Heirs Life

FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

Heirs Life

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
CORPORATE INFORMATION

Company Registration Number
RC 1561351

Directors

Dan Okeke	Chairman
Niyi Onifade	Managing Director / Chief Executive Officer
Wasiu Amao	Executive Director - Technical
Maryam Sani	Independent Non-Executive Director
Emmanuel Nnorom	Non-Executive Director
Adesimbo Ukiri	Non-Executive Director
Adaobi Nwakuche	Non-Executive Director
Muhammad Bello Umar	Non-Executive Director
Suleyman A. Ndanusa	Non-Executive Director

Registered office	107B Ajose Adeogun Street Victoria Island Lagos, Nigeria
Independent auditor	PricewaterhouseCoopers Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos Tel: +234 1 271 1700 www.pwc.com.ng
Actuaries	Zamara Ltd 4th Floor, Ibukun House, 70 Adetokunbo Ademola Street Victoria Island Lagos, Nigeria FRC No. FRC/2021/004/00000024023
Company secretary	Stanley Chikwendu 107B Ajose Adeogun Street Victoria Island Lagos, Nigeria
Bankers	United Bank for Africa Plc Providus Bank Ltd Fidelity Bank Union Bank Plc Nova Merchant Bank
Tax Consultant	Ijewere and Co.

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
DIRECTORS' REPORT

The Directors present their report on the affairs of Heirs Life Assurance Limited ("the Company"), together with the audited financial statements and Auditors report for the year ended 31 December 2022.

Incorporation and address

The Company was incorporated on 13th day of February, 2019 with registration number - RC 1561351 while operational licence with registration number 094 was issued by NAICOM on 25th day of November, 2020. The Company commenced operations on 1 December 2020.

The address of its registered/operational office is:
107B Ajose Adeogun Street
Victoria Island
Lagos, Nigeria

Principal Activities

The company is a specialist life insurer that was incorporated to provide financial, family and future securities to individuals and businesses.

Results and dividend

The company's results for the year ended 31 December 2022 are set out in statement of profit or loss and other comprehensive income. The profit for the year has been transferred to retained earnings, as such, no dividend has been recommended. The summarised results are presented below.

	Year Ended 31st December N'000 2022	13 Months Ended 31st December N'000 2021
Gross Written Premium	11,520,546	2,699,478
Profit/(loss) before tax	401,550	(277,721)

Board of Directors

Dan Okeke
Niyi Onifade
Wasiu Amao
Maryam Sani
Emmanuel Nnorom
Adesimbo Ukiri
Adaobi Nwakuche
Muhammad Bello Umar
Suleyman A. Ndanusa

Business review and future developments

The Company carried out insurance activities in accordance with its Memorandum and Articles of Association.

Directors' interest in contracts

None of the directors have notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020, of interest in contracts or proposed contracts with the Company during the period.

Directors' Interest in Shares

The names of the Directors and their interests in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings as at 31 December 2022, are as follows:

DIRECTORS NAME		Number of Ordinary Shares held (2022)		
		Direct		Indirect
Mr. Dan Okeke		Nil		Nil
Mr. Niyi Onifade		Nil		Nil
Mr Emmanuel Nnorom		Nil		Nil
Ms. Simbo Ukiri		Nil		Nil
Mrs. Maryam Sani		Nil		Nil
Dr. Adaobi Nwakuche		Nil		Nil
Mr. Muhammad Bello Umar		Nil		Nil
Dr. Suleyman Abdu Ndanusa		Nil		Nil
Mr. Wasiu Amao		Nil		Nil

Analysis of company's shares

According to the register of members as at 31 December 2022, the shareholding in the Company as well as substantial interests in shares was as follows:

Shareholder	No. of Shares '000	Percentage held
Heirs Holdings Limited	4,000,000	50%
United Capital Plc	2,000,000	25%
Africa Prudential Plc	1,200,000	15%
AVON HMO Ltd	800,000	10%
	8,000,000	**100%**

Equity Range Analysis

The range of shareholding as at 31stDecember, 2022 is as follows:

RANGE	%	HOLDERS	%	HOLDINGS
1 - 1,000,000,000	25	1	10	800,000,000
1000000001 - 2,000,000,000	50	2	40	3,200,000,000
4000000000 - 8,000,000,000	25	1	50	4,000,000,000
GRAND-TOTAL	**100**	**4**	**100**	**8,000,000,000**

Post balance sheet events

There were no events after the reporting date which could have a material effect on the state of affairs of the Company as at 31st December, 2022 or the financial performance for the year ended on that date that have not been adequately provided for or disclosed.

Acquisition of own shares

The Company did not purchase any of its own shares during the year.

Diversity in Employment

The Company operates a non-discriminatory policy in the consideration of applications for employment. We believe diversity and inclusiveness are powerful drivers of competitive advantage in understanding the needs of our customers and creatively developing solutions to address them.

During the period under review, our staff diversity analysis were as follows:

	Male	Female	Total HC
Executive Management	2	0	2
Senior Management	5	1	6
Middle Management	28	7	35
Officer	26	6	32
Sub Total	**61**	**14**	**75**

Statement of commitment to maintain positive work environment

The Company shall strive to maintain a positive and equal opportunity work environment underpinned by professionalism, performance and ethical conduct.

Employment of physically challenged persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. There were no physically challenged persons in the employment of the Company as at 31 December 2022.

Employee health, safety and welfare

Health and safety regulations are enforced within the premises of the entities of the Company. The Company provides medical facilities to all levels of employees. Medical facilities are provided to employees and their immediate families at the Company's expense.

Employee training and involvement

The Company is open to constructive and meaningful suggestions from its staff towards ensuring effective involvement of staff-members in matters affecting them as employees as well as those pertaining to the Company's affairs. These views are sourced through formal and informal channels. Training is critical to the Company and staff members are exposed to well structured courses and seminars.

Research and Development

As a part of its daily business, the Company carries out research into new life assurance products and services to anticipate and meet customers' needs and to ensure excellent service is delivered at all time.

The Board was evaluated in respect of the Financial Year 2022 by the firm of Angela Aneke & Company Limited. The performance of the Board, Board Committees and individual directors were adjudged satisfactory and necessary feedback were communicated to individual directors.

Corporate Governance Evaluation

Corporate Governance Evaluation was undertaken in respect of the Financial Year 2022 by the firm of Angela Aneke & Company Limited. Based on its work, the firm adjudged the Company's corporate governance practices to be 'Established' and in line with global best practice. It concluded that the corporate governance framework of the Company has considerably applied the principles of the FRC Code.

Property, plant and equipment
Movement in property, plant and equipment during the period is shown in Note 15 to the financial statements. The Directors are of the opinion that the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements as at 31 December 2022.

Donations and gifts
The Company made the following donations during the period.

	N'000
Lagos State Economic Summit	1,000
CIIN Insurance Forum Sponsorship	710
Essay Championship	1,754
Mum that brunch Brunch Event	300
NAIPCO Sponsorship	375
PILA Event Sponsorship	250
Risk Shield	135
Sponsorship of Mother and Girl child protection Initiative	250
Sponsorship of NCRIB Event	7,250
Sponsorship of NIA Event	1,000
Sponsorship of Nigeria Institute of Public Relation Conference	100
Sponsorship of TEF Alumni Event	250
Sponsorsphip Juniper Event	150

Audit committee
Pursuant to Section 14.4 of the Nigerian Code of Corporate Governance 2018, the Company had in place an Audit Committee comprising as follows:

Dr Suleyman Abdu Ndanusa	Non-Executive Director (Chairman)
Mr. Muhammad Bello Umar	Non-Executive Director
Mrs. Maryam Sani	Independent Director
Ms. Simbo Ukiri	Non-Executive Director
Mr. Emmanuel Nnorom	Non-Executive Director

The functions of the Audit Committee are as laid down in Section 11.4.6 and 11.4.7 of the Nigerian Code of Corporate Governance 2018.

Auditors:
PricewaterhouseCoopers were appointed as auditors during the year and having satisfied the relevant corporate governance rules have indicated their willingness to continue in office as auditors to the Company in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004, therefore,the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By order of the Board

Stanley Chikwendu
Company Secretary
FRC/2012/NBA/0590

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company recognizes the increasing relevance of good corporate governance practice to the sustenance and profitability of any organization committed to delivering the desired value to its shareholders and stakeholders at large.

GOVERNANCE STRUCTURE

The Board consists of 9 members, seven (7) of whom act in Non-Executive capacity.

Appointment to the Board of Heirs Life Assurance Limited is done in accordance with the provisions of the Company's Governance Charter, Articles of Association, the Companies and Allied Matters Act 2020 as well as the National Code of Corporate Governance, and other regulatory guidelines and directives issued from time to time. All appointees to the Board undergo a formal induction session and training for proper and seamless on-boarding.

BOARD COMMITTEES

The Board discharges its duties through a number of standing committees whose terms of reference are subject to regular reviews. The terms of reference define the purpose of each of the Committees, their composition, frequency of meetings, responsibilities and duties, as well as expected reports to the Board. As at 31st December 2022, the Board oversaw the affairs of the Company through three (3) standing Committees. The Committees are as follows:

a. Enterprise Risk Management Committee- The Committee has oversight responsibility to review and approve the Company's risk management policy including risk appetite and risk strategy, retention levels, classes of insurance, reinsurance and other risk mitigation mechanisms. The Committee also has responsibility for reviewing the adequacy and effectiveness of risk management and controls; and oversees management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms amongst others. The Committee met on four occasions during 2022 and also presented quarterly reports of their activities for the review of the Board.

b. Finance, Investment & General Purpose Committee – The Committee has oversight responsibility to consider and advise the Board of Directors on all aspects of the Company's finances. This includes, among others, annual estimates of income and expenditure and the financial forecasts for the Company; reviewing the periodic management accounts of the Company as well as advising the Board of Directors on the year-end accounts; periodically reviewing and advising the Board on the solvency of Company and the safeguarding of its assets; advising the Board on relevant taxation issues, general borrowings. The Committee also has an oversight for the Company's investment. It presents the Investment Policies and Investment Plans to the Board annually for approval and ensures that investments are made in accordance with the policy. The Committee reviews and approves as appropriate strategic investment. The Committee met on 4 occasions during 2022 and also presented quarterly reports of their activities for the review of the Board.

c. Audit, Governance & Compliance Committee - The Committee comprises of only Non-Executive Directors, and is responsible for reviewing quarterly Internal Audit reports as well as the Company's Compliance Report, Governance and Human Resources Report. The Committee also has oversight responsibility to review and report to the Board on matters of corporate governance, Board composition and remuneration; to provide oversight in respect of the company's internal systems for achieving compliance with legal and regulatory requirements, particularly as it pertains to good corporate governance. It establishes the criteria for Board and Board Committee memberships, reviews candidates' qualifications and potential conflict of interest, assesses the contribution of current Directors in connection with their re-nomination and makes recommendations to the Board amongst others. The Committee met 4 times during 2022 and also presented reports of their activities for the review of the Board.

COMPOSITION OF THE BOARD AND STANDING COMMITTEES

S/No.	Director	Date of Appointment	Director Status		Committee Chairmen	Committee Membership
1	Mr. Dan Okeke	December 1, 2020	Chairman		N/A	N/A
2	Mr. Niyi Onifade	December 1, 2020	MD/CEO		N/A	1. FIGPC 2. ERMC
3	Mr. Wasiu Amao	August 1, 2020	ED, Technical		N/A	1. FIGPC 2. ERMC
4	Mrs. Maryam Sani	December 1, 2020	Independent Non-Executive Director		N/A	1. FIGPC 2. AGCC
5	Mr. Emmanuel Nnorom	February 11, 2019	Non-Executive Director		Chairman, Board Finance, Investment & General- Purpose Committee	1. FIGPC 2. AGCC
6	Ms. Adesimbo Ukiri	December 1, 2020	Non-Executive Director		N/A	1. AGCC 2. ERMC
7	Dr. Adaobi Nwakuche	December 1, 2020	Non-Executive Director		N/A	1. FIGPC 2. ERMC
8	Mr. Muhammad Bello Umar	May 11, 2021	Non-Executive Director		Chairman, Enterprise Risk Management Committee (ERMC)	1.ERMC 2.AGCC
9	Dr Suleyman A. Ndanusa	June 8, 2021	Non Executive Director		Chairman, Audit, Governance & Compliance Committee	1. AGCC 2. ERMC

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CORPORATE GOVERNANCE REPORT

Dates of Board and Board Committee Meetings a anc

A. Board Meetings

S/No.	Director	11th May 2022	2nd Aug 2022	31st October	11th Nov 22	% Attendance
1	Dan Okeke	•	•	•	•	100%
2	Niyi Onifade	•	•	•	•	100%
3	Wasiu Amao	•	•	•	•	100%
4	Maryam Sani	•	•	•	•	100%
5	Emmanuel N. Nnorom	•	•	•	•	100%
6	Adesimbo Ukiri	•	•	•	•	100%
7	Adaobi Nwakuche	•	•	•	•	100%
8	Muhammad Bello Umar	•	•	•	•	100%
9	Suleyman A. Ndanusa	•	•	•	•	100%

B. Committee Meetings

Audit, Governance and Compliance Committee

S/No.	Director	23rd Feb 22	11th April 22	19th July 22	20th Oct 22	% Attendance
1	Dr. Suleyman Abdu Ndanusa	•	•	•	•	100%
2	Emmanuel Nnorom	•	•	•	•	100%
3	Mrs. Maryam Sani	•	•	•	•	100%
4	Mr. Muhammad Bello Umar	•	•	•	•	100%
5	Mrs, Adesimbo Ukiri	•	•	•	•	100%

Finance, Investment and General-Purpose Committee

S/No.	Director	23rd Feb 22	11th April 22	19th July 22	18th Oct 22	% Attendance
1	Mr. Emmanuel Nnorom	•	•	•	•	100%
2	Mr. Niyi Onifade	•	•	•	•	100%
3	Mrs. Maryam Sani	•	•	•	•	100%
4	Dr. Adaobi Nwakuche	•	•	•	•	100%
5	Mr. Wasiu Amao	•	•	•	•	100%

Enterprise Risk Management Committee-

S/No.	Director	22nd Feb 22	12th April 22	15th July 22	13th Oct 22	% Attendance
1	Dr. Suleyman Abdu Ndanusa	•	•	•	•	100%
2	Mr. Muhammadu Bello Umar	•	•	•	•	100%
3	Mrs. Adesimbo Ukiri	•	•	•	•	100%
4	Mr. Niyi Onifade	•	•	•	•	100%
5	Mr. Wasiu Amao	•	•	•	•	100%
6	Adaobi Nwakuche	•	•	•	•	100%

BOARD SELECTION AND APPOINTMENT PROCESS

The Board ensures that the process of appointing a Director is done in accordance with the Board Governance Charter, Companies and Allied Matters Act 2020 and other Codes of Corporate Governance which the Company is subject to. The process includes the following:

The Board ensures that the procedure for selection and appointment of new directors on the Board of the Company is clearly defined, formal and transparent.

The selection process reflects the Board's strengths and weaknesses, the required skill and experience.

The Board conducts a thorough analysis of the existing Board composition and confirms whether there is a need to appoint a new Director, especially in events of causal vacancies.

Nominations are forwarded to the Board through the Company Secretary. The Audit, Governance and Compliance Committee reviews the nomination as well as the profile of the candidate and makes its recommendation to the Board on the suitability of the proposed candidate.

The Board considers the Committee's recommendation and conducts relevant checks to ensure that the proposed candidate is fit and proper to sit on the Board of an insurance company also is not disqualified from being a Director in accordance with legislations and Codes of Corporate Governance to which the Company is subject.

Sequel to the Board's approval of the appointment of the proposed candidate on the Board, the appointment is formally communicated to the successful candidate. The successful candidate will be required to formally accept or reject the appointment.

Also following the approval of the Board, the Company Secretary notifies the National Insurance Commission in writing, seeking the Commission's approval of the appointment.

TRAINING AND INDUCTION

The Company believes that a robust induction as well as regular training and education of Board members on issues pertaining to their oversight functions will improve Directors' performance. Regarding new Directors, there is a personalized induction program which includes one-on-one meetings with Executive Directors and Senior Management responsible for the Company's key business operations. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction program covers an overview of the Strategic Business Units as well as the Board processes and policies. A new Director receives an induction pack which includes charters of the various Board Committees, significant reports, important legislation and policies, minutes of previous Board Meetings and a Calendar of Board Activities. Directors are also required to participate in periodic, relevant continuing professional development programs to update their knowledge.

