

Staco Insurance Company (SL) Limited

Financial statements
for the year ended 31 December 2023

*This report contains 57 pages
Supplementary information 1 page
Ref: S651/ank/eap*

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General information

- Directors** : Mrs Emerica Karefa-Kargbo Chairman (Resigned:
31st January 2024
Mr Adekunle Micheal Aderinola Managing Director
Mr Ehi Eguabor Director
Mr Tarica Mpinga Director
Mr David Carew Director (Resigned: 25th
April 2024)
Mr Rowland Wright Director (Resigned:
25th April 2024
Mrs Jacqueline Hope (Appointed: 6th March
2024)
Ms. Sophie Johnson (Appointed: 6th March
2024)
- Registered Office** : 24 Upper Brook Street
Freetown.
Sierra Leone
- Bankers** : Access Bank (SL) Limited
Access Bank Nigeria Limited
Ecobank (SL) Limited
Ecobank (Nig) Limited
Guaranty Trust Bank (SL) Limited
Union Trust Bank Limited
Zenith Bank (SL) Limited
United Bank for Africa (SL) Limited
Bloom Bank
Sierra Leone Commercial Bank Limited
Rokel Commercial Bank Limited
Skye Bank (SL) Limited
Commerce and Mortgage Bank (SL) Limited
FBN Bank (SL) Limited
- Corporate Secretaries** : Freetown Nominees
55 Sir Samuel Lewis Road
Aberdeen
Freetown
Sierra Leone
- Auditor** : Baker Tilly SL
Chartered Accountants
Baker Tilly House
37 Siaka Stevens Street
Freetown
Sierra Leone.

Report of the Directors

The Directors present their report and audited financial statements for the year ended 31 December 2023.

Directors' responsibility statement

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2009 of Sierra Leone 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.

Going concern

The Directors' have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Principal activity

The principal activities of the Company are the provision of life and general insurance services. The Company and its activities are regulated by and subject to the provisions of the Insurance Act 2016.

Results

The results for the year ended 31 December 2023 are shown in the attached financial statements.

Property and equipment

Details of the Company's property and equipment and intangible assets are shown in notes 13 and 14 to these financial statements.

Employment of disabled people

Staco Insurance Company (SL) Limited does not discriminate against a qualified individual with disability with regards to recruitment, advancement, training, compensation, discharge or other terms, conditions or privileges of employment. There were no disabled persons employed during the year.

Health, safety and welfare at work

Staco Insurance Company (SL) Limited has retained the services of a medical doctor for all employees of the Company and a conducive office environment is maintained for staff and visitors.

Employee involvement and training

There are various forums where the staff meet and discuss issues that relate to them and their progress at the work place, these include unit meetings, and regular general meetings.

There is an approved training schedule for staff and the Company also has a staff performance appraisal process through which staff are appraised and promotions and/or increments are made.

Report of the Directors (continued)

Directors and their interests

The Directors who served during the year and their shareholding interest in the Company are as follows:

Directors	Percentage Shareholding
Mrs Emerica Karefa-Kargbo	0.5%
Mr Adekunle Michael Aderinola	1.5%
Mr Ehi Eguabor	2%
Mr David Carew	Nil
Mr Rowland Wright	Nil
Mr Tarica Mpinga	Nil

Post year end events

Subsequent to year end, two Directors namely David Carew and Rowland Wright resigned as Directors on 25 April 2024 and two new Directors, namely Mrs. Jacqueline Hope and Ms. Sophie Johnson were appointed to the Board on 6 March 2024.

Dividend

In respect of the year ended 31 December 2023 result, the Board of Directors proposed a dividend of Le 0.07 per existing ordinary share to be paid to the existing shareholders as at 31 December 2023 (2022: Dividend of Le 4 million).

Auditors

In accordance with Section 308 of the Companies Act 2009 of Sierra Leone a resolution for the re-appointment of Baker Tilly as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The financial statements were approved by the Board of Directors on 25th April, 2024 and signed on its behalf by:

.....
Director

.....
Director

.....
Secretary



Baker Tilly SL
Baker Tilly House
37 Siaka Stevens Street
P.O Box 100
Sierra Leone
Telephone +(232) 30-444-100

Independent Auditor's report to the Shareholders of Staco Insurance Company (SL) Limited

Opinion

We have audited the financial statements of Staco Insurance Company (SL) Limited, set out on pages 9 to 57 which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Staco Insurance Company (SL) Limited as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Sierra Leone.

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 are independent of Staco Insurance Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Sierra Leone, which we obtained prior to the date of this report. Other information does not include 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 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditors' report to the Shareholders of Staco Insurance Company (SL) Limited

(continued)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Sierra Leone, 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 Staco Insurance Company (SL) Limited'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 Staco Insurance 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Staco Insurance Company (SL) Limited'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 Staco Insurance Company (SL) Limited to cease to continue as a going concern.



**Independent Auditors' report
to the Shareholders of Staco Insurance Company (SL) Limited**

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

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.

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

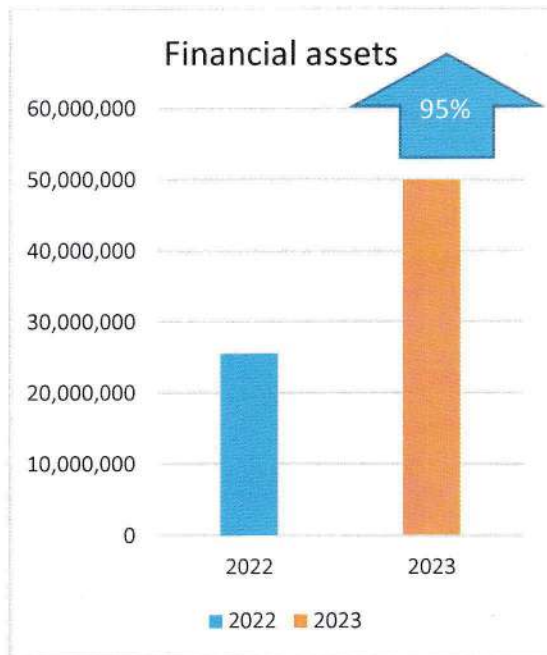
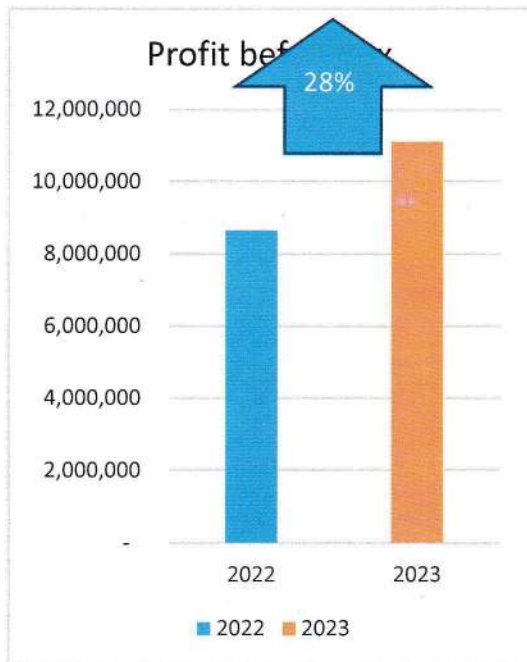
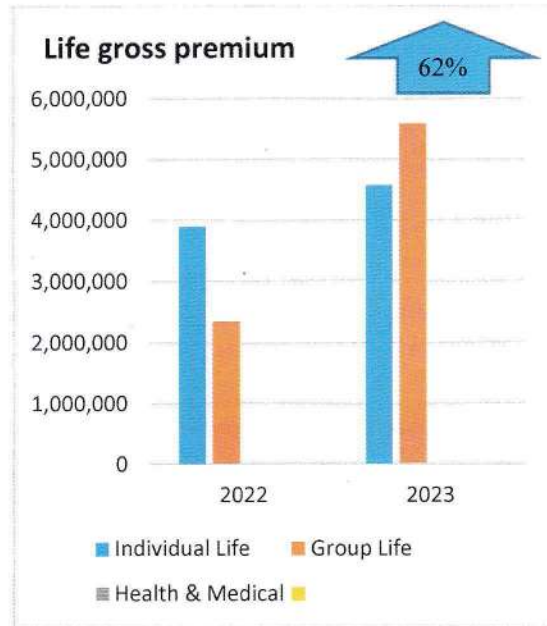
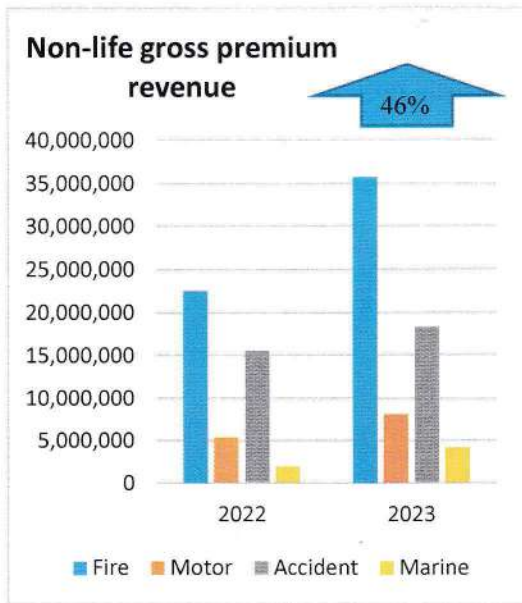
The Engagement Partner on the audit resulting in this independent auditor's report is Derrick Kawaley.

