

Wapic Insurance Plc.

Unaudited Interim Financial Statements

For the Period Ended 30th June 2019

Wapic Insurance Plc


**Consolidated Statement of Financial Position
as at the period ended 30th June 2019**


(All amounts in Naira thousands unless otherwise stated)

	Notes	Group 2019 Jun N'000	Group 2018 Dec N'000	Company 2019 Jun N'000	Company 2018 Dec N'000
Cash and cash equivalents	9	1,091,934	2,888,234	737,097	2,056,738
Financial assets	10	7,908,892	7,844,196	2,538,255	2,222,923
Trade receivables	11	545,745	34,962	298,340	34,962
Reinsurance assets	12	5,156,380	3,692,142	3,613,976	2,187,984
Deferred acquisition cost	13	831,213	749,174	612,682	598,828
Other receivables and prepayments	14	1,906,747	1,435,324	1,607,722	1,017,312
Investment property	15	253,480	253,480	253,480	253,480
Investment in associates	17	8,889,313	8,763,246	5,059,810	5,059,810
Investment in subsidiaries	16	-	-	5,360,915	5,360,915
Property and equipment	18a	3,449,725	3,481,328	3,181,308	3,256,892
Intangible assets	19	489,884	481,009	467,498	465,961
Statutory deposit	20	587,318	638,044	300,000	300,000
Current Income tax asset			34,192		
Deferred tax asset		68,260	68,260	68,260	68,260
Total assets		31,178,891	30,363,591	24,099,343	22,884,065
Trade payables	21	257,066	255,384	106,110	162,970
Other payables	22	1,513,293	1,946,740	2,918,528	2,697,095
Current income tax liabilities	24	235,740	258,901	100,471	139,103
Investment contract liabilities	26	1,257,866	1,170,785	-	-
Insurance contract liabilities	25	10,750,724	9,621,473	6,637,918	5,629,277
Deferred tax liabilities	0	-	-	-	-
Total liabilities		14,014,689	13,253,283	9,763,027	8,628,445
Net assets		17,164,203	17,110,308	14,336,316	14,255,620
Equity attributable to owners:					
Share capital	27	6,691,369	6,691,369	6,691,369	6,691,369
Share premium	28	6,194,983	6,194,983	6,194,983	6,194,983
Contingency reserves	29	2,658,778	2,436,203	2,240,892	2,053,249
Other reserves	30	(212,633)	(492,299)	5,040	5,650
Retained earnings	31	1,831,706	2,280,052	(795,967)	(689,632)
Shareholders' fund		17,164,203	17,110,308	14,336,316	14,255,620


These interim financial statements were approved by the board of directors on 30 July 2019 and signed on behalf of the board by:


Aigboje Aig-Imoukhuede, CON
FRC/2013/CIBN/00000001999
Chairman


Adeyinka Adekoya
FRC/2016/CIIN/00000013893
Managing Director


Bode Ojeniyi
Executive Director
FRC/2016/CIBN/000000013894

Additionally certified by:


Oluseyi Taiwo
FRC/2013/ICAN/00000004011
Chief Finance Officer

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Wapic Insurance Plc

Consolidated Statements of Profit or Loss

For the period ended 30th June. 2019

(All amounts in Naira thousands unless otherwise stated)

Notes	Group				Company				
	2019	2018	2019	2018	2019	2018	2019	2018	
	3 Months Jun N'000	3 Months Jun N'000	YTD Jun N'000	YTD Jun N'000	3 Months Jun N'000	3 Months Jun N'000	YTD Jun N'000	YTD Jun N'000	
Gross written premium	1a	3,852,258	2,500,679	8,664,992	6,966,665	3,012,906	1,911,159	6,254,762	5,023,928
Movement in unearned premium	1b	9,123	417,286	(776,906)	(1,516,510)	(103,518)	105,851	(309,476)	(1,502,193)
Gross premium income		3,861,381	2,917,965	7,888,086	5,450,155	2,909,387	2,017,010	5,945,286	3,521,735
Reinsurance expenses	1c	(2,836,409)	(526,649)	(4,046,048)	(1,485,045)	(2,600,942)	(257,791)	(3,542,117)	(935,236)
Net premium income		1,024,972	2,391,316	3,842,038	3,965,110	308,446	1,759,218	2,403,169	2,586,499
Fees and commission income	3	498,082	255,756	814,070	470,238	460,122	198,972	711,652	342,029
Net underwriting income		1,523,054	2,647,073	4,656,108	4,435,348	768,567	1,958,190	3,114,821	2,928,528
Claims paid	a	(949,365)	(1,019,476)	(2,373,656)	(1,659,892)	(477,674)	(848,302)	(1,094,398)	(1,134,138)
Movement in outstanding claims	b	(327,010)	(853,424)	(402,632)	(1,122,924)	(11,771)	(461,820)	(389,193)	(561,549)
Claims expense recoverable	c	491,451	624,394	1,037,095	842,831	196,382	412,219	642,624	534,407
Net claims expenses		(784,923)	(1,248,506)	(1,739,193)	(1,939,985)	(293,063)	(897,904)	(840,967)	(1,161,280)
Underwriting expenses	4	(733,263)	(845,513)	(1,630,754)	(1,148,352)	(565,123)	(691,672)	(1,249,301)	(873,218)
Increase in individual life fund				(24,466)	(21,355)	-	-	-	-
Total underwriting expenses		(1,518,187)	(2,094,019)	(3,394,413)	(3,109,692)	(858,186)	(1,589,575)	(2,090,268)	(2,034,498)
Underwriting profit		4,867	553,053	1,261,695	1,325,656	(89,619)	368,615	1,024,553	894,030
Investment income	0	261,004	268,404	430,345	587,288	32,760	627,800	512,567	627,796
Net FV Gain/Loss on Investment@ PVTPL	5b								-
Net FV Gain/Loss on Financial Assets	5b			(7,036)	4			(7,036)	4
Profit on deposit administered contracts	5f			57,828	13,764				
Other operating income	0	34,811	117,743	153,548	169,722	1,961	103,268	63,663	152,347
Total investment and other income		295,815	386,148	634,685	770,779	34,720	731,068	569,194	780,147
Net income		300,682	939,201	1,896,380	2,096,435	(54,898)	1,099,683	1,593,747	1,674,177
Impairment on trade receivable	0	-	23	23	23		23	23	23
Impairment on other assets	0	-	1	-	1	-	-	-	-
Interest on deposit admin funds	0	-	-	-	-	-	-	-	-
Employee benefit expenses	0	(291,659)	(310,197)	(590,840)	(645,736)	(190,132)	(201,800)	(393,191)	(407,312)
Other operating expenses	0	(681,042)	(960,674)	(1,565,700)	(1,771,336)	(452,152)	(690,425)	(1,038,953)	(1,260,515)
Total operating expenses		(972,701)	(1,270,847)	(2,156,517)	(2,417,048)	(642,284)	(892,202)	(1,432,121)	(1,667,804)
Operating profit		(672,019)	(331,646)	(260,137)	(320,613)	(697,182)	207,481	161,626	6,373
Share of profit of associate	0	372,573	(78,861)	660,942	561,130	-	-	-	-
Profit before tax		(299,446)	(410,507)	400,805	240,517	(697,182)	207,481	161,626	6,373
Income tax		113,984	-	(95,783)	(178,606)	122,644	(85,512)	(80,310)	(164,883)
Profit after tax		(185,462)	(410,507)	305,022	61,911	(574,539)	121,968	81,316	(158,510)
Other Comprehensive Income, net of tax:									
Exch. Diff. on translation of foreign operation	0	-	97,783	-	46,484	-	-	-	-
Net fair value gain on AFS financial asset	0	11,410	(254,866)	(20,755)	(159,687)	21,589	(245,275)	(610)	(145,981)
Gain on revaluation of property and equipment									
Deffered tax on revaluation gain									
Share of other comprehensive income of associate	0	(101,585)	(157,083)	(114,372)	-	-	-	-	-
Total Other Comprehensive Income		(90,175)	(314,165)	(135,127)	(113,203)	21,589	(245,275)	(610)	(145,981)
Total comprehensive income/loss		(275,637)	(724,672)	169,895	(51,292)	(552,950)	(123,306)	80,706	(304,491)
Basic earning per share (Kobo)		-	-	0.01	-	-	-	0.01	-