During the year under review, Directors attended the following trainings:

a. Reinsurance in Life Insurance Underwriting
b. Life Insurance Accounting
c. Governance Framework
d. New Trends in Insurance - Insurtech
e. Audit Committee Training
f. Environment, Sustainability and Governance
e. AML/CFT Regulations Awareness Training

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
CORPORATE GOVERNANCE REPORT

DIRECTORS STANDING FOR RE-ELECTION

In accordance with the Company's Article of Association and S285(1) and (2) of the Companies and Allied Matters Act 2020, Ms Simbo Ukiri, Dr Adaobi Nwakuche and Mr Muhammad Bello will retire by rotation, and being eligible would be offering themselves for re-election.

GENDER DIVERSITY

The Company is aware of the need for fair representation of people of different genders as members of the Board, Executive Management as well as other employees. Both men and women are provided with a level playing field and no gender is seen as being more pivotal to the business of the organization than another.

BOARD AND GOVERNANCE EVALUATION

In accordance with the National Code of Corporate Governance, the governance practices and activities of the Board were evaluated by the firm of Angela Aneke & Co. The firm was appointed during the year under review to undertake the task

RENUMERATION STATEMENT

The Report on Directors' and Management and Staff remuneration is as set out in the Audited Financial Statements. The company has established clear policy guidelines for the determination and administration of compensation. In line with the policy guidelines, the Company seeks to attract and retain the best talent in countries that it operates. To achieve this, the Company seeks to position itself among the best performing and best employee rewarding companies in its industry. This principle will act as a general guide for the determination of compensation. The objective of the policy is to ensure that salary structure including short and long term incentives motivate sustained high performance. It is also designed to ensure that stakeholders are able to make reasonable assessment of the Company's reward practices. It is the Company's policy to comply in full with all local tax laws. The Company also complies with the Pension Reform Act 2014 on the provision of retirement benefit to employees at all levels.

CLAWBACK POLICY

The Company has in place a clawback policy in respect of performance bonus payments to executive management and employees.

SUMMARY OF RISK MANAGEMENT FRAMEWORK

This is contained in the risk management disclosures on Note 5 of the financial statement

FINES & PENALTIES

The company did not pay any fine or penalty during the year under review

STATEMENT OF COMPLIANCE

The Company carried out its Corporate Governance practices in line with the National Code of Corporate Governance and the Corporate Governance Guidelines 2022 issued by the National Insurance Commission.

WHISTLE BLOWING POLICY

The Company has instituted a robust whistle blowing policy which encourages anonymous reporting of unethical and illegal actions and activities.

ENVIRONMENT, SUSTAINABILITY AND GOVERNANCE

As a major player in the insurance industry, Heirs Life Assurance Limited is fully conscious of its status and responsibilities in the Nigerian society as a corporate citizen. As such, the Company deliberately integrates the society in its plans and maintains a very robust relationship with all stakeholders including its employees, host community, consumers and the general public.

RELATIONSHIP WITH SHAREHOLDERS

The Company is fully conscious of the importance of effective and constant interaction with shareholders. The Company benefits tremendously from the interactions and would welcome further contributions of shareholders at the Annual General Meeting. The Company will continue to take all necessary steps to uphold shareholder rights.

COMPLAINTS MANAGEMENT POLICY

The Company has in place a Complaints Policy to handle and resolve complaints which is available on the Company's website.

CODE OF CONDUCT & BUSINESS ETHICS

The Code of Conduct & Business Ethics provides general guidance and complements other policies and procedures of the Company regarding ethics and acceptable conduct in the organization. The Code clearly defines parameters of acceptable principles and standards in which Directors and employees are expected to conduct themselves in undertaking the business of the Company.

COMMUNICATIONS POLICY

The Communications Policy governs how information is communicated within Heirs Life Assurance Limited and how the Company's representatives may communicate with outside parties. The Policy defines who "outside parties" are and applies to all Heirs Life Assurance Limited employees, directors, officers, consultants and contractors.

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENTS OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the period and of its profit or loss. The responsibilities include:

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Dan Okeke
Chairman
FRC/2021/003/00000024357
April 25 2023

Niyi Onifade
Managing Director/CEO
FRC/2013/CIIN/00000002690
April 25 2023

HEIRS LIFE ASSURANCE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENTS OF DIRECTORS CORPORATE RESPONSIBILITIES

In line with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Company for the year ended 31 December 2022 and based on our knowledge confirm as follows:
(I) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading,

(II) The audited financial statements and all other financial Information Included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2022.

(iii) the Company's internal controls have been designed to ensure that all material information relating to the Company are received and provided to the Auditors in the course of the audit.

(Iv) the Company's internal controls were evaluated within 90 days of the financial reporting dote and were effective as of 31 December 2022.

(v) That we have disclosed to the Company's Auditors and Audit committee the following information:

(a) There are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with auditors any weaknesses in the internal controls observed in the cause of the audit.

(b) There is no fraud involving management or other employees which could have any significant role in the Company's internal control.

(vi) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Abayomi Kayode	**Niyi Onifade**
Chief Financial Officer (CFO)	Managing Director/CEO
FRC/2017/ICAN/00000017633	FRC/2013/CIIN/00000002690

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
AUDIT COMMITTEE REPORT

In accordance with the provision of Section 404 (4) of the Companies and Allied Matters Act, the members of the Audit Committee of Heirs Life Assurance Limited hereby report as follows:

We have exercised our statutory functions under Section 404(1) of the Companies and Allied Matters Act and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements, and agreed ethical practices and the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and reinforce the Company's internal control systems.

We have deliberated with the external auditor, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the external auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

Dr Suleyman A. Ndanusa
Chairman, Audit, Governance & Compliance Committee
25th April 2023

MEMBERS OF THE BOARD, AUDIT AND COMPLIANCE COMMITTEE

Dr Suleyman A. Ndanusa	Chairman
Emmanuel Nnorom	Member
Mrs. Maryam Sani	Member
Mr. Muhammad Bello Umar	Member
Mrs, Adesimbo Ukiri	Member

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
CERTIFICATION BY COMPANY SECRETARY

In my opinion as the Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act 2020, that for year ended 31 December 2022, the Company lodged all such returns as required of a company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Stanley Chikwendu
Company Secretary
FRC/2012/NBA/0590
25th April 2023

AA&Co

Angela Aneke & Co. Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria, boardevaluations@angelaanekeco.com

March 30, 2023

Statement by the External Consultants on the Board Evaluation of Heirs Life Assurance Limited for the year ended December 31, 2022

The Board of Directors of Heirs Life Assurance Limited (the Company or Heirs Life Assurance) engaged Angela Aneke & Co. Limited to perform an evaluation of the Board for the year ended December 31, 2022, in line with the requirements of Principle 14 of the Financial Reporting Council's Nigerian Code of Corporate Governance (NCCG). The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report are benchmarked on the principles in the NCCG, National Insurance Commission's (NAICOM) Corporate Governance Guidelines, the Company's Corporate Governance Framework, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews, and questionnaires, including an online self and peer assessment by members of the Board. Our detailed report has been submitted to the Board of Directors for their adoption and further action.

The Chairman provides effective leadership to the Board to ensure the Company's strategic objectives are met and plays a lead role in the assessment, improvement, and development of the Board. He also provides guidance to the MD/CEO in the effective discharge of his duties.

Heirs Life Assurance has an established Board Governance Charter. The mandates and terms of reference of the Board Committees are clearly defined in the Board Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management, internal audit and controls, regulatory compliance, and information technology governance. Furthermore, Directors achieved 100% attendance at all the Board and Board Committee meetings held in 2022.

The Board and its Committees are composed of seasoned professionals with a wealth of experience committed to the long-term success of the Company. It is a forward thinking and cohesive Board, with an appropriate balance of skills and diversity including experience, age, and gender. The Board executed its functions of Strategic Direction, Policy Formulation, Decision Making and Oversight within the year objectively and effectively.

On the basis of our work, we conclude that the Board of Heirs Life Assurance is effective and continues to demonstrate a commitment to maintaining strong corporate governance systems in line with global best practice. Its corporate governance framework is established, and the Company has adequately applied the 28 principles of the NCCG.

Yours faithfully,
FOR: **Angela Aneke & Co. Limited**

April Anazodo
Chief Operating Officer

AA&Co

Angela Aneke & Co. Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria, boardevaluations@angelaanekeco.com

March 30, 2023

Statement by the External Consultants on the Corporate Governance Evaluation of Heirs Life Assurance Limited for the year ended December 31, 2022.

The Board of directors of Heirs Life Assurance Limited (the Company or Heirs Life Assurance), engaged Angela Aneke & Co. Limited to perform a Corporate Governance evaluation for the year ended December 31, 2022, in line with the requirements of Principle 15 of the Financial Reporting Council's Nigerian Code of Corporate Governance (NCCG). The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report are benchmarked on each of the 28 principles of the NCCG, National Insurance Commission (NAICOM) Corporate Governance Guidelines, the Company's Corporate Governance framework, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews, and questionnaires, including an online self and peer assessment by members of the Board. Our detailed report has been submitted to the Board of Directors for their adoption and further action.

Heirs Life Assurance has an established system of corporate governance underpinned by a Board Governance Charter as well as various policies and charters that guide the governance culture of the Company. The mandates and terms of reference of the Board Committees are clearly defined in the Board Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management, internal audit and controls, regulatory compliance, and information technology governance. Policies that address internal control, code of conduct, business ethics, shareholder engagement and disclosures are well established at Heirs Life Assurance.

The framework for managing risk, and internal control system are effective at Heirs Life Assurance. The risks the company faces and risk mitigating strategies are effectively monitored and reported to the Board at its quarterly meetings. The internal control function also provides assurance to the Board and its Committees on its effectiveness at its quarterly meetings. A whistle blowing framework for reporting illegal and unethical behaviour is also in place. In 2022, the Company remained committed to sustainability and acted as a responsible citizen by embarking on several corporate social responsibility activities.

On the basis of our work, we conclude that corporate governance practices at Heirs Life Assurance are effective and are in line with global best practice. The corporate governance framework of the Company has adequately applied the 28 principles of the NCCG.

Yours faithfully,
FOR: **Angela Aneke & Co. Limited**

April Anazodo
Chief Operating Officer

Independent auditor's report

To the Members of Heirs Life Assurance Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Heirs Life Assurance Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Heirs Life Assurance Limited's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements; and
- the statement of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities– N9 billion (refer to notes 3.11, 4, 5.8i, 19) The valuation of insurance contract liabilities involves judgments about future events made by management. The Company's insurance contract liabilities comprise: Outstanding Claims, Life Insurance Liability, Annuity Liability and Life Savings Fund (Risk Reserve). The key areas of significant judgment in the valuation of insurance contract liabilities carried out by management's external actuary include: • Estimation of claims incurred but not reported (IBNR) used in assessing the group life business. • Application of valuation interest rate, expense inflation, mortality rates, expense assumptions, lapses and withdrawal rates in the Gross Premium Valuation approach used for the individual life business which includes the annuity business.	We assessed the competence, independence and objectivity of the company's actuarial experts. We tested the completeness and appropriateness of the underlying data used in the actuarial valuations by checking the actuarial inputs applied by management's experts against the data recorded in the financial statements. With the support of our actuarial experts, we: • assessed the reasonableness of the valuation method used in estimating the IBNR and checked that it is in line with generally accepted actuarial practice; • assessed the reasonableness of the gross premium valuation approach used in determining the reserve for the individual life and annuity business. We compared the actuary's assumption for valuation interest rate, mortality rates as well as expense inflation rate to independent external information. We assessed the expense assumption to be reasonable based on recomputation performed. The lapse and withdrawal rates applied to the valuation were assessed as reasonable based on comparison to data used during pricing of the policies. We checked the adequacy of the presentation and disclosure in the financial statements against the requirements of IFRS 4.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Corporate governance report, Statement of directors' responsibilities, Statement of directors' corporate responsibilities, Audit committeenot include report, Certification by company secretary, Value Added Statement and Two year financial summary but does the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and the Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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ICAN

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

4 May 2023

Engagement Partner: Chioma Obaro
FRC/2017/ICAN/00000017333

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General information

These are the financial statements of Heirs Life Assurance Limited ("the Company"). The Company was incorporated on 13th day of February, 2019 with Registration number - RC 1561351. Operational licence with registration number 094 was issued by NAICOM on 25th day of November, 2020 and operations commenced on 1 December 2020.

The financial statements of the company for the period ended 31 December 2022 were authorised for issue by the directors of the Heirs Life Assurance Limited on 25 April 2023.

Summary of significant accounting policies

Introduction to summary of significant accounting policies

The following are the significant accounting policies adopted by the company in the preparation of the financial statement.

a. Functional and presentation currency

This financial statements is presented in Nigerian Naira, which is the company's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

b. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared in accordance with the going concern principle under the historical cost convention. However, the following are exclusions to the historical cost basis.

Fair Value: Some assets and liabilities, such as financial instruments and investment properties, may be measured at fair value in the financial statements. This means that the value of the asset or liability is adjusted to reflect its fair value at the end of each reporting period. The fair value measurement is based on market prices or other reliable valuation techniques.

Revaluation: Certain assets, such as property, plant, and equipment, may be revalued to their fair value when there is a significant change in their value. Revaluation involves updating the carrying value of the asset to reflect its current market value. The revaluation surplus or deficit is recognized in the statement of comprehensive income.

Impairment: If there is a significant decrease in the value of an asset, such as a long-term investment or a piece of machinery, due to impairment, the asset's carrying amount is reduced to reflect the impairment loss. The impairment loss is recognized in the statement of comprehensive income.

(c) New standards that were effective during the year as at 1 January 2022

A number of standards, interpretations and amendments are effective for annual period beginning on or after 1 January 2022 and earlier application is permitted; however, the company has not early adopted the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates as follows:

Title	Key requirements	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
	The following improvements were finalised in May 2020: · IFRS 9 *Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.	

Annual Improvements to IFRS Standards 2018–2020	· IFRS 16 *Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.	1 January 2022
	· IFRS 1 *First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.	
	IAS 41 *Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	

The adoption of the amendements stated above does not show any material impact on the company.

(d) New standards that have been issued but are yet to become effective during the year as at 1 January 2022

Title	Key requirements	Effective date
IFRS 17 *Insurance Contracts*	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:	1 January 2023
	• discounted probability-weighted cash flows	
	• an explicit risk adjustment, and	
	• contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.	
	The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.	
	An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.	

	There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.	
	The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	
	Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.	
	Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.	
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2023

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarified that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.	1 January 2023
	To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	

IFRS 17 Qualitative Impacts

Scope

Similar to IFRS 4, IFRS 17 focuses on types of contracts, rather than types of entities. Therefore, it applies to all entities, whether they are regulated as insurance entities or not. An entity generally applies IFRS 17 to contracts that meet the definition of an insurance contract, as follows:

– insurance or reinsurance contracts that it issues; and
– reinsurance contracts that it holds.
– Investment contracts with Direct Participatory Features (DPFs) if the entity also issues insurance contracts.

A contract will not be deemed to be an insurance contract if it exposes the company only to financial risk but not to "Significant insurance risk". Insurance risk is significant "if and only if", an insured event could cause the company to pay additional amounts (determined on a present value basis) that are significant in any single scenario (excluding scenarios that have no commercial substance (i.e., no discernable effect on the economics of the transaction). We have assessed for "significant insurance risk" on all contracts and have observed that the company does not issue contracts that have only financial risk, rather the company issues contracts that exposes the company to both financial risk and significant insurance risk.

There are some contracts that could meet the insurance contract definition but are not in the scope of IFRS 17 – e.g. product warranties or residual value guarantees issued by a manufacturer, dealer or retailer. The scope exemption does not apply to Heirs Life

Separating components from insurance and reinsurance contracts

Some insurance contracts issued by the company have several components in addition to the provision of the insurance coverage service, such as an investment component, an investment management service, an embedded derivative and a provision of some other distinct goods or non-insurance services. The company assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other Standards. When these non-insurance components are non-distinct they will be accounted for together with the insurance component as part of the accounting for an insurance contract.

Unlike IFRS 4, unbundling is not an accounting choice under IFRS 17. Heirs Life applies the rules of unbundling for each contract and conduct test for any embedded derivative, investment component, and good or services components that must be unbundled and separately accounted for using other accounting standards. For operational simplicity, Heirs Life considers performing such unbundling assessment at a product level assuming contracts under the same product group share similar product features

Level of aggregation

IFRS 17 introduces new unit of account requirements referred to in the Standard as the level of aggregation. This is the level of granularity at which the recognition and measurement requirement of IFRS 17 must be applied. IFRS 4 does not prescribe any grouping requirements, hence an entity may recognise and measure insurance contracts at the level it considers appropriate. Therefore, IFRS 17 level of aggregation requirements are expected to have significant operational and financial implications.

