinary share capital

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Thus, such dividends are only disclosed in the notes to the financial statements.

2.24 Share premium

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

2.25 Contingency reserve

In compliance with Section 21(2) of Insurance Act, CAP I17 LFN 2004, contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

2.26 Accumulated losses

Accumulated losses comprise the undistributed (losses)/profits from previous years, which have not been reclassified to the other equity reserves.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.27 Premiums and unearned premiums

Premiums written comprise the premiums on contracts incepting in the financial year. Premiums written are stated gross of commissions' payable to agents and exclusive of taxes levied on premiums. The Company earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums.

2.28 Reinsurance expenses

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

2.29 Commission income

Commissions earned are recognised on ceding businesses to reinsurers and other insurance companies and are credited to the statement of profit or loss.

2.30 Claims expenses

Claims expenses incurred consist of claims and claims handling expenses paid by the Company during the financial year together with the movement in the provision for outstanding claims. (See the accounting policy for reserve for outstanding claims above). The gross provision for claims represents the estimated liability arising from claims in the current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

The gross provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the statement of profit or loss in the financial period in which adjustments are made and disclosed separately if material.

2.31 Acquisition costs

Acquisition costs represent commissions and other expenses related to the acquisition of insurance contract revenues written during the financial year.

2.32 Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the statement of profit or loss in the accounting period in which they are incurred.

2.33 Investment income

This includes interest income and dividend income. Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Dividend income from equity investment is recognised when the right to receive payment is established.

2.34 Management expenses

Management expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.35 Losses per share

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

2.36 Significant judgements, estimates and assumption

2.36.1 *Judgement*

The preparation of consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Going Concern

The Company's total liabilities exceeded its total assets by ₦10.53 billion (2018: ₦11.80 billion) while the Group's total liabilities exceeded its total assets by ₦10.59 billion (2018: ₦11.87 billion). In addition, the Company's negative total equity as at December 31 2019 of ₦10.53 billion (2018: ₦11.80 billion) is below the minimum regulatory requirement of ₦3 billion and the Company did not meet the regulatory solvency margin whilst there was a shortfall of ₦2.24 billion (2018: ₦2.21 billion) in the assets cover. The Company recorded a negative operating cash flow of ₦85 million (2018: ₦677 million) while the Group recorded a negative operating cash flow of ₦53 million (2018: ₦742 million). The Company no longer carries out oil and gas line of business and this led to its declining revenue over the years.

These conditions give rise to a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concern therefore they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Management plans to recapitalize the Company. The recapitalization of the business will be achieved through the injection of Funds by potential investors. The Company is discussing with prospective investors. However, if the Company gets an investor, it is estimated that the timing of completion of the recapitalization process may take about 6 months because of the logistics around capital raising for a listed and regulated Company. The success of this plan will potentially lead to a turnaround of the Company's performance from adverse regulatory ratios, losses and inadequate liquidity to improved market share, cash flows and liquidity. In addition, the Company may then be able to meet the minimum regulatory capital requirements of NAICOM and thus be able to re-commence its oil and gas line of businesses. In addition, Management has put in place plans to improve on its retail business base by exploring new opportunities that may improve its revenues and performance. Specifically, some of the plan are leveraging on personal relationships and opportunities created by the Government on compulsory insurance to increase its reach and spread. The Company plans to achieve this by retaining its existing clients and selling permissible services to clients in new locations across the country through strategic partnership with other insurance and insurance brokerage firms. The Company plans to optimize its cost by converting some of its branches to office representatives.

The consolidated and separate financial statements are prepared on the basis that the Group and the Company will continue to be a going concern. This basis of preparation is dependent on the presumption of the ability of the Company to comply with the minimum regulatory capital requirement and the solvency margin requirement as well as its ability to realize its assets and discharge its liabilities in the ordinary course of business.

Deferred tax liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.36 Significant judgements, estimates and assumption - continued

2.36.1 Judgement - continued

Deferred tax liabilities - continued

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying value at the reporting date of deferred tax assets/liability is disclosed in Note 16.

2.36.2 Estimates and assumption

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Valuation of investment properties

The valuation of the properties is based on the price for which comparable land and properties are being exchanged or are being marketed for sale. Therefore, the market-approach method of valuation is used; this reflects existing use with recourse to comparison approach that is the analysis of recent sale transaction on similar properties in the neighbourhood. The best price that subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between willing seller and buyer under competitive market condition. "Further details can be found in Note 8."

Impairment on receivables

In accordance with the accounting policy, the Company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery. "Further details can be found in Note 3".

Insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form a significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. "Further details can be found in Note 12."

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.36 Significant judgements, estimates and assumption - continued

2.36.2 *Estimates and assumption Continued*

Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at December 31 2018. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgment the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgment the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

- i. S&P credit grading model of obligors which assigns PDs to the individual grades.
- ii. The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- iii. Development of ECL models, including the various formulas and the choice of inputs.
- iv. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, inflation rate, GDP growth rate and crude oil price, and the effect on PDs, EADs and LGDs.
- v. Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: The Company considers the obligor is unlikely to pay its credit obligations to the Company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio-based parameters to individual financial assets in this portfolio by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

- 1) The contractual cash flows that are due to the Company under the contract; and
- 2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.36 Significant judgements, estimates and assumption - continued

2.36.2 *Estimates and assumption Continued*

Expected lifetime

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are fmarked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

3. Changes in accounting policies and disclosures

New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9, IFRS 7R (Revised) and IFRS 15 effective for annual periods beginning on or after 1 January 2019, for the first lime. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the International Accounting Standards Board (IASB) with a transition date of 1 January 2019. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2019. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2019 is report under IAS 39 and is not comparable to the information presented for 2019. Differences arising from the adoption of IFRS 9 have been recognised directly in accumulated losses as of 1 January 2019 and are disclosed in Note 23.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets {fair value through profit or loss (FVPL), available for sale (AFS), held to maturity and loans and receivables} have been replaced by:

- Debt instrument at amortised cost
- Debt instrument at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39. The Group's classification of its financial assets and liabilities is explained in Notes 2.5. The quatitative impact of applying IFRS 9 as at 1 January 2019 is disclosed in Note 23.

3. **Changes in accounting policies and disclosures - continued**

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loss impairments by replacing IAS 39's incurred loss approach (with the exception of insurance related assets which is not within the scope of IFRS 9 just yet) with a forward looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for loans and other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Group's impairment method are disclosed in Note 2.5. The quantitative impact of applying IFRS 9 as at 1 January 2019 is disclosed in Note 23.

IFRS 7 Revised (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated, and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2019. Changes include transition disclosures as shown in Note 5, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 2.5 (note on significant estimates) and Note 2.5 to the financial statements. Reconciliations from opening to closing ECL allowances are presented in Notes 5 (transition disclosures).

IFRS 15 Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2019. IFRS 15 replaces IAS 18 Revenue and establishes a five step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognises revenues or when revenue should be recognised gross as a principal or net as an agent. Therefore, International Energy Insurance Pic will continue to recognise fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for trading income and net investment income are recognised based on requirements of IFRS 9. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This interpretation did not have any impact on the Group's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments did not have any impact on the Group's financial statements.

Changes to the impairment calculation

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group as it has already adopted IFRS 9 in 2019.

Other standards that became effective during the year but have no impact on the Group's financial statements

- Amendments to IFRS 2 Classification and measurement of Share-based Payment Transactions
- Amendments to IAS 28 investments in Associates and Joint ventures - Clarification that measuring
- Investees at fair value through profit or loss is an investment-by-Investment choice
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

4. Standards and interpretations issued but not yet effective - continued

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognized directly on the statement of financial position;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

INTERNATIONAL ENERGY INSURANCE PLC

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment - continued

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The amendment did not have any impact on the group financial Statements.

(ii) Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

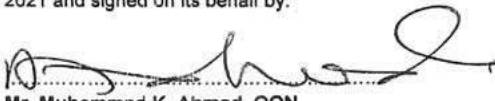
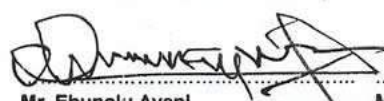

(iii) Other amendments to standards, which currently do not apply to the Group are listed below:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- IFRS 3: Business combination- Annual Improvements 2015-2017 Cycle
- IFRS 11: Joint Arrangements- Annual Improvements 2015-2017 Cycle
- IFRS 16- Leases
- IFRS 17- Insurance Contracts
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4
- Definition of a Business – Amendments to IFRS 3
- Amendments to IAS 1 and IAS 8: Definition of Material
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Notes	Group		Company	
		31-Dec-19 =N='000	31-Dec-18 =N='000	31-Dec-19 =N='000	31-Dec-18 =N='000
Assets					
Cash and cash equivalents	1	255,323	278,458	136,093	165,653
Financial assets	2	-	-	-	-
- Fair value through profit or loss	2.1	108,556	236,320	108,556	236,320
- Fair value through other comprehensive income	2.2	136,288	38,361	136,288	38,361
- Debt instruments at amortised cost	2.3	57,882	53,295	57,882	53,295
Trade receivables	3	120,891	159,372	79	100
Other receivables and prepayments	4	353,055	256,165	13,910	5,222
Reinsurance assets	5	268,466	319,085	268,466	319,085
Deferred acquisition costs	6	4,384	14,454	4,384	14,454
Investment in subsidiary	7	-	-	1,000,000	1,000,000
Investment properties	8	3,315,000	2,686,250	3,315,000	2,686,250
Intangible assets	9	17,417	8,271	-	-
Property, plant and equipment	10	3,795,603	3,225,670	3,273,065	2,710,722
Deferred tax assets	16	-	455	-	-
Statutory deposit	11	322,500	322,500	322,500	322,500
Total assets		8,755,366	7,598,656	8,636,224	7,551,962
Liabilities					
Insurance contract liabilities	12	4,053,715	3,956,877	4,053,715	3,956,877
Trade payables	13	62,317	158,356	16,053	158,356
Provision and other payables	14	1,134,019	1,387,878	1,077,843	1,294,118
Current income tax payable	15	505,593	506,779	497,936	480,676
Deferred tax liabilities	16	810,606	630,908	792,724	630,908
Borrowings	17	12,505,434	12,454,934	12,454,934	12,454,934
Deposit for shares	18	318,127	373,567	318,127	373,567
Total liabilities		19,389,811	19,469,299	19,211,332	19,349,436
Equity					
Share capital	19	642,043	642,043	642,043	642,043
Share premium	20	963,097	963,097	963,097	963,097
Statutory contingency reserve	21	1,607,980	1,545,677	1,566,206	1,512,723
Capital reserve	22	7,926,399	7,926,398	7,926,399	7,926,398
Accumulated losses	23	(23,500,237)	(24,198,471)	(23,198,670)	(23,897,749)
Property revaluation reserve	24	1,501,417	1,090,140	1,482,917	1,071,640
Fair value reserve	25	42,901	(15,626)	42,901	(15,626)
Equity attributable to the owners of the parent		(10,816,401)	(12,046,742)	(10,575,108)	(11,797,474)
Non-controlling interest	26	181,954	176,099	-	-
Total deficit		(10,634,447)	(11,870,643)	(10,575,108)	(11,797,474)
Total liabilities and equity		8,755,366	7,598,656	8,636,224	7,551,962

These consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 15th February 2021 and signed on its behalf by:

		
Mr. Muhammad K. Ahmad, OON Interim Chairman FRC/2015/IODN/00000012581	Mr. Egunolu Ayeni Ag. Managing Director FRC/2015/CIIN/00000011052	Mr. Emmanuel Bassey Chief Financial Officer FRC/2013/ICAN/00000000635

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	Group		Company	
		31-Dec-19 =N='000	31-Dec-18 =N='000	31-Dec-19 =N='000	31-Dec-18 =N='000
Gross written premium	27	525,947	459,596	525,947	463,059
Gross premium income	27	403,098	667,224	403,098	670,687
Reinsurance expenses	28	(78,916)	(204,546)	(78,916)	(204,546)
Net premium income		324,182	462,678	324,182	466,141
Commission income	29	12,328	7,762	12,328	7,762
Net underwriting income		336,510	470,440	336,510	473,903
Underwriting expenses					
Claims expenses	30	(121,772)	(522,394)	(121,772)	(522,394)
Acquisition costs	31	(35,251)	(73,372)	(35,251)	(73,372)
Maintenance costs	32	(76,191)	(32,524)	(76,191)	(32,524)
Total underwriting expenses		(233,214)	(628,290)	(233,214)	(628,290)
Underwriting results		103,296	(157,850)	103,296	(154,387)
Interest revenue calculated using effective interest method	33.1	59,111	91,743	48,758	70,685
Other investment income	33.2	2,557	433	746	213
Net realised (loss)/gains	34	5,347	(13,893)	5,347	(13,893)
Net fair value gain/(loss)	35	501,885	(68,963)	501,885	(68,963)
Other income	36	1,150,379	839,197	302,385	65,181
Credit loss reversal/(expense)	37	(906)	787	(906)	49
Management expenses	38	(1,506,131)	(1,542,868)	(685,281)	(735,766)
Operating losses		315,538	(851,257)	276,230	(836,881)
Finance costs	39	(7,423)	(3,144,339)	-	(3,144,339)
Profit/(loss) before income tax expense		308,115	(3,995,596)	276,230	(3,981,220)
Income tax expense	15	(32,726)	(183,111)	(8,816)	(183,866)
Profit/(loss) for the year		275,389	(4,178,707)	267,414	(4,165,086)
Profit/loss for the year attributable to:					
Equity holders of the parent		273,873	(4,176,119)	267,414	(4,165,086)
Non-controlling interests		1,515	(2,588)	-	-
		275,389	(4,178,707)	267,414	(4,165,086)
Profit/loss per share:					
Basic and diluted profit/(loss) per share (N)	40	24	(325)	24	(324)

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2019

	Note	Group		Company	
		31-Dec-19 =N='000	31-Dec-18 =N='000	31-Dec-19 =N='000	31-Dec-18 =N='000
Profit/(Loss) for the year		275,389	(4,178,707)	267,414	(4,165,086)
<i>Other comprehensive income (OCI)</i>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net (loss)/gain on available-for-sale financial assets	41	4,775		4,775	
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Net loss on equity instrument designated at fair value through other comprehensive income	41.2	53,752	(15,626)	53,752	(15,626)
Revaluation gain on property	42	587,538	32,628	587,538	
Income tax relating to items not to be reclassified to profit or loss	16	(176,261)	(9,788)	(176,261)	
OCI for the year, net of tax		469,804	7,214	469,804	(15,626)
Total comprehensive profit/(loss) for the year		745,193	(4,171,493)	737,218	(4,180,712)
<i>Total comprehensive profit/(loss) attributable to:</i>					
Equity holders of the parent		743,677	(4,173,245)	737,218	(4,180,712)
Non-controlling interest		1,515	1,752		
		745,193	(4,171,493)	737,218	(4,180,712)

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Group	Attributable to owners of the parent							Non-		
	Share capital =N=000	Share premium =N=000	Statutory contingency reserve =N=000	Capital reserve =N=000	Accumulated losses =N=000	Property revaluation reserve =N=000	Fair value reserve =N=000	Total =N=000	controlling interests =N=000	Total equity =N=000
As at 1 January 2018	642,043	963,097	1,520,163	7,926,398	(19,984,814)	1,071,640	-	(7,871,473)	174,546	(7,696,927)
Impact of adopting IFRS 9*	-	-	-	-	(2,024)	-	-	(2,024)	(259)	(2,283)
Loss for the year	-	-	-	-	(4,178,119)	18,500	(15,626)	(4,176,119)	(2,588)	(4,178,707)
Other comprehensive income	-	-	-	-	(4,178,119)	-	(15,626)	2,874	4,340	7,214
Total comprehensive loss	-	-	-	-	(8,356,238)	18,500	(15,626)	(4,173,289)	1,453	(4,173,816)
Transfer between reserves	-	-	25,514	-	(25,514)	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	-	-	-	-	-
As at 31 December 2018	642,043	963,097	1,545,677	7,926,398	(24,198,471)	1,090,140	(15,626)	(12,046,742)	176,099	(11,870,643)
Impact of adopting IFRS 9*	-	-	-	-	-	-	-	-	-	-
Prior year adjustment	-	-	-	-	-	-	-	-	-	-
Reclassified opening balance under IFRS 9	642,043	963,097	1,545,677	7,926,398	(24,198,471)	1,090,140	(15,626)	(12,046,742)	176,099	(11,870,643)
Profit/loss for the year	-	-	-	-	275,389	-	-	275,389	1,515	276,904
Other comprehensive income	-	-	-	-	(411,277)	58,527	-	(469,804)	4,340	(474,144)
Total comprehensive loss	-	-	-	-	(135,888)	58,527	-	(79,361)	5,855	(73,506)
Transfer between reserves	-	-	62,303	-	(62,303)	-	-	-	-	-
Adjustment made to write off Balances	-	-	-	-	485,148	-	-	485,148	-	485,148
Reclassification on Interest on Borrowing	-	-	-	-	-	-	-	-	-	-
As at 31 December 2019	642,043	963,097	1,607,980	7,926,398	(23,500,237)	1,501,417	42,901	(10,816,401)	181,954	(10,634,446)