Wapic Insurance Plc**Consolidated Statements of Changes in Equity -Group
For the period ended 30th June. 2019**

(All amounts in Naira thousands unless otherwise stated)

	Share capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2019	6,691,369	6,194,983	2,436,203	(492,299)	2,280,052	17,110,308
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	305,023	305,023
Other Comprehensive Income	-	-	-	(135,127)	-	(135,127)
	-	-	-	-	-	-
	6,691,369	6,194,983	2,436,203	(627,426)	2,585,075	17,164,203
Other comprehensive income						
net Reclassification adjustments for realised net gains/loses				-		-
Revaluation gain on investment property initially held as property and equipment	-	-	-	-	-	-
Deferred tax on revaluation gain on property and equipment	-	-	-	-	-	-
Foreign currency translation difference				-		-
Share of Associate Other comprehensive				-		-
Transfer to contingency reserves			222,574		(222,574)	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for year	-	-	222,574	-	(222,574)	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 30th June 2019	6,691,369	6,194,983	2,658,777	(627,426)	2,362,501	17,164,203
	-	-			-	

Wapic Insurance Plc

**Statement of Changes in Equity -Company
For the period ended 30th June 2019**

(All amounts in Naira thousands unless otherwise stated)

	Share Capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2019	6,691,369	6,194,983	2,053,249	5,650	(689,632)	14,255,619
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	81,316	81,316
Other Comprehensive Income				(610)		(610)
Transfer to contingency reserves	-	-	-		-	-
	6,691,369	6,194,983	2,053,249	5,040	(608,316)	14,336,325
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	-	-		-
Net reclassification adjustments for realised net gains/(loses)				-		-
Share of other comprehensive income of associates				-		-
Revaluation gain on property and equipment, net of tax	-	-	-	-	-	-
Transfer to contingency reserve			187,643		(187,643)	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for year	6,691,369	6,194,983	187,643	-	(187,643)	-
Dividend paid	-	-	-	-	-	-
Translation reserves	-	-	-	-	-	-
Balance at 0th June. 2019	13,382,738	12,389,966	2,240,892	5,040	(795,960)	14,336,325
	-	-				

Wapic Insurance Plc**Consolidated Statements of Changes in Equity -Group****For the period ended 30th June 2018**

(All amounts in Naira thousands unless otherwise stated)

	Share capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	6,691,369	6,194,983	2,061,153	941,704	2,068,615	17,957,824
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	61,911	61,911
Other Comprehensive Income	-	-	-	(113,203)	-	(113,203)
Transfer to contingency reserves	-	-	184,067	-	184,067	368,134
	-	-	184,067	(113,203)	245,978	316,842
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for year	-	-	184,067	(113,203)	245,978	316,842
Transactions with equity holders, recorded directly in equity:						
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at March, 2018	6,691,369	6,194,983	2,245,220	828,501	2,314,593	18,274,666

Wapic Insurance Plc**Statement of Changes in Equity -Company****For the period ended 30th June 2018**

(All amounts in Naira thousands unless otherwise stated)

	Share Capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	6,691,369	6,194,983	1,742,067	671,027	61,095	15,360,541
<i>Total comprehensive income for the year</i>				88,683.00		88,683
Profit for the year	-	-	-	-	(40,336)	(40,336)
Transfer to contingency reserves	-	-	93,383	-	(93,383)	-
	-	-	93,383	88,683	(133,719)	48,347
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-
Revaluation gain on property and equipment, net of tax	-	-	-	-	-	-
Reclassification - Excess depreciation transfer	-	-	-	-	-	-
Deferred tax on revaluation gain on property and equipment	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for year	-	-	93,383	88,683	(133,719)	48,347
Transactions with equity holders, recorded directly in equity:						
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at March 2018	6,691,369	6,194,983	1,835,450	759,710	(72,624)	15,408,888

Wapic Insurance Plc

Consolidated Statement of Cash Flows

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

	Group	Group	Company	Company
	2019	2018	2019	2018
	30-Jun	30-Jun	30-Jun	30-Jun
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Premiums received	8,006,091	6,782,434	5,820,726	4,768,917
Fees and commission received	907,695	378,225	746,381	259,923
Fees and commission paid	(1,712,792)	490,513	(1,263,155)	748,852
Reinsurance premiums paid	(3,106,009)	(1,718,528)	(3,876,096)	(1,114,117)
Gross claims paid to policy holders	(2,373,656)	(933,723)	(1,094,398)	(1,134,138)
Reinsurance recoveries on claims	683,425	335,399	387,228	(24,427)
Payments to employees	(590,840)	(645,736)	(393,191)	(407,312)
Other operating cash payments	(2,698,578)	(3,460,789)	(1,272,527)	(3,408,906)
Other operating cash receipts	529,273	429,764	6,730	135,916
Tax paid	20,160	-	20,160	-
Net cashflow from operations	(335,231)	1,657,559	(918,142)	(175,292)
Cash flows from investing activities				
Purchases of property and equipment	(256,616)	(160,378)	-	(15,129)
Purchases of intangible assets	-	-	-	-
Proceeds from sale of property and equipment	8,520	11,513	-	-
Purchases of investment securities	419,499	(5,411,622)	(237,122)	(644,025)
Proceeds from redemption of investment securities	(2,416,538)	-	-	-
Acquisition/Improvement to investment properties	-	-	-	-
Proceeds from sale of investment properties	59,270	71,130	-	71,130
Rental income received	1,200	1,000	1,200	1,000
Dividend income received	455,728	438,625	455,728	438,625
Interest income received	393,921	539,559	55,639	197,791
Net cash (used in) / from investing activities	(1,335,016)	(4,510,173)	275,445	49,392
Cash flows from financing activities				
Proceeds from issue of shares	-	-	-	-
Dividend paid	-	-	-	-
Net cash from financing activities	-	-	-	-
Changes in cash and cash equivalents	(1,670,247)	(2,852,614)	(642,697)	(125,900)
Cash and cash equivalent at beginning of year	2,888,234	5,060,681	2,056,738	1,050,335
Net increase/(decrease) in cash and cash equivalent	(1,670,247)	(2,852,974)	(1,193,586)	(125,900)
Cash and cash equivalent at end of year	1,217,987	2,207,707	863,152	924,435

Summary of Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents is as follows:

	Group	Group	Company	Company
	2019	2,018	2,019	2018
	30-Jun	43,646	43,646	30-Jun
	N'000	N'000	N'000	N'000
Cash at bank and in hand	268,362	1,537,203	227,580	253,931
Money market placements	823,571	-	509,518	-
Treasury bills less than 90 days maturity	126,054	670,505	126,054	670,504
Balance, end of year	1,217,987	2,207,708	863,152	924,435

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

1. Reporting entity

Wapic Insurance Plc (“Wapic” or “the Company”) together with its subsidiaries (collectively “the Group”) is a public liability company domiciled in Nigeria with operations in Nigeria and Ghana. Wapic Insurance Plc was incorporated on 14 March 1958 as a private limited liability company under the name of West African Provincial Insurance Company Limited. It became a public limited liability company in 1990 when the Company’s shares were listed on the Nigerian Stock Exchange. The Group secured a life insurance business license from National Insurance Commission (NAICOM) in 2000, and became a composite insurance business. The Group separated the life business and transferred the related assets and liabilities to its subsidiary, Intercontinental Life Assurance Limited (now Wapic Life Assurance Limited), on 1 March 2007 through which it continues to provide life assurance services. Wapic Insurance Ghana Limited, a wholly owned subsidiary of Wapic Insurance Plc, was incorporated on 21 January 2008 to carry on general insurance business in Ghana from 19 February 2008. The address of the Group’s corporate office is 119, Awolowo Road, Ikoyi. The Group is principally engaged in the business of underwriting life and non-life insurance risks and also issues a diversified portfolio of investment contracts products to provide its customers with asset management solutions for their savings and target investment plans.

