

SOVEREIGN TRUST INSURANCE PLC

**UNAUDITED FINANCIAL STATEMENTS
30 SEPTEMBER 2024**

SOVEREIGN TRUST INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

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SOVEREIGN TRUST INSURANCE PLC

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	SEPT.2024	SEPT.2023	%
	₦'000	₦'000	Change
Statement of Profit or Loss and Other Comprehensive Income			
Insurance Revenue	33,410,714	16,838,813	98%
Insurance Service Expenses	10,921,188	6,356,733	-72%
Net Expenses From Reinsurance Contract Held	19,285,228	8,306,209	-132%
Insurance Service Result	3,204,298	2,175,871	47%
Investments Return	807,276	476,758	69%
Net Finance Result	(110,917)	28,736	-486%
Profit Before Income Tax	1,701,715	652,788	161%
Profit After Income Tax	1,496,458	535,349	180%
Statement of Financial Position			
Cash And Cash Equivalent	6,703,696	5,858,407	14%
Total Assets	25,205,116	16,606,832	52%
Total Liabilities	11,043,826	6,396,237	73%
Total Equity	14,161,291	10,210,595	39%
Insurance Contract Liabilities	7,007,024	3,802,067	84%
Per Share Data:			
Basic Earnings Per Share (Kobo)	11	5	123%

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

CERTIFICATION PURSUANT TO SECTION 6 (2) OF INVESTMENT AND SECURITIES ACT NO. 29 of 2007

We the undersigned hereby certify the following with regards to our financial statements for the year ended 30 September 2024 that:

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

Mr. Kayode Adigun
Chief Financial Officer
FRC/2013/ICAN/00000002652

Mr. Olaotan Soyinka
Managing Director/CEO
FRC/2013/CIIN/00000002671

Dated: 29th October, 2024

Dated: 29th October, 2024

SOVEREIGN TRUST INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

1. Corporate information

Sovereign Trust Insurance Plc ("The Company") was incorporated as a limited liability company on 26 February 1980, but was reorganized and commenced business as a reorganized non-life insurance company on 2 January 1995 with an authorized share capital of ₦30 million and a fully paid up capital of the ₦20 million following the acquisition and recapitalization of the then Grand Union Assurance Limited. The Company was listed on the Nigerian Stock Exchange on 29 November 2006.

Sovereign Trust Insurance Plc is regulated by the National Insurance Commission of Nigeri

The principal activity of the Company continues to be the provision of all classes of non-life insurance and special risk insurance, settlement of claims and Insurance of Policyholders' Fund. The Company's head office is at 17, Ademola Adetokunbo Street, Victoria Island, Lagos with 17 other branches spread across major cities.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

2.2.1 Basis for measurement

The preparation of these financial statements have been based on historical cost basis except for the undermentioned areas which are measured on an alternative basis on each reporting date:

- Equity instruments at fair value through profit or loss measured at fair value
- Debt securities at amortised cost
- Equity instrument at fair value through other comprehensive income
- Investment properties measured at fair value
- Land and buildings are carried at revalued amount.
- Insurance contract liabilities measured at present value of projected cash flows

The financial statements were approved by the board of Directors and authorised for issue on 14th March 2023.

SOVEREIGN TRUST INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

2.2.2 Statement of compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and IFRS Interpretations Committee (IFRIC) for Interpretations applicable to companies reporting under IFRS and in the manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) Circulars and Guidelines.

In accordance with IFRS 4 Insurance Contracts, the Company has applied existing accounting policies for Non-life insurance contracts, modified as appropriate to comply with the IFRS framework.

The preparation of financial statements in conformity with IFRS requires the Company's Board of Directors to exercise its judgment in applying the Company's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions or estimates are significant to the financial statements are as disclosed in Note 3.

The financial statements of Sovereign Trust Insurance Plc have been prepared on a going concern basis. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

2.3 Presentation currency

The financial statements are presented in Nigerian Naira (₦) and are rounded to the nearest thousand unless otherwise stated.

2.4 Foreign currencies

Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

Functional 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 Company is incorporated in Nigeria and has adopted the Naira as its functional currency.

2.5.1 Summary of Standards and Interpretations effective for the first time

2.5.1.1. Amendments to IAS 16 - Proceeds before intended use

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted. It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The Company does not expect these amendments to have impact on its financial statements when it becomes effective.