Heirs Life identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, Heirs Life considers the similarity of risks rather than the specific labelling of the product lines. The company determines that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, Heirs Life segregates contracts based on when they were issued. A portfolio contains all contracts that were issued within a 12-month period. Each portfolio is then further disaggregated into three groups of contracts:

a) contracts that are onerous on initial recognition;

b) contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and

c) any remaining contracts in the portfolio.

In determining the appropriate group, Heirs Life measures a set of contracts together using reasonable and supportable information. Heirs Life applies significant judgement in determining at what level of granularity the company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information the company assesses each contract individually.

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability weighted basis. The company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. All groups include only contracts issued within a 12-month period. The composition of groups established at initial recognition will not be subsequently reassessed.

For contract that falls under the premium allocation approach (PAA), Heirs Life determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The company assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

Reinsurance contracts held are assessed separately from underlying insurance contracts issued. The company disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

a) those that on initial recognition have a net gain;

b) those that on initial recognition have a net cost that is not immediately recognised in profit or loss; and

c) those that on initial recognition have a net cost that is immediately recognised in profit or loss.

For reinsurance contracts held accounted for applying the PAA, the company assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

Recognition

The company recognises groups of insurance contracts issued from the earliest of the following dates:

· the beginning of the coverage period of the company of contracts;

· the date when the first payment from a policyholder in the company becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); and

· when the company determines that a group of contracts becomes onerous.

The Company recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting
date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period and new contracts are included to the Company when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the Company have been recognised.

Contract boundaries

In general, there is limited judgement required in determining the point of initial recognition of a group of contracts and it largely follows existing practice under IFRS 4. However, for certain products significant judgement is required in assessing the contract boundary. The contract boundary marks the point in time when the entity's right to compel the policyholder to pay a premium or the entity's substantive obligations under an insurance contract end. This key principle in IFRS 17 is effectively designed to establish the logical time parameters that would need to be applied at initial recognition. The company includes in the measurement of a group of insurance contacts all the future cash flows expected to arise within the boundary of each of the contracts in the company.

In determining which cash flows fall within a contract boundary, the company considers its substantive rights and obligations arising from the terms of the contract, and also from applicable laws and regulations. The company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the company can compel the policyholder to pay the premiums or the company has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide services ends when:

· the company has the practical ability to reassess the risks of a particular policyholder and as a result change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or

· the boundary assessment is performed at a portfolio rather than individual contract level, there are two criteria that both need to be satisfied: The company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders' and the company's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all the risks have been reflected either in the premium or in the level of benefits, the company considers all risks that policyholders would transfer had it issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks that it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment of the company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the company disregards restrictions that have no commercial substance. The company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and reprice existing contracts. Judgement is required to decide whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

In estimating expected future cash flows of contracts the company applies judgement in assessing future policyholder
behaviour surrounding the exercise of options available to them such as surrender options, and other options falling within the contract boundary.

Measurement of insurance contracts issued

Measurement on initial recognition for contracts other than PAA

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that are provided under the contracts.

Fulfilment cash flows (FCF) within contract boundary

The FCF are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Company considers a range of scenarios to establish a full range of possible outcomes incorporating all the reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future. The Company estimates expected future cash flows for a group of contracts at a portfolio level and then allocates them to the group in that portfolio in a systematic and rational way.

Discount Rate

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Company has elected the
accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

The Company measures the time value of money using discount rates that reflect the liquidity characterictics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices and exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk). Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability.

In determining discount rates for cash flows that do not vary based on the returns of underlying items, the Company elect to use the 'Bottom-up approach' to estimate discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts

Risk adjustment for non-financial risk

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk separately as an adjustment for non-financial risk. The Company plans to use either the VaR or cost of capital method in estimating the risk adjustment. The level of capital and the cost of capital rate that feed this estimation technique are calibrated from the Company economic capital's approach within which the Company estimates the impact of non-financial risks. The economic capital approach includes a quantitiative measure of the Company's risk appetite and a specific measure of the Company's non-financial risk and the degree of its risk aversion for financial reporting purposes.

Contractual service margin (CSM)

The carrying amount of insurance liabilities/assets consist of present value of cash flows, risk adjustment and the Contractual Service Margin (CSM). CSM is the unearned profit margin arising from a group of insurance contracts for the future service to be provided. It is released to Profit or Loss (P&L) in each period to reflect the services provided in that period. The CSM is a new concept under IFRS 17 when compared to the existing IFRS 4. The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit the Company will recognise as it provides insurance contract services over the coverage period.
At initial recognition, the Company measures the CSM at an amount that, unless a group of insurance contracts is
onerous, results in no gains recognised in profit or loss arising from:

- the expected fulfilment cash flows of the group;
- the amount of any derecognised asset for acquisition cash flows allocated to the group; and any other asset or liability previously recognised for cash flows related to the group and
- any cash flows that have already arisen on the contracts as of that date.

If a group of contracts is onerous, the Company recognises a loss on initial recognition, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

Insurance acquisition cash flows

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, or to the Company itself, or the portfolio of insurance contracts to which the group belongs. The Company estimates insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio at a portfolio level and then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Company recognises an asset in respect of costs in securing a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are already paid before the recognition of the group of insurance contracts to which these costs relate to. The Company recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. Such assets are derognised when the insurance acquisition cash flows allocated to the group of insurance contracts are included in the measurement of the group. The related portion of the asset for insurance acquisition cash flows is derecognised when the associated group of contracts is recognised, and its balance is included in the group's fulfilment cash flows. When only some of the insurance contracts expected to be included within the group is recognised as at the end of the reporting period, the Company determines the related portion of the asset that is derecognised and included in the group's fulfilment cash flows on the basis of a systematic and rational allocation method taking into consideration the timing of recognition of the contracts into the group.

Insurance contracts under the Premium Allocation Approach (PAA)

The Company will apply the PAA to the measurement of insurance contracts with a coverage period of each contract in the group of one year or less. In addition, the company would apply PAA contract for other groups that meet the PAA eligibility requirement i.e where the liability for remaining coverage when measured under PAA is not materially different when measured under GMM

The carrying amount of the liability for remaining coverage (LRC) at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the following:

(i) the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period; and

(ii) any adjustment to a financing component and any investment component paid or transferred to the liability for incurred claims.

The Company has determined that there is no significant financing component in group of insurance contracts with a coverage period of one year or less. The Company elected not to discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

The carrying amount of the liability fo incurred claims (LIC) is measured similar to GMM, however for those claims that the Company expects to be paid within one year or less from the date it was incurred, the Company elects not to adjust future cash flows for the time value of money and the effect of financial risk. However, claims expected to take more than one year to settle are discounted.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time unless the expected pattern of release from risk differs significantly from the passage of time, in which case it is recognised on the expected timing of incurred claims and benefits. the Company applies judgement in determining the basis of allocation. If facts and circumstances lead the Company to believe that a group under PAA has become onerous, the Company tests it for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises a loss in profit or loss and increases the LRC for the corresponding amount.

Onerous Contracts

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract plus any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow. The onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.
On initial recognition, the CSM of the group of onerous contracts is nil and the Company's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised
at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.
After the loss component is recognised, the Company allocates any subsequent changes in fulfilment cash flows of the
LRC on a systematic basis between 'loss component' and 'LRC excluding the loss component'

Reinsurance contracts held

Recognition

The Company uses facultative and treaty reinsurance to mitigate some of its risks exposures. Reinsurance contracts held are accounted under IFRS 17 when they meet the definition of an insurance contract, which includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss. The effect of non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Company applies the general approach and disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

a) contracts that on initial recognition have a net gain;
b) contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently; and
c) any remaining reinsurance contracts held in the portfolio.

In determining the timing of initial recognition of a reinsurance contract, the Company assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. the Company recognises a group of reinsurance contracts held that provides proportionate coverage:

(i) at the same time as the onerous group of underlying contracts is recognised, or
(ii) for all the other reinsurance contracts held that provide proportionate coverage, at the start of the coverage period of that group of reinsurance contracts; or at the initial recognition of any of the underlying insurance contracts, whichever is later.

The Company recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

Reinsurance contracts held measured under the PAA

The Company measures group and credit life reinsurance contracts applying the PAA. Under the PAA, the initial measurement of the asset equals the reinsurance premium paid. The Company measures the amount relating to remaining service by allocating the premium paid over the coverage period of the Company. For all reinsurance contracts held the allocation is based on the passage of time or expected incidence of claims.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Company adjusts
the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on additional loss from an already onerous group of underlying insurance contracts. The recognition of this gain results in the accouting for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held. This component is subsequently adjusted for any applicable changes.

Presentation

The Company presents separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, portfolio of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the insurance finance income or expenses.
The Company includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts are recognised in the carrying amount of the related portfolios of insurance contracts issued.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non- financial portion and includes the entire change as part of the insurance service result.

Insurance revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the GM, insurance revenue consists of the following:
→ The sum of the changes in the LRC due to:
a) the insurance service expense incurred in the period measured at the amounts expected at the beginning of the period, excluding:
- amounts allocated to the loss component;
- amounts relating to risk adjustment for non-financial risk
- repayments of investment components;
- insurance acquisition expenses;
b) amounts related to income tax that are specifically chargeable to the policyholder
c) the change in the risk adjustment for non-financial risk, excluding:
- changes that relate to future service that adjust the CSM; and
- amounts allocated to the loss component;
d) the amount of CSM for the services provided in the period;
e) experience adjustments for premium receipts (and any related cash flows such as insurance acquisition cash flows) that relate to current or past services, if any.
The portion of premiums that can be seen as recovering those acquisition cash flows will be included in the insurance service expenses in each period. Both amounts are measured on the same basis used for the allocation of the CSM to profit or loss under d) above.

When applying the PAA, the Company recognises insurance revenue for the period based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, then premium receipts are allocated based on the expected pattern of incurred insurance service expense.
At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence for new and existing groups.

Insurance service expense

Insurance service expense arising from group insurance contracts issued comprises of:
· changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components;
· changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
· other directly attributable expenses incurred in the period;
· amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expense and insurance contract revenue; and
· changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

Income or expenses from reinsurance contacts held

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:
· amount recovered from reinsurers; and
· an allocation of the reinsurance premiums paid, provided that together they equal total income or expenses from reinsurance contracts held.
The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

The use of OCI presentation for insurance finance income and expense

The Company has an accounting policy choice to either present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). In considering the choice of presentation of insurance finance income or expenses, the Company considers the assets held for that portfolio and how they are accounted for. The accounting policy choice to not disaggregate insurance finance income or expenses so that part is recognised in profit or loss and part in OCI is applied on a portfolio-by- portfolio basis.

For PAA contracts

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for Portfolio with a coverage period of one year or less.
The Company adjusts the LRC for the time value of money for portfolio with a coverage period longer than one year. the Company does not disaggregate insurance finance income or expense between profit or loss and OCI.

For contracts with cash flows not affected by underlying items

For contracts with cash flows not affected by underlying items, the Company has elected to present all insurance finance income or expenses in profit or loss

1. Going Concern

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

1.1 Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars to the extent that they do not conflict with the requirement of IFRS.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the account.

1.2 Basis of Measurement

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matter Act, Insurance Act, 2003 and regulatory guidelines as pronounced from time to time by National Insurance Commission.

1.3 I&FRS&9 &- & Financial & Instrument: &Classification&and Measurement

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

1.4 Changes in Accounting Policies

Except for the changes below, the Company has consistently applied the accounting policies set out in the 'Note on significant accounting policies to the period presented in the financial statements'.

The Company will adopt new standards and amendments to standards, including any consequential amendments to other standards, in the accounting period that they become effective. Such standards and amendments will be stated explicitly with the relevant impact on the company's financial statements.

1.5 Use of estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates
and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 5.8.

1.6 Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the Insurance Act 2003 of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

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

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

III. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under statement of changes in equity to cover fluctuations in securities and variation in statistical estimates;

IV. 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;

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

VI. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria.

VII. Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 42 for assets allocation that covers policy holders' funds.

The Financial Reporting Council Act (FRC Act), 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provisions of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

I. Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review.

II. Section 22(1a) which requires additional 25 percent of net premium to general reserve fund.

1.7 Reporting period
The statement of financial position was prepared as at 31 December 2022 for a twelve months period.

2. Significant Accounting Policies

1. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'Other operating income' or 'Other operating expenses'.

Translation differences on non-monetary financial assets such as equities classified as fair value through profit or loss financial assets are also recognised in statement of profit or loss and other comprehensive income.

2. 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 Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding overdrafts.

3 Financial assets and liabilities

3.1 Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories in line with IFRS 9:

a) Financial assets at fair value through profit or loss;
b) Amortized cost.

The Company's financial assets include cash and short term deposits, trade and other receivables, investment valued at fair value through profit and loss, investment valued at amortised cost, statutory deposit with CBN and reinsurance recoverable.

The Company's financial liabilities are classified as other financial liabilities. They include: insurance contract liabilities, creditors and accruals, trade payables and other payables.

3.2 Initial recognition

The Company's financial liabilities are classified as other financial liabilities. They include: insurance contract liabilities, creditors and accruals, trade payables and other payables.

a. Business Model Assessment

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise.

b. Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent Solely Payment of Principal and Interest (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if financial assets backing non- participating life insurance contracts are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL.

3.3 Subsequent measurement

a. Financial assets held at fair value through profit or loss

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value, with gains and losses arising from changes in this value recognized in the statement of profit or loss and other comprehensive income in the period in which they arise.

b. Financial assets at amortised cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Interest income on financial assets at amortised cost is included in investment income in the statement of profit or loss and other comprehensive income.

The company's placement with other financial institutions with original maturities of three months or less from the acquisition date are measured at amortised cost. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

c. Trade receivables

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Premium receivables are recognized when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables are reviewed at every reporting period for impairment

d. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Loans and receivables on the statement of financial position comprise staff loans and loans to policy holders.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment (if any). Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

Interest on loans and receivables are included in profit or loss and reported as other operating income. When the asset is impaired, they are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognized in the statement of profit or loss as impairment losses.

3.3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction
between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. The Company discloses fair value of all its financial instruments.

3.3.5 De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset
or liability.
On de-recognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not de-recognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

3.3.6 Impairment of assets

a. Financial assets carried at amortized cost

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

i. Significant financial difficulty of the issuer or debtor;

ii. A breach of contract, such as a default or delinquency in payments;

iii. It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;

iv. The disappearance of an active market for that financial asset because of financial difficulties; or

v. Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company.

For financial assets measured at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of profit or loss and other comprehensive income.

b. Trade receivables

Trade receivables arising from insurance contracts represent premium debtors with determinable payments that are not quoted in an active market and the Company has no intention to sell. Trade receivables are recognized when confirmation of premium is received from insurance brokers and co-insurance in the form of credit notes and are within 30 days, in conformity with the "No premium, No cover" policy. Trade receivables that are individually identified as impaired are assessed for specific impairment. All other trade receivables are assessed for collective impairment. Receivables are stated net of impairment determined in line with financial assets carried at amortized cost.

c. Loans and receivables

For loans and receivables, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

d. Impairment of non-financial assets

The Company's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

3.4 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from the group of similar transactions.

3.5 Reinsurance assets

These are receivables that arise from reinsurance contracts.

3.6 Deferred acquisition costs

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

3.7 Other receivables and prepayments

Prepayments and other receivables are carried at cost less amortization and accumulated impairment losses.

3.8 Intangible assets

3.8.1. Software

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

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

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 expenditures are expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is Five (5) years subject to annual reassessment.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Intangible assets are reviewed at each reporting date for impairment.

9. Property, plant and equipment

1. Recognition & measurement

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

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.

Gains and losses on disposal of items of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within other income in statement of profit or loss and other comprehensive income. An asset useful life are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carring amount is written down immediately to its recoverable amount if the asset carring amount is greater than its estiomated recoverable amount.

3.9.2. Subsequent costs

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.

3.9.3. Subsequent measurement

All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

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 recognized as an expense in the statement of profit or loss and other comprehensive income.

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 recognized as an expense in the statement of profit and loss.

3.9.4. 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 property and equipment 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:

Asset	Depreciation Rate
Building	2%
Office Equipment	20%
Computer Hardware	20%
Furniture and Fittings	20%
Motor Vehicles	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

The estimated useful life for the assets as follows

Building	50 Years
Office Equipment	5 Years
Computer Hardware	5 Years
Furniture and Fittings	5 Years
Motor Vehicles	4 Years

3.9.5. De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the income statement in the year of de-recognition.

3.10 Statutory deposit

The statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) as mandated by the Insurance Act 2003. The deposit is measured at cost and interest is paid twice annually at rates determined by the CBN.