Going concern

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

2. Basis of preparation

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars and the Financial Reporting Council of Nigeria Act (FRCN Act), to the extent that these laws are not in conflict with the requirement of IFRS.

The financial statements were authorised for issue by the directors on 30 April 2019.

(b) Functional and presentation currency

The financial statements are presented in Nigerian currency (Naira) which is the Group’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- investment properties are measured at fair value;
- land and building are carried at revalued amount; and
- Insurance liabilities are measured at present value of future cashflows.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4 of the financial statements.

(e) Regulation

The Group is regulated in Nigeria by the National Insurance Commission (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

i) section 22 (1b) requires maintenance of contingency reserves for life business at specified rates as set out under note 3.11 to cover fluctuations in securities and variation in statistical estimates;

ii) section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

iii) section 10(3) requires insurance companies in Nigeria to deposit 10 per centum of the minimum paid up share capital with the Central Bank of Nigeria.

iv) section 25 (1) requires an insurance company operating in Nigeria to invest and hold investments in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. Note 43 sets out assets allocation that covers policy holders' funds.

v) the requirement to provide 10 per cent for outstanding claims in respect of claims incurred but not reported at the end of the year under review under section 20 (1b). However, claims incurred but not reported liabilities have been estimated in line with accounting policy 3.12 to comply with IFRS;

vi) the requirement for additional provision of 25 per cent of net premium to general reserve fund under section 22 (1a) as actuarial valuations on life insurance liabilities are currently carried out on a yearly basis in line with IFRS.

Section 59 of the Financial Reporting Council of Nigeria Act, (FRCN Act) provides that in matters of financial reporting, if there is any inconsistency between the FRCN Act and other Acts which are listed in section 59(1) of the FRCN Act, the FRCN Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRCN Act has promulgated IFRS as the national financial reporting framework of Nigeria. Consequently, the provisions of section 20(1b) and 22(1a) of the National Insurance Act, which conflict with the provisions of IFRS have not been adopted:

i) the requirement to provide 10 per cent for outstanding claims in respect of claims incurred but not reported (IBNR) at the end of the year under review under section 20 (1b);

ii) the requirement for additional provision of 25 per cent of net premium to general reserve fund under section 22 (1a).

(f) Reporting period

The statement of financial position has been prepared for a 12 month period.

(g) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

New and amended standards and interpretations**IFRS 9 - Financial instruments effective 1 January 2018**

The Group has adopted IFRS 9 with a transition date of 1 January 2018. This resulted in changes in accounting policies and adjustments to the amount previously recognised in the financial statement. This is disclosed in note 3.2.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amount of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

IFRS 15 - Revenue from Contracts with Customers effective 1 January 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are Identification of the contract with the customer, Identification of the performance obligations in the contract, Determination of the transaction price, Allocation of the transaction price to the performance obligations in the contracts, and Recognition of revenue when (or as) the entity satisfies a performance obligation. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognise transitional adjustments in retained earnings on the date of initial application without restating comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. Management has assessed the impact of the new rules and identified that the standard does not have significant impact on the Group's financial statements.

Standards and interpretation issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning or after 1 January 2018.

IFRS 16 - Leases effective 1 January 2019

This is a new standard introduced by IASB to replace existing standard IAS 17 - Leases.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2019.

IFRS 17 - Insurance contracts effective 1 January 2022

IFRS 17 replaces IFRS 4 effective January 1, 2022. It addresses changes in valuation and accounting for insurance contracts.

IFRS 17 aims to set high quality and globally accepted financial reporting standards based on clearly outlined principles according to the International Accounting Standards Board (IASB). It will make global insurance reporting aligned and consistent. It also aims to apply uniform accounting standards for all types of insurance contracts.

IFRS 17 provides new basis for liability measurement and profit recognition. The measurement models are;

- i) Building Block Approach (BBA) measures the net inflow between the risk-adjusted present value of expected inflows and outflows at inception. This method is applicable for measurement of long-term and whole life insurance and reinsurance contracts.
 - ii) Premium Allocation Approach (PAA) This method is applicable for measurement of short term life, group life and general insurance.
 - iii) Variable fee Approach (VFA) measures participating business where policy holder liability is linked to underlying items. This method is applicable for measurement of unit-linked contracts, deposit administration contracts.
- The Group does not expect to adopt the new standard before 1 January 2022.

The general model in the standard requires insurance contract liabilities to be measured using probability-weighted current estimates of future cash flows, an adjustment for risk, and a contractual service margin representing the profit expected from fulfilling the contracts. Effects of changes in the estimates of future cash flows and the risk adjustment relating to future services are recognised over the period services are provided rather than immediately in profit or loss.

The standard includes specific adaptations for the measurement and presentation of insurance contracts with participation features; and for reinsurance contracts held. The standard contains a simplified model, which can be used for contracts with coverage periods of one year or less, or when doing so approximates the general model.

Entities have an option to present the effect of changes in discount rates in profit or loss or in other comprehensive income.

The IASB issued amendments to IFRS 4 in September 2016 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard IFRS 17.

Entities issuing insurance contracts will still be able to adopt IFRS 9 on 1 January 2018.

The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. A major condition for temporary exemption is the ability to demonstrate that the activities of the entity is predominantly insurance related. The overlay approach allows an entity applying IFRS 9 from 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

In addition, the amendment requires that the temporary exemption applies to all financial instruments at the reporting entity level.

Based on our assessment, Wapic Life Assurance Limited passed the predominance test while the Wapic Insurance Plc failed the test based on its 31 December 2015 audited financial statements.

The implication is that the consolidated financial statements of Wapic Insurance Plc and its separate account must be prepared in accordance with IFRS 9. To achieve this, Wapic Life Assurance Limited must also prepare its financial statements in accordance with IFRS 9 for consolidation purposes even though the company passed the predominance test.

To avoid the cost implications and operational complexity of dual reporting under IFRS 9 and IAS 39, management decided to implement IFRS 9 group wide. Management's review also shows that IFRS 17 will not create a significant profit or loss volatility and accounting mismatch when it is eventually implemented after given due consideration to the durations of financial assets held and their classification under IFRS 9. The company is able to rebalance its portfolio to avoid any accounting mismatch that may arise.

To this end, management believes that its asset and liability management framework provides the needed hedge against any adverse impact of IFRS 17 particularly for the life business.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Significant accounting policies

Except for the changes explained above, the significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

For the purpose of cashflow, cash and cash equivalents comprise of cash in hand and bank, short term bank deposits and treasury bills/bonds with a maturity of 90 days or less.

3.2 (a) Financial instruments

Recognition and derecognition

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the Group parts with or receives economic resources for the purchase or sale of the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets, if the transferee has the right to sell or re-pledge them.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

i) Financial assets

(a) Classification

The Group's financial assets include cash and short term deposits, loan and other receivables, staff loans, quoted and unquoted equity instruments, treasury bills and bonds. The Group classifies its financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI) and
- Fair value through profit or loss (FVTPL)

Classification of debt instruments

Management classifies its financial assets into any of the asset categories above on the basis of both:

- The Group's business model for managing the financial assets.
- The contractual cash flows characteristics of the financial assets.