Freetown

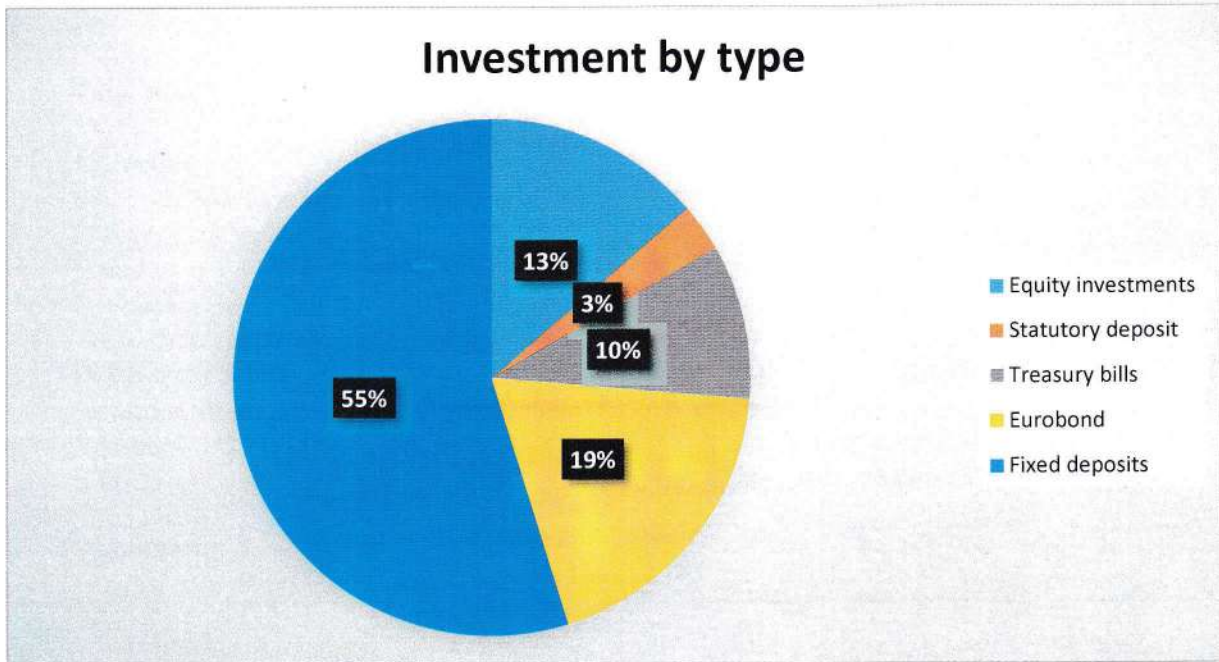
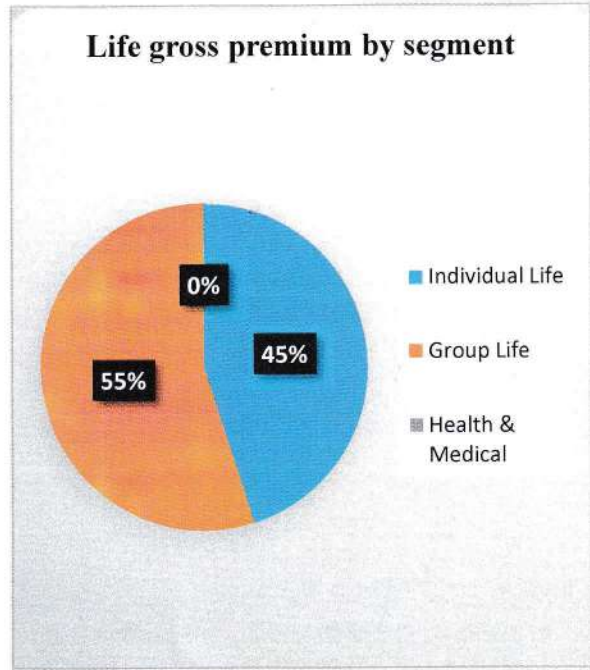
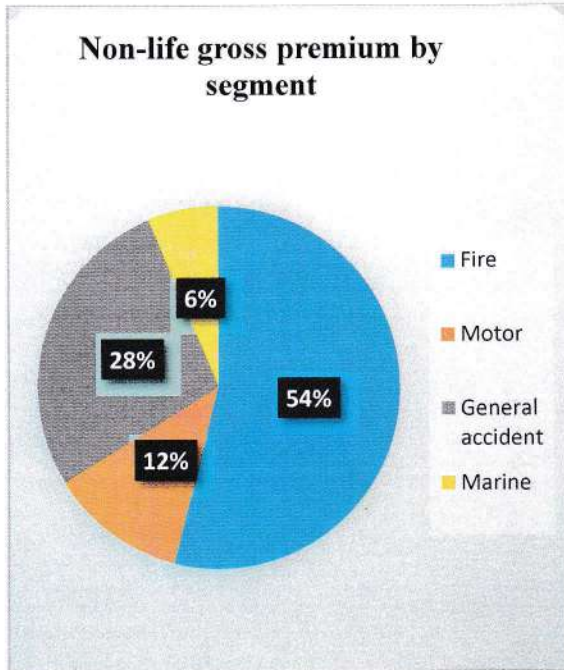

Chartered Accountants

Date: 25 April 2024

Financial highlights



Financial highlights (continued)



Statement of financial position
 as at 31 December

<i>In Leones</i>	Note	2023	2022
Assets			
Property and equipment	13	3,017,306	4,059,393
Intangible assets	14	271,174	129,983
Investment in subsidiary	15	4,823,437	-
Investment property	16	2,807,354	5,439,354
Financial assets	17	50,030,186	25,668,345
Income tax asset	12c	165,895	1,460,672
Loans and receivables including insurance receivables	18	18,799,451	26,836,105
Cash and cash equivalent	19	24,245,292	25,124,539
Total assets		104,160,095	88,718,391
Equity			
Share capital	20	8,664,058	8,664,058
Retained earnings	21	7,031,026	4,920,812
Contingency reserve	22	9,398,738	7,307,564
Other reserves	23	(6,753)	(6,753)
Fair value reserve	24	4,607,871	3,534,303
Total equity		29,694,940	24,419,984
Liabilities			
Employee benefit provision	27	1,972,641	1,431,562
Insurance contract claim	28	9,799,470	5,537,207
Loan	29	-	1,757,245
Overdrawn bank balance	18	104,163	333,932
Trade and other payables	30	24,287,228	22,981,540
Deferred tax liability	12d	4,312,978	3,773,627
Insurance funds:		-	
Non-life	26a	18,945,238	16,645,238
Life	26b	15,043,437	11,838,056
Total liabilities		74,465,155	64,298,407
Total equity and liabilities		104,160,095	88,718,391

The financial statements were approved by the Board of Directors on 25 April 2024 and were signed on its behalf by:

..... Director

..... Director

The notes on pages 17 to 57 are an integral part of these financial statements

Statement of comprehensive income - Non-life
for the year ended 31 December

<i>In new Leones</i>	Note	2023	2022
Revenue			
Insurance premium revenue	<i>6a</i>	66,318,396	45,513,946
Insurance premium ceded to reinsurances		(10,871,504)	(11,979,123)
		<hr/>	<hr/>
Net insurance premium written		55,446,892	33,534,823
Movement in unearned premium	<i>5,25a</i>	(2,300,000)	(2,568,450)
		<hr/>	<hr/>
Net earned premium		53,146,892	30,966,373
Investment income	<i>7</i>	3,594,321	2,298,504
Net finance income/(cost)	<i>11a</i>	3,241,637	8,216,476
Commission income		3,250,259	3,592,374
		<hr/>	<hr/>
Net revenue		63,233,109	45,073,727
		<hr/>	<hr/>
Expenditure			
Claims paid, outstanding and unincurred	<i>5</i>	(8,926,171)	(5,192,980)
Commission expense	<i>5</i>	(17,727,405)	(9,688,688)
Management expenses	<i>5&8a</i>	(25,756,190)	(21,830,293)
		<hr/>	<hr/>
		(52,409,766)	(36,711,961)
		<hr/>	<hr/>
Net income from operations - Non life		10,823,343	8,361,766
Other income		289,189	303,627
		<hr/>	<hr/>
Profit before tax		11,112,532	8,665,393
Tax expense	<i>12a</i>	(3,026,272)	(2,279,438)
		<hr/>	<hr/>
Profit for the year		8,086,260	6,385,955
		<hr/> <hr/>	<hr/> <hr/>