3.11 Insurance and Investment Contract

The Company issues contracts that transfer insurance risk or financial risk or both. For the purposes of valuations and profit recognition, contracts are divided into investment and insurance contracts. Insurance contracts are those contracts that transfer significant insurance risk to the Company, whereas investment contracts transfer financial risk. Investment contracts are comprised of the liabilities on policies in force as actuarially computed on the reporting date.

3.11.1. Classification contracts

A contract is classified as an insurance contract where the Company accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiaries. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

a. Insurance contract liabilities

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies are recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Company performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

Reserving methodology and assumptions

i) Data segmentation

The data used for reserving is segmented into the 2 classes as follows:
* Individual business
* Group business

ii) Valuation and assumptions

The basic chain ladder method is used for both the individual business and group business
* 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.

An unexpired premium reserve is included for Group Life business, after allowing for acquisition expenses. The UPR is tested against an additional Unexpired Risk Reserve (AURR), using pooled industry claims data for the underlying assumptions. The resulting AURR is zero, giving comfort that the UPR is sufficient.

3.11.2. Commission income

Commission income is recognized on ceding business to the reinsurer, and are credited to the profit and loss account.

3.11.3. Underwriting expenses

Underwriting expenses comprise acquisition and maintenance expenses.

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.

3.12 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts comprise interest linked funds. Interest linked investment contracts are measured at amortised cost.

Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the statement of profit or loss and other comprehensive income in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss and other comprehensive income of the Company.

3.13 Trade and other payables

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

3.14 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 the rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.15 Share capital & reserves

3.15.1 Share capital.

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

3.15.2 Dividend on ordinary shares

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

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.16 Contingency reserves/ Asset revaluation reserve

In compliance with the Insurance Act 2003, the contingency reserve for life business is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reached the amount of minimum paid up capital.

3.17 Asset revaluation reserve

Assets revaluation reserves represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date.

3.18 Fair value reserve

Fair value reserves represents the fair value difference on revaluation of financial assets carried at fair value through other comprehensive income as at balance sheet date.

3.19 Earnings per share

The Company presents Basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the
profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.20 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 Company; or the Company has a present obligation as a result of past event which is not recognized 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 legal claims or court processes in respect of which a liability is not likely to crystallize.

3.21 Insurance contract - Recognition and measurement

3.21.1 Gross premium written

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

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of premium earned.

3.21.2 The earned portion

The gross premium earned represents premiums as earned from the date of attachment of risk, over the insurance period on a time apportionment basis.

3.21.3 Unearned premiums

Unearned premiums are proportion 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. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

3.21.4 Reinsurance assets and liabilities

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net potential losses on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct credit obligations to its policyholders.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These 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 in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when incurred.

The Company has 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.

Reinsurance recoverable are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurers polices and 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 Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the statement of profit or loss and other comprehensive income.

3.21.5 Reinsurance expense

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

3.21.6 Claims expenses

a. Claims expenses

Claims and loss adjustment expenses are charged to statement of profit or loss and other comprehensive income as incurred based on the estimated liability for compensation owed to the contract holders or beneficiaries. They include direct and indirect claims settlement cost and arise from events that have occurred up to the reporting period, whether they have been reported or not. The Company does not discount its liabilities for unpaid claims.

b. Outstanding claims

The provision for outstanding claims, is estimated based on historic information on reported cases and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverable are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the statement of profit or loss and other comprehensive income.

3.21.7 Receivables and payables related to insurance contracts

Insurance receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the

Company reduces the carrying amount of the insurance receivable accordingly and recognizes the impairment loss in the income statement. The Company determines the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortized cost. The impairment loss is calculated using the same method used for these financial assets.

3.22 Insurance contracts:

Revenues and expenses in respect of insurance contracts are summarized in note 3.11.

3.22.1 Investment and other operating income

Investment income comprises interest income earned on short- term deposits, rental income and income earned on trading of securities including all realized and unrealized fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the income statement 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 recognized as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

3.23 Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

3.24 Management and other operating expenses

Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis.

3.25 Hypothecation of Assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 wherein the policyholders' assets and funds are not co-mingled with assets and funds that belong to shareholders and other funds.

In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

3.26 Segment reporting

A segment is a distinguishable component of the Company 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 Company's primary format for segment reporting is based on business segments.

3.27 Leases

Leases (right-of-use asset) are accounted for in accordance with IFRS 16 and are accounted for in line with the company being the lessee. At the commencement date, the Company recognises a right-of- use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the company measures the right-of- use asset at cost less any accumulated
depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability using the straight line method. The Company subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

3.28 Employee benefit

Short-term benefits

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

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act. Under the defined contribution scheme, the Company pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay 8% to the same entity. Once the contributions have been paid, the Company 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 Company's obligations are recognised in the statement of comprehensive income

3.29 Income tax

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company Income tax is computed on Taxable profits

- Tertiary education tax is computed on assessable profits

- National Information Technology Development Agency levy is computed on profit before tax (i.e. Technology levy)

- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.25% of the Company's gross premium for general business and 0.25% of gross income for life business.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENTS OF FINANCIAL POSITION

	NOTES	31 Dec 2022 N'000	13 Month to 31 Dec 2021 N'000
ASSETS			
Cash and cash equivalents	6	838,251	275,531
Financial assets - FVTPL	7	13,101,851	6,975,688
Financial assets - Amortized cost	8	2,860,329	587,687
Trade receivables	9	2,083	330
Reinsurance assets	10	171,453	110,780
Other receivables & prepayments	12	129,693	186,391
Deferred acquisition cost	13	47,985	27,210
Right of use asset	11	725,268	709,198
Statutory deposits with CBN	14	800,000	800,000
Property, plant and equipment	15	247,846	149,129
Intangible assets	16	283,811	163,361
TOTAL ASSETS		19,208,570	9,985,305
LIABILITIES			
Trade payables	17	363,841	91,418
Provisions & other payables	18	208,273	116,591
Insurance contract liabilities	19	9,009,939	1,516,247
Investment contract liabilities	19e	1,087,855	194,831
Lease liability	21	467,297	343,939
Income tax payable	22		
TOTAL LIABILITIES		3,471	532
EQUITY		11,140,676	2,263,558
Ordinary share capital	23	8,000,000	8,000,000
Contingency reserve	24	142,200	26,995
Retained earnings	25	(74,306)	(305,248)
TOTAL EQUITY		8,067,894	7,721,747
TOTAL EQUITY & LIABILITIES		19,208,570	9,985,305

These financial statements were authorised for issue by the board of directors on the 25 April 2023 and were signed on its behalf by:

Dan Okeke
Chairman
FRC/2021/003/00000024357

Niyi Onifade
Managing Director/CEO
FRC/2013/CIIN/00000002690

Abayomi Kayode
Chief Finance Officer
FRC/2017/ICAN/00000017633

Heirs Life

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	31 Dec. 2022 N'000	13 month period ended 31 Dec. 2021 N'000
Gross written premium		11,520,546	2,699,478
Changes in unearned premium reserve		(251,394)	(302,817)
Gross premium earned	26	**11,269,152**	**2,396,661**
Reinsurance expenses	27	(515,326)	(216,216)
Net premium earned		**10,753,826**	**2,180,445**
Fees and commission income	28	128,132	73,109
Net underwriting income		**10,881,958**	**2,253,554**
Changes in funds			
Changes in insurance fund	29	(1,173,527)	(474,625)
Changes in annuity fund	29	(5,795,652)	(569,121)
Total changes in insurance funds		**(6,969,179)**	**(1,043,746)**
Claims expenses	30	(1,453,061)	(256,849)
Reinsurance recoveries on claims	31	251,400	56,234
Net insurance benefits and claims incurred/recovered		**(1,201,661)**	**(200,615)**
Underwriting expenses	32	(1,344,754)	(338,461)
Underwriting profit		**1,366,364**	**670,732**
Other income/expenses	36	48,731	(159,641)
Impairment (charges)/reversals	37	6,047	(11,212)
Staff costs	38	(1,053,713)	(509,736)
Management expenses	39	(1,085,454)	(914,891)
Finance cost	40	(52,021)	(37,699)
Investment income	33a	1,276,721	625,461
Profit on investment contracts	34	22,135	14,884
Net fair value gain/(loss) on financial asset	35	(179,281)	44,381
Profit/(loss) before tax		**349,528**	**(277,721)**
Income tax expense	22	(3,381)	(532)
Profit/(loss) after tax		**346,147**	**(278,253)**
Total comprehensive profit/loss for the period		**346,147**	**(278,253)**

Heirs Life

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENT OF CHANGES IN EQUITY

(All amount are in thousands of Naira)	Note	31 Dec 2022 *Share Capital*	*Contingency Reserve*	*Retained Earning*	*Total*
Opening balance as at 1 January 2022	23	8,000,000	26,995	(305,248)	7,721,747
Profit for the period	25	-	-	*398,169*	398,169
Movement in contigency reserve	24	-	115,205	(115,205)	-
Balance as at 31 Dec 2022		8,000,000	142,200	(22,284)	8,119,916

(All amount are in thousands of Naira)		31 Dec 2021 *Share Capital*	*Contingency Reserve*	*Retained Earning*	*Total*
Capital Injection during the period	23	8,000,000	-	-	8,000,000
Loss for the period	25	-	-	(278,253)	(278,253)
Movement in contigency reserve	24	-	26,995	(26,995)	-
As at 31 Dec 2021		8,000,000	26,995	(305,248)	7,721,747

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENT OF CASHFLOW

	Note	31 December 2022	31 December 2021
Cash flows from operating activities:		**N'000**	**N'000**
Premium received from policyholders	9b	11,500,293	2,699,148
Cash received from investment contract liabilty	20a	1,094,637	205,192
Cash withdrawals from investment contract liability	20a	(212,399)	(11,909)
Unallocated premium	17a	284,395	25,437
Fees and commission income	28	128,132	73,109
Re-insurance expense paid	27(b)	(559,135)	(235,797)
Claims recoveries	10e	199,389	-
Commission paid	32	(916,048)	(198,652)
Maintenance expenses paid	32	(384,097)	(120,222)
Claims paid- Others	30a	(681,809)	(102,420)
Claims paid- Annuity	30a	(498,133)	(14,236)
Payment to employees	38	(791,103)	(431,164)
Other operating cash payment	39a	(984,869)	(1,015,470)
Tax paid	22	(442)	-
Statutory deposit		-	(800,000)
Net cash outflow used in operating activities		**8,178,812**	**73,017**
Cash flows from investing activities:			
Interest received	33b	1,201,509	504,560
Acquisition of PPE & Intangible asset		(335,622)	(352,293)
Purchases of investment securities		(24,951,923)	(7,939,125)
Maturities of investment securities		16,474,730	482,918
Net cashflow from investing activities		**(7,611,305)**	**(7,303,940)**
Cash flows from financing activities			
Paid up capital received from shareholders		-	8,000,000
Principal elements of lease payment		(4,785)	(493,546)
Net cashflow from financing activities		(4,785)	7,506,454
Net increase in cash and cash equivalent		562,721	275,531
Cash and cash equivalent, beginning of period		275,531	-
Net increase in cash and cash equivalent		562,721	275,531
Cash and cash equivalent, end of period	6	**838,251**	**275,531**

4 Introduction

Heirs Life Assurance (HLA) strategies, principles, policies, and corporate governance guide its enterprise-wide risk management activities.

Risk category determines our approach as follows:

a. Help defines goals, choose the best course of action, and evaluate results while making risk-informed decisions.
b. Promote well-planned and managed risk-taking for proactive risk management.
c. Improve organisational culture towards better risk management; and
d. Assure stakeholders that HLA's goals and strategies will be achieved, significant risks handled, and outcomes reported promptly.

Our risk management framework outlines HLA's main risk management activities, policies, and programs to address the organisation's material 'risks. HLA's business strategy and risk management strategy assist the company conduct itself within the risk appetite set thereby reducing the risk of losses. As the risk management system and risk maturity profile develop, continuously leverage quantitative and qualitative risk indicators to assess risk performance across the business.

The following aims and objectives measure HLA's risk management performance toward the broad ERM strategies:

a. Provide HLA with a centralised, overlapping, and cross-functional strategy for identifying and mitigating the organisation's biggest risks.
b. Define risk governance structure, roles, and duties of key stakeholders.
c. Assist HLA achieve its strategic goals by systematically identifying, assessing, and managing risks using a standard vocabulary and simple-to-use methodologies.
d. Integrate risk management into HLA's risk-aware culture, routine processes and operations, strategic planning, and decision-making.
e. HLA conducts risk assessments carefully, thoughtfully, and openly with full support from the Executive Management and sponsorship from the Board of Directors.

Risk Management Statement

The Board of Directors through the Risk Management Function exercised the expected governance oversight for the risk management process and internal control system within HLA for the 2022 financial year. After a successful setup of the Enterprise Risk Management (ERM) Function and Board approval of the risk management framework, risk appetite framework, and risk management annual strategy, the Board set the right tone at the top for a comprehensive risk management implementation that resulted in the realised risk profile of the Company for the financial year.

We have adopted and implemented forward-looking risk identification, risk assessment, and controls processes embedded in all business processes, operations, and activities to reduce the business's risk exposure within the approved Board risk appetite. The sources of risk reporting include the risk register, risk appetite, management meetings, and daily business operations.

The Board gave her full support to the Risk Management Function during the financial year, with the MD/CEO being the major sponsor of the risk management activities. The Audit of the risk management function and processes incorporated both internal and external audit assessments for validation and business reassurance of the adequacy of the risk management systems in place at HLA.

The Risk Management Function further confirms that the Company has active systems in place for the purpose of ensuring compliance with regulatory provisions for monitoring and managing the risks of the Company. Risk management remains an important feature of good governance at HLA and the Company's approach to risk management has improved during the year through proactive risk management. The current risk management arrangements are reasonable and reassuring, and we will continuously improve to better integrate risk management into the day-to-day operations and culture of the Company in the current financial year and beyond.

4.1 Insurance risk

The risk in every insurance arrangement is the likelihood that the insured event may occur and the unpredictability of the claim amount. This risk is random and hence unexpected because of the nature of insurance contracts.

Actual claims and benefit payments may exceed the carrying amount of the insurance obligations for a portfolio of insurance contracts where the theory of probability is employed for pricing and provisioning. This could occur if the frequency or severity of claims and compensation exceeds expectations. Insurance events are unpredictable, and the actual number and amount of claims and payouts will vary from one year to the next compared to the level established by quantitative methodology.

The significantly larger the portfolio of identical insurance contracts, according to historical accounts, the greater the predictability of the projected outcome. Moreover, a portfolio with greater diversity is less likely to be affected by a change in any subset. The company designed its insurance underwriting strategy to diversify the types of insurance risks assumed and to obtain a sufficiently large population of risks within each of these categories in order to reduce the unpredictability of the anticipated outcome. One of the factors that exacerbate insurance risk is a lack of risk diversification in terms of the type and quantity of risk. In this section, the nature and management of these threats are summarized.

4.2 Underwriting risk

Underwriting risk is primarily associated with the possibility that the insured event will occur to assist the Underwriter price the risk in such a manner that the Company's profitability is not eroded from the claims arising from the insured risks. The nature of an insurance contract is that the timing and amount of claims are uncertain and, thus, erratic. Underwriting risk reveals the possibility that the actual results of mortality, morbidity and medical claims will result in volatile profits from year to year. Large concentrations of risk or the charging of inadequate premiums relative to the severity or incidence of the accepted risk may lead to such volatility. Insurance policy contract misrepresentation and misinterpretation could result in claims against the insurer that were not anticipated at the time the product was priced. Insurance events are arbitrary, and the actual number and amount of underwriting benefits will differ from the best estimates derived from statistical methods and taking into account past experience. Through its underwriting strategy, reinsurance programmes, and claims-handling processes, the company manages these risks.

Underwriting risk is the risk of loss or change in the value of insurance liabilities as a result of insufficient pricing and technical provisioning.

As part of its underwriting strategy, the Company applies the following policies and practices to mitigate underwriting risk:

(i) All alterations to life insurance products must pass through the approvals framework that is part of the governance process. The statutory actuary certifies that new and revised products are financially sound.

(ii) The Company's underwriting strategy seeks to diversify its underwriting risks in terms of type (medical, occupational, and financial) and amount of risk covered. In spite of the difficulty of measuring this at the underwriting stage, the success or failure of a strategy can be determined by the historical consistency of profits emerging from the book of business.

(iii) Prior to issuance, premium rates must be certified by the statutory actuary as being financially sound.

(iv) At least every six months, investigations into mortality and morbidity experience are conducted to ensure that corrective action is taken where necessary.