1. Business Model Assessment

The business model assessment is one of the two steps to classify financial assets. The business model assessment of the Group's financial instruments is performed at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Judgment is needed to determine the level of aggregation to which the business model assessment is applied. That determination is made on the basis of how the Group manages its business, it is not made at the level of an individual asset, rather the Group performs this assessment at a higher level of aggregation which is at a portfolio level.

If cash flows are realised in a way that is different from the Group's expectations at the date that the Group assessed the business model (for example, if the Group sells more or fewer financial assets than it expected when it classified the assets), this does not:

- give rise to a prior period error in the Group's financial statements (as defined in IAS 8 Accounting policies, changes in accounting estimates and errors)
- change the classification of the remaining financial assets held in that business model (i.e., those assets that the Group recognised in prior periods and still holds), as long as the Group has considered all relevant information that was available at the time that it made the business model assessment.

However, when the Group assesses the business model for newly originated or newly purchased financial assets, it considers information about how cash flows were realised in the past, along with all other relevant information. Where there was a change in the way that cash flows are realised, then this will affect the classification of new assets recognised in the future.

Hold-to-collect business model

Where the Group's objective is to hold the asset (or portfolio of assets) to collect the contractual cashflows, the asset (or portfolio of assets) are classified under the 'hold to collect' business model. Financial assets that are held within this business model are measured at amortised cost (provided the asset also meets the contractual cash flow test – see below). Such assets are managed to realise cash flows by collecting contractual payments over the life of the instrument.

In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group considers the frequency and value of sales in prior periods, the timing of the sale of assets, the reasons for those sales, and the Group's expectations about future sales activity.

In accordance with IFRS 9, sales in themselves do not determine the business model and cannot be considered in isolation. However, information about past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised.

Hold-to-collect contractual cash flows and sell

Where the Group's objective is to hold a group of financial assets to collect the contractual cashflows and then to sell those financial assets, the portfolio of assets are classified under the 'hold to collect and sell' business model. The FVOCI measurement category is mandatory for portfolios of financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (provided the asset also meets the contractual cash flow test).

Collecting contractual cash flows and selling are fundamental to achieving the objective of the business model.

Compared to the business model with an objective to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective rather than only incidental to it. There is no threshold for the frequency or value of sales that can or must occur in this business model.

Other business models

IFRS 9 requires financial assets to be measured at fair value through profit or loss (FVTPL) if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model that results in measurement at FVTPL is where the financial assets are held for trading or where the assets are managed on a fair value basis. In each case, the Group manages the financial assets with the objective of realising cash flows through the sale of the assets. The Group makes decisions based on the assets' fair values and manages the assets to realise those fair values.

2. The contractual cash flows assessment – the Solely Payments of Principal and Interest (SPPI) test

This assessment aims to identify whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information about the uncertainty, timing and amount of the financial asset's contractual cashflows.

The effective interest method is essentially to spread interest revenue or expense over time. Amortised cost or FVOCI measurement is only appropriate for simple cash flows that have low variability such as those of loans and receivables and debt securities.

Classification of equity instruments

Investment in equity instruments are always measured at fair value. The Group has elected to irrevocably designate non-trading equity instruments at FVOCI as permitted by IFRS 9. Equity investments that are held for trading (including all equity derivative instruments such as warrants and rights issues) are required to be classified at fair value through profit or loss.

The Group may acquire an investment in an equity instrument that is not held for trading. At initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to present changes in fair value in other comprehensive income rather than profit or loss.

Amounts presented in OCI are not subsequently transferred to profit or loss, even on derecognition. However, the cumulative gain or loss may be transferred within equity. Equity investments are not subject to any impairment requirements.

Dividends from such investments should be recognised in profit or loss when the right to receive payment is probable and can be measured reliably, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income.

(b) Initial recognition

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the Group parts with or receives economic resources for the purchase or sale of the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets, if the transferee has the right to sell or re-pledge them.

(c) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Amortised Cost

Financial instruments are measured at amortised cost, using the effective interest rate method.

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

The impairment loss is reported as a deduction from the carrying value of the loan (using an allowance account) and recognised in profit or loss as 'impairment charges'.

Effective interest rate method

The effective interest method is a method used in calculating the amortised cost of a financial asset or financial liability and in the allocation and recognition of the interest income or expense in profit or loss over the relevant period.

The effective interest method differs from the straight-line method in that the amortisation under the effective interest method reflects a constant return on the carrying amount of the asset or the liability. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, over the expected life of the financial instrument to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. It is the internal rate of return of the financial asset or liability for that period.

ii) Fair value through Other Comprehensive Income

For the Group's investment in debt instruments measured at FVOCI, all movements in fair value should be taken through other comprehensive income except for the recognition of impairment losses, interest revenue in line with the effective interest rate method, foreign exchange gains and losses arising on derecognition of the asset which are recognised in the profit or loss.

Therefore, fair value changes will be split in the interest income on an effective interest basis (which are posted to profit or loss) and fair value gains or losses (which are posted to other comprehensive income).

All equity investments held by the Group are required to be measured at fair value through profit or loss. However, the Group can make the irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading. Where the Group elects the irrevocable option, amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Nevertheless, the Group may transfer the cumulative gain or loss within equity. Dividends on such equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established.

The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

iii) Fair value through profit or loss

These assets and liabilities are measured at fair value, with the unrealised gains and losses arising from changes in fair value included directly in profit or loss and are reported as 'Net gains/ (losses) on financial instruments classified as held for trading'. The carrying value of trading positions in financial instruments includes accrued interest. Fair value changes recognised through profit or loss in the statement of comprehensive income on such instruments includes items such as interest and dividends, if related to those trading positions.

(d) 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 amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

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

General Approach

Under the general approach, at each reporting date, the Group recognises 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 recognised in profit or loss as an impairment gain or loss.

The amount of ECLs recognised 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 recognised 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 recognised 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 recognised 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 amortised 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.

Simplified approach

The simplified approach does not require the Group to track the changes in credit risk, but, instead, requires the Group to recognise 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 should 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 is used computed using the Group's data

Lifetime PDs

Lifetime PD curves are required to calculate expected credit losses for Stage 2 and Stage 3 accounts. Ideally, lifetime PD curves should be developed based on internal default data. However, the Group 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.

3.3 Other receivables and prepayments

Other receivables are measured at amortised cost less accumulated impairment losses while prepayment are carried at cost less accumulated impairment losses.

3.4 Reinsurance assets and reinsurance liabilities

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The details of recognition and measurement of reinsurance contracts assets and liabilities have been set out under note 3.18 (e).

3.5 Deferred acquisition cost

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

3.6 Investment property

Investment property comprises investment in land or buildings held primarily to earn rental income or capital appreciation or both. Investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. Investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, registered with the Financial Reporting Council (FRC) of Nigeria as well as holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.

Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Group is treated as property and equipment.

3.7 Intangible assets

Software

Recognition of software acquired is only allowed if it is probable that future economic benefits attributable to this intangible asset will flow to the Group.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Group has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

The estimated useful life of software is five years subject to annual reassessment.

3.8 Property and equipment

Recognition and measurement

All items of property and equipment except land and buildings are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Land and buildings are initially recognised at cost and subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on fixed assets until they are brought into use.

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

Land	-	Over the lease period
Buildings	-	Over 50 years
Office equipment	-	Over 5 years
Computer hardware	-	Over 3 years
Furniture and fittings	-	Over 5 years
Motor vehicles	-	Over 4 years

Revaluation of land and building

Land and building is valued on an open market basis by qualified property valuers at each reporting date if there are evidence of significant changes in the carrying value.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, 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 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 and loss.