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Company	Attributable to owners of the parent							
	Share capital =N=000	Share premium =N=000	Statutory contingency reserve =N=000	Capital reserve =N=000	Accumulated losses =N=000	Property revaluation reserve =N=000	Fair value reserve =N=000	Total =N=000
As at 1 January 2018	642,043	963,097	1,498,831	7,926,398	(19,718,024) (747)	1,071,540	-	(7,616,015) (747)
Impact of adopting IFRS 9*	-	-	-	-	(4,165,086) (13,892)	-	-	(4,165,086) (15,626)
Loss for the year	-	-	-	-	-	-	-	(15,626)
Other comprehensive income	-	-	-	-	(4,165,086)	-	-	(4,165,086)
Total comprehensive loss	-	-	-	-	(4,165,086)	-	-	(4,165,086)
Transfer between reserves	-	-	13,892	-	(13,892)	-	-	-
Transfer between reserves	-	-	-	-	(13,892)	-	-	(13,892)
At 31 December 2018	642,043	963,097	1,512,723	7,926,398	(23,897,749) (23,897,749)	1,071,540	(15,626)	(11,797,474) (11,797,474)
Impact of adopting IFRS 9*	642,043	963,097	1,512,723	7,926,398	(23,897,749)	1,071,540	(15,626)	(11,797,474)
Restated opening balance under IFRS 9	-	-	-	-	(23,897,749)	-	-	(23,897,749)
Profit/(loss) for the year	-	-	-	-	267,414	-	-	267,414
Other comprehensive income	-	-	-	-	-	411,277	-	411,277
Total comprehensive loss	-	-	-	-	267,414	411,277	-	678,691
Transfer between reserves	-	-	53,483	-	(53,483)	-	-	-
Transfer between reserves	-	-	-	-	(53,483)	-	-	(53,483)
Adjustment made to write off Balance	-	-	-	-	485,148	-	-	485,148
Reclassification on Interest on Borrowing	-	-	-	-	-	-	-	-
At 31 December 2019	642,043	963,097	1,566,206	7,926,398	(23,198,670) (23,198,670)	1,482,817	42,901	(10,575,106) (10,575,106)

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Group		Company	
	31-Dec-19 =N='000	31-Dec-18 =N='000	31-Dec-19 =N='000	31-Dec-18 =N='000
Operating activities				
Premium received from policy holders	525,968	476,384	525,968	479,847
Reinsurance premium paid	28 (77,343)	(182,487)	(77,343)	(182,487)
Commission received	29 12,328	7,762	12,328	7,762
Commission paid	6 (35,354)	(56,554)	(35,354)	(56,554)
Claims paid	30 (59,370)	(489,219)	(59,370)	(489,376)
Claims recoverable from re-insurers	30.1 31,340	262,012	31,340	262,012
Other operating cash payments	44 (1,306,358)	(1,580,467)	(608,235)	(746,577)
Other operating income	870,990	829,038	135,910	55,021
Cash used in operating activities	43 (37,800)	(733,531)	(74,757)	(670,352)
Income tax paid	15 (10,554)	(8,423)	(6,002)	(7,002)
Net cash flows used in operating activities	(48,354)	(741,954)	(80,759)	(677,354)
Investing activities				
Purchase of property, plant and equipment	10 (79,441)	(74,688)	(654)	-
Proceeds from disposal of property, plant and equipment	43 6,610	5,727	5,193	5,727
Purchase of financial assets	2.1 -	-	-	-
Purchase of Intangible assets	9 (3,959)	-	-	-
Proceeds from disposal of financial assets	1,053	648,943	1,053	499,433
Dividend received	33.2 2,557	433	746	213
Interest received	33.1 59,110	91,743	48,758	70,685
Net cash flows provided by/(used in) investing activities	(14,069)	672,158	55,096	576,058
Financing activities				
Repayment of borrowings	(9,500)			
Receipts of loan received from loan obtained during the year	60,000			
Interest paid	(7,423)			
Repayment of deposit for shares	18.1 -	(2,461)	-	(2,461)
Net cash flows used in financing activities	43,077	(2,461)	-	(2,461)
Net decrease in cash and cash equivalents	(24,067)	(72,257)	(30,384)	(103,757)
Cash and cash equivalents at 1 January	279,390	341,487	166,477	260,074
Effect of foreign exchange differences	10,160	10,160	-	10,160
Cash and cash equivalents at 31 December	45 255,323	279,390	136,093	166,477

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Cash and cash equivalents

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Cash-in-hand	1,235	331	357	820
Balances with banks (Note 1.1)	107,246	220,108	90,259	119,327
Short-term placements (Note 1.2)	147,554	58,951	46,190	46,838
	256,035	279,390	136,805	166,477
Less: Allowance for credit losses	(712)	(932)	(712)	(824)
Cash and cash equivalents	255,323	278,458	136,093	165,653

1.1 Balances with banks are made up of the following:

Balances held with local banks	86,422	157,653	69,435	59,960
Balances held in domiciliary accounts	20,824	62,455	20,824	59,367
	107,246	220,108	90,259	119,327
Less: Allowance for credit losses	(191)	(360)	(191)	(333)
Total balance with banks	107,055	219,748	90,068	118,994

1.2 Short term placements are made up of:

Call deposits	2,082	324	2,082	239
Term deposits	145,472	58,627	44,108	46,599
	147,554	58,951	46,190	46,838
Less: Allowance for credit losses	(521)	(572)	(521)	(491)
Total short term placements	147,033	58,379	45,669	46,347

Short-term placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All deposits are subject to an average variable interest rate of (2019: 6.5%) per annum. All amounts included as part of cash and cash equivalents are current.

1.3 Impairment loss on cash and cash equivalents

An analysis of the gross carrying amount and corresponding ECLs is as follows:

	Stage 1	Stage 2	Stage 3	Total
	Individual N'000	Individual N'000	Individual N'000	
Group				
Gross carrying amount				
Balances held with local banks and domiciliary accounts	107,055	-	191	107,246
Call deposits	2,082	-	-	2,082
Term deposits	145,472	-	521	145,993
	254,609	-	712	255,321
Expected credit losses				
Balances held with local banks and domiciliary accounts	191	-	-	191
Call deposits	-	-	-	-
Term deposits	521	-	-	521
	712	-	-	712
Company				
Gross carrying amount				
Balances held with local banks and domiciliary accounts	90,068	-	191	90,259
Call deposits	2,082	-	-	2,082
Term deposits	44,108	-	521	44,629
	136,257	-	712	136,969
Expected credit losses				
Balances held with local banks and domiciliary accounts	191	-	-	191
Call deposits	-	-	-	-
Term deposits	521	-	-	521
	712	-	-	712

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Cash and cash equivalents - continued

1.3 Impairment loss on cash and cash equivalents - continued

An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 Individual N'000	Total N'000
Group				
Gross carrying amount as at 1 January 2019	279,059	-	-	279,059
New assets purchased	-	-	-	-
Transfer between stages	(191)	-	191	-
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Foreign exchange adjustments	9,342	-	-	9,342
At 31 December 2019	288,210	-	191	288,401
ECL allowance at 1 January 2019*	867	-	-	867
Impact of net-remeasurement of ECL at year-end	(191)	-	191	-
Amount written off	-	-	-	-
Foreign exchange adjustments	(18)	-	-	(18)
At 31 December 2019	658	-	191	849
Company				
Gross carrying amount as at 1 January 2019	166,165	-	-	166,165
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(108,470)	-	-	(108,470)
Transfers	(191)	-	191	-
Foreign exchange adjustments	9,342	-	-	9,342
At 31 December 2019	66,846	-	191	67,037
ECL allowance at 1 January 2019*	759	-	-	759
Impact of net-remeasurement of ECL at year-end	(191)	-	191	-
Amount written off	-	-	-	-
Foreign exchange adjustments	(18)	-	-	(18)
At 31 December 2019	550	-	191	741

*See Note 5 Transition disclosures on summary of significant accounting policies

2 Financial assets

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
- Fair value through profit or loss (Note 2.1)	108,556	236,320	108,556	236,320
- Fair value through other comprehensive income (Note 2.2)	136,288	38,361	136,288	38,361
- Debt instruments at amortised cost (Note 2.3)	57,882	53,295	57,882	53,295
- Treasury bill at amortised cost (Note 2.7)	-	-	-	-
	302,726	327,976	302,726	327,976

Fair value through profit or loss relates to investment in quoted securities

2.1 Fair value through profit or loss/Held-for-trading

	2019	2018	2019	2018
At 1 January	236,320	1,059,846	236,320	910,336
Purchase during the year	-	-	-	-
Acquisition of shares	-	-	-	-
Disposal during the year/Redemption	(899)	(668,563)	(899)	(519,053)
Net fair value (loss)/gain (Note 35)	(126,865)	(154,963)	(126,865)	(154,963)
At 31 December	108,556	236,320	108,556	236,320

Financial assets held at fair value through profit or loss/Held-for-trading relates to quoted equity instruments.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Cash and cash equivalents - continued

1.3 Impairment loss on cash and cash equivalents - continued

An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 Individual N'000	Total N'000
Group				
Gross carrying amount as at 1 January 2019	279,059	-	-	279,059
New assets purchased	-	-	-	-
Transfer between stages	(191)	-	191	-
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Foreign exchange adjustments	9,342	-	-	9,342
At 31 December 2019	288,210	-	191	288,401
ECL allowance at 1 January 2019*	867	-	-	867
Impact of net-remeasurement of ECL at year-end	(191)	-	191	-
Amount written off	-	-	-	-
Foreign exchange adjustments	(18)	-	-	(18)
At 31 December 2019	656	-	191	849
Company				
Gross carrying amount as at 1 January 2019	166,165	-	-	166,165
New assets purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	(108,470)	-	-	(108,470)
Transfers	(191)	-	191	-
Foreign exchange adjustments	9,342	-	-	9,342
At 31 December 2019	66,846	-	191	67,037
ECL allowance at 1 January 2019*	759	-	-	759
Impact of net-remeasurement of ECL at year-end	(191)	-	191	-
Amount written off	-	-	-	-
Foreign exchange adjustments	(18)	-	-	(18)
At 31 December 2019	550	-	191	741

*See Note 5 Transition disclosures on summary of significant accounting policies

2 Financial assets

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
- Fair value through profit or loss (Note 2.1)	108,556	236,320	108,556	236,320
- Fair value through other comprehensive income (Note 2.2)	136,288	38,361	136,288	38,361
- Debt instruments at amortised cost (Note 2.3)	57,882	53,295	57,882	53,295
- Treasury bill at amortised cost (Note 2.7)	-	-	-	-
	302,726	327,976	302,726	327,976

Fair value through profit or loss relates to investment in quoted securities

2.1 Fair value through profit or loss/Held-for-trading

	2019	2018	2019	2018
At 1 January	236,320	1,059,846	236,320	910,336
Purchase during the year	-	-	-	-
Acquisition of shares	-	-	-	-
Disposal during the year/Redemption	(899)	(668,563)	(899)	(519,053)
Net fair value (loss)/gain (Note 35)	(126,865)	(154,963)	(126,865)	(154,963)
At 31 December	108,556	236,320	108,556	236,320

Financial assets held at fair value through profit or loss/Held-for-trading relates to quoted equity instruments.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.4 Below is the aging analysis of trade receivables

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
0-30 days	120,812	159,372	79	100
4 Other receivables and prepayments				
Investment receivables	10,427	257,564	10,427	257,564
Due from related parties	-	-	-	-
Withholding tax receivable	307,752	209,968	-	-
Prepayments	17,357	30,750	3,483	3,019
Sundry receivables*	19,722	15,447	2,203	2,203
	<u>355,258</u>	<u>513,729</u>	<u>16,113</u>	<u>262,786</u>
Impairment on investment receivables written off	-	-	-	-
Impairment on sundry receivables written off	(2,203)	(257,564)	(2,203)	(257,564)
	<u>353,055</u>	<u>256,165</u>	<u>13,910</u>	<u>5,222</u>

* Sundry receivables comprises of various receivables which have been fully impaired and Management has determined that it is not probable that these receivable would be recovered and has resolved to write-off these balances.

4.1 Impairment written off

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Investment Receivables	257,564	(257,564)	257,564	(257,564)
Impairment written off	(257,564)	-	-	-
At 31 December	<u>-</u>	<u>(257,564)</u>	<u>-</u>	<u>(257,564)</u>
Sundry Receivables	2,203	-	2,203	-
Impairment written off	(2,203)	-	(2,203)	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

8 Deferred acquisition costs

These represent commission paid to brokers on unearned premium relating to the unexpired tenure of risks.

	Fire =N=000	Motor =N=000	General accident =N=000	Marine =N=000	Energy =N=000	Total =N=000
At 1 January 2018	5,524	8,958	7,704	3,692	5,294	31,272
Commission incurred during the year (Note 31)	12,460	18,978	9,472	10,811	7,102	56,553
Amortisation	(14,660)	(20,700)	(14,734)	(13,083)	(10,186)	(73,371)
At 31 December 2018	3,454	4,928	2,442	1,420	2,210	14,454
Commission incurred during the year (Note 31)	1,978	5,275	19,827	3,376	5,096	35,354
Amortisation to profit or loss (see note 31)	(4,961)	(8,506)	(20,955)	(4,161)	(7,141)	(45,424)
At 31 December 2019	572	1,606	1,404	637	165	4,384
2019						
Current	572	1,606	1,404	637	165	4,384
Non-current	-	-	-	-	-	-
	572	1,606	1,404	637	165	4,384
2018						
Current	3,454	4,928	2,442	1,420	2,210	14,454
Non-current	-	-	-	-	-	-
	3,454	4,928	2,442	1,420	2,210	14,454

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

7 Investment in subsidiary

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
IEI Anchor Pension Managers Limited	-	-	1,000,000	1,000,000
	-	-	1,000,000	1,000,000

Impairment testing

The Group performed its annual impairment test as at December 2019 on its various investments in its subsidiary. The Group considers the relationship between their value in use (VIU) and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2019, the value in use (which approximate fair value) of the subsidiary was above the carrying value, indicating no potential impairment on the investments in the Group's subsidiary.

Subsidiary	Equity interest %		Country of incorporation	Business operation
	2019	2018		
IEI Anchor Pension Managers Limited	81	81	Nigeria	Pension assets management

Non-controlling interest in subsidiary

The Group's subsidiary does not have a material non-controlling interest.

8 Investment properties

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
At 1 January	2,686,250	2,600,250	2,686,250	2,600,250
Net fair value adjustments (Note 35)	626,750	86,000	626,750	86,000
At 31 December	3,315,000	2,686,250	3,315,000	2,686,250

Further analysis and details of the investment properties including their location are stated below. These includes the carrying amount and the corresponding fair value adjustments recognized in the profit or loss.

8.1 Description of properties

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
IEI Ibadan Estate, Liberty Road, Oke Ado, Ibadan	1,350,000	1,091,250	1,350,000	1,091,250
No 3, Oshunkoye Crescent, Gbagada Industrial Scheme, Lagos	1,400,000	1,167,000	1,400,000	1,167,000
7 Onitsha-Abia Berin Expressway, Asaba, Delta State	475,000	326,000	475,000	325,000
Ugbo-Enyl-Nike, Enugu Local Government	90,000	82,000	90,000	82,000
	3,315,000	2,686,250	3,315,000	2,686,250

Valuation techniques used for fair valuation of investment properties

This represents the Company's investment in building and landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment properties were independently valued by Messrs Humphrey Oronsaye & Co. (a registered estate surveyor & valuers) as at 31 December 2019, based on valuation model in accordance with that recommended by the International Valuation Standards Committee. However, the Valuer has confirmed that this represent the value of all these properties as at 31st December, 2019. The determination of fair value of the investment property was supported by market evidence.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

Investment properties - continued

8.2 The movement in investment property is as follows;

Description/Location	Opening Balance N'000	Additions N'000	Disposal N'000	Fair Value gain/(loss) N'000	Closing Balance N'000
(i) UGBO-ENYI-NIKE ALONG ONITSHA ENUGU EXPRESSWAY, ENUGU STATE	82,000	-	-	8,000	90,000
(ii) 3A OSHUNKEYE STREET, OFF APAPA OSHODI EXPRESSWAY, GBAGADA, LAGOS	1,187,000			213,000	1,400,000
(iii) KILOMETRE 7, ONITSHA-ASABA-BENIN EXPRESSWAY, ASABA, DELTA STATE	326,000			149,000	475,000
(iv) LIBERTY ROAD, OPPOSITE LIBERTY STADIUM, OFF RING ROAD, IBADAN, OYO STATE	1,091,250			258,750	1,350,000
	2,686,250	-	-	628,750	3,315,000

Note:

Status of title: Item (i) - (iv) are undergoing perfection.

8.3 Details of the valuer

The investment properties were independently valued as at 31 December 2019 by Messrs Humphrey Oronsaye & Co. (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at Suite 1, Lewis street by Maloney street Lafiaja - Obalende, Lagos, Nigeria is a qualified member of the Nigerian Institute of Estate Surveyors and Valuers with FRC No. FRC/2017/NIES/00000016090

Location of property	Valuation technique	Significant unobservable inputs
IEI Ibadan Estate, Liberty Road, Oke Ado Ibadan	Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Rent per annum ranges from N1.2million to N1.5million. Property has approximate total area of 2.6 hectares i.e. 26,000 square meters.
No 3 Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos	Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Approximate total area is 951 square meters. Rental value ranges between N3million to N6million per annum.
7 Onitsha-Aba Benin Expressway, Asaba, Delta State	Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Rental values in the area ranges between N4million to N8million per annum. The property is regular in shape and has approximate total area of 2,940 square meters.
Ugbo-Enyi-Nike, Enugu Local Government	Valuation was based on direct market comparison of recent sale of similar properties with same taste, finishings and location.	Site consists of warehouse and office complex on a total area of 1,280 square meters. Rental values range from N2million to N3.5million.