4.3 Severity of claims

Establishing underwriting limits and enforcing risk selection criteria that are appropriate through reinsurance and co-insurance contracts are two of the methods that the business utilizes to control its risk retention capacity and limit the impact of every potential claim. As a result of these reinsurance agreements, the Company should not incur net insurance losses on any policy that are greater than claims margins set for group life businesses and for individual life businesses. The organization is equipped with dedicated claims handling desk to verify and process non-fraudulent claims. This unit is responsible for conducting investigations into and making adjustments to all claims where applicable. Individual claims are reviewed on a quarterly basis and amended as necessary to take into account the most recent information about the underpinning facts, contractual terms and circumstances, and any other relevant factors. The company takes a proactive approach to monitoring claims and actively pursues early settlements in an effort to reduce the variability to which it is exposed.

4.4 Concentration risks

The over-reliance of insurance contracts on particular products, clientele, intermediaries, or geographic locations, as well as preferred investment options and portfolios, which have the potential to result in the highest losses for the company, gives rise to the concentration risk.

The following table provides a summary of the concentration of insurance risk both before and after reinsurance by class of business in relation to the type of insurance risk accepted. The table also includes a reference to the carrying amount of the estimated insurance liabilities (gross and net of reinsurance) arising from insurance contracts.

Individual conventional and annuity products present the company with a considerable concentration risk. However , since these are long-term insurance policies, the concentration risk diminishes as the tenor of the policy progresses. This is accomplished mostly through investment income generated by financial assets (government bonds) with low exposure to losses. Additionally, longevity and morbidity are the eminent risk factors increasing the variabilities in addressing concentration risks vis-a-vis the growth in individual conventional and annuity businesses. Concentration risk is accounted for in the determination of risk-based capital requirements for short-term and long-term life insurance contracts.

Class of business	31-Dec-22 Gross liability N000	Re-Insurance N000	Net liability N000
Individual traditional	1,660,125	-	1,660,125
Individual savings	1,105,372	-	1,105,372
Group credit life-UPR	214,933		214,933
Group credit life-IBNR	17,801		17,801
Group credit life-DAC	(21,828)		(21,828)
Group life – UPR	339,279	78,099	261,180
Group life – AURR	-	-	-
Group life – IBNR	284,703	16,747	267,956
Group life – DAC	(26,157)	(20,178)	(5,979)
Annuity	6,364,773	-	6,364,773
Claims reported and loss adjustment expenses	75,580	4,205	71,375
	10,014,581	78,873	9,935,708

Class of business	31-Dec-21 Gross liability N000	Re-Insurance N000	Net liability N000
Individual traditional	504,116	-	504,116
Individual savings	-	-	-
Group credit life-UPR	67,318	7,463	59,855
Group credit life-IBNR	25,891	6,143	19,748
Group credit life-DAC	(6,729)	(1,301)	(5,428)
Group life – UPR	235,499	78,099	157,400
Group life – AURR	-	-	-
Group life – IBNR	66,990	16,747	50,243
Group life – DAC	(20,481)	(20,178)	(303)
Annuity	569,121	-	569,121
Claims reported and loss adjustment expenses	47,313	4,205	43,108
	1,489,038	91,178	1,397,860

The following tables disclose the concentration of insurance liabilities by industry sector in which the policyholders operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance contracts.

4.5 Sources of volatility in the estimation of liabilities exposures

Due to the unpredictability of long-term changes in aggregate levels of mortality and the variability of policyholders' behavior, the estimate of future benefits payments and premium projections for life insurance contracts is imprecise. Depending on the nature of contract being written, the company utilizes standardized mortality basis tables to guide its premium pricing and underwriting decisions.

Annuity Risk

The Company's main retirement plan product, annuities, are market-sensitive with respect to changes in interest rate yield curves. This is largely because it is a life insurance policy with a lump sum payment at the commencement and a ten-year guaranteed period. Interest rate and longevity risk are inherent to the product. Interest rate risk arises because where the annuitant is given a specified interest rate to calculate the monthly payment within the guaranteed period but eventually outlives this period. As such, the Corporation must constantly choose high-return to meet commitments.

The business relies on its investment partners to construct a robust asset and liability management method that matches obligations (as far as feasible into the future) with assets, usually interest-bearing, in terms of liquidity and interest rate. To limit this risk exposure, we always price our commitments conservatively, taking into consideration a fairly close life expectancy for our annuitants, and we maintain adequate reserves. On the liability side, we also examine the implications of changes in underlying assumptions like mortality rate and other actuarially determined best estimates to decide on technical provisions. On the asset side, we analyze the impact of changes in interest rates (or other market risk factors).

4.6 Valuation methods

The insurance liabilities was based on the following valuation methodologies:

Type of Business	Valuation Method
Individual risk business	Gross premium
Individual deposit based (savings) business	Deposit reserve: Account balance at valuation date
	Risk reserve: Discounted cashflow
Group life	UPR + IBNR
Group credit life	UPR + IBNR

4.6.1 Individual risk business

Individual life business includes non-annuity, non-group life, and non-group credit life insurance policies. Individual life insurance business types include term assurance, whole life, and endowment contracts. After annuities, these types of life insurance contracts generate the greatest premiums for life insurance offices.

The risk connected with whole life insurance stems from the liabilities that the main insurer incurs in its books until the death of the last insured on the policy, independent of the premium payment term.

The cashflow projection method was used to generate reserves, which accounted for future office premiums, expenses, and benefit payments (death and disability). Back to the valuation date, future cashflows were discounted at the valuation rate of interest. For every life insured by the different life products, reserves were calculated for these individual life risk products.

The risk associated with insuring an endowment insurance contract is the effect of the lump sum payoff at policy maturity or death of the policyholder when the strained capital structure necessitates additional reserves.

In the instance that the risk is triggered during the active period of the policy, the main insurer is exposed to meeting the enormous claims value, which might have a negative impact on the revenue position.

4.6.2 Individual savings business

During the entirety of the Savings operation, unit and non-unit reserves have been maintained. Non-unit reserves were determined based on a cashflow prediction of charges, expenses, and benefit payments that exceeded fund balances at policy maturity. Back to the valuation date, future cashflows were discounted at the valuation rate of interest.

The most significant risk factor influencing savings and investment-linked individual products is the volatility of interest rates, which restricts the company's ability to provide competitive interest-earning offerings within this product class.

4.6.3 Company's business

The Company's business portfolio includes group life and group credit life.

As expected, unexpired risk premium reserve was maintain for group life business. Where UPR is deficient to cover for claims in the unexpired period, an additional unexpired risk reserve (AURR) was provided for as part of our contingency reserve. The AURR margin is underlined by the historical evidence generated from existing claims experience.

The estimates for incurred but not reported claims (IBNR) to cover claims notified but the insured is yet to meet the necessary documentation requirements for claims settlement. The IBNR is derived from the loss ratio rates are based on prior claims experience for the entire group life portfolio.

Similar estimate for IBNR premium reserve is made for credit life and this is largely prompted by the high premium rates underlying the business. The high premium rates aids the company to set the UPR to cover all future claims and expenditures.

4.7 Process used to decide on assumptions

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

4.7.1 Valuation interest rate

The valuation interest rate (VIR) is based on current market risk-free yields with adjustments. The use of a risk-free rate also implies that future investment margins (in excess of the risk-free return) will not be capitalised upon. Further the result is a "fair value" liability calculation which aids the comparability of accounts between insurers.

A net valuation interest rate of 12.83%pa (traditional products) was adopted for all businesses, applied as a single long term rate of return. The VIR is calculated based on the weighted average of gross redemption yield (GRY) on long term FGN Bond as at 31 December 2022.

For the purpose of determining the valuation interest rate on non-annuity business, we have considered a 0.05% deduction from the long term yield to arrive at a gross valuation interest rate of 12.83% p.a. This makes some allowance for the volatility of the "risk free" yields.

These are summarised in the table below:

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Details	**Current valuation**	**2021 valuation**
Assumed average yield based on long-term FGN bond	12.88%	12.78%
Less prudent margin	0.05%	0.05%
Gross valuation interest rate	12.83%	12.83%
Net valuation interest rate	**12.83%**	**12.83%**

The valuation interest rates for the individual risk products are as follows:

Details	**Current valuation**	**2021 valuation**
Risk products (excluding annuity)	12.92%	12.28%
Risk reserves for deposit-based policies	11.72%	-
Annuities	14%	9.15%

4.7.2 Expenses

The Company ensures that its mathematical reserves include provisions for expenditures in an extent that is not less than the value that is anticipated to be expended on servicing its long-term insurance contracts. The payment of claims processing costs is categorised as an expense that is extraneous to the execution of insurance contracts.

Future maintenance expenses

The regulated maintenance expenditures are calculated by taking the best projected maintenance expenses and adding a prudence buffer for unexpected deviations. The best estimate for maintenance expenditures is the sum of the following:

(a) Per policy maintenance charges

(b) Allocated operating expenses

The Company's spending assumptions have been maintained based on a functional cost analysis completed by the Company based on experience, expense budgets, and predicted business volumes.

Type of Business	**Current Valuation**
Risk business including annuity	N5,000 per policy per p.a.
Savings Business	N5,000 per policy per p.a.
Supplementary benefits	N/A

4.7.3 Expense inflation

The above expenses are subject to inflation at 12% per annum. Consumer price inflation at December 2022 was 21.34%. Both the expense inflation and expense assumption will be actively reviewed in subsequent valuations once more experience data and an expense analyses are available.

4.7.4 Mortality

The mortality assumptions remain unchanged. Without modification for individual risk business, the mortality table for the present value remains the UK's Mortality of Assured Lives 1967-1970 (A6770). Based on the industry analysis, the A6770 table looks reasonable in context with emerging events. In addition, the reserves are less sensitive to the mortality basis, with discount rate and spending assumptions being more significant as reported previously.

4.7.5 Withdrawals

The lapse assumptions were determined from an adjusted pricing basis.

4.7.6 Group life businesses

The Company has used acquisition expense ratio of 20% of gross premium. Group life commission is commonly paid at 9% of premium. Other acquisition costs include a NAICOM (regulatory) fee, payment of stamp duty and other administrative costs. The additional margin in the 20% assumption is an allowance for these other costs.

Unexpired premium reserves (UPR) are based on the risk premium only, after the removal of margins in respect of the initial expense and profit loadings. The following table summarises the margins removed in order to arrive at the risk premiums:

Group life	Commission	Overriding commission	Expenses	Profit	Total
Employee benefit	9.00%	0.00%	10.00%	2.50%	21.50%
Credit life-Single premium	10.00%	0.00%	1.50%	0.00%	11.50%
Credit life-Renewal premium	10.00%	0.00%	1.50%	0.00%	11.50%

The following average loss ratios were adopted for AURR estimation and IBNR reserving purposes, based on the group life coverage for 2022. The rates below are reflective of recent mortality investigation conducted on the group life business using the industry data.

Group life	Current valuation
Average schemes	3.00%
Large private oil schemes	2.0 per mille
Federal Head of Service schemes	45% of premium
Schemes with missing sum at risk data	45% of premium

4.7.7 Reinsurance agreements

All reserves have been stated net of reinsurance, and the reinsurance asset's value has been disclosed separately. At least yearly, the appropriateness of the reinsurance management and programme is assessed and enhanAll reserves have been stated net of reinsurance, and the reinsurance asset's value has been disclosed separately. At least yearly, the appropriateness of the reinsurance management and programme is assessed and enhanced.

4.7.8 Insurance risks sensitivities

The sensitivity analysis of insurance and market risk guides the company's risk monitoring and management strategy and enabling the business to operate within the Company's risk appetite.

The table below shows the impacts of changes in key variables of the insurance liability valuation on the insurance liabilities. The sensitivity analysis was performed using the under-listed variables:

- Interest rate
- Expenses
- Expense Inflation
- Mortality
- Lapses

2022 sensitivity analysis

	Base	Interest Rate +1%	Interest Rate -1%	Expense +10%	Expense -10%	Expense Inflation +2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
Individual Life Conventional	1,660,125,299	1,553,530,734	1,781,831,395	1,680,774,752	1,639,587,573	1,669,531,022	1,651,257,541	1,632,359,047	1,660,125,299	1,661,503,915	1,658,752,302
Individual Life Deposit Based	1,105,372,185	1,105,227,308	1,105,520,360	1,106,553,671	1,104,190,700	1,105,578,980	1,105,167,494	1,105,226,840	1,105,372,185	1,105,397,526	1,105,346,836
Pension Regulated Annuities	6,364,773,004	6,033,104,482	6,735,373,287	6,379,062,527	6,350,483,482	6,403,364,174	6,337,243,824	6,364,773,004	6,364,773,004	6,341,998,770	6,388,284,864

The table below shows the increase (decrease) from base given the change in assumption

	Base	Interest Rate +1%	Interest Rate -1%	Expense +10%	Expense -10%	Expense Inflation +2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
Individual Life Conventional	1,660,125,299	106,594,565	(121,706,096)	(20,649,453)	20,537,726	(9,405,723)	8,867,758	27,766,252	-	(1,378,616)	1,372,997
Individual Life Deposit Based	1,105,372,185	144,877	(148,175)	(1,181,485)	1,181,485	(206,795)	204,691	145,345	-	(25,340)	25,350
Pension Regulated Annuities	6,364,773,004	331,668,523	(370,600,283)	(14,289,522)	14,289,522	(38,591,170)	27,529,180	-	-	22,774,235	(23,511,860)

2021 sensitivity analysis

	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality-5%
Individual Life Conventional	474,625,162	(56,063,237)	65,314,210	13,313,184	(13,082,337)	645,507	(639,367)	(11,903,408)	12,212,174	749,311	(746,402)
Individual Life Deposit Based	224,320,645	(251,088)	257,711	1,749,755	(1,749,255)	38,393	(38,305)	(214,029)	214,270	37,424	(37,444)
Pension Regulated Annuities	569,121,290	(29,311,140)	32,644,691	1,441,252	(1,441,252)	375,875	(361,881)	-	-	(2,545,660)	2,647,298
Total	1,268,067,097										

Mortality, morbidity and medical risks

The Company established a prudent underwriting procedures that mitigate exposure to mortality, disability, and medical risks. The most important metrics are:

- The external actuary validates the soundness of our rating and pricing methodologies;
- Relevant reinsurance programmes, including "ad hoc" facultative arrangements, are contracted to hedge against breaching out of the risk retention capacity of the Company.

Individual insurance business
Individuals purchase these contracts that provide compensation for death, disability, accident, medical occurrences, and survival. The company's exposure to these risks is low.

INDIVIDUAL LIFE PRODUCT
The following are Heirs Life Individual Products, Heirs Triple Pay Plan, MyHeirs Plus Plan, Heirs Endowment Assurance, Heirs Save Plan, Heirs Save Extra, Heirs Salary plus, MyHeirs Plan, Heirs Couples Plan, Heirs SmartSchool Plan, Heirs Term Assure, Heirs Mortgage Protection Assurance, Heirs Whole Life Assurance, Heirs Whole Life Assurance with Limited Premium Term,Heirs Entrepreneurs Plan, Heirs Credit Life Assurance, Heirs Keyman Assurance, Heirs Surgery Care.

5 Financial risk management

Being a financial services provider, the Company is not immune to the industry's inherent risks. Liquidity pressures, market imbalances, new and rigorous rules, financial instability, and contagion risks are among the imminent concerns. Poor financial performance, variable premium production, negative investment returns, counterparty defaults, volatility in interest and foreign exchange rates, and financial asset bubbles and collapses are significant financial risks for the insurance industry.

5.1 Responsibility for risk management

The board is responsible for directing the risk management function through the Chief Risk Officer. The enterprise risk management committee (ERMC) of the board has been tasked with evaluating the Company's risk management systems' quality, integrity, and reliability.

(i) The Board ERMC oversees and evaluates the material risk issues reported by the Chief Risk officer on a quarterly basis.

(ii) The Chief Executive Officer is accountable to the board for the management of risks affecting the company including the risks faced by various lines of business.

(iii) The Board ERMC provides guidance and oversight over the implementation of risk management framework and strategy and adequately reviews the risk reporting to the Company's Board.

(iv) The Chief Financial Officer assist the Board to make the right investment decisions taking into account the investment risk exposures as assesses by the Chief Risk officer.

5.2 Credit risk

Credit events (default, bankruptcy) caused by a legal entity breaching its contractual duties (for payment). It's the chance that a contract's parties won't be able to meet its financial obligations when due. Debtors, borrowers, and other counterparties may default.

Transactions involving debtors, borrowers, securities issuers, brokers, policyholders, reinsurers, and guarantors create credit risk. Guarantees, derivative contracts, and counterparty performance obligations create on- and off-balance-sheet credit risk. It raises an insurer's risk profile and worsens its profitability.