The notes on pages 17 to 57 are an integral part of these financial statements


Statement of comprehensive income - Non-life (continued)

for the year ended 31 December

<i>In new Leones</i>	Note	2023	2022
Profit for the year		8,086,260	6,385,955
Other comprehensive income:		<u> </u>	<u> </u>
Items that are or may be classified subsequently to profit and loss:			
Fair value gain on equity instruments	16b	1,431,424	2,174,127
Related tax		(357,856)	(543,532)
Total other comprehensive income for the year		<u>1,073,568</u>	<u>1,630,595</u>
Total comprehensive income for the year		<u><u>9,159,828</u></u>	<u><u>8,016,550</u></u>
Profit attributable to:			
Equity holders of the company		8,086,260	6,385,955
Profit for the year		<u>8,086,260</u>	<u>6,385,955</u>
Total comprehensive income attributable to:			
Equity holders of the Company		9,159,828	8,016,550
Total comprehensive income for the year.		<u><u>9,159,828</u></u>	<u><u>8,016,550</u></u>

The financial statements were approved by the Board of Directors on 25 April 2024 and were signed on its behalf by:


 Director

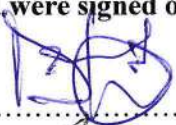

 Director


The notes on pages 17 to 57 are an integral part of these financial statements

Statement of comprehensive income - Life
 for the year ended 31 December

<i>In Leones</i>	Note	2023	2022
Revenue			
Insurance premium revenue	<i>6b</i>	10,162,206	6,271,805
Insurance premium ceded to reinsurance		(2,572,784)	(1,448,627)
Net insurance premium written		7,589,422	4,823,178
Movement in unearned premium	<i>26b</i>	(1,180,919)	(1,088,204)
Net earned premium		6,408,503	3,734,974
Investment income	<i>7b</i>	354,131	272,394
Other income		55,142	21,514
Commission income		400,496	271,611
		809,769	565,519
Net revenue		7,218,272	4,300,493
Expenditure			
Claims paid, outstanding and unanticipated		(1,769,029)	(2,116,289)
Commission expense		(1,190,316)	(687,535)
Management expenses	<i>8b</i>	(2,048,935)	(810,126)
Net finance cost	<i>11b</i>	(83,906)	(38,068)
		(5,092,186)	(3,652,018)
Amount transferred to Life fund	<i>25b</i>	(2,126,086)	(648,475)
		(7,218,272)	(4,300,493)

The financial statements were approved by the Board of Directors on 25 April 2024
 and were signed on its behalf by:


 Director


 Director

The notes on pages 17 to 57 are an integral part of these financial statements

Statement of changes in equity
 for the year ended 31 December 2023

	Share capital	Retained earnings	Contingency reserve	Fair value reserve	Other reserves	Total
<i>In new Leones</i>						
Balance as at 1 January 2023	8,664,058	4,920,812	7,307,564	3,534,303	(6,753)	24,419,984
Total comprehensive income for the year						
Prior year adjustment		13,505	-	-	-	13,505
Profit for the year	-	8,086,260	-	-	-	8,086,260
Other comprehensive income net of tax						
Fair value gain on equity instruments	-	-	-	1,073,568	-	1,073,568
Total other comprehensive income	8,664,058	13,020,577	7,307,564	4,607,871	(6,753)	33,593,317
Other transfers						
Transfer to contingency reserve (Non-Life)	-	(1,989,552)	1,989,552	-	-	-
Transfer to contingency reserve (Life)	-	-	101,622	-	-	101,622
Total other transfers	-	(1,989,552)	2,091,174	-	-	101,622
Total comprehensive income and other transfers	-	-	-	-	-	-
Transaction with owners, recorded directly in equity						
Dividend to equity holders	-	(4,000,000)	-	-	-	(4,000,000)
Capitalisation of retained earnings						
Transaction with owners		(4,000,000)				
Balances as at 31 December 2023	8,664,058	7,031,026	9,398,738	4,607,871	(6,753)	(29,694,940)

The notes on pages 17 to 57 are an integral part of these financial statements

Statement of changes in equity (continued)
 for the year ended 31 December 2022

	Share capital	Retained earnings	Contingency reserve	Fair value reserve	Other reserves	Total
<i>In new Leones</i>						
Balance as at 1 January 2022	8,664,058	3,900,275	5,879,428	1,903,708	(6,753)	20,340,716
Total comprehensive income for the year						
Profit for the year	-	6,385,955	-	-	-	6,385,955
Other comprehensive income net of tax						
Fair value gain on equity instruments	-	-	-	1,630,595		1,630,595
Total other comprehensive income	8,664,058	10,286,230	5,879,428	3,534,303	(6,753)	28,357,266
Other transfers						
Transfer to contingency reserve (Non-Life)	-	(1,365,418)	1,365,418	-	-	-
Transfer to contingency reserve (Life)	-	-	62,718	-	-	62,718
Total other transfers	-	(1,365,418)	1,428,136	-	-	62,718
Transaction with owners, recorded directly in equity						
Dividend to equity holders		(4,000,000)	-	-	-	(4,000,000)
Transaction with owners	-	(4,000,000)	-	-	-	(4,000,000)
Balances as at 31 December 2022	8,664,058	4,920,812	7,307,564	3,534,303	(6,753)	24,419,984

The notes on pages 17 to 57 are an integral part of these financial statements

Statement of cash flows
for the year ended 31 December

<i>In new Leones</i>	Note	2023	2022
Cash flows from operating activities:			
Profit for the year		8,086,260	6,385,955
Adjustments for:			
Depreciation	<i>13</i>	1,222,409	804,999
Amortisation	<i>14</i>	40,312	46,634
Net finance income	<i>11b</i>	(2,803,369)	(8,178,408)
Income tax expense	<i>12a</i>	3,026,272	2,279,438
		<hr/>	<hr/>
Cash flows from operating activities		9,571,884	1,338,618
Changes in operating assets and liabilities			
Change in receivables		7,953,962	(6,342,265)
Change in payables		1,305,688	6,389,168
Change in insurance fund - Non-Life		2,300,000	2,568,450
Change in end of service benefit		541,079	1,249,912
Change in insurance contract		4,262,263	2,920,602
Change in life fund		3,307,003	1,736,678
Change in fair value		1,073,568	2,174,127
		<hr/>	<hr/>
		30,398,139	12,035,290
Interest and charges paid		(1,268,534)	(780,790)
Interest received		-	-
Income tax paid		(1,550,000)	(1,610,212)
		<hr/>	<hr/>
Net cash from operating activities		27,579,605	9,644,288
Cash flow from investing activities			
Acquisition of property and equipment	<i>13</i>	(180,322)	(3,892,364)
Acquisition of intangible assets	<i>14</i>	(181,503)	(86,999)
Acquisition of investment property		2,632,000	(28,000)
Investment in subsidiary		(4,823,437)	-
Acquisition of investment		(24,361,841)	(7,873,494)
Proceeds from sale of asset		17,000	
		<hr/>	<hr/>
Net cash used in investing activities		(26,898,103)	(11,880,857)
Cash flow from financing activities			
Dividend to owners		(4,000,000)	(4,000,000)
Loan (payments)/receipt		(1,757,245)	1,551,531
		<hr/>	<hr/>
Cash flow from financing activities		(5,655,623)	(2,448,469)

The notes on pages 17 to 57 are an integral part of these financial statements

Statement of cash flows *(continued)*
for the year ended 31 December

<i>In new Leones</i>	Notes	2023	2022
Net increase/(decrease) in cash and cash equivalents		(5,075,743)	(4,685,037)
Cash and cash equivalents at 1 January		24,790,607	20,516,446
Exchange rate fluctuation	<i>11a</i>	4,426,265	8,959,198
Cash and cash equivalents at December	18	24,141,129	24,790,607

The notes on pages 17 to 57 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Staco Insurance Company (SL) Limited is a limited liability Company incorporated and domiciled in Sierra Leone. The address of its registered office is 24 Upper Brook Street, Freetown, Sierra Leone.

Staco Insurance Company (SL) Limited underwrites non-life insurance risks such as those associated with fire, motor, accident, medical and marine businesses as well Life Insurance policies. The Company also invests in treasury and other eligible bills in Sierra Leone on which it earns interests.

The financial statements of the Company as at and for the year ended 31 December 2023 comprise those of the Company alone.

2. Basis of accounting

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

3. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in thousands of Leones, which is the Company's presentation currency.

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 income statement.