Investment properties carried at fair value

Investment properties are fair valued as determined by an independent valuer. The valuation is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. Investment properties are categorised as level 3 assets based on the methodology adopted in determining the fair value.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

Investment properties carried at fair value using market approach

Under this approach, fair value of investment properties was determined using the market comparable method. The valuation have

Investment properties - continued

	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
31 Decemeber 2019 Investment properties	-	-	3,315,000	3,315,000
31 Decemeber 2018 Investment properties	-	-	2,686,250	2,686,250

9 Intangible assets

	Group =N='000	Company =N='000	IEI Anchor =N='000
Cost:			
At 1 January 2018	65,460	10,790	54,670
Additions	13,572	-	13,572
At 31 December 2018	79,032	10,790	68,242
Additions	3,959	-	3,959
At 31 December 2019	82,991	10,790	72,201
Accumulated amortisation:			
At 1 January 2018	55,939	10,790	45,149
Charge for the year (Note 38)	3,964	-	3,964
At 31 December 2018	59,903	10,790	49,113
Charge for the year (Note 38)	5,671	-	5,671
At 31 December 2019	65,574	10,790	54,784
Carrying amount:			
At 31 December 2019	17,417	-	17,417
At 31 December 2018	19,129	-	19,129

The Intangible assets consist wholly of computer software.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
10 Property, plant and equipment

Group	Land	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture fittings office and computer equipment		Total
						=N='000	=N='000	
Cost/valuation:	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1 January 2018	1,123,184	1,984,991	19,000	136,334	392,758	418,016	418,016	4,074,018
Additions	-	8,372	-	265	20,590	31,889	31,889	61,116
Disposals	-	-	-	-	(37,300)	(1,501)	(1,501)	(38,801)
Write-off/retired	-	-	-	-	-	-	-	-
Revaluation	-	4,410	-	-	-	-	-	4,410
At 31 December 2018	1,123,184	1,997,773	19,000	136,334	376,048	448,404	448,404	4,100,743
Additions	-	-	-	2,935	55,250	21,256	21,256	79,441
Disposals	-	-	-	(15,367)	(8,000)	(4,381)	(4,381)	(27,748)
Transfer*	-	-	-	-	-	-	-	-
Revaluation adjustment	-	528,043	-	-	-	-	-	528,043
At 31 December 2019	1,123,184	2,525,816	19,000	123,902	423,298	465,279	465,279	4,680,479
Accumulated depreciation:								
At 1 January 2018	-	47,909	19,000	130,837	345,439	319,694	319,694	862,879
Charge for the year (Note 38)	-	23,716	-	2,145	27,838	36,370	36,370	90,069
Disposals	-	(28,217)	-	-	(37,300)	(1,501)	(1,501)	(67,018)
Write-off/retired	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
At 31 December 2018	-	43,408	19,000	132,982	335,977	354,563	354,563	885,930
Charge for the year (Note 38)	-	20,268	-	2,216	20,023	39,971	39,971	83,892
Disposals	-	-	-	(15,367)	(4,833)	(3,836)	(3,836)	(24,036)
Transfer*	-	-	-	-	-	-	-	-
Revaluation	-	(59,496)	-	-	-	-	-	(59,496)
At 31 December 2019	-	4,180	19,000	119,831	351,167	390,698	390,698	884,876
Net book value:								
At 31 December 2019	1,123,184	2,521,636	-	4,071	72,131	74,581	74,581	3,795,603
At 31 December 2018	1,123,184	1,954,366	-	3,348	40,071	104,701	104,701	3,225,670

*This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

Revaluation of land and building

Land and buildings are stated at fair value based on the valuation carried out on 07 June 2018 by E bassey and associates independent valuers. The valuation were based on an open market value reflecting the existing value of the assets. The surplus on the valuation has been credited to the revaluation reserve account. The land has Nil revaluation gain and building has MGN 32,53m.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Group		Company	
	31-Dec 2019 =N='000	31-Dec 2018 =N='000	31-Dec 2019 =N='000	31-Dec 2018 =N='000
Cost	1,534,057		1,165,467	
Accumulated depreciation	(302,739)		(302,739)	
Net carrying amount	1,231,318		862,728	

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

Company	Land =N='000	Buildings =N='000	Plant and machinery =N='000	Motor vehicles =N='000	Furniture fittings		Total =N='000
					office and computer =N='000		
Cost:							
At 1 January 2018	1,123,194	1,608,773	123,123	238,043	217,906	(1,501)	3,311,032
Additions	-	-	-	(37,300)	-	-	(38,801)
Disposals	-	-	-	-	-	-	-
At 31 December 2018	1,123,194	1,608,773	123,123	200,743	216,405	(1,501)	3,272,231
Additions	-	-	329	-	325	-	654
Disposals	-	-	(15,367)	-	(3,421)	-	(18,788)
Revaluation adjustment	-	528,043	-	-	-	-	528,043
At 31 December 2019	1,123,194	2,136,816	108,085	200,743	213,309	-	3,782,137
Accumulated depreciation:							
At 1 January 2018	-	27,320	121,243	235,543	186,783	-	570,889
Charge for the year (Note 38)	-	16,088	744	2,297	10,292	-	29,421
Disposals	-	-	-	(37,300)	(1,501)	-	(38,801)
At 31 December 2018	-	43,408	121,987	200,540	195,574	-	561,509
Charge for the year (Note 38)	-	16,088	418	101	9,239	-	25,846
Disposals	-	-	(15,367)	-	(3,420)	-	(18,787)
Revaluation adjustment	-	(59,496)	-	-	-	-	(59,496)
At 31 December 2019	-	-	107,038	200,641	201,393	-	509,072
NET BOOK VALUE							
At 31 December 2019	1,123,194	2,136,816	1,047	102	11,916	-	3,273,065
At 31 December 2018	1,123,184	1,565,365	1,137	205	20,831	-	2,710,722

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment - continued

Group

The fair value disclosure on Land and Buildings is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3	
31 December	=N='000	=N='000	2019 =N='000	2018 =N='000
Land and Buildings	-	-	3,077,550	

Company

The fair value disclosure on Land and Buildings is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3	
31 December	=N='000	=N='000	2019 =N='000	2018 =N='000
Land and Buildings	-	-	2,688,549	

During the reporting year ended 31 December 2019, there were no transfers between level 1 and level 2 and in and out of level 3 for land and building carried at fair value.

The revalued land and buildings are the subsidiary's property. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. The valuation was based on an open market value reflecting the existing valuation of the assets. The surplus on the valuation has been credited to the revaluation reserve account as at the date of revaluation. As at the date of revaluation on December 31, 2019, the property's fair value was based on valuations performed by Messrs Humphrey Oronsaye & Co. (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at Suite 1, Lewis street by Maloney street Lafiaja - Obalende, Lagos, Nigeria is a qualified member of the Nigerian Institute of Estate Surveyors and Valuers with FRC No. FRC/2017/NIESV/00000016090.

Land and buildings are carried at fair value using market approach

Under this approach, fair value of land and buildings was determined using the market comparable method. The valuation have been performed by the valuer and are based on proprietary data basis or prices of transaction for properties of similar nature, location and condition.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

Location of property	Valuation technique	Significant observable input
22, Otukpo Street, off Onitsha Crescent, Area 11, Garki District, FCT Abuja	Valuation was based the market value of similar properties in the neighbourhood as well as sale of similar property within the area.	Estimated price per square metre: N240,000 - N330,000

11 Statutory deposit

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Minimum statutory deposit	322,500	322,500	322,500	322,500

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

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
 12 Insurance contract liabilities

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Insurance contract liabilities consist of the following:				
Provision for reported claims	3,709,223	3,657,385	3,709,223	3,657,385
Provision for incurred but not reported claims	103,649	181,498	103,649	181,498
Reserve for outstanding claims	3,812,872	3,839,883	3,812,872	3,838,883
Reserve for unearned premium	240,843	117,994	240,843	117,994
	4,053,715	3,956,877	4,053,715	3,956,877
Movement in reserve for outstanding claims				
At 1 January	3,838,883	3,735,971	3,838,883	3,735,971
Claims incurred in the current accident year (Note 30)	104,067	592,131	104,067	592,288
Claims paid during the year	(130,078)	(489,219)	(130,078)	(489,376)
At 31 December	3,812,872	3,838,883	3,812,872	3,838,883
Movement in reserve for unearned premium				
At 1 January	117,994	325,622	117,994	325,622
Premium written in the year (Note 27)	533,075	459,596	533,075	463,059
Premium earned during the year (Note 27)	(410,227)	(667,224)	(410,227)	(670,687)
At 31 December	240,843	117,994	240,843	117,994
Current	3,950,066	3,956,877	4,053,715	3,956,877
Non-current	-	-	-	-
	3,950,066	3,956,877	4,053,715	3,956,877

Age Analysis of Outstanding Claims as at December 31, 2019

2019	0 - 90 days =N='000	91-180 days =N='000	181 - 270 days =N='000	271 - 365 days =N='000	Above 365 days =N='000	Total =N='000
1-250,000	51,487	52,000	4,500	25,000	49,500	182,487
250,001-500,000	37,084	20,000	48,000	26,000	78,000	209,084
500,001-1,500,000	27,334	50,269	35,987	77,000	21,426	212,016
1,500,001-2,500,000	65,269	110,232	77,312	81,040	88,150	422,003
2,500,001-5,000,000	5,000	15,000	61,500	-	357,132	438,632
Above 5,000,000	-	20,000	605,000	785,000	835,000	2,245,000
Total	186,174	267,501	832,299	994,040	1,429,208	3,709,222
2018	0 - 90 days =N='000	91-180 days =N='000	181 - 270 days =N='000	271 - 365 days =N='000	Above 365 days =N='000	Total =N='000
1-250,000	50,000	52,000	4,500	25,000	49,500	181,000
250,001-500,000	37,084	20,000	47,000	25,000	76,688	205,756
500,001-1,500,000	25,334	50,269	35,987	76,984	21,426	210,000
1,500,001-2,500,000	65,269	90,232	77,312	81,040	88,150	402,003
2,500,001-5,000,000	-	15,000	61,500	-	357,132	433,632
Above 5,000,000	-	-	625,000	765,000	835,000	2,225,000
Total	177,687	227,501	851,299	973,024	1,427,874	3,657,385

Number of Claimants in each category

	0 -90 days	91 - 180 days	181 -270 days	271 - 365 days	Above 365 days	Total
At December 2019	188	358	568	325	928	2367
At 31 December 2018	150	230	199	449	999	2027

13 Trade payables

This represents the amount payable to insurance companies on facultative placements:	62,317	181,715	16,053	158,356
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This represents the amount payable to insurance companies as at year end. The carrying amounts of trade payable as disclosed above approximate their fair value at the reporting date. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

N.B. Proper reconciliation was carried out between the company and her reinsurance creditors, and as a result the figure arrived at was N16,053.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

14 Provisions and other payables

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Staff pension	132,608	149,003	132,608	125,644
Pay-As-You-Earn	148,498	144,273	122,636	114,193
Accruals (Note 14.1)	469,882	431,765	439,774	391,446
Other creditors - Costain	-	164,604	-	164,604
Other creditors - Coscharis Motors	-	7,120	-	7,120
Provision for contingent liabilities	-	68,497	-	68,497
NAICOM Levy	14,193	14,193	14,193	14,193
Sundry creditors (Note 14.2)	148,932	176,180	148,726	176,180
Deposit premium*	155,695	168,031	155,695	168,031
Unclaimed dividend	64,211	64,211	64,211	64,211
	1,134,019	1,387,878	1,077,843	1,294,119
14.1 Accruals comprise:				
Accrued expenses	295,177	255,754	288,021	235,354
Professional fees	64,528	64,528	64,528	64,528
Accrued rental income	3,529	-	3,529	-
WHT payable	48,722	46,782	39,783	37,174
AGM expenses	-	9,776	-	9,776
VAT payable	24,641	20,939	10,628	10,628
Industrial Training Fund (ITF)	17,599	17,599	17,599	17,599
Audit fee	14,300	15,000	14,300	15,000
Accrued claims	1,367	1,367	1,367	1,367
	469,882	431,765	439,774	391,446
14.2 Sundry creditors comprise:				
Anchor pension limited	46,180	46,180	46,180	46,180
Staff cooperative	66,823	67,043	66,823	67,043
Rivbank	-	5,981	-	5,981
GMD Automobile	-	6,992	-	6,992
Vine Capital	-	3,168	-	3,168
WHT FGN	31,059	30,358	31,059	30,358
Other creditors*	4,870	62,640	4,664	16,458
	148,932	176,180	148,726	176,180
Financial liabilities	625,607	964,732	769,637	898,150
Non-financial liabilities	308,412	423,146	308,206	395,968
	1,134,019	1,387,878	1,077,843	1,294,118

*Deposit Premium represents various receipts from all other "online" bank transactions. They are classified as "uncleared reconciling items" for lack of full details of such transactions, as at the date when the transactions was initiated. Whilst "Other Creditors" consist of various accrued expenses on commission and other ancillary expenses.

15 Taxation	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Per statement of profit or loss:				
Company income tax	-	8,269	-	-
Minimum tax	34,395	64,581	20,155	64,581
Education tax	1,539	13,115	-	12,572
Information technology development levy	3,359	-	3,108	-
	<u>29,293</u>	<u>85,965</u>	<u>23,263</u>	<u>77,153</u>
Over provision	-	-	-	-
Deferred tax expense	3,433	96,910	(14,447)	106,713
Income tax expense	<u>32,726</u>	<u>182,875</u>	<u>8,816</u>	<u>183,866</u>
Per statement of financial position:				
Current income tax payable				
At 1 January	506,779	429,237	480,676	410,525
Change to profit or loss	29,293	85,965	23,263	77,153
Over provision	-	-	-	-
Withholding tax credit notes utilised	(19,925)	-	-	-
Payment during the year	(10,554)	(8,423)	(6,002)	(7,002)
	<u>505,593</u>	<u>506,779</u>	<u>497,937</u>	<u>480,676</u>
Reconciliation of tax charge				
Profit(Loss) before income tax expense	342,689	(3,994,334)	310,804	(3,981,220)
Tax at Nigeria income tax rate of 30%	102,807	(1,198,300)	93,241	(1,194,366)
Non-deductible expenses	1,282,283	1,300,450	1,188,830	1,361,282
Tax exempt income	(273,286)	(120,133)	(238,790)	(43,052)
Minimum tax	24,300	64,581	20,155	64,581
Education tax	1,539	13,115	-	12,572
Information technology development levy	3,359	-	3,108	-
Over provision	(17,880)	-	-	-
Utilisation of previously unrecognised tax losses	(982,161)	(208,333)	(931,979)	-
Tax rate differential on fair value gains on investment properties	(120,751)	(17,201)	(125,751)	(17,201)
At effective income tax rate of 2% (2018:2%)	<u>15,305</u>	<u>(165,812)</u>	<u>8,814</u>	<u>183,860</u>
16 Deferred taxation				
Deferred income tax assets/(liabilities) are attributable to the following	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Deferred tax liabilities/(asset)				
Accelerated depreciation	(610,285)	(232,193)	(504,696)	(180,416)
Revaluation gain on land and building	(528,043)	(458,553)	(528,043)	(448,805)
Unutilised tax credit	271,046	63,833	271,046	63,833
Fair value gains on investment properties	56,676	(65,825)	(31,029)	(65,825)
Carried forward losses	-	61,525	-	-
Impairment on financial assets	-	760	-	305
	<u>(810,608)</u>	<u>(630,453)</u>	<u>(792,722)</u>	<u>(630,908)</u>
Movement in temporary differences during the year:				
At 1 January	630,453	524,515	630,908	524,815
Recognised in profit or loss:				
Accelerated depreciation	97,577	20,049	79,238	20,358
Unutilised tax credit	(207,213)	(1,845)	(207,213)	(1,845)
Fair value gains on investment properties	(34,796)	-	(34,796)	8,600
Impairment on financial assets	(30,229)	88,145	(30,229)	78,585
Losses carried forward	178,544	(9,439)	178,544	-
Impairment on financial assets	9	236	9	15
	<u>3,862</u>	<u>97,146</u>	<u>(14,447)</u>	<u>106,713</u>
Recognised in other comprehensive income:				
Revaluation surplus on property	176,261	9,788	176,261	-
Amount recorded in accumulated losses impacting from IFRS 9	-	(996)	-	(520)
At 31 December	<u>810,608</u>	<u>630,453</u>	<u>792,722</u>	<u>630,908</u>

A deferred tax asset has not been recognised in respect of a tax loss carry forward of N337,473,914 (2018: N402,011,000) relating to its subsidiary, as there is insufficient certainty as to the availability of future profits. This tax loss has no expiry date.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

18 Deposit for shares

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Private placement	279,360	279,360	279,360	279,360
Staff	38,767	94,207	38,767	94,207
	<u>318,127</u>	<u>373,567</u>	<u>318,127</u>	<u>373,567</u>

18.1 Deposit for shares

Opening Balance- 1st January	279,360	279,360	279,360	279,360
Additions	-	-	-	-
Written off to accumulated loss	-	-	-	-
Closing Balance-31st December	<u>279,360</u>	<u>279,360</u>	<u>279,360</u>	<u>279,360</u>

Deposit for shares relates to monies received for purchase of shares in the Company awaiting allotments and approvals.