Credit risk exposure comes from cash in banks, placements with financial institutions, treasury bills, FGN bonds, trade receivables, statutory deposit, other receivables, and reinsurance assets (reinsurers' share of insurance liabilities, sums due from reinsurers for claims already paid).

We have reduced our counterparty risk by investing the larger part of our gross written premium in government bonds, which possess relatively low risk exposures.

The company's maximum credit risk exposure is as follows:

	31-Dec-22 N'000	31-Dec-21 N'000
Cash and cash equivalents	838,251	275,531
Financial assets - FVTPL	13,101,851	6,975,688
Financial assets - amortized cost	2,860,329	587,687
Trade receivables	2,083	330
Reinsurance assets*	84,725	25,218
Other receivables*	21,975	8,927
Statutory deposits with CBN	800,000	800,000
	17,709,214	**8,673,381**

*Prepayments and reinsurance prepaid was not included in the other receivables and Reinsurance asset lines respectively

5.2.1 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors
All credit risk exposures (without taking into account any collateral held or other credit support) are maintained within Nigeria.

(b) Industry sectors
The Company is exposed to various industries as shown below:

	31-Dec-22			
	Financial institution	Government	Others	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	838,251	-	-	838,251
Financial assets - FVTPL	-	12,991,438	98,830	13,090,268
Financial assets - amortized Cost	709,534	-	2,150,795	2,860,329
Trade receivables	2,083	-	-	2,083
Reinsurance assets	84,725	-	-	84,725
Other receivables	-	-	21,975	21,975
Statutory deposits with CBN	800,000	-	-	800,000
Total	**2,434,593**	**12,991,438**	**2,271,600**	**17,697,631**

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	31-Dec-21			
	Financial institution	Government	Others	Total
	N'000	N'000	N'000	N'000
Cash and cash equivalents	275,531	-	-	275,531
Financial assets - FVTPL	100,925	6,874,763	-	6,975,688
Financial assets - amortized cost	587,687	-	-	587,687
Trade receivables	330	-	-	330
Reinsurance assets*	25,218	-	-	25,218
Other receivables*	-	-	8,927	8,927
Statutory deposits with CBN	-	800,000	-	800,000
Total	**989,692**	**7,674,763**	**8,927**	**8,673,381**

*Prepayments and reinsurance prepaid was not included in the other receivables & prepayments and Reinsurance Assets lines respectively. Other receivables include staff loan

5.2.2 Credit quality of financial assets

All of the company's financial assets are current and not past due. External credit ratings can be used to assess the credit quality of the company's financial assets that are neither past due nor impaired (Fitch Ratings Inc.). The danger of default is seen as minimal.

			31-Dec-22
	A to B	Unrated	Total
	N'000	N'000	N'000
Cash and cash equivalents	793,379	44,872	838,251
Financial assets - FVTPL	13,101,851	-	13,101,851
Financial assets - amortized cost	2,860,329	-	2,860,329
Trade receivables	-	2,083	2,083
Reinsurance assets	-	84,725	84,725
Other receivables	-	21,975	21,975
Statutory deposits with CBN	-	800,000	800,000
Total	**16,755,559**	**953,655**	**17,709,214**

			31-Dec-21
	A to B	Unrated	Total
	N'000	N'000	N'000
Cash and cash equivalents	275,531	-	275,531
Financial assets - FVTPL	6,975,688	-	6,975,688
Financial assets - amortized cost	587,687	-	587,687
Trade receivables	-	330	330
Reinsurance assets	-	25,218	25,218
Other receivables	-	8,927	8,927
Statutory deposits with CBN	-	800,000	800,000
Total	**7,838,906**	**834,474**	**8,673,381**

Prepayments and reinsurance prepaid was not included in the other receivables & prepayments and Reinsurance Assets line respectively.

5.2.3 Management of credit risk

The Board of Directors is responsible for oversight of the Entity's credit risk, including

- Creating credit policies for the entity, including collateral requirements, credit evaluation, risk grading and reporting, documentation and legal procedures, and regulatory and statutory compliance.
- Creating credit policies for the entity, including collateral requirements, credit evaluation, risk grading and reporting, documentation and legal procedures, and regulatory and statutory compliance.
- Assessing credit risk in every credit exposure before making customers, Facility renewals and evaluations are reviewed similarly.
- Creating and maintaining entity criteria for categorizing exposures and managing risks. Board of Directors approve and review Risk Assets Acceptance criteria and credit risk policy.
- Monitoring exposure and concentration limits and spreading credit risk management best practices.

5.2.4 Credit Risk Measurement

The company recognizes that its business segments have various underlying risks and uses different measures to effectively mitigate them.

The Board of Directors sets entity ratings for all credit risk to individual policyholders, corporate, commercial, conglomerates, and multinationals. The underwriting manager and risk management assess obligor ratings before approval.

The "expected loss model" rather than "incured losses" is used to quantify credit risk in accordance with IFRS 9 impairment.

The Entity has credit risk models. These rating and scoring models measure default risks for all major credit portfolios. The company measures credit risk at a counterparty level using three components: the "probability of default" (PD) by the client or counterparty on its contractual obligations; current exposures to the counterparty and its likely future development, from which the company derives the "Exposure at default" (EAD); and the likely recovery ratio on the defaulted obligations (the "Loss Given Default") (LGD). To ensure efficacy, the models are

5.2.5 Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

Internal credit rating system

Ratings Bucket	Description			Rating of scores	Probability of default
AAA	Extremely low score	1	1.00 - 1.99	90-100%	1%
AA	Very low risk	2	2.00- 2.99	80 -89%	1%
A	Low risk	3	3.00 - 3.99	70-79%	1.50%
BBB	Low risk	4	4.00 - 4.99	60 - 69%	2%
BB	Acceptable - Moderately high risk	5	5.00 - 5.99	50 - 59%	4%
B	High risk	6	6.00- 6.99	40-49%	6%
ccc	Very high risk	7	7.00 - 7.99	30- 39%	9%
cc	Extremely high risk	8	8.00 - 8.99	10-29%	13%
cc	High likehood of default	9	9.00 - 9.99	0-9%	
D	Default risk	10			
D	Sub- Standard				25%
D	Doubful				50%
D	Lost				100%

Financial Assets and their rating scores

Asset Description	Rating
UNITED CAPITAL PLC	A
NOVA Merchant Bank limited	BBB
NOVA Merchant Bank limited	BBB
Providus Bank	BBB
Providus Bank	BBB
Providus Bank	BBB
Fidelity Bank	A
Fidelity Bank	A
Promisory Note to Afriland	B
Money market mutual fund	A-
Money market mutual fund	A-
Cititrust Commercial Paper	BBB-
Industrial & Medical Gases Commercial Paper	A+
Capitalsage Technology Limited	BBB
15% United Capital Plc Sep 2027 Bond	A-
15% United Capital Plc Sep 2027 Bond	A-
15% United Capital Plc Sep 2027 Bond	A-
MTN NIGERIA COMMUNICATIONS PLC 13.50%	AAA

5.3 Market Risk

5.3.1 Foreign exchange risks

The company holds very minimal assets denominated in currencies other than the functional currency. The exchange rate ruling at the date of preparation of the financial statement is used to ascertain the net position of the foreign currency. The financial unit monitors the Company's foreign currency position on a monthly basis.

	Year 2022		
	Foreign Currency	Naira Equivalent	Exchange Rate
USD	117,886	52,498,089	445
Euro	591	275,533	466
GBP	361	200,618	555
		52,974,240	

Changes in exchange rates relative to these foreign currency balances will not have material impact in the financial statements.

5.3.2 Interest rate risks

Interest rate risk arises from unanticipated changes in interest rates caused by the central bank's monetary policy operations and interest rate-related market conditions. The organization is exposed to interest rate risk due to the fluctuations in market interest rates. Interest-bearing assets and liabilities subject the company to interest rate risk. The company will decrease interest rate risk by including financial assets with maturities of less than 12 months in its portfolio of financial assets. These financial assets consist of bank deposits, Treasury bills, and short-term bonds.

Interest rate risk is the risk that a financial instrument's value and future cash flows will fluctuate due to fluctuations in interest rates. In general, the Business employs a cautious investment strategy with substantial cash and short-term bond holdings, resulting in low interest rate risk exposure.

5.4 Liquidity risk

Liquidity risk is the risk that the firm will not have the financial resources to satisfy its commitments when they come due, or that it will have to meet the obligations at an exorbitant cost. This risk might be caused by misalignments in the timing of cash flows. In severe cases, a shortage of liquidity may result in decreases in the statement of financial position and asset sales, as well as an inability to meet policyholder promises. The risk that the Company will be unable to do so is inherent in all insurance operations and can be influenced by a variety of institution-specific and market-wide events such as credit events, merger and acquisition activity, systemic shocks, and natural catastrophes, among others.

All policyholder funds are invested in appropriate assets in order to fulfill policyholders' reasonable benefit expectations, which include the assumption that funds would be available to pay out benefits as required under the policy contract. The carrying amount in the statement of financial position is used to determine the value of policyholders' liabilities and the assets that support them.

The Company is exposed to market risk through the use of financial instruments and specifically to foreign exchange risks and equity price risks.

Heirs Life

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Maturity analysis (contractual undiscounted cashflow basis)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Undiscounted contractual cash flows- 31-Dec-2022						
	Carrying amount	**Gross nominal**	**0 - 3 months**	**3 - 6 months**	**6 - 9 months**	**9 months - 1 year**	**>1 year**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Lease liability	467,297	572,496	-	-	-	-	572,496
Investment contract liabilities	1,087,855	1,087,855	-	-	108,785	-	979,069
Trade payables	363,841	363,841	363,841	-	-	-	-
Other payables and accruals	208,273	208,273	208,273	-	-	-	-
Total financial liabilities	2,127,265	2,232,464	572,113	-	108,785	-	1,551,565
Cash and cash equivalents	838,251	843,890	843,890		-	-	-
Financial assets at amortised cost	2,860,329	3,691,732	-	1,993,456	-	-	1,698,276
Financial assets at fair value through profit or loss	13,101,851	22,657,560	462,863	3,415,715	-	6,290,928	12,488,055
Trade receivables	2,083	2,083	2,083	-	-	-	-
Other receivables	129,693	129,693	-	-	-	129,693	-
Reinsurance assets	171,453	171,453	-	-	171,453	-	-
Statutory deposit	800,000	800,000	-	-	-	-	800,000
Total financial assets	17,903,661	28,296,412	1,308,836	5,409,171	171,453	6,420,621	14,986,331
Net financial assets	15,776,396	26,063,948	736,723	5,409,171	62,667	6,420,621	13,434,766
Insurance contract liabilities	9,009,939	9,009,939		125,774		129,937	8,754,228
Net policyholders' assets/(liabilities)	6,766,457	17,054,009	736,723	5,283,396	62,667	6,290,684	4,680,538

	Undiscounted contractual cash flows- 31-Dec-2021						
	Carrying amount N'000	Gross nominal N'000	0 - 3 months N'000	3 - 6 months N'000	6 - 9 months N'000	9 months - 1 year N'000	>1 year N'000
Investment contract liabilities	-	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	-
Other payables and accruals	9,985,305	9,985,305	9,985,305	-	-	-	-
Total financial liabilities	9,985,305	9,985,305	9,985,305	-	-	-	-
Cash and cash equivalents	116,591	277,785	277,785	-	-	-	-
Financial assets at amortised cost	888,788	596,967		596,967	-	-	-
Financial assets at fair value through profit or loss	1,678,676	10,640,494	1,678,676	-	-	-	8,961,818
Trade receivables	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Reinsurance assets	532	15,562,934	-	-	532	15,562,402	-
Statutory deposit	-	-	-	-	-	-	-
Total financial assets	2,684,589	27,078,181	1,956,461	596,967	532	15,562,402	8,961,818
Net financial assets	(7,300,716)	17,092,876	(8,028,844)	596,967	532	15,562,402	8,961,818
Insurance contract liabilities	-	-		125,774		129,937	(255,712)
Net policyholders' assets/(liabilities)	(7,300,716)	17,092,876	(8,028,844)	471,193	532	15,432,464	9,217,529

5.5 Capital management

The risk-based capital processes and procedures employed to identify, assess, monitor, manage, and report the time-driven risk exposures an insurance undertaking faces or may face is the Own Risk and Solvency Assessment (ORSA). It is used to determine the funds necessary to ensure that the undertaking's overall capital adequacy and solvency needs meet operational and regulatory requirements.

Heirs Life Assurance Limited Assurance (HLA) used the standard formula and internal model technique to conduct a quantitative and qualitative capital management review of all risks and how the aggregated risk buckets affect solvency.

The Board of Directors supervised this assessment to execute the capital-based view of the Company's capital requirements under business as usual and stressed conditions for strategic decision-making.

The solvency process examined the firm's strategy, business model, risk appetite compliance, risk and controls self-assessment (RCSA) results, and capital requirements.

The company's capital management approach includes setting target risk-adjusted rates of return that fit with performance objectives and focus on shareholder value generation.

	31-Dec-22 N'000	31-Dec-21 N'000
Maximum Regulatory Capital	2,000,000	2,000,000
Maximum authorized share capital	8,000,000	8,000,000
Paid up share capital	8,000,000	8,000,000

The key objectives of the Company's capital management programme are as follows:

(i) To maintain an optimal level of capital in the most cost efficient way. This is achieved through balancing the needs of the regulators and the policyholders;

(ii) To manage the levels of capital across the Company to keep them in line with the long term capital requirements of the Compnay;

(iii) That the level of capital reflects the Company's risk appetite;

(iv) To optimise the level of capital, the investment of capital and the future use of the capital for the benefits of all stakeholders; and

(iv) To ensure that there is sufficient capital available for profitable business growth.

5.6 Fair value of financial assets and liabilities

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e. derived from prices). This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Level 3: Inputs, for the asset or liability, that are not based on observable market data.

5.7 Financial instruments measured at fair value

The table below analyses financial instruments and other assets and liabilities measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Company				
	31-Dec-22				
	Level 1 N'000		**Level 2 N'000**	**Level 3 N'000**	**Total balance N'000**
Carried at FVTPL:					
Financial assets - FVTPL	13,101,851	-	-	-	13,101,851
Carried at amortized cost:					
Cash and cash equivalen	-	-	838,251	-	838,251
Financial assets - amortize	-	-	2,860,329	-	2,860,329
Trade receivables	-	-	2,083	-	2,083
Reinsurance assets	-	-	171,453	-	171,453
Other receivables	-	-	129,693	-	129,693
Statutory deposits with CB	-	-	800,000	-	800,000
	13,101,851	-	4,801,810	-	17,903,660

	Company			
	31-Dec-21			
	Level 1 N'000	**Level 2 N'000**	**Level 3 N'000**	**Total balance N'000**
Carried at FVTPL:				
Financial assets - FVTPL	6,975,688	-	-	6,975,688
Carried at amortized cost:				
Cash and cash Equivalen	-	275,531	-	275,531
Financial assets - Amortize	-	587,687	-	587,687
Trade receivables	-	330	-	330
Reinsurance assets	-	110,780	-	110,780
Other receivables	-	186,391	-	186,391
Statutory deposits with CB	-	800,000	-	800,000
	6,975,688	1,960,720	-	8,936,407

5.8 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Management believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.
Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. The underlying judgments of the selection and disclosure of the Company'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.

Critical accounting judgements made in applying the Company's accounting policies include:

(i) 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 company life contracts.

Key assumptions

The key assumptions used in the valuation are as follows:

Valuation interest rate

The Company estimated its valuation interest rate by incorporating some adjustments to current market risk-free yield curves. This risk free yield curve used was sourced from FMDQ Daily Quotation List as at 31 December 2022.

Mortality

The UK's Mortality of Assured Lives 1967-70 was used. This is consistent with the 2022 valuation reports.

Lapse rates

The was no change in valuation rates which were based on adjusted pricing basis method.

Expenses

The Company's actuary maintained the expenses amount which were determined based on the Functional Cost Analysis performed by the Company, based on experience, expense budgets and expected business volumes.

Expense inflation

The Company's actuary applied an inflation assumption rate which considered an expected fall of the Consumer Price Inflation index and better efficiency in Company's operations.