The principal accounting policies applied in the preparation of these financial statements are set out in note 36. These policies have been consistently applied to all the years presented, unless otherwise stated.

4. Use of judgement and estimates

In preparing these financial statements, the Directors have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(a) Judgments

Information about judgment made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 36 (p) - Revenue: whether the Company acts as an agent in the transaction rather than as a principal.

Note 36 (r) - Lease: whether an arrangement contains a lease.

Notes to the financial statements (continued)

4. Use of judgement and estimates (continued)

(b) Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment for the year ended 31 December 2023 is included in the following notes:

Note 36(n) - measurement of defined contribution obligations: key assumptions

Note 36(m) - recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.

Note 36(o) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Note 36(e) - impairment test: key assumptions underlying recoverable amounts.

(c) Measurement of fair values

A number of the Company's accounting policies and disclosure require the measurement of fair values for both financial and non-financial asset and liabilities.

The Company has an established control framework with respect to the measurement of fair values which enables the finance director to be constantly updated on fair values.

This established control framework assists the Company to regularly review significant unobservable inputs and valuation adjustments. If third party information such as primary services is used to measure fair values an assessment is then made of the evidence obtained from the third parties to support the conclusion that such valuation meets the requirements of IFRS, including the level in the fair value hierarchy in which such valuation should be classified.

Significant valuation issues are then reported to management. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are recognized into different level in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: Inputs other than quoted price included in level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (as derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the financial statements *(continued)*

5. Segment information

5.1 The segments for the year ended 31 December 2023

At 31 December 2023, the Company carried on non-life business in the following areas:

- Fire insurance;
- Motor insurance;
- Accident insurance; and
- Marine insurance

The four-business segment shown above captions all underwriting revenue sources.

Investment and other income are generated from asset management and other related services arising from insurance and investment contracts.

The segment results for the year ended 31 December 2023 are as follows:

<i>In (new) Leones</i>	Fire	Motor	Accident	Marine	Un allocated	Total
Revenue						
Premium less reinsurance	31,185,341	8,070,302	15,759,037	432,212	-	55,446,892
Unearned premium	(1,240,299)	(281,500)	(633,350)	(144,852)	-	(2,300,000)
Investment income	-	-	-	-	3,594,321	3,954,321
Total income earned	29,945,041	7,788,802	15,125,687	287,360	3,594,321	56,741,211
Expenditure						
Net commission paid						
Commission expense	(12,318,397)	(900,696)	(4,041,980)	(466,332)	-	(17,727,405)
Commission income	1,752,736	397,803	895,022	204,698	-	3,250,259
	(10,565,661)	(502,893)	(3,146,958)	(261,634)	-	(14,477,146)

Notes to the financial statements (continued)

5. Segment information (continued)

5.1 The segment results for the year ended 31 December 2023 (continued)

<i>In (new) Leones</i>	Fire	Motor	Accident	Marine	Un allocated	Total
Net claims incurred	(2,089,705)	(1,533,003)	(5,303,463)	-	-	(8,926,171)
Other income	162,655	42,090	82,190	2,254	-	289,189
Net finance cost	1,823,270	471,802	921,297	25,268	-	3,241,637
Management expenses	(14,486,662)	(3,748,668)	(7,320,097)	(200,762)	-	(25,756,189)
Total expenses	(27,579,708)	(6,086,441)	(16,235,062)	(617,429)	-	(50,518,640)
Income from non-life operations	4,789,327	2,518,001	358,404	(147,521)	3,594,321	11,112,532

Notes to the financial statements *(continued)*

5. Segment information (continued)

5.1 The segment results for the year ended 31 December 2022

<i>In (new) Leones</i>	Fire	Motor	Accident	Marine	Un allocated	Total
Revenue						
Premium less reinsurance	19,420,509	5,399,585	7,841,319	873,410	-	35,534,823
Unearned premium	(1,274,110)	(304,710)	(878,039)	(119,591)	-	(2,568,450)
Investment income	-	-	-	-	2,298,504	2,298,504
<hr/>						
Total income earned	18,146,399	5,094,875	6,963,280	761,819	2,298,504	33,264,877
<hr/> <hr/>						
Expenditure						
Net commission paid						
Commission expense	(5,921,618)	(539,638)	(3,020,430)	(207,002)	-	(9,688,688)
Commission income	1,782,040	426,184	1,228,073	156,077	-	3,592,374
<hr/>						
	(4,139,578)	(113,454)	(1,792,357)	(50,925)	-	(6,096,314)
<hr/> <hr/>						

Notes to the financial statements (continued)

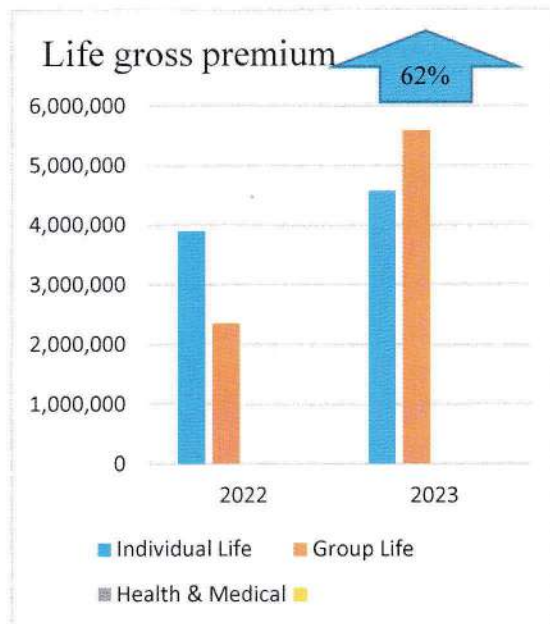
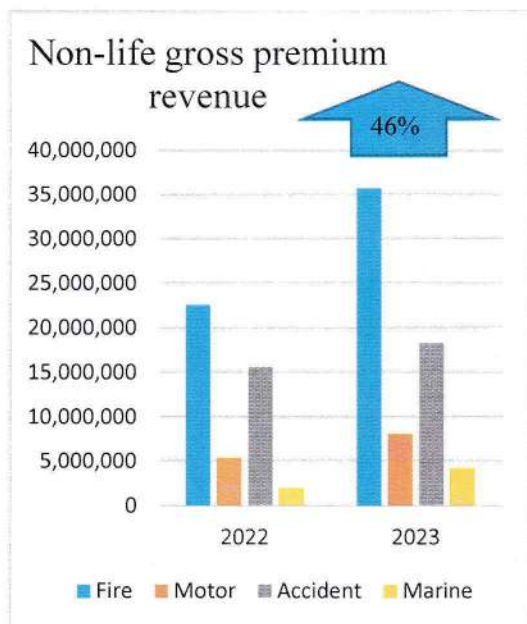
5. Segment information (continued)

5.1 The segment results for the year ended 31 December 2022 (continued)

<i>In (new) Leones</i>	Fire	Motor	Accident	Marine	Un allocated	Total
Net claims incurred	(1,499,270)	(1,760,291)	(1,897,419)	(36,000)	-	(5,192,080)
Other income	175,835	48,888	70,996	7,906	-	303,627
Net finance income	4,758,282	1,322,970	1,921,227	213,997	-	8,216,476
Management expenses	(12,642,243)	(3,514,889)	(5,104,494)	(568,567)	-	(21,830,293)
Total expenses	(20,063,131)	(5,814,918)	(10,022,343)	(811,569)	-	(36,711,961)
Income from non-life operations	4,799,425	1,077,999	161,233	328,232	2,298,504	8,665,393

Notes to the financial statements (continued)

6. Revenue



6a. Non- Life

<i>In (new) Leones</i>	2023	2022
Fire	35,762,894	22,577,740
Motor	8,116,785	5,399,585
General accident	18,262,062	15,559,195
Marine	4,176,655	1,977,426
	66,318,396	45,513,946

6b. Life

<i>In (new) Leones</i>	2023	2022
Individual Life	4,577,131	3,905,952
Group Life	5,578,575	2,349,685
Health & Medical	6,500	16,168
	10,162,206	6,271,805

Notes to the financial statements *(continued)*

7. Investment income

7a. Non-Life

<i>In (new) Leones</i>	2023	2022
Interest received	3,414,321	2,199,504
Income from investment property	180,000	99,000
Total investment income Non-Life	3,594,321	2,298,504

7b. Life

<i>In (new) Leones</i>	2023	2022
Interest received	354,131	272,394
Total Life	354,131	272,394