18.2 Deposit for shares - Staff

Opening Balance - 1st January	94,207	96,668	94,207	96,668
Additions	-	-	-	-
Amount Written off to accumulated loss*	(55,440)	-	(55,440)	-
Repayment of deposit for shares	-	(2,461)	-	(2,461)
Closing Balance-31st December	<u>38,767</u>	<u>94,207</u>	<u>38,767</u>	<u>94,207</u>

*Amount written-off arose from the correction of error of overstatement on Staff Share loan Scheme.

19 Share capital

Authorised:				
5,136,341,957 ordinary shares of 50 kobo each	<u>2,568,171</u>	<u>2,568,171</u>	<u>2,568,171</u>	<u>2,568,171</u>
1,600,000,000 redeemable preference shares of N2.5 kobo each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Issued and fully paid:				
1,284,085,489 ordinary shares of 50 kobo each	<u>642,043</u>	<u>642,043</u>	<u>642,043</u>	<u>642,043</u>

20 Share premium

At 1 December	<u>963,097</u>	<u>963,097</u>	<u>963,097</u>	<u>963,097</u>
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Premium from issue of shares are reported in share premium account.

21 Statutory contingency reserve

At 1 January	1,545,677	1,520,163	1,512,723	1,498,831
Transfer from profit or loss	62,303	25,514	53,483	13,892
At 31 December	<u>1,607,980</u>	<u>1,545,677</u>	<u>1,566,206</u>	<u>1,512,723</u>

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004. In addition, part of the statutory contingency reserve at the Group level represents 12.5% of net profit after tax in accordance with the new Pension Reform Act.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

18 Deposit for shares

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Private placement	279,360	279,360	279,360	279,360
Staff	38,767	94,207	38,767	94,207
	<u>318,127</u>	<u>373,567</u>	<u>318,127</u>	<u>373,567</u>

18.1 Deposit for shares

Opening Balance- 1st January	279,360	279,360	279,360	279,360
Additions	-	-	-	-
Written off to accumulated loss	-	-	-	-
Closing Balance- 31st December	<u>279,360</u>	<u>279,360</u>	<u>279,360</u>	<u>279,360</u>

Deposit for shares relates to monies received for purchase of shares in the Company awaiting allotments and approvals.

18.2 Deposit for shares - Staff

Opening Balance - 1st January	94,207	96,668	94,207	96,668
Additions	-	-	-	-
Amount Written off to accumulated loss*	(55,440)	-	(55,440)	-
Repayment of deposit for shares	-	(2,461)	-	(2,461)
Closing Balance-31st December	<u>38,767</u>	<u>94,207</u>	<u>38,767</u>	<u>94,207</u>

*Amount written-off arose from the correction of error of overstatement on Staff Share loan Scheme.

19 Share capital

Authorised:				
5,136,341,957 ordinary shares of 50 kobo each	<u>2,568,171</u>	<u>2,568,171</u>	<u>2,568,171</u>	<u>2,568,171</u>
1,600,000,000 redeemable preference shares of N2.5 kobo each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Issued and fully paid:				
1,284,085,489 ordinary shares of 50 kobo each	<u>642,043</u>	<u>642,043</u>	<u>642,043</u>	<u>642,043</u>

20 Share premium

At 1 December	<u>963,097</u>	<u>963,097</u>	<u>963,097</u>	<u>963,097</u>
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Premium from issue of shares are reported in share premium account.

21 Statutory contingency reserve

At 1 January	1,545,677	1,520,163	1,512,723	1,498,831
Transfer from profit or loss	62,303	25,514	53,483	13,892
At 31 December	<u>1,607,980</u>	<u>1,545,677</u>	<u>1,566,206</u>	<u>1,512,723</u>

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004. In addition, part of the statutory contingency reserve at the Group level represents 12.5% of net profit after tax in accordance with the new Pension Reform Act.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

22 Capital reserve

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
At 31 December	7,926,399	7,926,398	7,926,399	7,926,398

This represents the surplus nominal value which arose from the share reconstruction exercise done in previous years.

23 Accumulated losses

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
At 1 January	(24,198,471)	(19,994,814)	(23,897,749)	(19,718,024)
Impact of IFRS 9	-	(2,024)	-	(747)
	(24,198,471)	(19,996,838)	(23,897,749)	(19,718,771)
Transfer to contingency reserves	(62,303)	(25,514)	(53,483)	(13,892)
Transfer from profit or loss	275,389	(4,176,119)	287,414	(4,165,086)
Adjustment made to write off balances	485,148	-	485,148	-
At 31 December	(23,500,237)	(24,198,471)	(23,198,670)	(23,897,749)

During the year ended there were adjustments made to write off various legacy balances which has resulted to a net balance of N485,148,000. This has impacted on the balances on the accumulated losses as at 31st December, 2019

This comprises the accumulated losses previous years, which have not been reclassified to other reserves in equity

24 Property revaluation reserve

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
At 1 January	1,090,140	1,071,640	1,071,640	1,071,640
Transfer from OCI	411,277	18,500	411,277	-
At 31 December	1,501,417	1,090,140	1,482,917	1,071,640

This reserve contains surplus on revaluation of Property, Plant and Equipment. A revaluation surplus is recorded in Other Comprehensive Income and credited to the property revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve

25 Fair value reserve

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
At 1 January	(15,626)	-	(15,626)	-
Transfer from OCI	58,527	(15,626)	58,527	(15,626)
At 31 December	42,901	(15,626)	42,901	(15,626)

The fair value reserve represent accumulaion of fair value gains/losses on investments measured subseqently at fair value through other comprehensive Income (OCI).

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
 26 Non-controlling interest

International Energy Insurance Plc has a controlling interest of 81% (2018: 81%) in IEI Anchor Pension Managers Limited, which gives rise to a non-controlling interest of 19% in the entity. The balance represents the amount attributable to the non-controlling shareholders of IEI Anchor Pension Managers Limited.

	GROUP	
	31 Dec-2019	31 Dec-2018
Opening balance	176,099	174,646
Impact of IFRS 9	-	(299)
At 1 January Restated	176,099	174,347
Share from total comprehensive income	5,855	1,752
Closing balance	181,954	176,099

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
27 Gross premium income				
Gross premium written:				
Direct	505,025	457,756	505,025	457,756
Inward	20,922	5,303	20,922	5,303
Total gross written premium (Note 12)	525,947	463,059	525,947	463,059
Change in unearned premium	(122,848)	207,628	(122,848)	207,628
Gross premium income (Note 12)	403,099	670,687	403,098	670,687

Gross premium income represents the total premium that the Group realised for the year. The amount of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in reserve for unearned premiums in insurance contract liabilities.

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
28 Reinsurance expenses				
Outward reinsurance	77,343	182,487	77,343	182,487
Decrease in prepaid reinsurance (Note 5)	1,574	22,059	1,574	22,059
	78,917	204,546	78,917	204,546

Reinsurance expenses represent outward premium paid to reinsurance companies.

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
29 Commission income				
Commission income	12,328	7,762	12,328	7,762

Commission income represents commission received on transactions ceded to reinsurance during the year under review. Commission income is recognised over the time of the premium.

	Group		Company	
	2019	2018	2019	2018
30 Claims expenses				
Gross claims paid	130,078	489,219	130,078	489,376
Change in outstanding claims reserve	51,838	236,060	51,838	236,060
Changes in IBNR	(77,849)	(133,148)	(77,849)	(133,148)
	104,067	592,131	104,067	592,288
Recoverable from reinsurance (Note 30.1)	17,705	(69,894)	17,705	(69,894)
	121,772	522,237	121,772	522,394

	Group		Company	
	2019	2018	2019	2018
30.1 Recoverable from reinsurance:				
Reinsurance share of claims paid (Note 5)	(31,340)	(262,012)	(31,340)	(262,012)
Change in reinsurance share of outstanding claims	14,319	183,593	14,319	183,593
Changes in reinsurance share of IBNR	34,726	8,525	34,726	8,525
	17,705	(69,894)	17,705	(69,894)

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

31	Acquisition costs	Group		Company	
		2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
	Deferred acquisition costs at 1 January	14,454	31,272	14,454	31,272
	Commission for the year (Note 6)	25,181	58,554	25,181	58,554
	Gross commission	39,635	87,826	39,635	87,826
	Deferred acquisition costs at 31 December	(4,384)	(14,454)	(4,384)	(14,454)
		<u>35,251</u>	<u>73,372</u>	<u>35,251</u>	<u>73,372</u>
32	Maintenance costs				
	These are underwriting expenses incurred in servicing existing policies or contract. The costs include, but are not limited to, supervisory levy, superintending fees and other technical expenses.				
33.1	Interest revenue calculated using effective interest method				
	Short term investment income	15,989	18,855	5,636	-
	Rental Income	1,871	-	1,871	-
	Interest on bank and statutory deposits	41,251	72,888	41,251	70,685
		<u>59,111</u>	<u>91,743</u>	<u>48,758</u>	<u>70,685</u>
33.2	Other investment income				
	Dividend income	2,557	433	746	213
34	Net realised gains				
	On disposal of property, plant and equipment	5,193	5,727	5,193	5,727
	Recycled to profit or loss on available for sale financial asset	-	-	-	-
	Gain/(Loss) on disposal of financial asset	154	(19,620)	154	(19,620)
		<u>5,347</u>	<u>(13,893)</u>	<u>5,347</u>	<u>(13,893)</u>
35	Net fair value Gain/(loss)				
	On fair value through profit or loss/held for trading financial assets (Note 2.1)	(126,865)	(154,963)	(126,865)	(154,963)
	On investment properties (Note 8)	628,750	86,000	628,750	86,000
		<u>501,885</u>	<u>(68,963)</u>	<u>501,885</u>	<u>(68,963)</u>

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

36	Other income	Group		Company	
		2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
	Fee based income	847,994	774,016	-	-
	Recovery on financial asset	-	-	-	-
	Foreign exchange gains	-	10,160	-	10,160
	Sundry income	302,385	55,021	302,385	55,021
		<u>1,150,379</u>	<u>839,197</u>	<u>302,385</u>	<u>65,181</u>
36.1	Fee based income is related to the income accrued to the Group, through its subsidiary line of business, which is pension administration. Principally, pensions administration revenue are generally "fee based" in nature. Thus, the income is at a point in time.				
36.2	Sundry income consist of recovery from lost investment and refund of excess bank charges				
37	Charge on impairment of assets				
	Impairment on cash and cash equivalents (Note 1.3)	(712)	(316)	(712)	(214)
	Impairment on amortised costs (Note 2.3)	(194)	194	(194)	165
	Impairment on fees receivable (Note 3.3)	-	(665)	-	-
	Impairment on FVOCI (Note 4.1)	-	-	-	-
		<u>(906)</u>	<u>(787)</u>	<u>(906)</u>	<u>(49)</u>
38	Management expenses				
	Personnel cost (Note 4.7)	722,774	785,168	364,079	434,411
	Directors emoluments	101,713	95,445	15,559	8,411
	Auditors remuneration	5,800	16,500	4,300	15,000
	Depreciation (note 10)	83,672	92,783	25,846	29,421
	Amortisation (Note 9)	5,671	1,250	-	-
	Bad debts written off	2,201	-	2,201	-
	Legal and other professional fees	114,641	83,687	102,981	74,484
	Motor running expenses	25,846	30,498	22,719	21,198
	Subscription	31,752	7,147	24,393	2,071
	Corporate gift	300	33	300	34
	Repairs and maintenance	59,790	48,284	20,021	10,500
	Rent and rates	30,932	28,286	13,292	12,606
	Postage and telephone	16,992	15,364	4,283	3,138
	Transport and travelling	31,825	27,381	11,399	8,494
	Advertisements, sales and marketing	7,668	9,043	1,071	1,366
	Printing and stationery	13,192	12,755	2,348	4,579
	Security expenses	8,087	8,237	5,670	6,818
	Oil and diesel	23,409	21,399	8,590	7,217
	Insurance and license	13,069	8,406	7,253	8,124
	State and local government levy	1,801	2,206	1,801	2,206
	NAICOM Levy	5,330	13,562	5,330	13,562
	Balance carried forward	<u>1,308,665</u>	<u>1,287,444</u>	<u>643,836</u>	<u>663,640</u>

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

38 Management expenses - continued:

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Balance brought forward	1,306,665	1,287,444	643,836	663,640
Tax expenses	-	-	-	-
Other operating expenses:				
ICT consumables	3,337	7,877	3,337	7,877
Internet subscription	25,432	30,247	15,046	21,045
Bank charges	1,929	1,263	1,236	962
Electricity and utilities	5,925	10,062	3,634	7,051
Fines and penalty	3,848	14,310	3,848	14,310
Sales and marketing	100,659	150,866	-	-
Training Expenses	4,209	6,875	-	-
Loss on Disposal	629	-	-	-
	<u>1,506,131</u>	<u>1,542,869</u>	<u>685,281</u>	<u>735,766</u>

38.1 Non-audit service:

The Company did not engage the auditors for non-audit services during the year (2019: Nil).

39 Finance costs

Interest on borrowings	7,423	1,031,664	-	1,031,664
Other interest expense	-	10	-	10
Exchange loss on borrowings	-	2,112,665	-	2,112,665
	<u>7,423</u>	<u>3,144,339</u>	<u>-</u>	<u>3,144,339</u>

40 Basic and diluted profit/loss per share

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

The following reflects the loss and share data used in the basic loss per share computations:

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Net losses attributable to owners of the parent =N='000	273,873	(4,176,119)	276,230	(4,159,803)
Weighted average number of shares for the year ('000)	1,284,085	1,284,085	1,284,085	1,284,085
Basic and diluted profit/loss per share	<u>21</u>	<u>(325)</u>	<u>22</u>	<u>(324)</u>

41.1 Net (loss)/gain on available-for-sale financial assets

Fair value profit/loss on available-for-sale financial assets (Note 2.2)
Gain on disposal (note 34)
Impairment recycled through p or l (Note 37)

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Fair value profit/loss on available-for-sale financial assets (Note 2.2)	4,775	-	4,775	-
Gain on disposal (note 34)	5,193	(71,645)	5,193	(71,645)
Impairment recycled through p or l (Note 37)	(906)	413,036	(906)	413,036

41.2 Net loss on equity instrument designated at fair value through other comprehensive income

Fair value loss on financial assets at FVTOCI (Note 2.2)

Fair value loss on financial assets at FVTOCI (Note 2.2)	<u>53,752</u>	<u>(15,626)</u>	<u>53,752</u>	<u>(15,626)</u>
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INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

42	Revaluation surplus on property	Group		Company	
		2019 =N=000	2018 =N=000	2019 =N=000	2018 =N=000
	Arising during the year (Note 10)				
	Revaluation surplus	587,538	32,628	587,538	-
	Income tax effect (Note 16)	(176,261)	(9,788)	(176,261)	-
		<u>411,277</u>	<u>22,840</u>	<u>411,277</u>	<u>-</u>
	Reconciliation of loss before income tax expense to cash provided by operating activities				
43	Loss before income tax expense	308,115	(3,995,596)	276,230	(3,981,220)
	Adjustments for items not involving movement of cash:				
	Depreciation	89,474	92,783	25,846	29,421
	Amortisation of intangible assets	5,671	1,250	-	-
	Profit on disposal of PPE	(5,193)	(5,727)	(5,193)	(5,727)
	Profit on disposal of financial asset	(154)	19,620	(154)	19,620
	Recycled to profit or loss (financial asset)	-	-	-	-
	Interest income	(48,758)	(91,743)	(48,758)	(70,685)
	Dividend income	(746)	(433)	(746)	(213)
	Fair value (gain)/loss on held-for-trading assets	126,865	154,963	126,865	154,963
	Recovery on other financial asset (Waica Re)	(47,771)	-	(47,771)	-
	Fair value loss / (gains) on investment properties	(628,750)	(86,000)	(628,750)	(86,000)
	Charge on impairment of assets	906	(787)	906	(49)
	Finance costs	-	3,144,339	-	3,144,339
	Exchange gains	-	(10,180)	-	(10,160)
		<u>(508,456)</u>	<u>3,218,105</u>	<u>(577,755)</u>	<u>3,175,509</u>
	Changes in working capital:				
	Loans and receivables	4,781	(48,885)	4,781	(48,885)
	Trade receivables	38,481	(22,833)	21	16,818
	Other receivables and prepayments	(96,890)	(73,202)	(8,888)	(104,716)
	Reinsurance assets	(53,281)	214,177	45,051	214,177
	Deferred acquisition costs	10,070	16,818	10,070	81,388
	Insurance contract liabilities	96,838	(104,716)	96,838	(104,716)
	Trade payables	(96,038)	(141,712)	(142,303)	(141,712)
	Provisions and other payables	253,859	204,313	218,275	(670,352)
		<u>157,817</u>	<u>43,960</u>	<u>222,043</u>	<u>136,359</u>
	Cash used in operating activities	<u>(42,525)</u>	<u>(733,531)</u>	<u>(79,483)</u>	<u>(670,352)</u>
44	Reconciliation of other operating cash payments				
	Auditors' remuneration	(5,800)	(14,500)	(4,300)	(13,000)
	Other expenses	(1,366,268)	(1,464,860)	(673,999)	(723,869)
	Change in other assets and receivables	(92,109)	(161,708)	(3,607)	52,616
	Change in trade payables and other liabilities	157,819	60,601	73,971	(62,324)
		<u>(1,306,358)</u>	<u>(1,580,467)</u>	<u>(608,235)</u>	<u>(746,577)</u>
45	Cash and cash equivalents for the purposes of the consolidated and separate statements of cash flows:				
	Cash and cash equivalents	255,323	279,390	136,093	166,477
	Overdrafts	-	-	-	-
		<u>255,323</u>	<u>279,390</u>	<u>136,093</u>	<u>166,477</u>