2.5.1.2. Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

The changes in Onerous Contracts - Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Company will not be affected by these amendments on the date of transition.

2.5.1.3. Amendments to IFRS 16 - COVID-19-related rent concessions

The amendment is effective for annual reporting periods beginning on or after 1 June 2021. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2021. The amendment is also available for interim reports. The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

- provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2021. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.

The Company does not expect these amendments to have impact on its financial statements when they become effective.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

2.5.1.4. Amendments to IFRS 3 - Reference to the conceptual framework

Minor amendments were made to IFRS 3 Business Combinations to update the reference to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provision. Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The effective date is 1 January 2022.

The amendment will have no material effect on the Company's financial statements.

2.5.1.5. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The Company will apply these amendments when they become effective.

2.5.1.6. Annual Improvement to IFRS Standards 2018 - 2020

The following Improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases - To remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The effective date is 1 January 2022.

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2.5.2 Standards Issued and Effective on or after 1 January 2023

a) IFRS 17 Insurance Contracts

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that a This standard replaces IFRS 4 – Insurance contracts.

The key principles in IFRS 17 are that an entity:

- a). identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain, future event (the insured event) adversely affects the policyholder;
- b). separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- c). divides the contracts into groups it will recognise and measure;
- d). recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all the available information about the fulfilment cash flows in a way that is consistent with observable market information plus (if this value is a liability) or minus (if this value is an asset) an amount representing the unearned profit in the group of contracts (the contractual service margin);
- e). recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk, if a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- f). presents separately insurance revenue, insurance service expenses and insurance finance income or expenses;
- g) discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity. To do this, an entity discloses qualitative and quantitative information about:
 - the amounts recognised in its financial statements from insurance contracts;
 - the significant judgements, and changes in those judgements, made when applying the Standard; and
 - the nature and extent of the risks from contracts within the scope of this Standard.

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2.5.3 Narrow Scope Amendments deferred until further notice

a) IFRS 10 consolidated financial statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

b) IAS 28 Investments in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

2.5.4 New standards, amendments and interpretations issued but without an effective

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

Amendments to IFRS 10 and IAS 28 consolidated financial statements and Investments in Associates and Joint Ventures

Amends IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments. These assets are readily convertible into known amounts of cash.

2.6.1 Cash and cash equivalents for the purpose of Statement of Cashflow

The cash and cash equivalents for the purpose of the statement of cashflow comprise of cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less and bank overdraft.

2.7 Financial assets

2.7.1. Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from noninsurance contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cashflows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cashflows. The business model determines whether cashflows will result from collecting contractual cashflows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

a. Business model assessment

There are three business models available under IFRS 9:

- Hold to collect Financial assets with objective to collect contractual cashflows.
- Hold to Collect and sell (Financial assets held with the objective of both collecting contractual cashflows and selling financial assets).
- Other Financial Assets held with trading intent or that do not meet the criteria of either "Hold to Collect" or "Hold to Collect and sell."

The Assessment of the business model requires judgment based on the facts and circumstances as at the date of the assessment. Sovereign Trust Insurance Plc has considered quantitative factors (e.g. expected frequency and volume of sales) and qualitative factors such as how the performance of the business model and financial assets held within the business model are evaluated and reported to management; the risk that affect the performance of the business, model and the financial assets held within the business model. In particular, the way in which those risks are managed; and how management received returns on the assets (i.e. whether the returns are based on fair value of the assets managed or on contractual cashflows collected).

b. Solely payments of principal and interest (SPPI)

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cashflows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification.

Contractual cashflows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

2.7.2. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

a. Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cashflows
- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes debt instruments (bonds), fixed deposits with banks and others.

b. Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cashflows and selling and
- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount

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For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. During the year under consideration, the Company does not have any debt instruments at fair value through OCI.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

d. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cashflows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

2.7.3. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of

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similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cashflows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

2.7.4. Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cashflows will include cashflows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agosto and Co. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company's debt instruments at amortised cost comprise solely of quoted bonds that are graded in the top investment category and the credit ratings are tracked by the finance and investment teams via publications by International Credit Rating Agencies and trading exchange platforms.