8. Management expenses

8a. Non – life

<i>In (new) Leones</i>	2023	2022
Advertising	291,634	338,264
Audit fees	330,000	247,000
Depreciation and amortisation	1,251,493	844,485
Entertainment	905,156	510,681
Utility bills	213,425	141,759
Legal and professional	709,392	227,594
Directors' fees	214,650	171,000
Motor expenses	280,799	161,625
Fuel cost	733,526	432,229
Repairs and maintenance	288,725	673,598
Staff costs (Note 9a)	5,331,996	7,136,897
Communication	321,955	249,758
Printing and stationery	234,782	173,677
Rent and rates	969,197	906,580
Subscription and donation	96,414	85,101
Traveling	1,163,688	757,730
Impairment loss on trade receivables	3,150,000	2,356,389
Registration fee	726,174	455,139
Office cleaning & expenses	115,153	240,057
Security expenses	373,290	223,200
Marketing expenses	2,245,895	1,499,537
Insurance expenses	103,663	141,214
Per-diem overseas	1,112,928	819,359
Meeting, conference and seminars	3,992,052	3,037,420
Non-life expenses	25,756,190	21,830,293

Notes to the financial statement *(continued)*

8. Management expenses (continued)

8b. Life

<i>In (new) Leones</i>	2023	2022
Impairment loss/(recovery) on trade receivables	191,206	(81,721)
Bad debts written off	-	-
Staff costs (Note 9b)	785,556	552,548
Miscellaneous	1,069,893	332,151
Depreciation	2,280	7,148
Life expenses	<u><u>2,048,935</u></u>	<u><u>810,126</u></u>

8c. Impairment loss on trade receivables

<i>In (new) Leones</i>	2023	2022
Non- life	3,150,000	2,356,389
Life	191,206	(81,721)
	<u><u>3,341,206</u></u>	<u><u>2,274,668</u></u>

9. Staff costs

9a Non-Life

<i>In (new) Leones</i>	2023	2022
Salaries and wages	4,326,267	5,405,786
Staff welfare	-	256,217
Medical	211,895	55,110
Training	13,500	1,419,784
Staff benefits	780,333	-
	<u><u>5,331,996</u></u>	<u><u>7,136,897</u></u>

9b. Life

<i>In (new) Leones</i>	2023	2022
Salaries and wages	677,899	520,838
Staff welfare	83,235	28,110
Medical	21,422	3,600
Training	3,000	-
	<u><u>785,556</u></u>	<u><u>552,548</u></u>

Notes to the financial statement *(continued)*

10. Disclosable items

Disclosable items included in the statement of comprehensive income as part of management expenses for the period under review are as follows:

<i>In (new) Leones</i>	2023	2022
Directors' fees	214,650	171,000
Depreciation and amortisation	1,262,721	851,633
Auditor's fees	330,000	247,000
	<u>330,000</u>	<u>247,000</u>

11. Net finance cost/(income)

11a. Non-Life

<i>In (new) Leones</i>	2023	2022
Net foreign exchange gain	4,426,265	8,959,198
Interest on loan received	-	-
Interest on loan paid	(234,689)	(116,477)
Bank charges	(949,940)	(626,245)
	<u>(3,241,637)</u>	<u>(8,216,476)</u>

11b. Life

<i>In (new) Leones</i>	2023	2022
Interest on policy holders	(36,738)	(18,293)
Bank charges	(47,168)	(19,775)
Interest on loans received	-	-
	<u>(83,906)</u>	<u>(38,068)</u>

Total net finance cost/(income)	<u><u>(3,157,731)</u></u>	<u><u>(8,178,408)</u></u>
--	---------------------------	---------------------------

12. Tax account

12a. Current tax expense

<i>In (new) Leones</i>	2023	2022
Income tax expense		
Current year at 25%	2,844,777	-
Deferred tax expense		
Originating and reversal of temporary differences	181,495	2,279,438
	<u>3,026,272</u>	<u>2,279,438</u>

Notes to the financial statement *(continued)*

12. Tax account (continued)

12b. Reconciliation of effective tax rate

<i>In thousands of Leones</i>	2023	2022
Profit before income tax	11,112,532	8,665,393
Income tax on profit before tax	<u>2,778,133</u>	<u>2,166,348</u>
Tax impact of permanent difference:		
Non-deductible expenses	250,392	148,946
Adjustment- due to change in tax rate	-	-
Tax incentives	(2,254)	(35,856)
	<u><u>3,026,271</u></u>	<u><u>2,279,438</u></u>

12c. Income tax account

<i>In thousands of Leones</i>	2023	2022
Balance at 1 January	(1,460,672)	149,540
Tax charge for the year	2,844,777	-
	<u>1,384,105</u>	<u>149,540</u>
Payment during the year	(1,550,000)	(1,610,212)
Balance at 31 December	<u><u>(165,895)</u></u>	<u><u>(1,460,672)</u></u>

Notes to the financial statement *(continued)*

12. Tax account (continued)

12d. Deferred tax asset and liabilities

Recognised deferred tax asset and liabilities

<i>In thousands of Leones</i>	2023			2022		
	Assets	Liability	Net	Assets	Liability	Net
Property and equipment		86,729	86,729	139,782	-	139,782
Employee benefit plan	(275,469)		(275,469)	-	(140,199)	(140,199)
Actuarial loss/(gain)	(541)		(541)	-	-	-
Tax Loss carried forward			-	-	(77,879)	(77,879)
Recognized in other income-actuarial gain			-	-	(543)	(543)
Impairment allowance	(1,023,242)	-	(1,023,242)	-	(208,612)	(208,612)
Unrealised gain on revaluation of equity securities	1,612,062		1,612,062	1,254,205	-	1,254,205
Unrealised foreign exchange gains	3,913,439		3,913,439	2,806,873	-	2,807,873
	<u>4,226,249</u>	<u>86,729</u>	<u>4,312,978</u>	<u>4,200,860</u>	<u>(427,233)</u>	<u>3,773,627</u>
	=====	=====	=====	=====	=====	=====

12e. Movement in temporary differences during the year

2023

<i>In thousands of Leones</i>	Opening balance	Recognized in profit and loss	Recognized in equity	Closing balance
Property plant and equipment	139,782	(53,052)	-	86,730
Employee benefit plan	(140,199)	(135,270)	-	(275,469)
Tax loss carried forward	(77,879)	77,879	-	-
Recognized in other income-actuarial gain	(543)	-	-	(543)
Impairment allowance	(208,612)	(814,629)	-	(1,023,241)
Unrealised exchange gains - revaluation of equity securities	1,254,205	-	-	1,254,205
Unrealised foreign exchange gains	2,806,873	1,106,566	357,856	4,271,295
	<u>3,773,627</u>	<u>181,494</u>	<u>357,856</u>	<u>4,312,977</u>
	=====	=====	=====	=====

Notes to the financial statement *(continued)*

12. Tax account *(continued)*

Movement in temporary differences during the year *(continued)*

2022

	Opening balance	Recognized in profit and loss	Recognized in equity	Closing balance
<i>In thousands of Leones</i>				
Property plant and equipment	2,068	137,714	-	139,782
Employee benefit plan	(140,199)	-	-	(140,199)
Tax loss carried forward	-	(77,879)	-	(77,879)
Recognized in other income- actuarial gain	(543)	-	-	(543)
Impairment allowance	(188,415)	(20,197)	-	(208,612)
Unrealised exchange gains - revaluation of equity securities	710,673	-	543,532	1,254,205
Unrealised foreign exchange gains	567,073	2,239,800	-	2,806,873
	<u>950,657</u>	<u>2,279,438</u>	<u>543,532</u>	<u>3,773,627</u>

Notes to the financial statement (continued)

13. Property and equipment

<i>In (new) Leones</i>	Motor vehicle	Office furniture and equipment	Total
Cost			
At 1 January 2022	1,914,680	1,569,508	3,484,188
Additions	2,868,494	1,023,870	3,892,364
At 31 December 2022	4,783,174	2,593,378	7,376,552
At 1 January 2023	4,783,174	2,593,378	7,376,552
Additions	-	180,322	180,322
Write off	(1,415,680)	(136,916)	(1,552,596)
Disposal	(2,000)	(15,000)	(17,000)
At 31 December 2023	3,365,494	2,621,784	5,987,278
Accumulated depreciation			
At 1 January 2022	1,374,317	1,137,843	2,512,160
Charge for the year	559,153	245,846	804,999
At 31 December 2022	1,933,470	1,383,689	3,317,159
At 1 January 2023	1,933,470	1,383,689	3,317,159
Charge for the year	880,795	341,613	1,222,409
Write off	(1,415,680)	(136,916)	(1,552,596)
Disposal	(2,000)	(15,000)	(17,000)
At 31 December 2023	1,396,585	1,573,387	2,969,972
Carrying amount			
At 1 January 2022	540,363	431,665	972,028
At 31 December 2022	2,849,704	1,209,689	4,059,393
At 1 January 2023	2,849,704	1,209,689	4,059,393
At 31 December 2023	1,968,909	1,048,398	3,017,306

Notes to the financial statement (continued)

14. Intangible assets

<i>In (new) Leones</i>	Computer Software
Cost	
At 1 January 2022	266,520
Acquisitions	86,999
At 31 December 2022	<u>353,519</u>
At 1 January 2023	353,519
Acquisitions	181,503
At 31 December 2023	<u>535,022</u>
Amortisation and impairment losses	
At 1 January 2022	176,902
Amortisation for the year	46,634
At 31 December 2022	<u>223,536</u>
At 1 January 2023	223,536
Amortisation for the year	40,312
At 31 December 2023	<u>263,848</u>
Carrying Amount	
At 1 January 2022	89,618
At 31 December 2022	<u>129,983</u>
At 1 January 2023	89,618
At 31 December 2023	<u>271,174</u>

15. Investment in subsidiary

<i>In (new) Leones</i>	2023	2022
Staco Properties Company Limited	1,660,580	-
Staco insurance Ghana set up	530,857	-
Transfer from investment property	2,632,000	-
At 31 December	<u>4,823,437</u>	<u>-</u>

Notes to the financial statement *(continued)*

16. Investment property

<i>In (new) Leones</i>	2023	2022
At 1 January	5,439,354	5,411,354
Transfer	(2,632,000)	28,000
At 31 December	2,807,354	5,439,354

During 2019, the Company purchased a piece of land and building from Staco Insurance PLC for ₦ 105 million.