(ii) Expected credit loss

The measurement of the ECL allowance for financial assets measured at amotised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

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	Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
6 *Cash and cash equivalents*		
Cash & bank balances - Local	328,117	165,159
Cash & bank balances - Foreign	52,974	1,865
Placements with banks	457,160	108,507
	838,251	**275,531**

Placement with banks are held for less than 90 days

	Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
7 Investment Securities valued at FVTPL		
Treasury bills (see note 7a)	5,874,099	5,985,976
FGN bonds (see note 7b)	7,117,339	888,788
Corporate bonds (see note 7c)	98,830	100,924
Money Market Mutual Fund(see note 7d)	11,583	-
	13,101,851	**6,975,688**
Treasury bills		
Current	-	1,678,676
Non Current	5,874,099	4,307,300
	5,874,099	**5,985,976**
FGN Bonds		
Non Current	7,117,339	888,788
7a Treasury bills movement		
Opening balance	5,985,976	-
Additions	10,131,025	6,351,651
Fair value gain	13,079	65,043
Maturities	(10,255,981)	(430,718)
Treasury bills as at 31 December	**5,874,099**	**5,985,976**
7b FGN bond movement		
Opening balance	888,788	-
Additions	6,418,640	909,131
Fair value gain/(loss)	(190,089)	(20,343)
Balance as at 31 December	**7,117,339**	**888,788**
7c Corporate bond movement		
Opening balance	**100,925**	-
Additions	176	101,244
Fair value gain/(loss)	(2,271)	(319)
Bond as at 31 December	98,830	100,925
Non Current	**98,830**	**100,925**
7d Money Market Mutual Fund		
Opening balance	-	-
Additions	11,363	-
Accrued interest	220	
Balance as at 31 December	**11,583**	-

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	Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
8 Investments carried at amortised cost		
Money market placement (see note 8a)	709,534	588,791
Corporate Bond (see note 8b)	1,303,633	-
Commercial Paper (See note 8c)	850,611	-
Provision for expected credit losses (ECL) allowance (see note 8e)	(3,450)	(1,104)
	2,860,329	**587,687**
Non Current	**2,860,329**	**587,687**
8a Money market placement		
Opening Balance	588,791	-
Additions	6,294,767	577,099
Interest income	44,725	63,892
Maturities	(6,218,749)	(52,200)
Placements as at 31 December	**709,534**	**588,791**
8b Corporate bond		
Additions	1,250,000	-
Interest income	53,633	-
Corporate bond as at 31 December	**1,303,633**	-
8c Commercial paper		
Additions	845,952	-
Interest income	4,659	-
Commercial paper as at 31 December	**850,611**	-
8d Movement in expected credit lossess		
Opening Balance	(1,104)	-
Charged during the year (see note 37)	(2,346)	(1,104)
Closing balance	**(3,450)**	**(1,104)**
9 Trade receivables		
Due from brokers & insurance companies (see note 9a)	2,083	330
Current	**2,083**	**330**

9a ***Due from brokers & insurance companies***

S/No	Age of debt	No of policies	Amount N'000
1	Within 14 Days	3	2,083
2	Within 15-30days	-	-
3	Within 31 - 90 days	-	-
4	Within 91 -180 days	-	-
5	Above 180 days	-	-
	Total	3	2,083

	Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
9b Premium received from policyholders		
Premium receivable at the beginning of the year	330	-
Gross written premium during the year	11,520,546	2,699,478
Premium receivable at the end of the year	(2,083)	(330)
Cash collected in prior year allocated to premium in current year	(18,500)	-
	11,500,293	**2,699,148**

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		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
10	**Reinsurance assets**		
	Reinsurance share of outstanding claims (See note 10a)	18,756	4,205
	Reinsurance share of IBNR (see note 10b)	85,411	22,891
	Prepaid reinsurance (see note 10c)	86,727	85,562
	Reinsurance share of DAC (see note 13)	(23,296)	(21,480)
	Reinsurance assets as per acturial valuation	**167,598**	**91,178**
	Reinsurance Share of Claims paid	4,079	29,139
	Less impairment	(224)	(9,536)
		171,453	**110,780**
	Current	**171,453**	**110,780**
10a	**Reinsurance share of outstanding claims**		
	Balance as at 1 January	4,205	-
	Additions during the year	14,551	4,205
	Balance as at 31 December	**18,756**	**4,205**
10b	**Reinsurance share of IBNR**		
	Balance as at 1 January	22,891	-
	Additions during the year	62,520	22,891
	Balance as at 31 December	**85,411**	**22,891**
10c	**Prepaid reinsurance**		
	Balance as at 1 January	85,562	-
	Additions during the year	1,165	85,562
	Balance as at 31 December	**86,727**	**85,562**
10d	**Reinsurance share of DAC**		
	Balance as at 1 January	(21,480)	-
	Additions during the year	(1,817)	(21,480)
	Balance as at 31 December	**(23,296)**	**(21,480)**
10e	**Reinsurance share of Claims paid**		
	Balance as at 1 January	29,139	-
	Additions during the year	174,329	29,139
	Recoveries during the year	(199,389)	-
	Closing balance	**4,079**	**29,139**
11	**Right of use asset**		
	Balance as at 1 January	799,767	-
	Additions during the year	111,397	799,767
	Balance as at 31 December	**911,164**	**799,767**
	Accumulated depreciation		
	Balance as at 1 January	*90,569*	-
	Charge for the year	*95,327*	90,569
	Balance as at 31 December	***185,896***	**90,569**
	Carrying amount:		
	Balance as at 31 December	**725,268**	**709,198**
	Non current	**725,268**	**709,198**

The Right of Use asset relates to Lease of Office Building classified in line with provision of IFRS 16-Lease. The duration of the lease is for a period of 2 years with an extention of 2 years

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		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
12	***Other receivables & prepayments***		
	*Prepayments (see note 12a)**	107,719	177,464
	*Other receivables (see note 12b)***	23,466	9,499
	Allowance for impairment on other receivables (see note 12c)	(1,491)	(572)
		129,693	**186,391**
	Non current	**129,693**	**186,391**

* Prepayments consist of prepaid rent and prepaid IT expenses
** Other receivables consist of sundry debtors, staff advances and cash advances

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
12a	Prepayments		
	Balance as at 1 January	177,464	-
	Additions during the year	250,448	297,943
	Amortization during the year	(320,194)	(120,479)
	Balance as at 31 December	**107,719**	**177,464**
12b	*Other receivables*		
	Balance as at 1 January	9,499	-
	Additions during the year	57,695	9,499
	Amortization during the year	(43,727)	-
	Balance as at 31 December	**23,466**	**9,499**
12c	*Impairment charges on other receivable*		
	Balance as at 1 January	(572)	-
	Movement during the year	(919)	(572)
	Balance as at 31 December	**(1,491)**	**(572)**
13	***Deferred acquisition cost***		
	Net DAC	24,689	5,731
	Reinsurance asset	23,296	21,480
	DAC Closing Balance	47,985	27,210
	Current	**47,985**	**27,210**
13a	**Movement in DAC (Gross)**		
	Balance as at 1 January	27,210	-
	Movement during the year	20,775	27,210
	Balance as at 31 December	**47,985**	**27,210**
13b	**Movement in DAC (Net)**		
	Balance as at 1 January	5,731	-
	Movement during the year	18,958	5,731
	Balance as at 31 December	**24,689**	**5,731**
14	***Statutory deposits***		
	Deposits with CBN	**800,000**	**800,000**
	Non current	800,000	800,000

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to the Insurance Act. The deposits are not available for use by the Company in the normal course of day to day business. As required in the insurance Act.

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15 ***Property and equipment***

Cost:	Motor vehicles	Computer Equipment	Office Furniture & Fittings	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January 2022	26,850	27,397	111,387	5,110	170,744
Additions during the year	34,607	20,749	84,885	8,299	148,540
Balance as at 31 Dec 2022	**61,457**	**48,146**	**196,272**	**13,409**	**319,284**
Accummulated Depreciation:					
At 1 January 2022	4,475	2,558	14,125	457	21,615
Charge for the year	9,597	8,199	30,081	1,946	49,823
Balance as at 31 Dec 2022	**14,072**	**10,757**	**44,205**	**2,404**	**71,438**
Carrying Amount:					
Balance as at 31 Dec 2022	**47,385**	**37,389**	**152,066**	**11,006**	**247,846**
Balance as at 31 Dec 2021	**22,375**	**24,839**	**97,262**	**4,652**	**149,129**

Cost:	Motor vehicles	Computer Equipment	Office Furniture & Fittings	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000
Additions during the year	26,850	27,397	111,387	5,110	170,744
Balance as at 31 Dec 2021	**26,850**	**27,397**	**111,387**	**5,110**	**170,744**
Accummulated Depreciation:					
Charge for the year	4,475	2,558	14,125	457	21,615
Balance as at 31 Dec 2021	**4,475**	**2,558**	**14,125**	**457**	**21,615**
Carrying Amount:					
Balance as at 31 Dec 2021	**22,375**	**24,839**	**97,262**	**4,652**	**149,129**

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	Software 2022	Software 2021
16 ***Intangible assets***		
Cost:		
At 1 January	181,549	
Additions during the year	187,082	181,549
Balance as at 31 Dec	**368,631**	**181,549**
Accummulated Amortisation		
At 1 January	18,188	-
Charge for the year	66,632	18,188
Balance as at 31 Dec	**84,820**	**18,188**
Carrying Amount:		
Balance as at 31 Dec	**283,811**	**163,361**

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
17	**Trade payables**		
	Reinsurance payable*	23,336	65,980
	Commission Paybles	49,173	-
	Unallocated Premium**	291,332	25,437
		363,841	**91,417**
	Current	**363,841**	**91,417**

*The reinsurance payable relates to amount of premium ceded, payable to reinsurance as at the end of the year.

** Unallocated premium are unreconciled premium yet to be allocated to policy holders

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
17a	**Movement in unallocated premium**		
	Balance at the beginning of the year	25,437	-
	Allocated to gross written premium during the year	(18,500)	-
	Additions during the year	284,395	25,437
	Balance at the end of the year	**291,332**	**25,437**
18	**Provision & other payables**		
	Audit fees	5,325	10,000
	Acturial fees	5,000	2,500
	Directors emolument	-	8,000
	Professional fees	7,792	5,500
	NAICOM & other statutory levy	137,354	25,000
	Stamp duty	3,000	2,000
	Due to related company	10,091	38,274
	Other payables*	39,711	25,317
		208,273	**116,591**
	Current	**208,273**	**116,591**

*Other payable amount relates to provisions made for expenses incurred but yet to be paid for. The account comprises mainly of allowance payable to the company's retail agents.

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
19	**Insurance contract liabilities**		
	Outstanding claims (see note 19b)	110,807	47,313
	Life Insurance Liability (see note 19c)	2,516,841	870,323
	Annuity Liability (see note 19d)	6,364,773	569,121
	Life Savings Fund - Risk Reserve	17,518	29,491
	Total	**9,009,939**	**1,516,247**
	Current	**9,009,939**	**1,516,247**

See breakdown below in (note 19a) below

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
NOTES TO THE FINANCIAL STATEMENTS

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
19a	**Insurance contract liabilities**		
	Outstanding claims reported see note 19b(i)	110,807	47,313
	Life Insurance Fund	1,677,643	504,116
	Outstanding claims IBNR	302,505	92,881
	Unearned premium reserve	554,211	302,817
	Annuity fund	6,364,773	569,121
		9,009,939	**1,516,247**
19b	**Outstanding claims (31 Dec 2022)**		
	0-90 days	43 Claimants	75,512
	91-180 days	18 Claimants	7,978
	181-270 days	16 Claimants	9,099
	271-365 days	9 Claimant	16,514
	Over 366 days	8 Claimant	1,703
			110,807
	Outstanding claims (31 Dec 2021)		
	0-90 days	26 Claimants	37,411
	91-180 days	2 Claimants	700
	181-270 days	2 Claimants	8,986
	271-365 days	1 Claimant	216
	Over 366 days	NIL	-
			47,313

		0 – 90 days		91 – 180 days		181 – 270		271 – 365 days		Above 365 days		Total	
	Reason	QTY	N'000	QTY	N'000	QTY	N'000	QTY	N'000	QTY	N'000	QTY	N'000
1	Discharged Voucher signed and returr	-	-	-	-	-	-	-	-	-	-	-	-
2	Discharge Vouchers not yet signed	-	-	-	-	-	-	-	-	-	-	-	-
3	Claims reported but incomplete docu	43	75,512	18	7,978	16	9,099	9	16,514	8	1,703	94	110,806
4	Claims reported but being adjusted	-	-	-	-	-	-	-	-	-	-	-	-
5	Claims repudiated	-	-	-	-	-	-	-	-	-	-	-	-
6	Awaiting adjusters final report	-	-	-	-	-	-	-	-	-	-	-	-
7	Litigation awarded	-	-	-	-	-	-	-	-	-	-	-	-
8	Awaiting Lead Insurer's instruction	-	-	-	-	-	-	-	-	-	-	-	-
9	Third party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
10	Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
	Total	43	75512	18	7978	16	9099	9	16514	8	1703	94	110806

19b(i)	**Outstanding claims**		
	Group Life	75,580	47,313
	Individual Life	35,228	-
		110,807	**47,313**
19b(ii)	**Outstanding claims**		
	Opening balance	47,313	-
	Changes in outstanding claims	63,494	47,313
	Closing balance	110,807	**47,313**
19c	**Life insurance liability**		
	Life Insurance fund (see note 19c(i))	1,677,643	504,116
	IBNR reserves (see note 19c(ii))	302,505	92,881
	UPR (see note 19c(iii))	554,211	302,817
		2,534,359	**899,813**

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
19c(i)	**Life insurance fund**		
	Opening balance	504,116	-
	Increase from actuarial valaution	1,173,527	504,116
	Closing balance	**1,677,643**	**504,116**
19c(ii)	**IBNR reserves**		
	Opening balance	92,881	-
	Changes during the year	209,624	92,881
	Closing balance	**302,505**	**92,881**
19c(iii)	**Unearned Premium Reserve**		
	Opening balance	302,817	-
	Changes during the year (see note 26(b))	251,394	302,817
	Closing balance	**554,211**	**302,817**
19d	**Annuity liability**		
	Opening balance	569,121	-
	Changes during the year (see note 29)	5,795,652	569,121
		6,364,773	**569,121**
19e	**Investment contract liabilities**		
	Investment funds (see note 20a)	1,087,855	194,831
	Current	**1,087,855**	**194,831**
20a	**Investment funds**		
	Opening balance	194,831	-
	Contributions during the year	1,094,637	205,192
	Withdrawal	(212,399)	(11,909)
	Guaranted interest	10,786	1,548
	Closing balance	**1,087,855**	**194,831**
21	**Lease liability**		
	At 1 January 2022	343,939	-
	Additions during the year	76,122	309,018
	Interest expense	52,021	34,921
	Lease payment during the year	(4,785)	-
	Balance as at 31 Dec 2022	**467,297**	**343,939**
	Non Current	**467,297**	**343,939**

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
22	**Income taxes**		
	Income tax based on the taxable profit/loss for the year	(3,381)	(532)
	Income tax expense	(3,381)	(532)
	b) Current Tax Liabilities/(Assets) as per Statement of Financial Position:		
	At 1 January	532	-
	Payment during the year	(442)	-
	Income tax payable	3,471	532
	Balance as at 31 Dec 2022	3,471	**532**

The following rates where applied to arrived at the tax for the 2022 YOA

NITD Levy @ 0.01% of PBT	(3,363)
Police Trust Fund @ 0.005% of PBT	(17)
	(3,381)

As at the reporting date the company has not recognised deffered tax asset arising from losses carried forward. This is due to the uncertainty surrounding the realization of the income taxable income necessary to utilise the lossess carried forward. The total deferred tax that would have been recognised is N 642m

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
23	**Ordinary share capital**		
i	**Authorised share capital**		
	Number of ordinary share ('000)	8,000,000	8,000,000
ii	**Paid up share capital**		
	Paid up share capital of N8.0b ordinary shares of ₦1.00 each	8,000,000	8,000,000
24	**Contingency reserve**		
	At 1 January	26,995	-
	Transfer from retained earnings*	115,205	26,995
	At 31 December	**142,200**	**26,995**
25	**Retained earnings**		
	At 1 January	(305,248)	-
	Transfer to contingency reserves (note 24)	(115,205)	(26,995)
	Profit/(loss) for the period	398,169	(278,253)
	At 31 December	**(22,284)**	**(305,248)**

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
NOTES TO THE FINANCIAL STATEMENTS

		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
26	**Gross written premium**		
	Direct premium income (see note 26a)	11,520,546	2,699,478
	Changes in unearned premium (see note 19c)	(251,394)	(302,817)
	Gross premium earned	**11,269,152**	**2,396,661**
26(a)	**Direct premium income**		
	Individual life	2,802,991	676,227
	Group life	1,587,893	922,613
	Annuity	6,714,198	672,818
	Credit life	415,464	427,820
	Total gross premium earned	**11,520,546**	**2,699,478**
27	**Reinsurance expenses**		
	Outward reinsurance (see note 27a)	(516,491)	(301,778)
	Prepaid reinsurance (see note 10c)	1,165	85,562
		(515,326)	**(216,216)**
27(a)	**Outward reinsurance**		
	Treaty reinsurance	(125,578)	(104,189)
	Facultative reinsurance	(390,912)	(197,589)
		(516,491)	**(301,778)**
27(b)	**Reinsurance expenses paid**		
	Opening balance of reinsurance payable	(65,980)	
	Reinsurance expenses incurred	(516,491)	(301,778)
	Less reinsurance payable	23,336	65,980
		(559,135)	**(235,798)**
28	**Fees and commission income**		
	Commission received-local fac	128,132	73,109
		128,132	**73,109**

Commision income are recognised over time upon placement of local fac by the company.