The Company's fixed income investment portfolio consists of Investment grade and high speculative bonds and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

Further disclosures relating to impairment of financial assets are also provided in the following

- Disclosures for significant estimates Judgements and assumptions - Note 3;
- Financial assets at amortised cost;
- Other receivables and prepayments.

2.7.5. Write off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company categorises its receivables for write-off when a debtor fails to make contractual payments greater than 360 days past due. Where financial assets have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

2.7.6. Financial liabilities and equity instruments

2.7.6.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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2.7.6.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.6.3 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company does not have any financial liability that is measured at fair value through profit or loss during the period under review.

2.7.6.4 Other financial liabilities

2.7.6.4.1. Subsequent measurement

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.7.6.4.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are extinguished- i.e. when the obligation specified in the contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

SOVEREIGN TRUST INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2.7.6.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8 Other assets

Other receivables principally consist of prepayments, accrued income and sundry debtors and are carried at amortised cost.

2.9 Reinsurance contracts

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

2.9.1 Reinsurance assets

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded policy claims. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing when and only when:

- a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract; and

SOVEREIGN TRUST INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

- b) that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer.

The carrying amount is reduced to its recoverable amount when there is an impairment loss. The impairment loss is recognised as an expense in the profit or loss. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

2.9.2 Reinsurance recoveries

Reinsurance recoveries in respect of Incurred but not reported (IBNR) claims are assumed to be consistent with the historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Company's reinsurance programmes. An assessment is made of the recoverability of reinsurance having regard to available data on the financial strength of the reinsurance companies. Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

2.9.3 Reinsurance liabilities

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance liabilities are derecognized when, and only when, it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires.

SECURITY TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealing in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Sovereign Trust Insurance Plc maintains effective Security Trading Policy which guides Director, Audit Committee members employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board Sovereign Trust Insurance Plc has made specific inquiries of all the directors and other insiders and is not aware of any infringement of policy during the period

SOVEREIGN TRUST INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 SEPTEMBER 2024

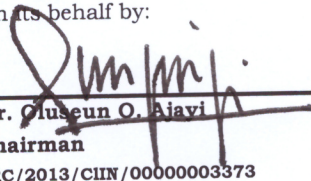
Shareholding Structure/ Free Float Status	30-Sep-24		30-Sep-23	
	Units	Percentages	Units	Percentages
Issued Share Capital	14,228,139,483	100%	11,364,466,014	100%
Substantial Shareholding (5% and above)				
MORNING SIDE CAPITAL PARTNERS LTD	2,499,000,000	17.56%	2,499,000,000	21.99%
SOVEREIGN INVESTMENTS LIMITED	1,055,850,018	7.42%	995,100,018	8.76%
TEEOF HOLDINGS LIMITED	881,572,742	6.20%	821,572,742	7.23%
TRIPPLE TEES ENDOWMENT LIMITED	1,791,346,735	12.59%	684,381,657	6.02%
AJAYI OLUSEUN O.	1,166,156,859	8.20%	666,156,859	5.86%
TRUSTBANC NOMINEE 4	900,000,000	6.33%	900,000,000	7.92%
RANDWAVES LTD	1,218,341,894	8.56%	-	0.00%
Total Substantial Shareholdings	9,512,268,248	67%	6,566,211,276	58%
Directors' Shareholdings (direct and indirect), excluding				
MR. OLAOTAN SOYINKA	68,298,960	0.48%	8,298,960	0.07%
MRS. UGOCHI ODEMELAM	88,419,351	0.62%	6,735,481	0.06%
MR. ABIMBOLA OGUNTUNDE	200,335,414	1.41%	335,414	0.00%
MS. EMI FALOUGHI	27,024,097	0.19%	27,024,097	0.24%
MR. KAYODE ADIGUN	66,926,116	0.47%	-	0.00%
MR. EMMANUEL ANIKIBE	20,604,971	0.14%	-	0.00%
Total Directors' Shareholdings	471,608,909	3%	42,393,952	0.37%
Other Influential Shareholdings				
OTHERS	-	-	-	-
Total Other Influential Shareholdings	-	-	-	-
Free Float in Units and Percentage	4,244,262,326	30%	4,755,860,786	42%
Free Float in Value	2,546,557,396	-	2,377,930,393	