17. Financial assets

<i>In (new) Leones</i>	2023	2022
Held to maturity	43,202,294	20,271,877
Equity investments	6,827,892	5,396,468
	50,030,186	25,668,345

Statutory deposit was made with the Bank of Sierra Leone in compliance with Section 23(1) of the Insurance Act 2016. The deposit of Le 300 million for each class of business (Le 1,500 million in total) is, and will continue to be maintained at the Bank of Sierra Leone, so long as the Company continues to transact insurance business in Sierra Leone. The Bank of Sierra Leone on behalf of the Company invests part of the statutory deposits in treasury bills (Government Securities).

17a. Held to maturity financial assets

The fair value of the held to maturity financial assets approximate to the carrying amount.

<i>In (new) Leones</i>	2023	2022
Statutory deposit	1,500,000	1,500,000
Treasury bills	4,871,450	4,834,620
Eurobond	9,446,985	7,915,959
Fixed deposits	27,383,859	6,021,298
	43,202,294	20,271,877

Held to maturity constitute assets expected to be realized within one year

Notes to the financial statement *(continued)*

17. Financial assets (continued)

17b. Equity investment

Company	Number of shares	Percentage of shares held
WAICA Reinsurance Corporation PLC	83,709	0.17%
	=====	=====
<i>In (new) Leones</i>	2023	2022
At 1 January	5,396,468	3,222,341
Fair value gain	1,431,424	2,174,127
	-----	-----
	6,827,892	5,396,468
	=====	=====

18. Loans and receivables including insurance receivables

18a. Loans and receivables including insurance receivables

<i>In (new) Leones</i>	2023	2022
Due from agents and brokers	20,544,064	15,061,549
Allowance for impairment	(7,111,626)	(3,770,420)
	-----	-----
	13,432,438	11,291,129.00
	-----	-----
Other loans and receivables:		
Prepayments	1,329,357	847,411
Loans to staff	277,462	92,177
Others	3,760,194	12,665,516
STACO Insurance Ghana set-up	-	530,857
Loan collateral	-	1,408,985
	-----	-----
	5,367,013	15,544,946
	-----	-----
Total loans and receivables including insurance receivables	18,799,451	26,836,075
	=====	=====

18b. Allowance for impairment

<i>In (new) Leones</i>	2023	2022
At 1 January	3,770,420	12,722,380
Charge for the year	3,341,206	2,274,668
Write off	-	(11,226,628)
	-----	-----
	7,111,626	3,770,420
	=====	=====

Notes to the financial statement *(continued)*

18. Loans and receivables including insurance receivables

18c. Allowance for impairment

<i>In (new) Leones</i>	2023	2022
Specific allowance for impairment		
At 1 January	3,705,454	12,576,626
Charge for the year	3,341,206	2,355,456
Write off		(11,226,628)
	7,046,660	3,705,454
Collective allowance for impairment		
At 1 January	64,966	145,754
Charge /(release) for the year	-	(80,788)
	64,966	64,966
Total allowance for impairment	7,111,626	3,770,420

19. Cash and cash equivalents

<i>In (new) Leones</i>	2023	2022
Bank balances	24,239,794	25,075,665
Cash balances	5,498	48,874
	24,245,292	25,124,539
Overdrawn balance		
Cash at Bank - Access Bank	-	(333,932)
Cash at Zenith Bank SL	(6,488)	-
Cash at Ecobank SL	(12,745)	-
Ecobank Nig Naira Account	(84,929)	-
	(104,163)	(333,932)
Net cash and cash equivalents	24,141,129	24,790,607

Notes to the financial statement *(continued)*

20. Share capital

Authorised:	2023		2022	
	Number of shares	Amount Le	Number of shares	Amount Le
200 million ordinary shares of 10 cents each	200,000,000	20,000,000	200,000,000	20,000,000
Issued and fully paid:				
At 1 January	86,640,580	8,664,058	86,640,580	8,664,058
At 31 December	86,640,580	8,664,058	86,640,580	8,664,058

20.1 Shareholders and their shareholding

Shareholders	Shareholding
Righini Capital Limited	60%
Mr Dere Otubu	13%
Mr Sakiru O. Oyefeso	10%
The Estate of late Amb Henry Macauley	5%
The Estate of late Foday Sesay	4%
Mr Ehi Eguabor	2.22%
The Estate of late Brima Ndoeka	2%
Mr Adekunle Michael Aderinola	1.68%
Others (Staco Staff)	1.60%
Mrs Emerica Karefa-Kargbo	0.5%
	100

21. Retained earnings

<i>In (new) Leones</i>	2023	2022
At 1 January	4,920,812	3,900,275
Prior year adjustment	13,505	-
Profit for the year	8,086,260	6,385,955
Transfer to contingency reserves	(1,989,552)	(1,365,418)
Dividend to owners	(4,000,000)	(4,000,000)
At 31 December	7,031,026	4,920,812

22. Contingency reserve

<i>In (new) Leones</i>	2023	2022
At 1 January	7,307,564	5,879,428
Transfer from retain earnings - Non-Life	1,989,552	1,365,418
Transfer from life fund	101,622	62,718
At 31 December	9,398,738	7,307,564

Notes to the financial statement *(continued)*

23. Other reserves

<i>In (new) Leones</i>	2023	2022
At 1 January	(6,753)	(6,753)
At 31 December	<u>(6,753)</u>	<u>(6,753)</u>

The other reserves represent the net actuarial gain on the defined benefit obligation recognized in other comprehensive income.

24. Fair value reserve

<i>In (new) Leones</i>	2023	2022
At 1 January	3,534,303	1,903,708
Fair value gain	1,073,568	1,630,595
At 31 December	<u>4,607,871</u>	<u>3,534,303</u>

The fair value reserves represent the fair value adjustments resulting from the fair valuation of the Company's investment in unquoted equity investments.

25. Reserves and retained earnings

<i>In (new) Leones</i>	2023	2022
Contingency reserve	9,398,738	7,307,564
Fair value reserve	4,607,871	3,534,303
Other reserve	(6,753)	(6,753)
Retained earnings	7,031,026	4,920,812
Balance at 31 December	<u>21,030,882</u>	<u>15,755,926</u>

26. Insurance funds

26a Non-Life (General business)

<i>In (new) Leones</i>	2023	2022
Balance at 1 January	16,645,238	14,076,788
Movement in unearned premium	2,300,000	2,568,450
Balance at 31 December	<u>18,945,238</u>	<u>16,645,238</u>

Notes to the financial statement *(continued)*

26. Insurance funds (continued)

26b Life business

<i>In (new) Leones</i>	2023	2022
Balance at 1 January	11,838,056	10,164,095
Increase arising from changes in net premium	2,126,086	648,475
Transfer to contingency reserve	(101,622)	(62,718)
Movement in unearned premium	1,180,918	1,088,204
Balance at 31 December	15,043,437	11,838,056

Notes to the financial statement (continued)

27. Employee benefit provision

	Defined benefit obligation	Fair value of plan assets 2023	Net defined benefit (asset) liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability 2022
<i>In (new) Leones</i>						
Balance at 1 January	1,631,562	(200,000)	1,431,562	381,650	(200,000)	181,650
	<u>1,631,562</u>	<u>(200,000)</u>	<u>1,431,562</u>	<u>381,650</u>	<u>(200,000)</u>	<u>181,650</u>
Included in profit or loss						
Current service cost	555,342	-	555,342	1,419,784	-	1,419,784
Interest cost	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
	<u>555,342</u>	<u>-</u>	<u>555,342</u>	<u>1,419,784</u>	<u>-</u>	<u>1,419,784</u>
Included in Other comprehensive income						
Actuarial loss/(gain)	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other						
Benefits paid	(14,263)	-	(14,263)	(169,872)	-	(169,872)
Contributions paid by employer	-	-	-	-	-	-
	<u>(14,263)</u>	<u>-</u>	<u>(14,263)</u>	<u>(169,872)</u>	<u>-</u>	<u>(169,872)</u>
Balance at 31 December	<u>2,172,641</u>	<u>(200,000)</u>	<u>1,972,641</u>	<u>1,631,562</u>	<u>(200,000)</u>	<u>1,431,562</u>