29	**Changes in Insurance Funds**		
	Changes in Insurance fund	**(1,173,527)**	**(474,625)**
	Changes in Annuity fund	**(5,795,652)**	**(569,121)**
30	**Claims expenses**		
	Claims paid (see note 30a)	(1,179,943)	(116,656)
	Changes in outstanding claims (see note 19b(ii))	(63,494)	(47,313)
	Changes in IBNR (see note 19c(ii))	(209,624)	(92,881)
		(1,453,061)	**(256,849)**
30a	**Claims paid expenses**		
	Group life	(562,974)	(102,420)
	Annuity	(498,133)	(14,236)
	Retail	(118,835)	-
		(1,179,943)	**(116,656)**

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
31	**Reinsurance recoveries on claims**		
	Reinsurance share of claims paid	174,329	29,139
	Reinsurance share of outstanding claims	14,551	4,205
	Reinsurance share of IBNR	62,520	22,891
		251,400	**56,234**
32	**Underwriting expenses**		
	Commission incurred (see note 32a)	(965,221)	(198,652)
	Movement in DAC (see note 13b)	18,958	5,731
	Acquisition expenses	(946,263)	(192,922)
	Maintenance expenses	(398,491)	(145,539)
		(1,344,754)	**(338,461)**
	Mainteinance expenses paid		
	Maintenance expense payable opening balance	25,317	
	Maintainance expenses incurred	398,491	145,539
	Maintenance expenses payable closing balance	(39,711)	(25,317)
		384,097	**120,222**
32a	**Commission incurred**		
	Individual life	(710,727)	(75,242)
	Group life	(209,077)	(77,437)
	Credit life	(45,417)	(45,973)
		(965,221)	**(198,652)**
33a	**Investment & other income**		
	Interest income on financial assets	1,243,173	579,248
	Income on deposits with credit institutions	33,548	46,213
		1,276,721	**625,461**
33b	**Interest received**		
	Interest income on financial assets	1,243,173	579,248
	Income on deposits with credit institutions	33,548	46,213
		1,276,721	625,461
	Less accrued interest	(75,212)	(120,901)
		1,201,509	**504,560**
34	**Profit/(loss) on investment contracts**		
	Investment income from investment contract liabilities	32,921	16,432
	Guaranteed interest*	(10,786)	(1,548)
		22,135	**14,884**

*Guaranteed interest rate paid to policy holders ranges from 0.25% - 0.75% plus effective Savings deposit rate (SDR)

35	**Net fair value gain on financial assets**	**(179,281)**	**44,381**
	Treasury bills	13,079	65,043
	Corporate bond	(2,271)	(319)
	FGN bond	(190,089)	(20,343)
		(179,281)	**44,381**
36	**Other Income/(expenses)**		
	Unrealised exchange profit/loss	39,405	(160,637)
	interest income on call account	10,655	996
	Realised exchange Profit/loss	(1,328)	-
		48,731	**(159,641)**
37	**Impairment (charges)/reversals**		
	ECL impairment on financial assets	(2,346)	(1,104)
	Impairment - Other receivables and prepayment	(919)	(9,536)
	Impairment - Reinsurance Asset	9,312	(572)
		6,047	**(11,212)**

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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		Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
38	**Staff cost**		
	Employee benefit	(791,103)	(431,164)
	Other personnel cost	(262,610)	(78,573)
		(1,053,713)	**(509,736)**
39	**Management expenses**		
	Travel & entertainment	(79,962)	(27,520)
	Rental & administration	(52,148)	(27,909)
	Depreciation & amortisation	(116,453)	(39,803)
	Amortisation of leased property	(95,326)	(90,569)
	Auditors remuneration	(15,000)	(11,000)
	Legal & professional fees	(123,769)	(162,168)
	Regulatory and levy expenses	(131,704)	(198,772)
	Marketing & advertising	(83,528)	(127,388)
	IT expenses	(104,145)	(54,132)
	Administrative expenses	(149,974)	(175,630)
	Strategies and retreat expenses	(133,445)	-
		(1,085,454)	**(914,891)**
39a	**Other operating cash payment**		
	Management expenses	(1,085,454)	(1,015,470)
	Non cash adjustment	100,585	-
		(984,869)	**(1,015,470)**
40	**Finance cost***	**-**	**(37,699)**

*Finance cost relates to interest expense on lease liability

PWC did not render any non-audit service to the company during the year.

41 Related party transactions

During the year, Heirs Life Assurance Ltd. entered into commercial transaction with related parties which were carried out at arms length. The transactions/balances in respect of related party transaction as at reporting date are set out below:

TRANSACTIONS

(a) With Key Management Personnel:

The Company's key management personnel and immediate family members are also considered to be related parties. The definition of related parties includes the close family members of key management personnel and any entity over which key management personnel have been identified as the directors of the Company.

		2022 N'000	2021 N'000
(a(i))	Other receivables:		
	Loan to key management personnel	-	8,072
		-	8,072

		Relationship		
(b)	**Gross Written Premium:**			
	Heirs Holdings Ltd	Parent	5,709	3,290
	Heirs Oil & Gas Ltd	Fellow Subsidiary	22,084	16,498
	Heirs Insurance Ltd	Fellow Subsidiary	4,855	3,136
	United Capital Plc	Fellow Subsidiary	13,730	4,072
	Africa Prudential Plc	Fellow Subsidiary	3,219	2,632
	Avon HMO	Fellow Subsidiary	4,940	5,061
	Avon Medical Practice	Fellow Subsidiary	1,804	-
	Heirs Insurance Brokers	Fellow Subsidiary	1,379	-
			57,720	**34,689**
(c)	Investment Advisory & Custodial Fees to:			
	United Capital Plc	Fellow Subsidiary	2,292	5,524
			2,292	5,524

			Year ended 31/12/2022 N'000	13 month period ended 31/12/2021 N'000
(d)	Medical Expenses paid to Avon HMO	Fellow Subsidiary	23,741	12,172
			23,741	12,172
(e)	Amount due to related parties			
	Heirs General Insurance Limited (HGIL)*	Fellow Subsidiary	10,091	38,274
			10,091	38,274
	*This relates to expenses paid by HIGL on behalf of Heirs Life Assurance			
(f)	**ACCOUNT BALANCES**			
i	**Placements**			
	UCAP Wealth Management	Fellow Subsidiary	478,207	582,283
	UCAP Asset Management	Fellow Subsidiary	-	6,486
			478,207	588,769
ii	**Mutual Fund**			
	UCAP Asset Management	Fellow Subsidiary	**11,583**	**-**

		2022	2021
42	**Analysis of staff**	**Number**	**Number**
	Senior Management	8	8
	Middle Management	35	22
	Other staff members	32	13
		75	**43**

ii Number of Employees (excluding Directors) in each range of emoluments (excluding pension contribution and certain benefits)

	2022	2021
	Numbers	Numbers
N500,000 - N9,999,999	37	12
N10,000,000 - N19,999,999	30	25
Above N20,000,000	6	6
	75	**43**

Managers of the Company (including the highest paid manager) whose remuneration in respect of services to the Company is within the following range:

		2022		2021	
iii	Analysis of staff cost	%	Amount	%	Amount
	Senior management	21%	148,000	33%	107,189
	Middle management	61%	424,747	54%	176,385
	Other staff members	17%	121,199	13%	41,632
		100%	693,946	100%	325,207

Managers excludes Directors (executive and non-executive). The compensation paid to managers for services is as shown above.

		2022	2021
43	Directors' Emoluments		
	Remuneration paid to the directors of the Company was as follows:	N000	N000
	Chairman	5,000	5,000
	Non-Executive Directors/Independent Director	72,080	61,423
	Executive Directors Salaries	97,157	93,137
		174,237	**159,560**
	Other allowances paid to the Chairman	10,060	10,250

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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	31 Dec 2022			31 Dec 2021		
44 **Solvency Margin**	**Admissible N'000**	**Inadmissible N'000**	**Total N'000**	**Admissible N'000**	**Inadmissible N'000**	**Total N'000**
Cash and Cash Equivalents	838,251	-	838,251	275,531	-	275,531
Financial Assets at FVTPL	13,101,851	-	13,101,851	6,975,688		6,975,688
Financial Assets at Amortised cost	2,370,539	489,790	2,860,329	-	587,687	587,687
Trade Receivables	2,083	-	2,083	330	-	330
Reinsurance Assets	171,453	-	171,453	110,780	-	110,780
Right of Use Asset	-	725,268	725,268	-	709,198	709,198
Other Receivables & Prepayments	-	129,693	129,693		186,391	186,391
Deferred Acquisition Cost	47,985	-	47,985	27,210	-	27,210
Statutory Deposits with CBN	800,000	-	800,000	800,000	-	800,000
Property, Plant and Equipment	247,846	-	247,846	149,129	-	149,129
Intangible Assets	283,811	-	283,811	163,361	-	163,361
Total Admissible Assets (a)	17,863,819	1,344,751	19,208,570	8,502,029	1,483,276	9,985,305
Less: Admissible liabilities						
Trade Payables	363,841	-	363,841	91,418	-	91,418
Provisions & Other Payables	208,273	-	208,273	116,591	-	116,591
Insurance Contract Liabilities	9,009,939	-	9,009,939	1,516,247	-	1,516,247
Investment Contract Liabilities	1,087,855	-	1,087,855	194,831	-	194,831
Lease Liability	-	467,297	467,297	-	343,939	343,939
Current income tax	3,471		3,471	532		532
Total Admissible Liability (b)	10,673,379	467,297	11,140,676	1,919,620	343,939	2,263,558
Solvency Margin (a-b)	7,190,441	877,454	8,067,894	6,582,410	1,139,338	7,721,747

	31 Dec 2022	31 Dec 2021
Gross premium income	11,269,152	2,396,661
Less: Reinsurance expenses	(515,326)	(216,216)
Net premium income	**10,753,826**	**2,180,445**
Subject to higher of:		
15% of net premium income or	1,613,074	327,067
Minimum capital requirement	2,000,000	2,000,000
Gross solvency ratio	360%	329%

HEIRS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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31 Dec 2022

45 Hypothecation	Policy Holders Fund - Insurance Contract	Policy Holders Fund - Investment	Annuity	Share Holders Fund	Total
	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	306,492	50,086	126,784	354,889	838,251
Financial assets - FVTPL	1,569,928	1,009,592	6,985,266	3,537,064	13,101,851
Financial assets - Amortized Cost	802,830	47,782	-	2,009,717	2,860,329
Trade Receivables	2,083	-	-	-	2,083
Reinsurance Assets	171,453	-	-	-	171,453
Right of Use Asset	-	-	-	725,268	725,268
Other Receivables & Prepayments	-	-	-	129,693	129,693
Deferred Acquisition Cost	-	-	-	47,985	47,985
Statutory Deposits with CBN	-	-	-	800,000	800,000
Property, Plant and Equipment	-	-	-	247,846	247,846
Intangible Assets	-	-	-	283,811	283,811
TOTAL ASSETS	2,852,785	1,107,460	7,112,050	8,136,274	19,208,570
Liabilities					
Trade Payables	-	-	-	363,841	363,841
Provisions & Other Payables	-	-	-	208,273	208,273
Insurance Contract Liabilities	2,645,166	-	6,364,773	-	9,009,939
Investment Contract Liabilities	-	1,087,855	-	-	1,087,855
Lease Liability	-	-	-	467,297	467,297
Income Tax Payable	-	-	-	3,471	3,471
Deferred Tax Liability	-	-	-	-	-
TOTAL LIABILITIES	2,645,166	1,087,855	6,364,773	1,042,882	11,140,676
SURPLUS	207,619	19,606	747,277	7,093,392	8,067,895

31 Dec 2021

Hypothecation	Policy Holders Fund - Insurance Contract	Policy Holders Fund - Investment Contract	Annuity	Share Holders Fund	Total
	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	47,600	3,000	18,005	206,926	275,531
Financial assets - FVTPL	898,660	191,842	647,355	5,237,831	6,975,688
Financial assets - Amortized Cost				587,687	587,687
Trade Receivables	-	-	-	330	330
Reinsurance Assets	110,780		-	-	110,780
Right of Use Asset	-	-	-	709,198	709,198
Other Receivables & Prepayments	-	-	-	186,391	186,391
Deferred Acquisition Cost	-	-	-	27,210	27,210
Statutory Deposits with CBN	-	-	-	800,000	800,000
Property, Plant and Equipment	-	-	-	149,129	149,129
Intangible Assets	-	-	-	163,361	163,361
TOTAL ASSETS	1,057,040	194,842	665,360	8,068,063	9,985,305
Liabilities					
Trade Payables	-	-	-	91,418	91,418
Provisions & Other Payables	-	-	-	116,591	116,591
Insurance Contract Liabilities	947,126	-	569,121	-	1,516,247
Investment Contract Liabilities	-	194,831	-	-	194,831
Lease Liability	-	-	-	343,939	343,939
Income Tax Payable	-	-	-	532	532
Deferred Tax Liability	-	-	-	-	-
TOTAL LIABILITIES	947,126	194,831	569,121	552,480	2,263,558
SURPLUS	109,914	11	96,239	7,515,583	7,721,747

Heirs Life

HEIRS LIFE ASSURANCE LIMITED
OTHER NATIONAL DISCLOSURE
VALUE ADDED STATEMENT

	31/12/2022 N'000	%	31/12/2021 N'000	%
Net Premium Income	10,753,826	666%	2,180,445	584%
Investment Income	1,304,903	81%	625,461	167%
Other Income/expenses	(130,550)	-8%	(115,260)	-31%
Claims incurred, commissions paid and operating expenses (local)	(10,313,156)	-639%	(2,328,258)	-620%
Value added	**1,615,023**	**100%**	**362,388**	**100%**
Applied to pay:				
Employee benefit expense	1,053,713	65%	509,736	141%
Government taxes	3,381	0%	532	0%
Retained in the business:				
Depreciation of property and equipment	49,823	3%	21,615	6%
Depreciation expense on right-of-use aseet	95,327	6%	90,569	25%
Amortisation of intangible assets	66,632	4%	18,188	5%
Profit accumulated in the business	346,147	21%	(278,252)	-77%
Value added	**1,615,023**	**100%**	**362,388**	**100%**

Heirs Life

HEIRS LIFE ASSURANCE LIMITED
OTHER NATIONAL DISCLOSURE
TWO YEARS FINANCIAL SUMMARY, 31 DECEMBER 2022

	31 Dec 2022 N'000	13 Month to 31 Dec 2021 N'000
ASSETS		
Cash and cash equivalents	838,251	275,531
Financial assets - FVTPL	13,101,851	6,975,688
Financial assets - Amortized cost	2,860,329	587,687
Trade receivables	2,083	330
Reinsurance assets	171,453	110,780
Other receivables & prepayments	129,693	186,391
Deferred acquisition cost	47,985	27,210
Right of use asset	725,268	709,198
Statutory deposits with CBN	800,000	800,000
Property, plant and equipment	247,846	149,129
Intangible assets	283,811	163,361
TOTAL ASSETS	**19,208,570**	**9,985,305**
LIABILITIES		
Trade payables	363,841	91,418
Provisions & other payables	208,273	116,591
Insurance contract liabilities	9,009,939	1,516,247
Investment contract liabilities	1,087,855	194,831
Lease liability	467,297	343,939
Income tax payable	3,471	532
TOTAL LIABILITIES	**11,140,676**	**2,263,558**
EQUITY	-	-
Ordinary share capital	8,000,000	8,000,000
Contingency reserve	142,200	26,995
Retained earnings	(22,284)	(305,248)
TOTAL EQUITY	**8,119,916**	**7,721,747**
Gross written premium	11,520,546	2,699,478
Gross premium earned	11,269,152	2,396,661
Net insurance benefits and claims incurred/recovered	(1,201,661)	(200,615)
Underwriting profit	1,366,364	670,732
Staff costs	(1,053,713)	(509,736)
Management expenses	(1,085,454)	(914,891)
Profit/(loss) before tax	401,550	(277,721)
Income tax expense	(3,381)	(532)
Profit/(loss) after tax	398,169	(278,253)