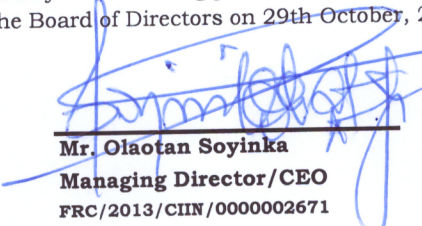
SOVEREIGN TRUST INSURANCE PLC

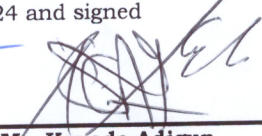
STATEMENT OF FINANCIAL POSITION

	Note	Sept. 2024 N000	Dec. 2023 N000
ASSETS			
Cash and Cash Equivalents	12	6,703,696	11,960,392
Investment in Financial Assets:	13		
.-Measure at Fair Value Through Profit Or Loss	13.1	1,244,148	1,293,648
.-Measure at Fair Value Through Other Comprehensive Income	13.2	649,582	322,098
.-Measure at Amortized Cost	13.3	1,639,378	674,060
Investment in Associate	14	158,741	108,741
Trade Receivables	15	2,297,948	1,492,948
Reinsurance Contract Assets	16	6,650,332	2,580,533
Other Receivables and Prepayments	17	681,005	239,089
Investment Properties	18	1,253,340	1,253,340
Intangible Assets	19	52,049	58,137
Right of Use Assets	20.1	486,958	122,056
Property Plant and Equipment	21	3,072,938	2,340,846
Statutory Deposit	22	315,000	315,000
Total Assets		25,205,116	22,760,888
Liabilities Equity			
Liabilities			
Insurance Contract Liabilities	24	7,007,024	4,679,814
Borrowings	25	3,625,068	3,625,068
Trade Payables	26	80,017	258,366
Other Payables And Accruals	27	64,529	156,311
Lease Liabilities	20.2	35,308	56,982
Current Income Tax Payable	23.1	208,212	94,456
Deferred Tax Liabilities	23.2	23,668	315,347
Total Liabilities		11,043,826	9,186,344
Equity			
Share Capital	28	7,114,069	7,114,069
Share Premium	29	33,814	33,814
Contingency Reserve	30	5,541,375	4,748,122
Revaluation Reserve	31	979,023	979,023
Insurance Finance Reserve	32	(560,284)	(277,419)
Fair Value Reserve	33	(34,691)	(34,691)
Retained Earnings	34	1,087,984	1,011,626
Total Equity		14,161,291	13,574,544
Total Equity And Liabilities		25,205,116	22,760,888

The financial statements and accompanying summary of accounting policies and notes to the financial statement and were approved and authorised for issue by the Board of Directors on 29th October, 2024 and signed on its behalf by:


Mr. Oluseun O. Ajayi
 Chairman
 FRC/2013/CIIN/00000003373


Mr. Olaotan Soyinka
 Managing Director/CEO
 FRC/2013/CIIN/0000002671


Mr. Kayode Adigun
 Chief Financial Officer
 FRC/2013/ICAN/00000002652

SOVEREIGN TRUST INSURANCE PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	30 Sept. 2024	30 Sept. 2023
Insurance Revenue	5	33,410,714	16,838,813
Insurance Service Expenses	5	(10,921,188)	(6,356,733)
Net Expenses from Reinsurance Contracts Held	5	(19,285,228)	(8,306,209)
Insurance Service Result		3,204,298	2,175,871
Investments Income	6	807,276	476,758
Other Operating Expenses	5.1	(2,143,684)	(1,769,413)
Finance Expenses from Insurance Contracts Issued	7.1	(168,956)	214,714
Finance Income from Reinsurance Contracts Issued	7.2	58,039	(243,450)
		1,756,973	854,480
Impairment Of Investments	8	(55,258)	-
Other Finance Costs	9	-	(201,692)
Profit Before Income Tax		1,701,715	652,788
Income Tax Expense	10	(205,257)	(117,439)
Profit After Income Tax		1,496,458	535,349
Other Comprehensive Income			
Items that may be Reclassified Subsequently to Profit or Loss			
Net Finance Expenses from Insurance Contracts		125,084	166,714
Net Finance Income from Reinsurance Contracts		(305,058)	(195,449)
Other Comprehensive Income for The Period		(179,974)	(28,735)
Total Comprehensive Income for The Period		1,316,484	506,614
EPS	11	11	5