Notes to the financial statement (continued)

28. Insurance contracts claims

2023

In (new) Leones

	Fire	Motor	Accident	Marine	Life	Total
At 1 January	705,091	2,465,142	2,255,696	-	111,279	5,537,208
Net claims incurred during the year	2,089,705	1,533,003	5,303,463	-	1,769,029	10,695,200
Claims paid during the year	(2,684,103)	(609,187)	(1,370,618)	-	(1,769,030)	(6,432,938)
Claims outstanding at 31 December 2023	110,692	3,388,958	6,188,541	-	111,279	9,799,470

2022

In (new) Leones

	Fire	Motor	Accident	Marine	Life	Total
At 1 January	14,400	1,231,467	1,175,011	-	195,727	2,616,605
Claims incurred during the year	1,499,270	1,760,291	2,967,789	36,000	2,116,289	18,531,783
Claims paid during the year	(808,580)	(526,616)	(816,734)	(36,000)	(2,200,737)	(4,388,667)
Claims outstanding at 31 December 2022	705,090	2,465,142	2,255,696	-	111,279	5,537,207

Notes to the financial statement *(continued)*

29. Loan

<i>In (new) Leones</i>	2023	2022
Balance at 1 January	1,757,245	205,714
Loan receipt during the year		1,829,000
Payment during the year	(1,757,245)	(277,469)
Balance at 31 December	<u><u>-</u></u>	<u><u>1,757,245</u></u>

30. Trade and other payables

<i>In (new) Leones</i>	2023	2022
Commission outstanding	10,969,396	6,349,910
Accruals	3,753,213	3,215,870
Other creditors	9,564,619	13,415,760
	<u><u>24,287,228</u></u>	<u><u>22,981,540</u></u>

The estimated fair values of accounts due to other trading parties and trade payables are the amounts repayable on demand. All trade and other payables are current liabilities.

31. Management of insurance and financial risk

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Company manages them.

31.1 Insurance risk

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

For a portfolio of insurance contracts where probability is involved in pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random w in terms of type and amount of risk, geographical location and type of industry covered.

Notes to the financial statements (continued)

31. Management of insurance and financial risk (continued)

31.1.1 Casualty insurance risks

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered in motor insurance and claims paid for medical business. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangement and proactive claims handling.

The underwriting strategy attempts to ensure that the underwriting risks are well diversified in terms of type and amount of risk industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies. It can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (i.e. subrogation). Furthermore, the Company's strategy limits the total exposure to any one business. The reinsurance arrangements include excess stop-loss and catastrophe coverage. The effect of such reinsurance arrangements is that the company should not suffer the total net insurance losses on the contracts.

The Company has specialized claims units dealing with the mitigation of risks surrounding known claims. The claims unit investigates and adjusts all claims. The claims are reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contracted terms and conditions and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claim's occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the balance sheet date. As a result, liability claims are settled over a long period of time and some element of the claims provision relates to incurred but not reported claims (IBNR).

There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by the individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for outstanding claims not yet reported at the balance sheet date.

Notes to the financial statements (continued)

31. Management of insurance and financial risk (continued)

31.1.1 Casualty insurance risks (continued)

(b) *Sources of uncertainty in the estimation of future claim payments (continued)*

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case by case basis or projected separately in order to account for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Company adopts the relevant techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections made by the Company also assist in estimating the range of possible outcomes.

31.1.2 Life insurance contracts

These contracts are mainly issued by employers to insure their commitments to their employees in terms of their pension fund and other employee benefit plans. The risk is affected by the nature of the industry in which the employer operates.

31.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligation arising from its insurance contracts. The most important components of this financial risk are credit risk, currency risk and liquidity risk.

Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risks are:

- Reinsurance share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders and intermediaries.

The Company has policies in place to ensure that services are rendered to customers with an appropriate credit history.

Reinsurance is used to manage insurance risk. This does not however discharge the Company's liability as primary insurer. If the reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurance is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

Management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies or other publicly available financial information.

Notes to the financial statements *(continued)*

31. Management of insurance and financial risk *(continued)*

31.2 Financial risk

Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

Currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. This risk is managed by maintaining adequate foreign currency assets to meet its foreign currency liabilities as they fall due.

<i>In (new) Leones</i>	Le	USD	Euro	GBP	Naira	Total
Property and equipment	3,017,306	-	-	-		3,017,306
Intangible assets	271,174	-	-	-		271,174
Investment property	-	-	-	-	2,807,354	2,807,354
Investment in subsidiary	4,823,437					4,823,437
Financial assets	40,583,201	9,446,985	-	-	-	50,030,186
Income tax receivables	165,895					165,895
Loans and receivables including insurance receivables	18,882,143					18,882,143
Cash and cash equivalent	1,393,308	20,347,628	1,343,844	885,673	274,839	24,245,292
Total assets	69,136,464	29,794,613	1,343,844	885,673	3,082,193	104,242,787
Employee benefit provision	1,972,641	-	-	-	-	1,972,641
Insurance contract	9,799,470	-	-	-	-	9,799,470
Short - term loan	-	-	-	-	-	-
Overdrawn bank balance	19,234	-	-	-	84,929	104,163
Trade and other payables	23,551,573	614,753	-	-	120,902	24,287,228
Income tax liability	-	-	-	-	-	-
Deferred tax liability	4,312,978	-	-	-	-	4,312,978
Non-life fund	18,945,238	-	-	-	-	18,945,238
Life fund	15,126,129	-	-	-	-	15,126,129
Total liabilities	73,727,262	614,753	-	-	205,831	74,547,847
Net exposure	(4,590,798)	29,179,860	1,343,844	885,673	2,876,361	29,694,940

Notes to the financial statements *(continued)*

31. Management of insurance and financial risk (continued)

31.2 Financial risk (continued)

Currency risk (continued)

As at 31 December 2022

<i>In thousands of Leones</i>	Le	USD	Euro	GBP	Naira	Total
Property and equipment	4,059,393	-	-	-	-	4,059,393
Intangible assets	129,983	-	-	-	-	129,983
Investment property	2,632,000	-	-	-	2,807,354	5,439,354
Financial assets	17,752,387	7,915,958	-	-	-	25,668,345
Income tax receivable	1,460,672	-	-	-	-	1,460,672
Loans and receivables including insurance receivables	26,836,105	-	-	-	-	26,836,105
Cash and cash equivalent	3,328,191	20,441,028	161,507	217,733	976,080	25,124,539
Total assets	56,198,731	28,356,986	161,507	217,733	3,783,434	88,718,391
Employee benefit provision	1,431,562	-	-	-	-	1,431,562
Insurance contract	5,537,207	-	-	-	-	5,537,207
Short - term loan	1,757,245	-	-	-	-	1,757,245
Overdrawn bank balance	281,942	-	-	-	51,990	333,932
Trade and other payables	22,245,885	614,753	-	-	120,902	22,981,540
Income tax liability	-	-	-	-	-	-
Deferred tax liability	3,773,627	-	-	-	-	3,773,627
Non-life fund	16,645,238	-	-	-	-	16,645,238
Life fund	11,838,056	-	-	-	-	11,838,056
Total liabilities	63,510,762	614,753	-	-	172,892	64,298,407
Net exposure	(7,312,031)	27,742,233	161,507	217,733	3,610,542	24,419,984

Notes to the financial statements *(continued)*

31. Management of insurance and financial risk (continued)

31.2 Financial risk (continued)

Currency risk

In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The summary quantitative data about the Company's exposure to currency risk as reported by management is as follows:

2023

<i>In (new) Leones</i>	USD	Euro	GBP	Naira	Total
Investment property	-	-	-	2,807,354	2,807,354
Financial assets	9,446,985	-	-	-	9,446,985
Loans and receivables including insurance receivables	-	-	-	-	-
Cash and cash equivalents	20,347,628	1,343,844	885,673	274,839	22,851,984
Total assets	20,347,628	1,343,844	885,673	274,839	22,851,984
Overdrawn bank balance	-	-	-	84,929	84,929
Trade and other payables	614,753	-	-	120,902	735,655
Total liabilities	614,753	-	-	205,831	820,584
Net on financial position exposure	19,732,875	1,343,844	885,673	69,007	22,031,399

2022

<i>In thousands of Leones</i>	USD	Euro	GBP	Naira	Total
Investment property	-	-	-	2,807,354	2,807,354
Financial assets	20,441,028	161,507	217,733	976,080	7,915,958
Cash and cash equivalents	20,441,028	161,507	217,733	976,080	21,796,348
Total assets	20,441,028	161,507	217,733	976,080	21,796,348
Overdrawn bank balance	-	-	-	51,990	51,990
Trade and other payables	614,753	-	-	120,902	735,655
Total liabilities	614,753	-	-	172,892	787,645
Net on financial position exposure	19,826,875	161,507	217,733	803,188	21,008,703

Notes to the financial statements *(continued)*

32. Capital commitments

There were no capital commitments at 31 December 2023 (2022: Nil).