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

46	Loss before income tax expense	Group		Company	
		2019	2018	2019	2018
	Loss before income tax expense is arrived at after charging/(crediting):	=N='000	=N='000	=N='000	=N='000
	Depreciation of property, plant and equipment	83,872	92,783	25,846	29,421
	Amortisation of intangible assets	5,671.00	1,250	-	-
	Directors' emoluments	101,713	95,445	15,959	8,411
	Auditors' remuneration	5,800	16,500	4,300	15,000
	Profit on disposal of property and equipment	(5,193)	(5,727)	(5,193)	(5,727)
	Net exchange loss	(194)	2,102,505	(194)	2,102,505

47 Directors and employees
Compensation of key management personnel
Key management personnel of the Group includes all directors, executives and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

	Group		Company	
	2019	2018	2019	2018
	=N='000	=N='000	=N='000	=N='000
Short-term employee benefits:				
Salaries and allowances	121,982	126,924	50,635	55,577
Long-term employee benefits:				
Post employment pension benefits	6,393	2,198	6,393	2,198
	128,375	129,122	57,028	57,775

Fees and other emolument disclosed above includes amount paid to:

Chairman	12,000	12,000	6,000	6,000
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The number of Directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	Number	Number	Number
Below =N=1,000,000	0	-	0	-
=N=1,000,001 - =N=5,000,000	5	5	2	2
=N=5,000,001 - =N=10,000,000	2	2	1	1
=N=10,000,001 and above	1	1	0	-
	8	8	3	3

Employees

The number of persons employed (excluding Directors) in the Group during the year was as follows:

Administration	49	51	23	25
Technical	110	115	45	50
General services	74	74		
	233	240	68	75

The table below shows the number of employees (excluding Directors) of the Group who earned emoluments in the following ranges:

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

Emolument range	Number	Number	Number	Number
=N=500,001 - =N=600,000	21	21	0	0
=N=600,001 - =N=1,000,000	43	45	2	4
=N=1,000,001 - =N=2,000,000	80	83	3	6
=N=2,000,001 - =N=3,000,000	15	18	7	10
=N=3,000,001 - =N=4,000,000	21	21	16	16
=N=4,000,001 - =N=5,000,000	32	18	27	13
=N=5,000,001 - =N=8,000,000	12	26	8	22
=N=8,000,001 - =N=10,000,000	4	5	1	2
=N=10,000,001 - and above	5	3	4	2
	<u>233</u>	<u>240</u>	<u>68</u>	<u>75</u>

47 Directors and employees - continued

	Group		Company	
	2019 =N='000	2018 =N='000	2019 =N='000	2018 =N='000
Staff costs				
Wages and salaries	612,400	637,746	345,323	418,439
Other staff costs	50,443	48,515	18,754	25,085
Pensions	53,242	45,262	21,251	23,163
	<u>716,085</u>	<u>731,543</u>	<u>385,328</u>	<u>466,687</u>

48 Related parties

Subsidiary

IEI Plc holds 81% interest in IIEI Anchor Pensions Limited. Transactions between IEI Plc and her subsidiary is eliminated on consolidation.

Transaction with related parties

Details of significant transactions carried out with related party during the year ended are as follows:

	2019 =N='000	2018 =N='000
Premium received	1,664	3,463
Claims paid	-	157
Office rent received	-	-
Amount due from subsidiary	-	-
Amount due to subsidiary	45,180	46,180

Terms and conditions

Premium received and claims paid relates to sale of insurance contract and other services are at arms length.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

49 Contingencies and commitments

49.1 Outstanding litigations

In the ordinary course of business, there are pending litigations involving the Company for which no provision has been made amounted to N80,720,850 million (2018: N56.7 million). However, the actions are being defended and the Directors are of the opinion that no material liability would arise therefrom.

49.2 Capital commitments

The Company has no capital commitment at the reporting date.

50 Events after the reporting date

There are no events after the reporting date that require adjustments in the financial statements.

On 20 May 2019, the National Insurance Commission (NAICOM) issued a circular in which it reviewed the minimum paid-up share capital for insurance and reinsurance companies. It required General Insurance companies to shore up their share capital to N10 billion by 30 June 2020. In subsequent circulars dated 30 December 2019 and 03 June 2020, the regulator extended the deadline to 31 December 2020 and then 30 September 2021 respectively. These events have no financial adjustment as at the reporting date.

The recent Coronavirus outbreak is an emerging risk that the Group is monitoring closely. As things presently stand, International Energy Insurance Plc does not expect the consequences of the outbreak to have an overall material impact on the annual result. However, the more the virus spreads coupled with lockdowns, the greater the impact could be on the Group with more far-reaching effects on the capital markets and more significant implications on the Company's results.

The Group has performed a line-by-line analysis of its statement of financial position and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2019. Management has concluded that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor situation as new information becomes available and adjustment thereof will be reflected in the appropriate reporting period.

Management has assessed the impact of the COVID-19 on the going concern of the Group and has concluded that despite the COVID-19 Pandemic, the going concern of the Group is not threatened. See Note 2.35.1 of summary of significant accounting policies for the going concern disclosures.

The Company contravened certain laws and regulations during the year ended December 31 2019. Details of the contraventions and penalty is as follows:

51 Non Compliance with laws and regulations

	Name of Regulator	Company	
		2019	2018
		=N='000	=N='000
Late submission of accounts.	SEC	3,250	4,850
Late filing of audited accounts	NSE	9,000	9,000
Late filing of accounts	NAICOM	2,070	460
		<u>14,320</u>	<u>14,310</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information

For management purpose, the Group is organized into business units based on their products and services and two reportable operating segments as follows:

Following the management approach of IFRS the Group is organized into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable segments by product lines. These segments and their respective operations are as follows:

Non-life insurance business

The non-life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from fire, motor, general accident, engineering, aviation, marine liability as well as oil and energy. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

The business of this segment is undertaken by International Energy Insurance Pic, the parent company.

Pension administration

This reportable segment includes the administration and management of the retirement benefits of members. The administration includes making investment decisions, collection of contribution and making payment to retirees in-line with provisions of Pension Reform Act 2014. The revenue earned includes administration and management fees received on member's contributions and the Net Asset value of Funds under Management respectively. The business of this segment is undertaken by IEI Anchor Pensions Limited, a 81% owned subsidiary of the Company.

Consolidated statement of profit or loss 2019	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Gross written premium	525,947	-	525,947	-	525,947
Gross premium income	403,098	-	403,098	-	403,098
Reinsurance expenses	(78,916)	-	(78,916)	-	(78,916)
Net premium income	324,182	-	324,182	-	324,182
Commission income	12,328	-	12,328	-	12,328
Net underwriting income	336,510	-	336,510	-	336,510
Claims expenses	(121,772)	-	(121,772)	-	(121,772)
Underwriting expenses	(111,442)	-	(111,442)	-	(111,442)
Underwriting results	103,296	-	103,296	-	103,296
Interest revenue calculated using effective interest method	48,758	10,353	59,111	-	59,111
Investment income	746	1,811	2,557	-	2,557
Net realised gains	5,347	-	5,347	-	5,347
Net fair value gains/(loss)	501,885	-	501,885	-	501,885
Other income	302,385	847,994	1,150,379	-	1,150,379
Impairment charge on assets	(906)	-	(906)	-	(906)
Depreciation	(25,846)	(58,026)	(83,872)	-	(83,872)
Ammortisation	-	(5,671)	(5,671)	-	(5,671)
Management expenses	(659,435)	(757,153)	(1,416,588)	-	(1,416,588)
Results from operating activities	276,230	39,308	315,538	-	315,538
Finance costs	-	(7,423)	(7,423)	-	(7,423)
(Loss)/profit before income tax	276,230	31,885	308,115	-	308,115
Income tax (expense)/credit	(8,816)	(23,910)	(32,726)	-	(32,726)
profit/(Loss) after income tax	267,414	7,975	275,389	-	275,389

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information - continued

Consolidated statement of financial position 2019	Non-life =N='000	Pension =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Segment assets	8,636,224	1,117,745	9,753,969	(998,603)	8,755,366
Segment liabilities	19,211,332	160,597	19,371,929	17,882	19,389,811
Consolidated statement of profit or loss 2018					
Gross written premium	459,596	-	459,596	-	459,596
Gross premium income	670,687	-	670,687	-	670,687
Reinsurance expenses	(204,546)	-	(204,546)	-	(204,546)
Net premium income	466,141	-	466,141	-	466,141
Commission income	7,762	-	7,762	-	7,762
Net underwriting income	473,903	-	473,903	-	473,903
Claims expenses	(522,394)	-	(522,394)	-	(522,394)
Underwriting expenses	(105,896)	-	(105,896)	-	(105,896)
Underwriting results	(154,387)	-	(154,387)	-	(154,387)
Investment income	70,898	21,278	92,176	-	92,176
Net realised gains	(13,893)	-	(13,893)	-	(13,893)
Net fair value gains/(loss)	(68,963)	-	(68,963)	-	(68,963)
Other income	65,181	774,016	839,197	-	839,197
Allowance for impairment of assets	49	738	787	-	787
Depreciation	(29,421)	(63,363)	(92,784)	-	(92,784)
Amortisation	-	(1,250)	(1,250)	-	(1,250)
Management expenses	(735,766)	(716,374)	(1,452,140)	-	(1,452,140)
Results from operating activities	(866,302)	15,045	(851,257)	-	(851,257)
Finance costs	(3,144,339)	-	(3,144,339)	-	(3,144,339)
(Loss)/profit before income tax	(4,010,641)	15,045	(3,995,596)	-	(3,995,596)
Income tax credit/(expense)	(183,866)	755	(183,111)	-	(183,111)
(Loss)/profit after income tax	(4,194,507)	15,800	(4,178,707)	-	(4,178,707)
Consolidated statement of financial position 2018					
Segment assets	7,551,962	953,064	8,505,026	(906,370)	7,598,656
Segment liabilities	19,349,437	71,169	19,420,606	48,694	19,469,300

53 Asset and Liability Management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (insurance contract liabilities and borrowings) and reinsurance assets.

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

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The following tables reconciles the Company's non-life business within the Statement of Financial Position to the classes and portfolios used in the Company's ALM framework.

The Company	Insurance contract =N=000	Shareholders' funds =N=000	31-Dec 2019 Total =N=000
Assets			
Cash and cash equivalents	136,093	-	136,093
Financial assets			
- Fair value through P/L	108,556	-	108,556
- Fair value through OCI	43,136	93,152	136,288
- Loans and receivables- Amortised cost	-	57,882	57,882
Trade receivables	-	79	79
Other receivables and prepayments	-	13,910	13,910
Reinsurance assets	268,466	-	268,466
Deferred acquisition costs	-	4,384	4,384
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	1,013,429	2,301,571	3,315,000
Property, plant and equipment	-	3,273,065	3,273,065
Statutory deposit	-	322,500	322,500
Total assets	1,569,680	7,066,543	8,636,223
Liabilities			
Insurance contract liabilities	4,053,715	-	4,053,715
Trade payables	-	16,053	16,053
Provisions and other payables	-	1,077,843	1,077,843
Current income tax payable	-	497,936	497,936
Deferred tax liabilities	-	792,722	792,722
Borrowings	-	12,454,934	12,454,934
Deposit for shares	-	318,127	318,127
Total liabilities	4,053,715	15,157,615	19,211,330
	(2,484,035)	(8,091,072)	(10,575,107)

53 Asset and Liability Management - continued
The Company

	Insurance contract =N=000	Shareholders' funds =N=000	31-Dec 2018 Total =N=000
Assets			
Cash and cash equivalents	165,653	-	165,653
Financial assets			
- Fair value through P/L	236,320	-	236,320
- Fair value through OCI	38,361	-	38,361
- Loans and receivables- Amortised cost	-	53,295	53,295
Trade receivables	-	100	100
Other receivables and prepayments	-	5,222	5,222
Reinsurance assets	319,085	-	319,085
Deferred acquisition costs	-	14,454	14,454
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	989,219	1,697,031	2,686,250
Property, plant and equipment	-	2,710,722	2,710,722
Statutory deposit	-	322,500	322,500
Total assets	1,748,638	5,803,324	7,551,962
Liabilities			
Insurance contract liabilities	3,956,877	-	3,956,877
Trade payables	-	158,356	158,356
Provisions and other payables	-	1,294,118	1,294,118
Current income tax payable	-	480,676	480,676
Deferred tax liabilities	-	630,908	630,908
Borrowings	-	12,454,934	12,454,934
Deposit for shares	-	373,567	373,567
Total liabilities	3,956,877	15,362,559	19,349,436
	(2,208,239)	(9,559,235)	(11,797,474)

54 Capital Management

The main objectives of the Group when managing capital are:

- * To ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP 117, LFN 2004, is maintained at all times.
- This is a risk based capital method of measuring the minimum amount appropriate for an insurance Company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.
- * To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
 - * To provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

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 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

54 Capital Management - continued

The Insurance Act CAP 117, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claims liability risk, catastrophe risk and reinsurance ceded.

As part of its plan to meet the required capital base set by NAICOM and to maintain the statutory asset cover based on its underwritten risks, the Company intends to do the following to strengthen its financial position:

- * Dispose its investment properties,
- * Recoveries from trade and other debtors: The Company has engaged the services of solicitors and recovery agents to help it make substantial recoveries from its debtors.
- * The Company is still on its plan to bring in fresh capital into the Company through private placement.

The Company is also subject to a solvency requirement under the Insurance Act CAP 117, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP 117 LFN, 2004.

Capital Adequacy Test

Based on the capital adequacy calculation below, International Energy Insurance Plc has a deficit of N10.54 billion (2018: N11.8 billion).

	31-Dec 2019 =N=900	31-Dec 2018 =N=900
Shareholders funds as per statement of financial position	(10,575,108)	(11,797,474)
Capital Base	(10,575,108)	(11,797,474)

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company's capital base is below the minimum capital requirement of N3 billion specified by NAICOM.

The Company's capital requirement of N3,000,000,000 was not maintained as at the end of the financial year, while the Solvency margin was also below the requirements of the Insurance Act CAP 117, LFN 2004 as a result of the restriction on the admissibility of certain assets.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

54 Capital Management - continued	2019			2018		
	Admissible =N='000	Inadmissible =N='000	Total =N='000	Admissible =N='000	Inadmissible =N='000	Total =N='000
Cash and cash equivalents	136,093	-	136,093	165,653	-	165,653
Financial assets						
- Fair value through profit or loss	108,556	-	108,556	236,320	-	236,320
- Fair value through other comprehensive income	136,288	-	136,288	38,361	-	38,361
- Debt instruments at amortized Cost	57,882	-	57,882	53,295	-	53,295
Trade receivables	79	-	79	100	-	100
Other receivables and prepayments	-	13,910	13,910	-	5,222	5,222
Reinsurance assets	268,466	-	268,466	319,085	-	319,085
Deferred acquisition costs	4,384	-	4,384	14,454	-	14,454
Investment in subsidiary	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Investment properties	1,986,832	1,328,168	3,315,000	1,989,219	697,031	2,686,250
Property, plant and equipment- Land & Buiding	-	3,260,010	3,273,065	-	2,688,549	2,710,722
Property, plant and equipment-Others	13,055	-	-	22,173	-	-
Statutory deposit	322,500	-	322,500	322,500	-	322,500
Admissible assets	4,034,136	4,602,088	8,636,224	4,161,160	3,390,802	7,551,962
Insurance contract liabilities	4,053,715	-	4,053,715	3,956,877	-	3,956,877
Trade payables	16,053	-	16,053	158,356	-	158,356
Provision and other payables	1,077,843	-	1,077,843	1,294,119	-	1,294,119
Current income tax payable	497,936	-	497,936	480,676	-	480,676
Deferred Tax liabilities	-	792,724	792,724	-	630,908	630,908
Borrowings	12,454,934	-	12,454,934	12,454,934	-	12,454,934
Deposit for shares	318,127	-	318,127	373,567	-	373,567
	18,418,609	792,724	19,211,332	18,718,529	630,908	19,349,437
Solvency margin	(14,384,473)			(14,557,369)		
The higher of: 15% of net premium income and Shareholders' funds	<u>3,000,000</u>			<u>3,000,000</u>		
Shortfall in solvency margin	<u>17,384,473</u>			<u>17,557,369</u>		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Valuation bases

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted

The table below shows financial assets carried at fair value.