SOVEREIGN TRUST INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Ordinary share capital	Share premium	Contingency reserve	Revaluation reserve	Fair value reserve	Insurance finance reserve	Retained earnings	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2024	7,114,069	33,814	4,548,123	979,023	(34,691)	(277,419)	1,011,623	13,374,542
At 1 January 2024	<u>7,114,069</u>	<u>33,814</u>	<u>4,548,123</u>	<u>979,023</u>	<u>(34,691)</u>	<u>(277,419)</u>	<u>1,011,623</u>	<u>13,374,542</u>
Profit after income tax for the period	-	-	-	-	-	-	1,496,458	1,496,458
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Transaction directly affecting equity holders								
Transfer between reserves	-	-	993,252	-	-	-	(993,252)	-
Dividend paid							(426,844)	(426,844)
Transfer to Insurance Finance Reserve						(282,865)		(282,865)
At 30 Sept, 2024	<u><u>7,114,069</u></u>	<u><u>33,814</u></u>	<u><u>5,541,375</u></u>	<u><u>979,023</u></u>	<u><u>(34,691)</u></u>	<u><u>(560,284)</u></u>	<u><u>1,087,985</u></u>	<u><u>14,161,291</u></u>

SOVEREIGN TRUST INSURANCE PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024 ₹'000	2023 ₹'000
Operating Activities:		
Insurance Revenue	31,492,703	14,650,449
Insurance Service Expenses	(8,919,917)	(4,675,830)
Net Expenses from Reinsurance Contracts Held	(19,285,228)	(8,306,209)
Cash Paid to and on Behalf of Employees	(1,265,138)	(929,342)
Other Operating Cash Payment	(736,133)	(751,561)
Interest Income	807,276	476,758
Payment for the Year	(205,257)	(117,439)
Net Cash Flows from Operating Activities	1,888,306	346,827
Investing Activities:		
Purchase Of Property, Plant and Equipment	(632,394)	(234,034)
Purchase Of Intangible Assets	(23,251)	-
Purchase from Disposal of Quoted Stock	(251,356)	119,225
Proceed Of Debt Instruments At Amortised Cost	158,608	-
Purchase Of Debt Instruments at Amortised Cost	(327,484)	(42,479)
Purchase Of Equity Instrument FVTOCI	(327,484)	(79,042)
Payment to Investment Associates	(25,000)	-
Net Cash Flows from Investing Activities	(1,428,360)	(236,330)
Financing Activities:		
Lease Liabilities	(46,674)	(9,441)
Net Cash Flows from Financing Activities	(46,674)	(9,441)
Net Increase In Cash And Cash Equivalents	413,271	101,056
Cash and Cash Equivalents At 1 January	6,290,425	5,757,351
Cash and Cash Equivalents At 30 September	6,703,696	5,858,407

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these financial statements.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
	N'000	N'000
5. Insurance Revenue		
Net Liability For Remaining Coverage	603,843	(133,933)
Interest Accreted (Incl. Change Of Rates) To Insurance Contracts	(301,564)	118,933
Premiums Received	33,108,435	16,853,813
	33,410,714	16,838,813
5. Insurance Service Expense		
Net Liabilities On Incurred Claim	(1,935,626)	(1,936,022)
Interest Accreted (Incl. Change Of Rates) To Insurance Contracts	(951,974)	153,022
Amortisation Of Insurance Acq. Cash Flows	(5,364,861)	(2,225,852)
Claims And Other Expenses Paid (5.1)	(2,668,727)	(2,347,881)
	(10,921,188)	(6,356,733)
5.1		
Gross Claims Paid	2,668,727	2,347,881
Other Operating Expenses	2,143,684	1,769,413
	4,812,410	4,117,294
5. Net Expenses From Reinsurance Contracts Held		
Net Liabilities For Reinsurance Contracts	(1,441,543)	817,561
Interest Accreted	(1,932,048)	(102,095)
Premiums Ceded	(14,624,869)	(10,034,567)
	(17,998,460)	(9,319,101)
Amounts Recoverable From Reinsurers For Incurred Claims		
Net Changes In Reinsurance Recoverable	(1,518,579)	294,015
Interest Accreted	(670,834)	(141,356)
Reinsurance Recovery	902,645	860,233
	(1,286,768)	1,012,892
Net Expenses From Reinsurance Contracts Held	(19,285,228)	(8,306,209)