33. Contingent liabilities

The Company is defending a claim brought by one of its marine policy holders for a passenger boat insured for Le 1.85 billion (US\$250,000) and based on legal advice, management believes that the case will be unsuccessful. No provision has therefore been made for the claim in the financial statements.

34. Related party disclosures

The following transactions were carried out with related parties:

(a) Key management compensation

<i>In (new) Leones</i>	2023	2022
Salaries and other short term employee benefits	3,750,000	3,217,540
	<u>3,750,000</u>	<u>3,217,540</u>

35. Subsequent events

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. There were no such events as at the date the financial statements were issued.

Notes to the financial statements (continued)

36. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

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a. Foreign currency translations

(a) *Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'). The financial statements are presented in thousands of Leones, which is the company's presentation currency.

(b) *Transactions and balances*

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

b. Property and equipment

Property and equipment comprise the cost of motor vehicles and various office equipment. All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the financial statement *(continued)*

36. Summary of significant accounting policies (continued)

b. Property and equipment (continued)

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Motor vehicles	-	4 years
Furniture, fixtures and equipment	-	5 - 10 years
Improvement to buildings	-	10 years

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

c. Investment property

Property held for long-term rental yields that is not occupied by the company is classified as investment property.

Investment property comprises freehold land and buildings.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the company.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its cost at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement.

Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

Notes to the financial statement *(continued)*

36. Summary of significant accounting policies (continued)

d. Investments

The company classifies its investments into the following categories: held-to-maturity financial assets and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

i. Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the company's management has the positive intention and ability to hold to maturity.

Investment in government securities such treasury bills and bearer bonds are held at amortized cost.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

iii. Equity investments

Equity investments are non-derivative financial assets such as equity shares in local and foreign companies.

Purchases and sales of investments are recognised on the trade date, that is the date on which the company commits to purchase or sell the asset. Investments are carried at cost and are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

e. Impairment of assets

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the company about the following events:

- (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

Notes to the financial statement *(continued)*

36. Summary of significant accounting policies (continued)

e. Impairment of assets

- (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, including:
- adverse changes in the payment status of issuers or debtors in the group; or
 - national or local economic conditions that correlate with defaults on the assets in the group.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the assets' carrying amount and the estimated realizable value. 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.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. These 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 income statement.

f. Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Notes to the financial statement (continued)

36. Summary of significant accounting policies (continued)

g. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

i. Insurance contracts

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Company as a general guideline, determines significant insurance risks and enters into re-insurance contracts with other insurance companies.

Local statutory regulations and the terms and conditions of these contracts set out the basis for the determination of the amounts involved.

(i) Short-term insurance contracts

These contracts are casualty, property and short-duration life insurance contracts.

Casualty insurance contracts protect the company's customers against the risk of harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the company's customers for damage suffered to their properties or for the value of property lost.

Short-duration life insurance contracts protect the company's customers from the consequences of events (such as death or disability) that would affect on the ability of the customer or his/her dependents to maintain their current level of income.

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Notes to the financial statement *(continued)*

36. Summary of significant accounting policies (continued)

i. Insurance contracts (continued)

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the company.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

(iii) Reinsurance contracts held

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Insurance contracts entered into by the company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

(iv) Receivables and payables related to insurance contracts

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 that impairment loss in the income statement. The company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

Notes to the financial statement *(continued)*

36. Summary of significant accounting policies (continued)

i. Insurance contracts (continued)

(v) Salvage and subrogation reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (i.e., salvage). The company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

(vi) Salvage and subrogation reimbursements (continued)

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

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

j. Claims

Provision is made by management for the estimated cost of claims notified but not settled at the date of the balance sheet using all the information available at that time. In accordance with statute, a further provision is also made by management representing twenty percent of the estimated amount of outstanding claims in respect of claims incurred but not reported at the end of the last preceding year;

k. Insurance funds

In accordance with statute, in the case of insurance business other than marine insurance business, forty-five percent of the total net premiums is provided as an estimate of premiums unearned at the financial position date.

In the case of marine hull insurance business, not less than seventy-five percent of the net premiums for the year is provided as an estimate of premiums unearned at the financial position date.

l. Contingency reserves

In accordance with statute, in the case of contingency reserves for general insurance business, reserves shall not be less than three percent of the total premiums or twenty percent of the net profits whichever is the greater; and such amount shall accumulate until it reaches the minimum paid-up capital or fifty percent of the net premiums, whichever is the greater.

For life insurance business, contingency reserve is credited with an amount equal to one percent of the premiums

Notes to the financial statement (continued)

36. Summary of significant accounting policies (continued)

m. Deferred income tax

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

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

n. Employee benefits

(i) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services provided.

A provision is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Bank has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be reliably estimated.

(ii) End of Service benefit

This refers to a defined employee benefit scheme which falls due wholly within twelve months after the end of service by the employee. The expected cost of these benefits is accrued over the period of employment.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

o. Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognized when: the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the financial statement *(continued)*

36. Summary of significant accounting policies (continued)

p. Revenue recognition

Revenue is recognized as follows:

Revenue arising from underwriting and other related services offered by the company are recognized in the accounting period in which the services are rendered.

- (i) The non-life underwriting result is net of reinsurance, provisions for unearned premium and outstanding claims.
- (ii) The life department income is stated net of reinsurance.
- (iii) Investment income is shown gross before the deduction of income tax and is accounted for on an accrual basis.

q. Dividend income

Dividend income for equities held is recognized when the right to receive payment is established - this is the ex-dividend date for equity securities.

r. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

s. Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period for which the dividends are approved by the company's shareholders.

Notes to the financial statements (continued)

37. New standards, interpretations and amendments not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new and amended standards in preparing these financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new and amended standards in preparing these financial statements.

A. Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current

Under the amendments to IAS 1 *Presentation of Financial Statements* the classification of certain liabilities as current or non-current may change (e.g. convertible debt). In addition, the Bank may need to provide new disclosures for liabilities subject to covenants.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an *unconditional right* to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.

Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement, and only covenants with which a company must comply *on or before* the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply *after* the reporting date (i.e. future covenants) do not affect a liability's classification at that date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

B. Lease liability in a sale and leaseback - Amendments to IFRS 16

Amendments to IFRS 16 *Leases* impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024.

Notes to the financial statements (continued)

37. New standards, interpretations and amendments not yet effective (continued)

C. Supplier finance arrangements - Amendments to IAS 7 and IFRS 7

In response to investors' calls for more transparency of supplier finance arrangements' impacts on the financial statements, the International Accounting Standards Board (IASB) has amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted.

D. Lack of exchangeability - Amendments to IAS 21

Under IAS 21 *The Effects of Changes in Foreign Exchange Rates*, a company uses a spot exchange rate when translating a foreign currency transaction, however, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Other supplementary information

Five-year financial summary

<i>In thousands of Leones</i>	2023	2022	2021	2019	2020	2019
Total Assets	104,160,095	88,718,391	65,409,389	46,156,309	54,571,884	46,156,309
Financial Assets	50,030,186	25,668,345	17,794,851	16,869,171	11,726,237	16,869,171
Shareholders Fund	29,694,940	24,419,984	20,340,716	15,357,260	18,386,662	15,357,260
Insurance Funds:						
<i>Non-Life</i>	18,945,238	16,645,238	14,076,788	8,714,352	12,030,581	8,714,352
<i>Life</i>	15,043,437	11,838,056	10,164,095	4,930,894	6,562,987	4,930,894
Gross Premium	76,480,603	51,785,751	39,368,137	19,326,085	30,682,388	19,326,085
Net Premium after Re-insurance	63,036,314	38,358,001	31,223,519	18,030,360	26,418,002	18,030,360
Investment Income	3,948,453	2,570,898	2,035,320	2,010,352	1,673,333	2,010,352
Claims Expense	10,695,201	7,309,269	3,398,059	1,787,995	2,148,034	1,787,995
Management Expenses	27,805,125	22,640,419	15,803,810	8,094,115	9,266,801	8,094,115
Net Profit before Tax	11,112,532	8,665,393	6,512,281	5,710,492	8,198,617	5,710,492
Dividend Declared	TBA	4,000,000	4,000,000	3,150,000	4,000,000	3,150,000

Other supplementary information