Group	Note	Fair value through OCI =N='000	Fair value through P & L =N='000
31 December 2019			
Quoted equities at FVTPL		108,556	
Fair value through OCI - unquoted	2.1		136,288
		108,556	136,288
31 December 2018			
Quoted equities at FVTPL		236,320	
Fair value through OCI - unquoted			38,361
		236,320	38,361
Company			
31 December 2019			
Quoted equities at FVTPL		108,556	
Fair value through OCI - unquoted	2.1		136,288
		108,556	136,288
31 December 2018			
Quoted equities at FVTPL		236,320	
Fair value through OCI - unquoted			38,361
		236,320	38,361

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

i Unquoted equity

The fair values of the unquoted ordinary shares have been estimated using either of Income approach or Market approach.

Under the income approach, the valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Under the market approach, the Company determines comparable public companies (Peers) based on industry, size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

ii Unlisted managed funds

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Company classifies these funds as Level 3.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Valuation bases - continued

iii Listed debt securities - bonds

Fair values of publicly traded debt securities are based on quoted market prices in an active market for identical assets with adjustments for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

iv Money market funds and similar securities (treasury bills)

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

Group	2019	2018
Financial Assets measured at:	=N='000	=N='000
Quoted prices in active markets (level 1)	108,556	236,320
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	136,288	38,361
	<u>244,844</u>	<u>274,681</u>
Company		
Financial Assets measured at:		
Quoted prices in active markets (level 1)	108,556	236,320
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	136,288	38,361
	<u>244,844</u>	<u>274,681</u>

55.1.1 Fair value and fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, into Levels 1 to 3 based on the degree to which the fair value is observable. The categorisation also includes items not measured at fair value but whose fair value is disclosed.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1.1 Fair value and fair value hierarchy - Continued

Group

Items measured at fair value

	2019			
	Level 1	Level 2	Level 3	Total
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Financial assets at FVTPL:				
Quoted equity shares	108,556	-	-	108,556
	108,556	-	-	108,556
Financial assets at FVOCI:				
Unquoted equity shares		-	136,288	136,288
	108,556	-	136,288	244,844
Items whose fair values are disclosed				
Total financial assets	108,556	-	136,288	244,844

Items measured at fair value

	2018			
	Level 1	Level 2	Level 3	Total
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Financial assets at FVTPL:				
Quoted equity shares	236,320	-	-	236,320
	236,320	-	-	236,320
Financial assets at FVOCI:				
Unquoted equity shares		-	38,361	38,361
	236,320	-	38,361	274,681
Items whose fair values are disclosed				
Total financial assets	236,320	-	38,361	274,681

Company

Items measured at fair value

	2019			
	Level 1	Level 2	Level 3	Total
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Financial assets at FVTPL:				
Quoted equity shares	108,402	-	-	108,402
	108,402	-	-	108,402
Financial assets at FVOCI:				
Unquoted equity shares		-	136,288	136,288
	108,402	-	136,288	244,690
Items whose fair values are disclosed				
Total financial assets	108,402	-	136,288	244,690

Items measured at fair value

	2018			
	Level 1	Level 2	Level 3	Total
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Financial assets at FVTPL:				
Quoted equity shares	236,320	-	-	236,320
	236,320	-	-	236,320
Financial assets at FVOCI:				
Unquoted equity shares		-	38,361	38,361
	236,320	-	38,361	274,681
Items whose fair values are disclosed				
Total financial assets	236,320	-	38,361	274,681

There were no transfers between level 1 and 2 or in and out of level 3 in 2019 and 2018.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Management of insurance and financial risk

The Group issues contracts that transfer insurance risk. This section summarises the main risks linked to short-term insurance business and the way they are managed.

55.2.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors the most significant resulting from events like fire and allied perils and their consequences and liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Group is adequately protected and would only suffer predetermined amounts.

Concentration of insurance risk

The following table discloses the concentration of claims by class of business and the gross future claims paid that are incurred by the Group:

Class of business	Outstanding claims					
	2019			2018		
	Gross OCR =N='000	Gross IBNR =N='000	Total =N='000	Gross OCR =N='000	Gross IBNR =N='000	Total =N='000
Fire	251,488	20,035	271,523	246,274	85,372	331,746
Motor	102,868	40,684	143,552	75,425	44,307	119,732
General accident	508,426	19,963	528,389	510,357	(814)	509,543
Marine	91,307	9,522	100,829	97,171	27,007	124,178
Oil and gas	2,529,551	13,273	2,542,824	2,529,550	23,709	2,553,259
Bond	225,582	172	225,754	198,509	1,917	200,426
	3,709,223	103,649	3,812,872	3,657,285	181,498	3,838,884

The Group manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Management of insurance and financial risk

55.2.1 Insurance risk - continued

Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Group claims are short-term and are settled within a short time and the Group's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the end of the reporting date. The Group has ensured that liabilities on the statement of financial position at year end for existing claims whether reported or not, are adequate.

The Group has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each triangulation below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Management of Insurance and financial risk - continued
 Claims Paid Triangulations as at December 2019

Accident Year	Fire										
	0	1	2	3	4	5	6	7	8	9	10
2009	13,762,688	102,563,358	135,810,989	136,275,458	137,473,280	137,494,226	137,765,117	137,765,117	137,765,117	137,765,117	139,340,077
2010	28,645,647	90,577,893	94,268,787	99,435,591	99,882,848	99,917,070	99,917,070	99,917,070	99,917,070	99,917,070	
2011	13,923,481	35,511,599	48,106,407	50,315,587	50,779,549	51,536,719	51,536,719	51,536,719	51,536,719	51,536,719	
2012	8,347,077	89,479,439	152,154,077	152,228,958	155,788,789	155,788,789	155,788,789	155,788,789	155,788,789	155,788,789	
2013	103,285,228	255,104,668	265,256,015	268,935,635	269,046,602	269,052,590	269,052,590	269,052,590	269,052,590	269,052,590	
2014	59,991,412	142,996,247	150,912,772	150,929,186	150,975,553	150,976,553	150,976,553	150,976,553	150,976,553	150,976,553	
2015	86,767,370	150,725,301	151,779,982	151,855,038	151,855,038	151,855,038	151,855,038	151,855,038	151,855,038	151,855,038	
2016	132,694,096	139,244,443	139,244,443	139,244,443	139,244,443	139,244,443	139,244,443	139,244,443	139,244,443	139,244,443	
2017	26,093,533	27,404,816	27,412,385	27,412,385	27,412,385	27,412,385	27,412,385	27,412,385	27,412,385	27,412,385	
2018	1,189,060	1,189,060	1,189,060	1,189,060	1,189,060	1,189,060	1,189,060	1,189,060	1,189,060	1,189,060	
2019	1,095,933	1,095,933	1,095,933	1,095,933	1,095,933	1,095,933	1,095,933	1,095,933	1,095,933	1,095,933	

Accident Year	General Accident										
	0	1	2	3	4	5	6	7	8	9	10
2008	37,096,437	134,282,692	181,140,470	193,353,867	206,092,794	206,711,332	214,617,643	207,855,002	207,855,002	207,855,002	207,855,002
2010	69,034,911	155,979,970	205,090,719	208,032,071	211,710,046	212,205,693	214,617,643	214,617,643	214,617,643	214,617,643	
2011	70,110,777	153,859,463	165,516,228	173,031,473	174,911,821	175,429,195	175,429,195	175,429,195	175,429,195	175,429,195	
2012	95,828,128	163,899,612	192,773,402	208,952,358	213,947,548	214,243,329	214,243,329	214,243,329	214,243,329	214,243,329	
2013	31,371,556	88,306,886	117,110,435	122,801,777	123,312,613	123,420,004	123,420,004	123,420,004	123,420,004	123,420,004	
2014	21,022,350	64,014,821	103,513,029	104,378,474	104,566,846	104,566,846	104,566,846	104,566,846	104,566,846	104,566,846	
2016	27,846,720	76,833,986	78,518,235	78,960,468	78,960,468	78,960,468	78,960,468	78,960,468	78,960,468	78,960,468	
2017	186,346,178	200,413,720	200,575,240	200,575,240	200,575,240	200,575,240	200,575,240	200,575,240	200,575,240	200,575,240	
2018	7,481,550	9,316,645	9,316,645	9,316,645	9,316,645	9,316,645	9,316,645	9,316,645	9,316,645	9,316,645	
2019	5,361,333	6,438,895	6,438,895	6,438,895	6,438,895	6,438,895	6,438,895	6,438,895	6,438,895	6,438,895	
2019	1,000,508	1,000,508	1,000,508	1,000,508	1,000,508	1,000,508	1,000,508	1,000,508	1,000,508	1,000,508	

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Management of Insurance and financial risk - continued
 Claims Paid Triangulations as at December 2019

Accident Year	Marine										
	0	1	2	3	4	5	6	7	8	9	10
2009	37,096,437	58,311,838	60,782,219	62,738,524	62,819,916	62,819,916	62,819,916	62,819,916	62,819,916	62,819,916	62,819,916
2010	68,937,158	94,207,130	112,751,095	112,751,095	112,751,095	118,314,420	118,314,420	118,314,420	118,314,420	118,314,420	118,314,420
2011	67,546,777	95,381,045	112,866,160	112,866,160	123,017,586	123,017,586	123,017,586	123,017,586	123,017,586	123,017,586	123,017,586
2012	103,872,387	177,830,500	181,456,499	181,456,499	181,456,499	181,456,499	181,456,499	181,456,499	181,456,499	181,456,499	181,456,499
2013	31,371,558	78,892,401	107,397,685	107,397,685	107,397,685	107,397,685	107,397,685	107,397,685	107,397,685	107,397,685	107,397,685
2014	20,907,504	50,058,439	54,835,703	54,835,703	54,835,703	54,835,703	54,835,703	54,835,703	54,835,703	54,835,703	54,835,703
2015	27,726,878	140,287,585	140,300,973	140,300,973	140,300,973	140,300,973	140,300,973	140,300,973	140,300,973	140,300,973	140,300,973
2016	184,956,225	187,286,736	187,286,736	187,286,736	187,286,736	187,286,736	187,286,736	187,286,736	187,286,736	187,286,736	187,286,736
2017	6,975,915	7,451,399	7,451,399	7,451,399	7,451,399	7,451,399	7,451,399	7,451,399	7,451,399	7,451,399	7,451,399
2018	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257	3,017,257
2019	618,864										

Accident Year	Motor										
	0	1	2	3	4	5	6	7	8	9	10
2009	37,096,437	213,169,348	245,659,752	247,265,780	247,501,373	247,501,373	247,501,373	247,501,373	247,501,373	247,501,373	247,501,373
2010	68,937,158	243,415,586	254,675,836	255,654,901	258,617,078	259,168,382	261,452,507	261,452,507	261,452,507	261,452,507	261,452,507
2011	67,546,777	206,012,941	211,857,757	211,857,757	211,857,757	211,857,757	211,857,757	211,857,757	211,857,757	211,857,757	211,857,757
2012	95,828,128	223,588,098	234,202,019	234,354,060	234,354,060	234,354,060	234,354,060	234,354,060	234,354,060	234,354,060	234,354,060
2013	31,550,701	158,615,662	166,948,941	187,294,941	187,294,941	187,294,941	187,294,941	187,294,941	187,294,941	187,294,941	187,294,941
2014	20,907,504	201,559,259	213,116,953	213,131,108	213,134,833	213,134,833	213,134,833	213,134,833	213,134,833	213,134,833	213,134,833
2015	29,546,878	182,101,597	182,929,721	182,929,721	182,929,721	182,929,721	182,929,721	182,929,721	182,929,721	182,929,721	182,929,721
2016	186,131,819	195,578,764	196,332,515	196,332,515	196,332,515	196,332,515	196,332,515	196,332,515	196,332,515	196,332,515	196,332,515
2017	10,269,118	13,767,045	13,767,045	13,767,045	13,767,045	13,767,045	13,767,045	13,767,045	13,767,045	13,767,045	13,767,045
2018	17,228,966	20,650,199	20,650,199	20,650,199	20,650,199	20,650,199	20,650,199	20,650,199	20,650,199	20,650,199	20,650,199
2019	17,095,752										

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Management of Insurance and financial risk - continued
 Claims Paid Triangulations as at December 2019

Accident Year	Oil and Energy										
	0	1	2	3	4	5	6	7	8	9	10
2009	37,096,437	57,911,807	68,532,779	72,778,513	73,520,519	83,306,924	87,533,733	87,533,733	87,533,733	87,533,733	87,533,733
2010	68,937,158	88,961,300	153,488,093	284,670,514	294,532,358	294,532,358	294,532,358	294,532,358	294,532,358	294,532,358	294,532,358
2011	67,546,777	153,284,956	226,091,062	290,523,643	299,830,859	299,830,859	299,830,859	299,830,859	299,830,859	299,830,859	299,830,859
2012	95,828,128	366,650,184	466,089,234	515,062,398	515,062,398	515,062,398	515,062,398	515,062,398	515,062,398	515,062,398	515,062,398
2013	31,371,558	148,946,210	189,602,392	189,602,392	189,602,392	189,602,392	189,602,392	189,602,392	189,602,392	189,602,392	189,602,392
2014	20,907,504	112,754,536	113,140,617	113,140,617	113,140,617	113,140,617	113,140,617	113,140,617	113,140,617	113,140,617	113,140,617
2015	28,896,614	31,210,981	31,210,981	31,210,981	31,210,981	31,210,981	31,210,981	31,210,981	31,210,981	31,210,981	31,210,981
2016	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225	184,956,225
2017	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701	6,171,701
2018	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357	2,409,357
2019	-	-	-	-	-	-	-	-	-	-	-

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2.1 Insurance risk management - continued

55.2.3 Claims development tables

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. In 2012, in the year of adoption of IFRS, only 5 years were required to be disclosed. This will be increased in each succeeding year, until 8 - 10 years of information is presented. The top half of the table shows how the estimates of total claims for each accident year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

Analysis of claims development – Gross

	Before 2014	2014	2015	2016	2017	2018	2019	Total
	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000
Estimate of ultimates:								
End of accident year	-	1,143,689	1,910,840	2,890,511	1,111,770	1,750,955	675,014	-
1 year later	-	2,094,662	1,890,840	1,990,121	1,203,475	1,790,134	-	-
2 years later	-	2,996,216	1,656,840	1,891,230	1,787,075	-	-	-
3 years later	-	2,617,056	1,742,840	1,510,034	-	-	-	-
4 years later	-	1,917,752	1,742,708	-	-	-	-	-
5 years later	-	1,601,929	-	-	-	-	-	-
Current estimate of ultimate claims	-	1,601,929	1,742,708	1,510,034	1,787,075	1,790,134	675,014	9,106,894
End of accident year	-	(698,756)	(888,870)	(1,476,089)	(1,180,710)	(1,156,802)	(538,667)	-
1 year later	-	(1,188,200)	(1,009,983)	(1,337,139)	(1,203,623)	(1,383,214)	-	-
2 years later	-	(1,214,014)	(1,456,234)	(1,450,164)	(1,211,450)	-	-	-
3 years later	-	(1,299,219)	(1,867,345)	(1,150,178)	-	-	-	-
4 years later	-	(1,041,169)	(1,380,556)	-	-	-	-	-
5 years later	-	(1,387,225)	-	-	-	-	-	-
Cumulative payments	-	(1,387,225)	(1,380,556)	(1,150,178)	(1,211,450)	(1,383,214)	(538,667)	(7,051,290)
Outstanding claims provision at December 31, 2019	1,653,619	214,704	362,152	359,856	575,625	406,920	136,347	3,709,223

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk

The Group is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are:

Market risk (which includes currency risk, interest rate risk and equity price risk)

Credit risk;

Liquidity risk;

Capital management; and

Fair value estimation

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Group's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management, individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

55.3.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair value of future cashflows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

The Group has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through its Investment Committee. The Group's Investment Committee is responsible for managing market risk.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

The market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Group's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

Currency risk

The Group has a number of investments in foreign currencies which are exposed to this currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Group's total assets and liabilities by currency is detailed below:

	£N=000	¥000	€000	\$'000	€'000	Total
Assets:						
Financial assets						
- Fair value through profit or loss	108,556	-	-	-	-	108,556
- Fair value through other comprehensive income	136,288	-	-	-	-	136,288
- Debt instruments at amortised cost	57,882	-	-	-	-	57,882
Trade receivables	120,891	-	-	-	-	120,891
Other receivables and prepayments	353,055	-	-	-	-	353,055
Reinsurance assets	268,466	-	-	-	-	268,466
Deferred acquisition costs	4,384	-	-	-	-	4,384
Investment properties	3,315,000	-	-	-	-	3,315,000
Intangible assets	17,417	-	-	-	-	17,417
Property, plant and equipment	3,795,603	-	-	-	-	3,795,603
Deferred tax assets	-	-	-	-	-	-
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	233,975	-	-	15,936	5,412	255,323
Total assets	8,734,017	-	-	15,936	5,412	8,755,365
Liabilities:						
Insurance contract liabilities	4,053,715	-	-	-	-	4,053,715
Trade payables	62,317	-	-	-	-	62,317
Provision and other payables	1,134,019	-	-	-	-	1,134,019
Current income tax payable	505,593	-	-	-	-	505,593
Deferred tax liabilities	810,606	-	-	-	-	810,606
Book overdraft	-	-	-	-	-	-
Deposit for shares	318,127	-	-	-	-	318,127
Borrowings	3,194,829	9,310,605	-	-	-	12,505,434
Total Liabilities	10,079,205	9,310,605	-	-	-	19,389,810