Derecognition

An item of property and equipment is derecognised when it is disposed of or where no future economic benefits are expected from its use or disposal. Gains and losses arising on derecognition are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss as other income. Where a revalued asset is disposed or scrapped, the revaluation reserve balance in respect of that asset is transferred as a reserve reclassification from other reserves to retained earnings.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are considered to be impaired when there exist any indication that the asset's recoverable amount is less than the carrying amount, it is then assessed for impairment to determine the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which they are separately identifiable cash flows (cash generating units). Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. 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 amortization, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.9 Statutory deposit

These deposits represent bank balances required by the insurance regulator of the Group to be placed with the Central Bank of Nigeria and are based on 10% of the statutory minimum capitalisation. These deposits are not available for day to day use and are stated at amortised cost.

3.10 Share capital, dividend on ordinary shares, earnings per share, retained earnings & revaluation reserve

(i) Share capital

The Group classifies ordinary shares as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognised as deductions from equity net of any tax effects.

(ii) Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(iii) Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued. A diluted earnings per share is determined where appropriate.

(iv) Retained earnings/(deficit)

This account accumulates net profits or losses from operations.

(v) Revaluation reserve

Revaluation reserve represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property, plant and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed and some of the surplus are transferred to retained earnings as the asset is used by the entity. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

3.11 Contingency reserve

The Group maintains contingency reserves in accordance with the provisions of the Nigerian Insurance Act to cover fluctuations in securities and variations in statistical estimates. For life business, the reserve is calculated at the rate equal to the higher of 1% of gross premiums and 10% of net profit.

3.12 Life insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 3.18. Insurance contracts.

The reserves include Incurred But Not Reported (IBNR), Unearned Premium Reserve (UPR) and Life fund and these liabilities arising from life insurance contracts are determined as follows:

(a). Life fund

This is made up of liabilities on life policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in profit and loss.

(b). Reserving methodology and assumptions

Data segmentation

The data used for reserving is segmented into the 2 classes as follows:

Individual business

Group business

Valuation and assumptions

The valuation for both the individual business and Group business utilises various assumptions which include:

- the valuation age is taken as Age Last Birthday at the valuation date;
- the period to maturity is taken as the full term of the policy less the expired term.
- full credit is given to premiums due between valuation date and the end of the premium paying term.

For all individual risk business, the gross premium method of valuation was used.

Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments. Future cashflows were discounted back to the valuation date at the valuation rate of interest.

An unexpired premium reserve (UPR) was included for Group life business after allowing for acquisition expenses at a ratio of 15% of premium. The UPR is tested against an Additional Unexpired Risk Reserve (AURR) for adequacy and an AURR may also be held to allow for any inadequacies in the UPR for meeting claims in respect of the unexpired period. The claim rates underlying the AURR were based on pooled historical scheme claims experience. Allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. This was based on a loss ratio approach, which uses historical claims experience to estimate the expected claims, from which the IBNR portion is determined.

3.13 Liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Group recognizes the deficiency in the statement of profit or loss. Insurance contract liabilities are subject to liability adequacy testing on an annual basis. The method of valuation and assumptions used, the cash flows considered and the discounting and aggregation practices adopted have been set out as part of note 3.12.

The recognition of liability for investment contracts have been set out under note 3.19. Reserve for investment contract liabilities have been taken as the amount standing to the credit of the policy holders at the valuation date.

3.14 Trade and other payables

Trade Payables:

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

Other payables:

Other payables are initially recognised at fair value and subsequently measured at amortised cost.

3.15 Provisions

A provision is recognized 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 determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.16 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax is realizable or the deferred income tax liability is payable.

Deferred income tax assets are recognised to the extent that it is possible that future profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss.

3.17 Income tax

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

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

3.18 Insurance contracts

The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

Life insurance contracts are issued to indemnify the insured life, the dependent or other thirdparty in the event of death, permanent disability, loss of job or on survival to maturity of the contract with the sums assured. These contracts insure events associated with human life (for example, death or survival) over a long duration.

In addition, the Group has short term life insurance contracts which protect the policyholders from the consequences of events (such as death or disability) over usually an annual period. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured or the beneficiary.

Recognition and measurement

(a) Gross premium written

Premiums and annuity considerations written and/or receivable under life insurance contracts are stated gross of commission and recognised when due. Premium written relates to risks assumed during the period.

(b) Claims expenses

Claims and benefits relating to life insurance contracts are recognised as expense on notification. The measurement of life insurance contract liabilities has been set out under note 3.12. Claims expenses are expenses related to the settlement of insurance risk obligations.

(c) Claims expenses recoverable

Claims expenses recoverable are amounts recoverable on the gross claims expenses. This is estimated in manner consistent with the outstanding claims provision and claims incurred associated with the policies and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Group reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in profit or loss as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(d) Deferred income

Deferred income represents a portion of commission received on reinsurance contracts which are booked during the financial year and are deferred based on the tenor of the underlying contracts. It is calculated by applying the reinsurance commission income ratio of prepaid reinsurance to reinsurance cost.

(e) Reinsurance contracts held

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 definition requirements for insurance contracts are reclassified as reinsurance contracts. Insurance contracts entered into by the Group under which the contract holder is another insurer are covered as insurance contracts.

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 reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contracts. Reinsurance liabilities are primarily premiums payable for the reinsurance contracts and are recognised as an expense when due. The Group had the right to set-off re-insurance payables against the amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

Reinsuring expense represents outward reinsurance premiums and are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

(f) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts.

3.19 Investment contracts

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

The Group enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are recognised as liabilities and are measured at amortised cost at amount payable at each reporting date. The Group does not have contracts with discretionary participating features.

Individual deposit-based business comprises the various Wapic Trust, Wapic Gold, Wapic Cash and Wapic Val policies and their reserve comprises of the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding risk premiums where applicable) was unbundled from the deposit components and reserves were calculated using a gross premium cash flow approach as described above. The rate of return applied on the policyholders balance are also in accordance with the terms and conditions of each product.

3.20 Fees and commission income

Fees and commissions are recognized on ceding business to the re-insurer and undertaking policy administration for collectively administered policies. Commission are earned and credited to profit or loss over the period the service is provided.

3.21 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy.

Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

3.22 Income recognition

(i) Gross premium income

Gross written premiums recognised for assumed insurance risks during the year are amortised over the period of the insurance contract. The gross premiums written are recognised as gross premiums income by adjusting for the movement in the unearned premiums reserves for insurance risks brought forward from the last year at the beginning of the year and the required unearned premiums reserves for the outstanding insurance risks at the end of the year. The recognised gross premiums income represent the earned portion of all insurance contracts in force during the year both from preceeding years and the current year.

(ii) Fees and commission income

Fees and commission income are recognised on the commission and policy admin fees received in respect of businesses ceded out to reinsurance companies and other insurance companies and fees earned from other related financial services during the period.

(iii) Investment income

Investment income comprise interest income earned on short-term deposits, rental income, and income earned on trading of securities including all realized and unrealized fair value changes, dividends and foreign exchange differences. Investment income, other than interest income, is recognised at fair value and on an accrual basis.

Interest income is recognised in the profit or loss as it accrues and is calculated using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.

(iv) Other operating income

Other operating income comprises of profit from sale of property and equipment, interest income earned on staff loans and net foreign exchange gain. Interest income is recognised in the profit or loss as it accrues and is calculated using the effective interest rate method.

(v) Dividend income

Dividend is recognized when the Group's right to receive the dividend has been established. The right to receive dividend is established when the dividend has been duly declared.

3.23 Employee benefits

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These expenses are recognised in the profit or loss for the related period.

Post employment benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Group pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay a minimum fixed percentage contribution of 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the profit and loss.

Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after reporting sheet date are discounted to present value.