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

	=N=000	¥000	€'000	\$'000	€'000	Total
At 31 December 2018						
Assets:						
Financial assets	236,320	-	-	-	-	236,320
- Fair value through profit or loss	38,361	-	-	-	-	38,361
- Debt instruments at amortised cost	53,295	-	-	-	-	53,295
Trade receivables	159,372	-	-	-	-	159,372
Other receivables and prepayments	256,165	-	-	-	-	256,165
Reinsurance assets	319,085	-	-	-	-	319,085
Deferred acquisition costs	14,454	-	-	-	-	14,454
Investment properties	2,686,250	-	-	-	-	2,686,250
Intangible assets	8,271	-	-	-	-	8,271
Property, plant and equipment	3,225,670	-	-	-	-	3,225,670
Deferred tax assets	455	-	-	-	-	455
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	219,094	-	170	48,488	10,706	278,458
Total assets	7,539,292	-	170	48,488	10,706	7,598,656
Liabilities:						
Insurance contract liabilities	3,956,877	-	-	-	-	3,956,877
Trade payables	158,356	-	-	-	-	158,356
Provision and other payables	1,387,878	-	-	-	-	1,387,878
Current income tax payable	506,779	-	-	-	-	506,779
Deferred tax liabilities	630,908	-	-	-	-	630,908
Deposit for shares	373,567	-	-	-	-	373,567
Borrowings	3,144,329	9,310,605	-	-	-	12,454,934
Total Liabilities	10,158,694	9,310,605	-	-	-	19,469,299

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

The Company's total assets and liabilities by currency is detailed below:

At 31 December 2019

	€N=000	¥000	£000	\$'000	€'000	Total
Assets:						
Financial assets						
- Fair value through profit or loss	108,556	-	-	-	-	108,556
- Fair value through other comprehensive income	136,288	-	-	-	-	136,288
- Debt instruments at amortised cost	57,882	-	-	-	-	57,882
Trade receivables	79	-	-	-	-	79
Other receivables and prepayments	13,910	-	-	-	-	13,910
Reinsurance assets	316,723	-	-	-	-	316,723
Deferred acquisition costs	4,384	-	-	-	-	4,384
Investment in subsidiary	1,000,000	-	-	-	-	1,000,000
Investment properties	3,315,000	-	-	-	-	3,315,000
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	3,273,068	-	-	-	-	3,273,068
Deferred tax assets	-	-	-	-	-	-
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	115,268	-	-	15,936	-	136,093
Total assets	8,663,660			15,936	4,888	8,684,484
Liabilities:						
Insurance contract liabilities	4,053,715	-	-	-	-	4,053,715
Trade payables	16,053	-	-	-	-	16,053
Provision and other payables	1,077,843	-	-	-	-	1,077,843
Current income tax payable	497,936	-	-	-	-	497,936
Deferred tax liabilities	792,724	-	-	-	-	792,724
Book overdraft	-	-	-	-	-	-
Deposit for shares	318,127	-	-	-	-	318,127
Borrowings	3,144,329	9,310,605	-	-	-	12,454,934
Total Liabilities	9,900,727	9,310,605	-	-	-	19,211,332

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

	=N='000	¥'000	£'000	\$'000	€'000	Total
At 31 December 2018						
Assets:						
Financial assets	236,320	-	-	-	-	236,320
- Fair value through profit or loss	38,361	-	-	-	-	38,361
- Fair value through other comprehensive income	53,295	-	-	-	-	53,295
- Debt instruments at amortised cost	100	-	-	-	-	100
Trade receivables	5,222	-	-	-	-	5,222
Other receivables and prepayments	319,085	-	-	-	-	319,085
Reinsurance assets	14,454	-	-	-	-	14,454
Deferred acquisition costs	1,000,000	-	-	-	-	1,000,000
Investment properties	2,686,250	-	-	-	-	2,686,250
Property, plant and equipment	2,710,722	-	-	-	-	2,710,722
Statutory deposit	322,500	-	-	-	-	322,500
Bank balances, deposits and cash	166,289	-	170	48,488	10,706	165,653
Total assets	7,492,598	-	170	48,488	10,706	7,551,962
Liabilities:						
Insurance contract liabilities	3,956,877	-	-	-	-	3,956,877
Trade payables	158,366	-	-	-	-	158,366
Provision and other payables	1,294,118	-	-	-	-	1,294,118
Current income tax payable	480,676	-	-	-	-	480,676
Deferred tax liabilities	630,908	-	-	-	-	630,908
Deposit for shares	373,567	-	-	-	-	373,567
Borrowings	3,144,329	9,310,605	-	-	-	12,454,934
Total Liabilities	10,038,831	9,310,605	-	-	-	19,349,436

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

Sensitivity

If the Nafta had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

Impact on results Group	NGN	Yen	GBP	USD	Euro	Carrying value	Carrying value	
							+5% =N=000	-5% =N=000
At 31 December 2019								
Bank balances and deposits	233,978	-	-	15,936	5,411	255,323	1,067	(1,067)
Borrowings	3,194,829	9,310,605	-	-	-	12,505,434	(465,530)	465,530
At 31 December 2018								
Bank balances and deposits	219,094	-	170	48,488	10,706	278,458	2,968	(2,968)
Borrowings	3,144,329	9,310,605	-	-	-	12,454,934	(465,530)	465,530
Company								
At 31 December 2019								
Bank balances and deposits	115,269	-	-	15,936	4,888	136,093	1,041	(1,041)
Borrowings	314,4329	9,310,605	-	-	-	12,454,934	(465,530)	465,530
At 31 December 2018								
Bank balances and deposits	106,557	-	170	48,488	10,706	165,921	2,968	(2,968)
Borrowings	3,144,329	9,310,605	-	-	-	12,454,934	(465,530)	465,530

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

Interest rate risk

Based on the Group assessment, interest rate risk does not arise from the Group's investments in long term debt securities and fixed income securities (Held-to-Maturity financial assets), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. No impact was observed for the entities. The Group concluded that it is not exposed to interest rate risk because none of the financial instruments mentioned is measured at fair value and of them carries variable rate of interest.

Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risk, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local investments in various sectors of the economy.

Sensitivity

The impact on the Group's shareholders' equity, had the equity market values increased/decreased by 1% and 5% with other assumptions left unchanged, would have been as follows:

<u>Group/Company</u>	2019	Carrying value =N='000	Decrease by 5% =N='000	Increase by 5% =N='000
Financial assets				
Listed equities (FVPL)		108,556	(5,428)	5,428
Impact on profit or loss before tax			(5,428)	5,428
<u>Group/Company</u>	2019	Carrying value =N='000	Decrease by 5% =N='000	Increase by 5% =N='000
Financial assets				
Unlisted equities (FVOCI)		136,288	(6,814)	6,814
Impact on equity			(6,814)	6,814

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

Equity price risk - continuedGroup/Company

	2018	Carrying value =N='000	Decrease by 5% =N='000	Increase by 5% =N='000
Financial assets				
Listed equities (FVPL)		236,320	(11,816)	11,816
Impact on profit or loss before tax			(11,816)	11,816

Group/Company

	2018	Carrying value =N='000	Decrease by 5% =N='000	Increase by 5% =N='000
Financial assets				
Unlisted equities (FVOCI)		38,361	(1,918)	1,918
Impact on equity			(1,918)	1,918

55.3.2 Credit risks

Credit risks arise from a counterparty's inability to fully meet its on and/ off-statement of financial obligation contractual obligations. Exposure to this risk results from financial transactions with a counter party including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor. The Group has policies in place to mitigate its credit risks.

(i)

The Group's Enterprise Risk Management policy sets out the assessment and determination of what constitutes credits risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e., limits are set for investment and cash deposits, foreign exchange trade exposures and minimum credit for investments that may be held).

(ii) The Group further restricts its credit risk exposure by entering into master netting arrangements with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of default, when such balances are settled on a net basis. The group's reinsurance treaty contracts involve netting arrangements.

(iii) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of credit worthiness of reinsurers and updates the reinsurance purchase strategy; ascertaining suitable allowance for impairment.

(iv) The Group's set guidelines determine when to obtain collateral and guarantees. The Group also maintains strict control limits by amount and terms on financial assets. The amount subject to credit risk are limited to the fair value of 'in the money' financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.

(v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.

(vi) The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts and receivables from them to reduce the risk of doubtful debts.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Credit exposure

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit risk exposure based on the carrying value of the financial instruments.

Industry analysis Group	Financial services N'000	Govern- ment N'000	Other N'000	Total N'000
31 December 2019				
Cash and cash equivalents	255,323	-	-	255,323
Trade receivables	-	-	125,769	125,769
Debt instrument at amortised cost	-	57,265	809	58,074
Other receivables	-	-	-	-
Reinsurance assets	316,723	-	-	316,723
Statutory deposit	-	322,500	-	322,500
	<u>572,046</u>	<u>379,765</u>	<u>126,578</u>	<u>1,078,389</u>
31 December 2018				
Cash and cash equivalents	279,059	-	-	279,059
Trade receivables	-	-	160,678	160,678
Debt instrument at amortised cost	-	52,255	1,234	53,489
Other receivables	-	-	-	-
Reinsurance assets	319,085	-	-	319,085
Statutory deposit	-	322,500	-	322,500
	<u>598,144</u>	<u>374,755</u>	<u>161,912</u>	<u>1,134,811</u>
Company				
31 December 2019				
Cash and cash equivalents	135,572	-	-	135,572
Trade receivables	-	-	-	-
Debt instrument at amortised cost	-	57,267	809	58,076
Other receivables	-	-	-	-
Reinsurance assets	316,723	-	-	316,723
Loans and receivables	-	-	-	-
Statutory Deposit	-	322,500	-	322,500
	<u>452,295</u>	<u>379,767</u>	<u>809</u>	<u>832,871</u>
31 December 2018				
Cash and cash equivalents	166,165	-	-	166,165
Trade receivables	-	-	-	-
Debt instrument at amortised cost	-	52,255	1,234	53,489
Other receivables	-	-	-	-
Reinsurance assets	319,085	-	-	319,085
Loans and receivables	-	-	-	-
Statutory Deposit	-	322,500	-	322,500
	<u>485,250</u>	<u>374,755</u>	<u>1,234</u>	<u>861,239</u>

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risks - continued
Credit exposure - continued

The table below provides information regarding the credit risk exposure of the Group and Company by classifying assets according to the Group and Company credit ratings of counter parties.

Group	Neither past due nor impaired					Total
	Investment Grade	Non Investment Grade: Satisfactory	Non Investment Grade: Unsatisfactory	Past due but not impaired		
	N'000	N'000	N'000	N'000	N'000	
31 December 2019						
Cash and cash equivalents	-	255,924	-	-	-	255,924
Held-for-trading	-	-	-	-	-	-
Available-for-sale	-	-	-	-	-	-
Trade receivables	125,769	-	-	-	-	125,769
Debt instrument at amortised costs	-	-	-	53,295	-	53,295
Other receivables	-	-	-	-	-	-
Reinsurance assets	268,466	-	-	-	-	268,466
Loans and receivables	-	-	-	-	-	-
Statutory deposit	322,500	-	-	-	-	322,500
	<u>716,735</u>	<u>255,924</u>	<u>-</u>	<u>53,295</u>	<u>-</u>	<u>1,025,954</u>
31 December 2018						
Cash and cash equivalents	-	279,059	-	-	-	279,059
Held-for-trading	-	-	-	-	-	-
Available-for-sale	-	-	-	-	-	-
Trade receivables	160,678	-	-	-	-	160,678
Debt instrument at amortised costs	-	-	-	53,489	-	53,489
Other receivables	-	-	-	-	-	-
Reinsurance assets	319,085	-	-	-	-	319,085
Loans and receivables	-	-	-	-	-	-
Statutory deposit	322,500	-	-	-	-	322,500
	<u>802,263</u>	<u>279,059</u>	<u>-</u>	<u>53,489</u>	<u>-</u>	<u>1,134,811</u>
Company						
31 December 2019						
Cash and cash equivalents	-	136,605	-	-	-	136,605
Trade receivables	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Reinsurance assets	268,466	-	-	-	-	268,466
Finanacial assets at amortized Cost	-	57,882	-	-	-	57,882
Statutory deposit	322,500	-	-	-	-	322,500
	<u>590,966</u>	<u>194,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>785,453</u>

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risks - continued
Credit exposure - continued

Company	Neither past due nor impaired				Total N'000
	Investment Grade	Non Investment Grade: Satisfactory	Non Investment Grade: Unsatisfactory	Past due but not impaired	
	N'000	N'000	N'000	N'000	
31 December 2018					
Cash and cash equivalents	-	166,165	-	-	166,165
Held-for-trading	-	-	-	-	-
Available-for-sale	-	-	-	-	-
Trade receivables	160,678	-	-	-	160,678
Debt instrument at amortised costs	-	53,295	-	-	53,295
Other receivables	-	-	-	-	-
Reinsurance assets	316,723	-	-	-	316,723
Loans and receivables	-	-	-	-	-
Statutory deposit	322,500	-	-	-	322,500
	799,901	219,460	-	-	1,019,361

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

There has been no significant increase in credit risk or default for financial assets during the year.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are also provided.

Group	31-Dec-19		Total	1-Jan-19 Total
	12mECL N'000	LTECL N'000		
Moody's rating				
Performing				
Cash and cash equivalents	-	-	-	-
AAA-A+	255,924	-	255,924	279,059
BBB-B+	-	-	-	-
C-CCC	-	-	-	-
Total Gross Amount	255,924	-	255,924	279,059
ECL	(712)	-	(712)	(932)
Total Net Amount	255,212	-	255,212	278,127
Financial assets - amortised cost				
AAA-A+	-	-	-	-
BBB-B+	57,267	-	57,267	52,255
C-CCC	-	-	-	-
Total Gross Amount	57,267	-	57,267	52,255
ECL	(217)	-	-	(194)
Total Net Amount	57,050	-	57,267	52,061
Unrated				
Trade receivables	125,769	-	125,769	160,678
Total Gross Amount	125,769	-	125,769	160,678
ECL	-	-	-	(1,406)
Total Net Amount	125,769	-	125,769	159,272

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

Company	31-Dec-19		Total N'000	1-Jan-19 Total N'000
	12mECL N'000	LTECL N'000		
Moody's rating				
Performing				
Cash and cash equivalents				
AAA-A+	-	-	-	-
BBB-B+	136,605	-	136,605	165,165
C-CCC	-	-	-	-
Total Gross Amount	136,605	-	136,605	165,165
ECL	(550)		(550)	(824)
Total Net Amount	136,055	-	136,055	164,341
Financial assets - amortised cost				
AAA-A+	-	-	-	-
BBB-B+	57,267	-	57,267	52,255
C-CCC	-	-	-	-
Total Gross Amount	57,267	-	57,267	52,255
ECL	(217)		-	(194)
Total Net Amount	57,050	-	57,267	52,061

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

Collateral for other receivables

As at December 31, 2019, the Company had no asset reposed as security against asset. The group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The company does not generally use the non cash collateral for its own operations.

As at December 31, 2019, the Company has not pledged any of its assets as collateral for any liability or payable balance (2018: nil)

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk(i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available with out undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 *Financial risk - continued*

55.3.2 *Credit risk - continued*

Impairment assessment- Continued

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of Forward looking information

The Company incorporates forward-looking information into its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD)

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moodys based on the default history of

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis.

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moodys, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at December 31, 2019 and January 1, 2019.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Analysis of inputs to the ECL model under multiple economic scenarios

December 31, 2019

Key drivers	ECL Scenario	Assigned Probabilities	2020	2021	2023
Macroeconomic variable					
GDP Growth rate (%)	Upside	35%	3.50	1.71	1.80
	Base case	35%	3.50	1.71	1.8
	Downside	30%	3.50	1.71	1.80
Inflation rates (%)	Upside	35%	14.28	14.50	14.50
	Base case	35%	14.28	14.5	14.50
	Downside	30%	14.28	14.50	14.50
Oil Prices "USD"(price per barrel)	Upside	35%	74	69	69
	Base case	35%	74	69	69
	Downside	30%	74	69	69
Unemployment rates (%)	Upside	35%	17.40	15.00	16.20
	Base case	35%	17.40	15.00	16.20
	Downside	30%	17.40	15.00	16.20

Analysis of inputs to the ECL model under multiple economic scenarios

December 31, 2018

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2023
Macroeconomic variable					
GDP Growth rate (%)	Upside	35%	3.50	1.71	1.80
	Base case	35%	3.50	1.71	1.8
	Downside	30%	3.50	1.71	1.80
Inflation rates (%)	Upside	35%	14.28	14.50	14.50
	Base case	35%	14.28	14.5	14.50
	Downside	30%	14.28	14.50	14.50
Oil Prices "USD"(price per barrel)	Upside	35%	74	69	69
	Base case	35%	74	69	69
	Downside	30%	74	69	69

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2023
Unemployment rates (%)	Upside	35%	17.40	15.00	16.20
	Base case	35%	17.40	15.00	16.20
	Downside	30%	17.40	15.00	16.20

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

The following tables outline the impact of multiple scenarios on the allowance

		Cash and cash equivalents	Financial assets - amortised cost	Other receivables	Total
	31-Dec-19				
<i>Upside</i>	18%	128	41	-	169
<i>Base case</i>	66%	470	143	-	613
<i>Downside</i>	16%	114	33	-	147
		<u>712</u>	<u>217</u>	<u>-</u>	<u>929</u>
	31-Dec-18				
<i>Upside</i>	18%	168	35	253	456
<i>Base case</i>	66%	615	128	928	1,672
<i>Downside</i>	16%	149	31	225	405
		<u>932</u>	<u>194</u>	<u>1,406</u>	<u>2,533</u>

55.3.3 Liquidity risks

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

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- * A Company liquidity risk policy which set out assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- * Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- * Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

The following table shows details of the expected maturity profile of the company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows. Assets are included in this table because Management uses those assets to manage liquidity risk.