3.24 Foreign currency transactions

The Nigerian Naira is the Group's functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting sheet date; the resulting foreign exchange gain or loss is recognized in profit or loss.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value and are recognised in equity (translation reserve). For a non-monetary financial asset held for trading or designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded in other comprehensive income and transfer to equity when the asset is sold or becomes impaired.

3.25 Management and other operating expenses

Management and other operating expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

3.26 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. Significant geographical regions have been identified as the secondary basis of reporting.

3.27 Dividends

Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends paid to shareholders are subject to withholding tax deduction at the appropriate rate. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.28 Leases

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised on profit or loss on a straight-line basis over the period of the lease.

Finance leases

Leases of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the outstanding balance of the liability.

The corresponding lease obligations, net of finance charges, are included in liabilities. The finance cost is charged to the income statement over the lease period according to the effective interest method. The equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term, if ownership does not pass at the end of the lease term. Leased assets under finance leases are treated in the same manner as property and equipment.

3.29 Contingent liabilities

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

3.30 Actuarial valuation

Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to the profit or loss.

Notes to the financial statements

4 Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. The underlying judgments of the selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

(i) Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3.2(d). Further disclosures on the Group's valuation methodology have been made on note 5 (Fair value hierarchy). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(ii) Actuarial valuation of insurance contracts liabilities

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type and nature of the insurance contracts. Assumptions such as expenses inflation, valuation interest rate, mortality and claims experience are considered in estimating the required reserves for individual life contracts fund and the incurred but not reported claims under the Group life and non-life insurance contracts. The sensitivities to various valuation index for the life business is included under note 5 (Sensitivity Analysis).

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

	<u>Group</u>	<u>Company</u>
	<u>2019</u>	<u>2019</u>
	<u>Mar</u>	<u>Mar</u>
	<u>N'000</u>	<u>N'000</u>
1 Net Premium Income		
Gross Written Premium (Note 1a)	8,664,992	6,254,762
Unearned Premium (Note 1b)	(776,906)	(309,476)
Reinsurance Cost (Note 1c)	(4,046,048)	(3,542,117)
Net Premium Income	3,842,037	2,403,170
a Analysis of Gross Written Premium		
Motor	842,255	480,711
Fire	238,964	137,905
General Accident	1,130,510	1,056,673
Marine	224,820	207,019
Aviation	108,982	108,982
Engineering	1,763,899	1,747,200
Oil & Energy	2,506,704	2,506,704
Bond	9,569	9,569
Group Life	943,769	-
Individual Life	42,749	-
Bancassurance Premium	59,973	-
Co-assurance Premium	792,799	-
	7,872,192	6,254,762
b Analysis of Unearned Premium		
Motor	(2,913)	(54,834)
Fire	32,654	3,507
General Accident	(242,899)	(241,244)
Marine	(27,705)	(30,631)
Aviation	(14,248)	(14,248)
Engineering	861,520	862,203
Oil & Energy	(829,051)	(829,051)
Bond	(5,179)	(5,179)
Group Life	549,086	-
Individual Life	24,466	-
	345,731	(309,476)
c Analysis of Reinsurance Expenses		
Motor	(106,411)	(80,465)
Fire	(286,068)	(208,899)
General Accident	(310,149)	(266,073)
Marine	(110,378)	(96,711)
Aviation	(52,736)	(52,736)
Engineering	(1,961,151)	(1,947,875)
Oil & Energy	(888,292)	(888,292)
Bond	(1,065)	(1,065)
Group Life	34,540	-
Individual Life	4,859	-
Facultative Outward Group Life	487,364	-
Co-assurance Premium (Outward)	82,737	-
Movement in Prepaid reinsurance cost - Group life	(282,506)	-
Movement in Prepaid reinsurance cost - Individual life	2,805	-
	(3,386,451)	(3,542,117)

Wapic Insurance Plc**Notes to the financial statements****For the period ended 30th June 2019**

(All amounts in Naira thousands unless otherwise stated)

2 Claims Expenses Incurred

Gross Claims Paid (Note 2a)	(2,373,656)	(1,094,398)
Movement in Outstanding Claim (Note 2b & 2c)	(402,632)	(389,193)
Claims Recoverable (Note 2d & 2e & 2f)	1,037,095	642,624
Net Claims Expenses	(1,739,192)	(840,967)

a Analysis of Gross Claims Paid

Motor	(421,113)	(234,992)
Fire	(774,479)	(395,055)
General Accident	(129,859)	(97,099)
Marine	(13,192)	(11,811)
Aviation	(76,153)	(76,153)
Engineering	(178,760)	(178,760)
Oil & Energy	(100,527)	(100,527)
Bond	-	-
Group Life	(667,544)	-
Individual Life	(12,029)	-
	(2,373,656)	(1,094,398)

b Analysis of Movement in Outstanding Claims

Motor	(95,013)	34,795
Fire	319,205	6,753
General Accident	(19,608)	(11,617)
Marine	(5,879)	2,608
Aviation	(14,334)	(14,334)
Engineering	(94,233)	(92,962)
Oil & Energy	(41,783)	(41,783)
Bond	(2,977)	(2,977)
Group Life	39,259	-
Individual Life	-	-
	84,636	(119,517)

c Analysis of Movement in Outstanding Claims IBNR

Motor	(1,050)	(1,050)
Fire	(16,174)	(16,174)
General Accident	(19,763)	(19,763)
Marine	(41,192)	(41,192)
Aviation	(92,411)	(92,411)
Engineering	(79,855)	(79,855)
Oil & Energy	(17,131)	(17,131)
Bond	(2,100)	(2,100)
Group Life	(217,592)	-
Individual Life	-	-
Total	(487,268)	(269,676)

Wapic Insurance Plc**Notes to the financial statements****For the period ended 30th June 2019**

(All amounts in Naira thousands unless otherwise stated)

d Analysis of Reinsurance Recovery

Motor	110,553	43,204
Fire	468,519	213,788
General Accident	32,266	19,075
Marine	7,883	6,069
Aviation	-	-
Engineering	130,645	130,645
Oil & Energy	-	-
Bond	-	-
Group Life	156,743	-
Individual Life	17,728	-
Total	924,338	412,781

e Analysis of Movement in Outstanding Claims Recoverables

Motor	85,308	(2,901)
Fire	(222,558)	57,036
General Accident	15,084	8,825
Marine	9,899	69
Aviation	2,831	2,831
Engineering	62,849	62,199
Oil & Energy	11,737	11,737
Bond	-	-
Group Life	3,763	-
Individual Life	21,427	-
Total	(9,659)	139,796

f Analysis of Movement in Outstanding Claims IBNR Recoverables

Motor	(34,637)	116
Fire	114,680	48,569
General Accident	13,921	(1,321)
Marine	7,792	8,017
Aviation	2,842	2,842
Engineering	20,253	31,020
Oil & Energy	-	-
Bond	21	21
Group Life	-	-
Individual Life	-	-
Total	124,873	89,265

E2 Analysis of Movement in Paid Claims Recoverables

Group Life - Outstanding claims	(3,237)	-
Individual Life	781	781
Total	781	781

3 Fees and Commission Income

Motor	20,363	16,215
Fire	81,054	57,918
General Accident	101,851	87,905
Marine	33,751	29,689

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

Aviation	659	659
Engineering	411,610	407,627
Oil & Energy	111,319	111,319
Bond	320	320
Group Life	88,457	-
Individual Life	285	-
Policy admin fee income	4,325	
Deferred fees and commission cost - Group	(40,300)	
Deferred fees and commission cost - Individual	377	
	<u>814,070</u>	<u>711,652</u>

4 Underwriting Expenses

Motor	143,372	63,549
Fire	54,896	25,210
General Accident	172,968	152,105
Marine	41,198	36,104
Aviation	20,418	20,418
Engineering	463,755	458,207
Oil & Energy	493,708	493,708
Bond	(0)	(0)
Maintenance expenses	123,280	
Bancassurance Commission	10,495	
Group Life	238,085	
Individual Life	70	
Transfer to DA Funds	-	
Guaranteed Interest on DA	-	
Deferred acquisition cost	(115,318)	
Coinsurance Commission Reciverables	(16,173)	
	<u>1,630,754</u>	<u>1,249,301</u>

5a Investment income

Investment income	378,839	49,329
Interest on statutory deposit	21,892	13,120
Dividend income from equity investment	35,224	35,224
Dividend income from Associate	-	420,503
Rental income	1,200	1,200
Gain/(loss) on disposal of investment property	-	-
Net FV Gain /Loss on Financial Asset	-	-
	<u>437,155</u>	<u>519,376</u>
Net realised (loss)/gain on financial assets	(6,810)	(6,810)
	<u>430,345</u>	<u>512,567</u>

5b Fair Value Gain/ Loss through profit or loss

Equity	(7,036)	(7,036)
	<u>(7,036)</u>	<u>(7,036)</u>

5c Fair Value Gain/ Loss through other comprehensive income

Equity securities	(37,692)	(35,169)
Fixed income securities	34,560	34,560
Property and equipment revaluation gain/(loss)	-	-
Foreign currency translation difference of AFS	-	-
Deferred tax on revaluation gain/(loss)	-	-

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

	<u>(3,132)</u>	<u>(610)</u>
		-
5d Share of Profit of Associate		
Coronation Merchat Bank	660,942	
	<u>660,942</u>	-
5e Share of Other Comprehensive income of Associate		
Coronation Merchat Bank	(114,372)	
	<u>(114,372)</u>	-
5f Profit on deposit administered contracts		
Income:		
Investment income	53,552	
Other income	40,271	
	93,823	
Less: expenses		
Guaranteed interest	(30,688)	
Policy admin expenses		
Other expenses	(5,307)	
	<u>(35,995)</u>	
	<u>57,828</u>	
6 Other Operating Income		
Income from property Investment	-	-
Gain/(loss) on sale of properties and equipments	544	-
Technical Fees	-	-
Foreign exchange gain/(loss)	144,843	56,933
Other operating income - Vat Recoverable		-
Management Fees	-	-
Interest on staff loans	-	-
Recoverables from Reinsurance	(1,188)	5,889
Sundry income	9,348	841
	<u>153,548</u>	<u>63,663</u>
7 Operating Expenses		
Other staff related expenses	69,075	67,467
Professional Fees	162,938	91,335
Corporate Strategy	862	-
Corporate Branding	36,035	20,524
Office Expenses	500,211	274,468
Impairment of property and equipment	15,305	-
Depreciation	217,952	166,349
Amortization of Intangible assets	17,667	15,381
Repairs & Maintenance	42,277	27,291
Running Cost	136,925	108,710
Board Expenses	138,859	135,824
Transport and travels expenses	51,024	19,203
Annual dues	87,169	74,881
Other Expenses	9,287	

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

Audit expenses	34,434	16,538
Telephone and postages	14,640	5,095
Electricity and water	12,429	2,919
Printing and stationery	18,611	12,970
	1,565,700	1,038,953
8 Employee Benefit Expense		
Staff Cost	490,620	311,885
Directors Emoluments	100,220	81,306
	590,840	393,191
9 Cash and Cash equivalents		
Cash at hand	268,362	227,580
Cash and call Balance with local banks	-	-
Money Market Placement	527,383	509,518
Interest Receivable on Fixed Deposit	296,189	
	1,091,933	737,097
10 Financial Assets		
Financial Assets Held at Amortised Cost/ (HTM) (Note 10a)	1,781,963	378,935
Financial Assets Held FVPL/ HFT (Note 10b)	0	375
Financial Assets Held at FVOCI/ AFS (Note 10c)	6,126,929	2,158,945
	7,908,892	2,538,255
a Analysis of Financial Assets Held at Amortised Cost/ HTM Securities		
- Treasury Bill	24,295	24,295
- Eurobond	1,397,475	322,074
- Corporate Bonds	327,627	0
- Fixed Deposits with Banks	-	-
- Government Bonds - State	-	-
- Government Bonds - Federal	-	-
- Unearned Interest on Treasury Bill	1,148	1,148
Unearned Discount on Bonds	-	-
Interest Receivable on Bonds	31,419	31,419
Carrying amount at amortised cost	1,781,963	378,935
b Analysis of Financial Assets Held FVPL/ HFT Securities		
- Treasury Bill	0	-
- Quoted/ Listed Equities	-	-
- Fair value adjustment	-	375
Carrying amount at fair value	0	375
c Analysis of Financial assets FVOCI/AFS		
Unquoted/ Unlisted Equities	551,879	191,033
Quoted Equities	970,562	914,404
Fixed Income Securities	1,985,465	
- Government bond	304,007	-
- Government eurobond	952,896	952,896
- Corporate eurobond	1,275,615	-

Wapic Insurance Plc**Notes to the financial statements****For the period ended 30th June 2019**

(All amounts in Naira thousands unless otherwise stated)

- Treasury bills	100,612	100,612
Fair value movement:	-	-
- Government bond	(14,106)	-
- Government eurobond	-	-
- Corporate eurobond	-	-
- Treasury bills	-	-
- Quoted/Unquoted equities	-	-
Carrying amount at cost	6,126,929	2,158,945
	-	-
11 Trade Receivables		
Due from Agents	86,818	86,818
Due from Brokers	9,399,952	7,851,235
Due from Bancassurance	3,801	(401)
Due from Direct Client	(63,445)	(63,445)
Due from Insurance companies	(8,222,480)	(7,405,209)
	1,204,646	468,999
Less: Impairment on Trade Receivables	(658,901)	(170,658)
Reclassification to other payables	-	-
	545,745	298,340
Movement in Impairment Allowance		
At start of period	658,901	170,658
Allowance made during the period	(23)	(23)
At end of period	658,878	170,635
12 Reinsurance Assets		
Reinsurance Share of IBNR	415,269	260,942
Reinsurance Recoverables from OCR	603,199	439,665
Reinsurance Recoverables on Return Premium	13,466	13,466
Recoverable from Paid Claims	12,868	12,868
Reinsurance assets - Prepaid reins (MDP)	18,113	18,113
Prepaid Reinsurance Asset	4,093,466	2,868,923
Less: Impairment allowance	-	-
	5,156,380	3,613,976

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

13 Deferred Acquisition Cost

Balance brought forward	741,749	598,828
Interim Adjustment	-	-
Exchange Difference	-	-
Addition during the period	1,562,160	1,263,155
Amortised during the year	(1,472,696)	(1,249,301)
Balance carried forward	<u>831,213</u>	<u>612,682</u>

14 Other Receivables and Prepayments

Due from Related Parties	-	84,785
Intercompany Current Account	1,924,714	1,264,521
Other Debtors	734,846	734,846
Loan & Receivable	-	-
Customer Deposit	92,601	92,601
Deposit for Shares	11	-
Staff Debtors	139,628	-
Property Held for Sale	631,989	568,606
Prepaid expenses	-	-
Other receivables - Related: Dividend Rec Subs	-	-
Impairment Allowance	(1,657,921)	(1,178,516)
	<u>1,906,747</u>	<u>1,607,722</u>

Provision

At start of period	(1,657,921)	(1,178,516)
At end of period	<u>(1,657,921)</u>	<u>(1,178,517)</u>

15

Investment in associates

Coronation Merchant Bank Limited		
- Opening balance	8,763,246	5,059,810
- Additions/(disposals)	-	-
- Interim audit adjustment:		
Share of profit during the year		
Share of other comprehensive income during the year		
- Dividend received during the year	(420,503)	
- Withholding Tax receivable on dividend received	-	
- Share of profit during the period	660,942	
- Share of other comprehensive income during the period	(114,372)	
	-	
	<u>8,889,313</u>	<u>5,059,810</u>