	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000
GROUP - 31 December 2019					
<i>Financial and Insurance assets</i>					
Debt instrument at amortised cost	53,295	-	-	-	53,295
Trade receivables	125,769	-	-	-	125,769
Provision and other payables	716,817	-	-	-	716,817
Cash and cash equivalents	255,924	-	-	-	255,924
	<u>1,151,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,151,805</u>
GROUP - 31 December 2019					
<i>Financial and Insurance liabilities</i>					
Insurance contract liabilities	4,053,715	-	-	-	4,053,715
Borrowings	12,505,434	-	-	-	12,505,434
Deposit for shares	318,127	-	-	-	318,127
	<u>16,877,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,877,276</u>
GROUP - 31 December 2018					
<i>Financial and Insurance assets</i>					
Debt instrument at amortised cost	53,489	-	-	-	53,489
Trade receivables	160,678	-	-	-	160,678
Provision and other payables	964,732	-	-	-	964,732
Cash and cash equivalents	279,059	-	-	-	279,059
	<u>1,457,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,457,958</u>
<i>Financial and Insurance liabilities</i>					
Insurance contract liabilities	3,038,883	-	-	-	3,038,883
Borrowings	12,454,934	-	-	-	12,454,934
Deposit for shares	373,567	-	-	-	373,567
	<u>15,867,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,867,384</u>
Company - 31 December 2019					
<i>Financial and Insurance assets</i>					
Debt instrument at amortised cost	53,295	-	-	-	53,295
Reinsurance assets	303,191	-	-	-	303,191
Trade receivables	79	-	-	-	79
Other receivables	2,203	-	-	-	2,203
Cash and cash equivalents	136,605	-	-	-	136,605
	<u>495,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,373</u>
<i>Financial and Insurance liabilities</i>					
Insurance contract liabilities	4,053,715	-	-	-	4,053,715
Borrowings	12,454,934	-	-	-	12,454,934
Provisions and other payables	727,052	-	-	-	727,052
Deposit for shares	318,127	-	-	-	318,127
	<u>17,553,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,826,776</u>
31 December 2018					
<i>Financial and Insurance assets</i>					
Debt instrument at amortised cost	53,295	-	-	-	53,295
Reinsurance assets	319,085	-	-	-	319,085
Trade receivables	100	-	-	-	100
Other receivables	2,203	-	-	-	2,203
Cash and cash equivalents	166,165	-	-	-	166,165
	<u>540,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,848</u>

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

Company - 31 December 2018	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000
<i>Financial and Insurance liabilities</i>					
Insurance contract liabilities	3,838,883	-	-	-	3,838,883
Borrowings	12,454,934	-	-	-	12,454,934
Provisions and other payables	849,449	-	-	-	849,449
Deposit for shares	373,567	-	-	-	373,567
	<u>17,516,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,516,833</u>

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

Group - 31 December 2019	Current	Non-current	Total
	N'000	N'000	N'000
Assets			
Cash and cash equivalents	255,323	-	255,323
Financial assets			
- Fair value through profit or loss	108,556	-	108,556
- Fair value through other comprehensive income	136,288	-	136,288
- Debt instruments at amortised cost	57,882	-	57,882
Trade receivables	120,891	-	120,891
Other receivables and prepayments	353,055	-	353,055
Reinsurance assets	268,466	-	268,466
Deferred acquisition costs	4,384	-	4,384
Investment in subsidiary	-	-	-
Investment properties	-	3,315,000	3,315,000
Intangible assets	-	17,417	17,417
Property, plant and equipment	-	3,795,603	3,795,603
Statutory deposit	-	322,500	322,500
Deferred tax assets	-	-	-
Total assets	<u>1,304,846</u>	<u>7,450,520</u>	<u>8,755,366</u>
Liabilities			
Insurance contract liabilities	4,053,715	-	4,053,715
Trade payables	62,317	-	62,317
Provisions and other payables	1,134,020	-	1,134,020
Current income tax payable	505,593	-	505,593
Deferred tax liabilities	-	810,606	810,606
Borrowings	12,505,434	-	12,505,434
Deposit for shares	318,127	-	318,127
Total liabilities	<u>18,579,206</u>	<u>810,606</u>	<u>19,389,811</u>

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

Group - 31 December 2018	Current	Non-current	Total
	N'000	N'000	N'000
Assets			
Cash and cash equivalents	278,458	-	278,458
Financial assets			
- Held-for-trading	236,320	-	236,320
- Available-for-sale	38,361	-	38,361
- Loans and receivables	53,295	-	53,295
Trade receivables	159,372	-	159,372
Other receivables and prepayments	256,165	-	256,165
Reinsurance assets	319,085	-	319,085
Deferred acquisition costs	14,454	-	14,454
Investment properties	-	2,686,250	2,686,250
Intangible assets	-	8,271	8,271
Property, plant and equipment	-	3,225,670	3,225,670
Statutory deposit	-	322,500	322,500
Deferred tax assets	455	-	455
Total assets	1,355,965	6,242,691	7,598,656
Liabilities			
Insurance contract liabilities	3,956,877	-	3,956,877
Trade payables	158,356	-	158,356
Provisions and other payables	1,387,878	-	1,387,878
Current income tax payable	506,779	-	506,779
Deferred tax liabilities	-	630,908	630,908
Borrowings	12,454,934	-	12,454,934
Deposit for shares	373,567	-	373,567
Total liabilities	18,838,391	630,908	19,469,299
Company - 31 December 2019			
Assets			
Cash and cash equivalents	136,093		136,093
Financial assets			
- Held-for-trading	108,556		108,556
- Available-for-sale		136,288	136,288
- Debt instruments at amortised cost	57,882		57,882
Trade receivables	79		79
Other receivables and prepayments	13,910		13,910
Reinsurance assets	268,466		268,466
Deferred acquisition costs	4,384		4,384
Investment in subsidiary		1,000,000	1,000,000
Investment properties		3,315,000	3,315,000
Intangible assets		-	-
Property, plant and equipment		3,273,068	3,273,068
Statutory deposit		322,500	322,500
Total assets	322,500	8,046,856	8,636,226
Liabilities			
Insurance contract liabilities	4,053,715		4,053,715
Trade payables	16,053		16,053
Provisions and other payables	1,077,844		1,077,844
Current income tax payable	497,936		497,936
Deferred tax liabilities		792,722	792,722
Borrowings	12,454,934		12,454,934
Deposit for shares	318,127		318,127
Total liabilities	18,418,608	792,722	19,211,330

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

Company - 31 December 2018	Current	Non-current	Total
	N'000	N'000	N'000
Assets			
Cash and cash equivalents	165,653	-	165,653
Financial assets			
- Held-for-trading	236,320	-	236,320
- Available-for-sale	-	38,361	38,361
- Loans and receivables	53,295	-	53,295
Trade receivables	100	-	100
Other receivables and prepayments	5,222	-	5,222
Reinsurance assets	319,085	-	319,085
Deferred acquisition costs	14,454	-	14,454
Investment in subsidiary	-	1,000,000	1,000,000
Investment properties	-	2,686,250	2,686,250
Intangible assets	-	-	-
Property, plant and equipment	-	2,710,722	2,710,722
Statutory deposit	-	322,500	322,500
Total assets	794,129	6,757,833	7,551,962
Liabilities			
Insurance contract liabilities	3,956,877	-	3,956,877
Trade payables	158,356	-	158,356
Provisions and other payables	1,294,118	-	1,294,118
Current income tax payable	480,676	-	480,676
Deferred tax liabilities	-	630,908	630,908
Borrowings	12,454,934	-	12,454,934
Deposit for shares	373,567	-	373,567
Total liabilities	18,718,528	630,908	19,349,436

Fair value of financial assets and liabilities

a Financial instruments not measured at fair value

Group	31 December 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
	N'000	N'000	N'000	N'000
Financial assets				
Cash and cash equivalents	255,323	255,323	278,458	278,458
Loans and receivables	-	-	-	-
Debt instrument at amortised cost	57,882	57,882	53,295	53,295
Trade receivables	120,891	120,891	159,372	159,372
Financial liabilities				
Trade payables	62,317	62,317	158,356	158,356
Borrowings	12,505,434	12,505,434	12,454,934	12,454,934
Deposit for shares	318,127	318,127	373,567	373,567

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

Fair value of financial assets and liabilities -continued

a Financial instruments not measured at fair value - continued

Company	31 December 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
	N'000	N'000	N'000	N'000
Financial assets				
Cash and cash equivalents	136,093	136,093	165,653	165,653
Debt instrument at amortised	57,882	-	53,295	-
Financial liabilities				
Trade payables	16,053	16,053	158,356	158,356
Borrowings	12,454,934	12,454,934	12,454,934	12,454,934
Deposit for shares	318,127	318,127	373,567	373,567

Note: Financial liabilities carrying amounts approximates their fair value

b Fair valuation methods and assumptions

Financial assets and liabilities:

(i) Cash and cash equivalents

Cash and cash equivalents represent cash and placement held with banks for short-term. The carrying amount of these balances approximates their fair value.

(ii) Trade receivables, Other receivables and Trade payables

Trade receivables and Other receivables represent monetary assets which usually has a short recycle period and other payables represents amount outstanding on account payables. And as such the fair values of these balances approximate their carrying amount.

(iii) Equity

Listed equities were fair valued using quoted prices from the Nigerian Stock Exchange. The inputs are unit held and the market price.

(iv) Loans and receivable

Loans and receivables were valued using the DCF method and the inputs are the expected cashflows and interest rate.

56 Enterprise Risk Management (ERM)

ERM as defined Under COSO framework is "a process, effected by an entity's Board of Directors, management and other personnel, applied in a strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives".

International Energy Insurance Plc recognizes the presence of risk in our value chain, business model and other processes of delivering value to our stakeholders and therefore committed to establishing due processes for identifying, assessing, monitoring, controlling and mitigating all material risks in the business of the Group as embedded in the Group's ERM framework.

56 Enterprise Risk Management (ERM) - continued

IEI Plc in adopting COSO ERM framework, defines ERM in its framework as the discipline by which International Energy Insurance Plc assesses, controls, exploits, finances, and monitors risks from all sources for the purpose of increasing the IEI Plc short- and long-term value to its Stakeholders.

Risk Management Philosophy, Principles and Culture

The Enterprise Wide Risk Management process of the company is guided by the following core principles:

Embedding

ERM and Internal Control framework shall be fully embedded within the major functional and operational processes just as strategic planning and performance measurement system.

Consistency

The Group shall adopt a consistent method for the identification, assessment, monitoring, mitigation, control and communication of risks associated with all of its activities, functions, processes, and events in an effort to efficiently and effectively achieve its corporate objectives.

Risk awareness

A result driven and risk awareness culture shall be nurtured to move the Group to a position where decisions are taken with full consideration of relevant risks and their implications.

Ownership

Ownership – Specific risk owners within the Group's workforce as well as the members of the Board shall have sound understanding of the risk impacting their operations or areas of responsibility and be able to respond with appropriate strategies and mechanisms to identify, assess, monitor and control those risks.

Accountability

Risk owners within the Group's workforce shall be accountable for the risk management actions in their respective areas of responsibility. The Board shall provide adequate oversight, control, review and approve risk strategies, plans and budgets prepared by management.

Authority

Risk owners must have the required level of authority and flexibility to determine and execute the proper course of action to manage the risk in their respective areas of responsibility.

Communication

The Group's information system will be continually updated to accommodate data output necessary for proper assessment and monitoring of risks.

Risk Management Process

The Group's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance.

56 Enterprise Risk Management (ERM) - continued

Risk Management Process - continued

Communication and dialogue:

Communication and dialogue with internal and external stakeholders should take place at every relevant stage of the risk management process.

Establishing the Context:

This defines the internal and external parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.

Risk Identification:

The purpose of this step is to generate a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.

Risk Analysis:

Risk analysis is about developing an understanding of the risk by considering the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account.

Risk Evaluation:

The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance).

Risk Treatment:

This involves the selection of one or more options for modifying unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.

Monitoring and Review:

This step encompasses all aspects of the risk management process to:

- *Analyze and learn lessons from events, changes, and trends.
- *Detect changes in the external and internal context including changes to the risk itself.
- *Ensure that the risk controls and treatment measures are effective in both design and operation.
- *Identify emerging risks.

Risk Identification

IEI Plc's focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). IEI in accessing the likelihood and consequences of risk uses both qualitatively or quantitatively measures depending on the risks being considered.

56 Enterprise Risk Management (ERM) - continued

Risk Appetite

Risk appetite is the level of risk that the Company is willing to accept in fulfilling its business objectives. The purpose of the risk appetite is to assist in the process of setting the company's strategic objective and in the management of risks.

IEI has an articulated risk appetite limits for various classes of risk in it is written which has been approved by Management and Board.

Risk Culture

Risk culture is the system of values and behaviors present in the organization that shapes risk decisions of management and employees. IEI ensures a common understanding of the organization and its business purpose amongst its employees. Employees understand that risk and compliance rules apply to everyone as they work towards business goals. This understanding is to ensure that IEI "does the right thing" all the time.

IEI propagates a strong risk culture and supports employee's training to understand how to make educated risk-related decisions to ensure consistent risk behavior in the organization.

To ensure a good risk culture IEI:

- *Propagates a positive corporate culture
- *Actively ensures observation of policy and procedures
- *Ensures effective use of technology in its management processes.

INTERNATIONAL ENERGY INSURANCE PLC

NON LIFE REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

REVENUE	Fire =N='000	Motor =N='000	General accident =N='000	Marine =N='000	Oil and energy =N='000	Total 2019 =N='000	Total 2018 =N='000
Direct premium	14,481	367,861	72,304	31,436	19,643	505,725	457,756
Inward premium	2,831	2,136	13,084	203	1,968	20,222	5,303
Gross written premium	17,312	369,997	85,388	31,639	21,611	525,947	463,059
Change in unearned premium	10,071	(150,026)	(664)	905	16,866	(122,848)	207,628
Gross premium earned	27,383	219,971	84,724	32,543	38,478	403,098	670,687
Outward reinsurance	(14,895)	(27,436)	(23,759)	(12,827)	-	(78,916)	(204,546)
Net premium earned	12,488	192,534	60,965	19,716	38,478	324,182	466,141
Commission received	3,708	(130)	3,548	5,201	-	12,328	7,762
Net underwriting income	16,197	192,405	64,514	24,917	38,478	336,510	473,903
EXPENSES							
Gross claims paid	3,603	43,174	68,336	10,221	4,744	130,078	489,377
Change in outstanding claims	(60,223)	23,821	29,434	(23,349)	4,306	(26,011)	102,912
Gross claims incurred	(56,619)	66,995	97,770	(13,128)	9,049	104,067	592,288
Reinsurance claims recovery	3,584	(755)	9,225	3,480	2,171	17,705	(69,894)
Net claims incurred	(53,035)	66,240	106,995	(9,648)	11,220	121,772	522,394
Acquisition costs	4,861	8,604	10,492	4,153	7,141	35,251	73,372
Maintenance costs	216	49,113	26,461	400	-	76,191	32,524
Underwriting expenses	(47,958)	123,957	143,948	(5,095)	18,362	233,214	628,290
Underwriting (loss)/profit	64,155	68,447	(79,434)	30,012	20,116	103,296	(154,388)

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2019

	GROUP		COMPANY	
	2019 =N=000	%	2018 =N=000	%
Gross premium income	403,098		403,098	
Commission	12,328		12,328	
Interest revenue calculated using effective interest method	59,111		48,758	
Investment income	3,610		1,799	
Other income	1,656,404		808,409	
Reinsurance expenses, net claims incurred, commission paid and other operating expenses - Value added	2,134,552		1,274,393	
	(966,521)		(573,664)	
	1,168,031		700,729	
			(1,104,721)	
			(373,049)	
Applied as follows:				
To pay employees:				
Salaries, wages and benefits	722,774	62	765,188	9,632
			364,079	52
			434,411	(116)
To pay Government:				
Taxes	29,293	3	85,965	1,082
			23,263	3
			77,153	(21)
To pay providers of capital:				
Finance costs	7,423	1	3,144,339	39,562
			-	-
			3,144,339	(843)
Retained for asset replacement and future expansion of business:				
-Depreciation and amortisation	95,145	8	94,033	1,184
-Deferred taxation	3,892	0	97,146	1,223
-Profits/loss for the year	309,504	26	(4,178,707)	(52,602)
			301,988	43
			(4,165,086)	1,117
Value added	1,168,031	100	7,944	100
			700,729	100
			(373,049)	100

Value added is the wealth created by the efforts of the Group and its employees and the allocation between employees, shareholders, government and that retained in the future for the creation of more wealth.