16

Investment in subsidiaries

Wapic Insurance Ghana Limited		1,460,915
Exchange gain/loss		
Wapic Life Assurance Limited		3,900,000
	-	<u>5,360,915</u>

17

Investment Properties

Investment Property (Note 16a)		
Investment Property W.I.P (Note 16b)	253,480	253,480
	-	
	<u>253,480</u>	<u>253,480</u>

a

Investment Properties

- Hexagon Court	115,000	115,000
- Ocean Garden Lekki Epe	80,000	80,000
- Magodo Estate	-	-
- Victoria Estate Abuja	54,000	54,000
	-	
	<u>253,480</u>	<u>253,480</u>

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

18a Property, Plant & Equipment

Cost		
Accumulated Depreciation	5,268,383	4,684,152
Net Book Value	<u>(1,818,658)</u>	<u>(1,502,844)</u>
	<u>3,449,725</u>	<u>3,181,308</u>

19 Intangible Assets

Cost		
Accumulated Depreciation	805,109	745,844
Net Book Value	<u>(315,226)</u>	<u>(278,346)</u>
	<u>489,884</u>	<u>467,498</u>

20 Statutory deposit

At start of period	587,318	300,000
Additions during the period	-	-
Exchange Difference	-	-
At end of period	<u>587,318</u>	<u>300,000</u>

21 Trade Payables

Reinsurance/Coinsurance/Brokers/Agents	257,066	106,110
	<u>257,066</u>	<u>106,110</u>

22 Provisions & Other Payables

Premium Deposit	12,787	-
Commission payables	18,219	
Reinsurance Commission Received in advance	265,768	209,256
Accrued expenses	301,639	158,329
Other tax payables	129,576	107,949
Staff Premium Control	9,562	
Staff loan deduction	-	
Inter-Company Balances	-	1,743,094
NSITF	(43)	
Secured Credit Line-CMB	584	
Provident Fund	134,451	134,451
Deposit for Housing	14,823	44
Service Charge	525,099	466,767
Sundry Creditors	2,177	0
Integrity Clearing Account		0
Bank Overdraft	42,136	42,136
Transist/Unclaimed Bank Items	56,503	56,503
Customers Deposits	-	
	<u>1,500,494</u>	<u>2,918,528</u>

23 Deferred Income Tax

Deferred Tax Assets (Note 22a)		
Deferred Tax Liabilities (Note 22b)	115,522	-
Total	<u>(393,175)</u>	<u>(393,175)</u>
	<u>(277,653)</u>	<u>(393,175)</u>

a Deferred Tax Assets

At start of period		
Exchange difference	68,260	68,260
Charge for the period	-	-
Revaluation of property & equipment	-	-
At end of period	<u>68,260</u>	<u>68,260</u>

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

b Deferred Tax liabilities

At start of period

Exchange difference

Charge for the period

Addition through business integration

Revaluation of PPE

At end of period

393,175 -

24 Current Income Tax liabilities

At start of period

Exchange difference

Charge for the period

Payments during the period

Acquisition through business integration

At end of period

119,797
-
95,783 80,310
20,160 20,160
-
-
115,943 100,471

Tax Charge for the Year

Company Income Tax Charge

Interim & Full Year Appropriation Adjustment

Minimum tax

Education tax

Under/(over) provision from prior year

Information Technology Development Levy

National fiscal stabilisation levy

Total Charge for the period

Deferred tax liability/(assets)charge for the period

Income tax expense

195,751 188,938
- -
- -
- -
- -
- -
195,751 188,938
14,016 14,016
- -
209,767 202,954

25 Insurance Contract Liabilities

a Claims payable

b Claims reported and loss adjustment expenses (Note 25a)

c Outstanding claims IBNR (Note 25b)

d Unearned Premium (Note 25c)

e Life Fund (Note 25d)

204,219 355,688
2,757,143 1,261,523
2,049,430 1,129,464
5,570,481 3,891,243
169,450
-
10,750,724 6,637,918

a Outstanding claims

Motor

Fire

General accident

Marine

Aviation

Engineering

Oil and Energy

Bond

Life business: - Group Life

- Individual Life

700,313 62,272
460,443 335,970
343,534 292,154
47,439 31,170
35,323 35,323
217,202 200,280
299,856 299,856
4,500 4,500
648,534
-

2,757,143 1,261,523

b Outstanding claims IBNR

Motor

Fire

General accident

Marine

Aviation

Engineering

Oil and Energy

Bond

Life business: - Group Life:

106,371 106,371
194,752 194,752
132,744 132,744
62,080 62,080
143,549 143,549
151,761 151,761
336,106 336,106
2,100 2,100
702,375
1,831,838 1,129,464

Wapic Insurance Plc

Notes to the financial statements

For the period ended 30th June 2019

(All amounts in Naira thousands unless otherwise stated)

c Unearned Premium

Motor	642,297	343,733
Fire	183,098	111,860
General Accident	737,072	688,307
Marine	167,710	155,859
Aviation	51,310	51,310
Engineering	1,102,564	1,092,834
Oil and Energy	1,442,161	1,442,161
Bond	5,179	5,179
Group Life:	-	-
UPR	-	-
- Opening	632,488	-
	<u>4,321,582</u>	<u>3,547,510</u>

d Life fund

At start of year	144,985	
Opening fund reconciliation adjustment	-	
Interim Audit Adjustment	-	
Transfer from revenue account	24,466	
At the end of year	<u>169,450</u>	

26 Investment Contract Liabilities

At start of period	1,170,785	
Additions	521,113	
Withdrawals	(424,449)	
Guarantee interest	30,688	
Guarantee interest - Interim Audit Adjustment	-	
Guarantee interest - Full Year Audit Adjustment	-	
Opening fund reconciliation adjustment	(40,271)	
At end of period	<u>1,257,866</u>	

26.1 Group Deposit Administration - Investment Contract

At start of period		
Additions	54,472	
Withdrawals	-	
Guarantee interest	-	
Opening fund reconciliation adjustment	-	
At end of period	<u>54,472</u>	

26.2 Individual Deposit Administration - Investment Contract

At start of period	1,116,313	
Additions	521,113	
Withdrawals	(424,449)	
Guarantee interest	30,688	
Guarantee interest - Interim Audit Adjustment	-	
Guarantee interest - Full year Audit Adjustment	-	
Opening fund reconciliation adjustment	(40,271)	
	<u>1,203,394</u>	

27 Share capital

Authorised:	Number	
Issued:	17,000,000,000	17,000,000,000
	13,382,738,230	13,382,738,230

Wapic Insurance Plc**Notes to the financial statements****For the period ended 30th June 2019**

(All amounts in Naira thousands unless otherwise stated)

Issued and fully paid:

At start of the year

Movements

At end of year

6,691,369

6,691,369

-

-

6,691,3696,691,369**28 Share premium**

At start of the year

Movements

At end of year

6,194,983

6,194,983

-

-

6,194,9836,194,983**29 Contingency reserve**

At start of period

Appropriation from profit and loss accounts

At end of year

2,436,203

2,053,249

222,575

187,643

2,658,7782,240,892**30 Other reserves**

At start of period

Revaluation reserve

Translation reserve

Credit reserve

Revaluation reserve on property

Deferred tax on revaluation

Share of Associate other comprehensive income

At end of year

(191,965)

5,650

(20,668)

(610)

-

-

-

-

-

-

(114,372)

-

-

-

-5,040**31 Retained earnings**

At start of the year

Interim & Full Year Appropriation Adjustment

Transfer from profit or loss

Transfer to contingency reserve

At end of year

1,979,717

(689,640)

309,914

81,316

(222,575)(187,643)1,831,706(795,967)