5.1.1 Other Operating Expenses

Employee Benefits Expense (Note 5.1.2)	1,265,138	929,342
Other Expenses (Note 5.1.3)	736,133	751,561
Depreciation On Property, Plant And Equipment	50,301	32,184
Amortisation Of Right-Of-Use- Assets	35,857	11,813
Directors Fee And Allowance	26,917	23,468
Amortisation Of Intangible Assets	29,338	21,045
	2,143,684	1,769,413

5.1.2 Employee Benefits Expense

Wages And Salaries	1,194,195	880,741
Defined Contribution Pension Costs	70,943	48,601
	1,265,138	929,342

5.1.3 Other Expenses

1 Advertising	70,598	53,596
2 Bank charges	86,603	69,195
3 Rent And Rate	28,631	28,980
4 Fuel, electricity and energy	88,410	52,682
5 Insurance	60,644	40,432
6 Staff training and education	16,411	60,925
7 NAICOM levy	130,685	173,048
8 Transport and travelling expenses	14,428	13,787
9 Data processing	31,508	19,025
10 Automobile expenses	19,660	19,337
11 Office building maintenance and security	23,103	18,395
12 Professional fees	33,889	27,028
13 Telephone Expenses	4,500	4,859
14 Annual General Meeting Expenses	18,640	15,354
15 Forms and printing expenses	22,966	20,651
16 Contribution to I.T.F. levy	15,218	9,824
17 Office And Stationery Expenses	11,909	9,369
18 Contribution to NSITF	9,483	6,963
19 Equipment maintenance and repairs	7,977	7,269
20 Hotel accommodation	6,253	3,662
21 Contribution to NHF	8,438	6,748
22 Periodicals and books	2,121	1,982
23 Tax Consultancy Expenses	492	500
24 Courier and postages expenses	2,884	2,463
25 Entertainment	3,701	3,158
26 Local government dues	1,904	1,330
27 Security Exchange Commission and NGX	3,544	3,653
28 Contributions and donations	4,750	2,350
29 Club membership and subscriptions	4,895	4,310
30 Staff uniforms	1,890	525
	736,133	751,561

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
6. Investments Return		
6.1 Interest Revenue	₱'000	₱'000
Interest Revenue	712,780	272,145
6.2 Net Fair Value Gain On Financial Assets At Fair Value Through Profit Or Loss		
Net Fair Value Gain On Financial Assets At Fair Value Through Profit Or Loss	94,497	204,613
Investment Income	807,276	476,758
7. Finance Expense For Insurance Contract Issued		
Finance Expenses from Insurance Contracts Issued	(168,956)	(214,714)
7.2 Finance Income For Reinsurance Contracts Held		
Finance Income from Reinsurance Contracts Issued	58,039	243,450
	(110,917)	28,736
8. Impairment Of Investments		
This Represents Investment In Heritage Bank.	55,258	-
9. Other Finance Cost		
Interest On Borrowing Cost	-	201,692
10. Income Tax Expense		
Current Year Tax:		
Company Income Tax	205,257	117,439
	205,257	117,439

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

11. Earnings per share

Basis earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.

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

Net profit attributable to ordinary shareholders for basic earnings

1,496,458

535,349

Total outstanding number of ordinary shares in the year

14,228,140

11,364,496

Weighted average number of ordinary shares for basic earning per share

14,228,140

11,364,496

Basic earnings per ordinary share (kobo)

11

5

There have been no other transactions involving ordinary share or potential ordinary share between the reporting date and the date of authorisation of these financial statements.

There is not potential ordinary shares as at year end.

12. Cash and cash equivalents

Cash in banks

2,988,951

6,290,425

Short-term deposits with banks and other financial institutions

3,714,745

5,669,967

6,703,696

11,960,392

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024 ₦'000	2023 ₦'000
13. Investment Securities		
Equity Instruments at Fair Value Through Profit or Loss	1,244,148	1,293,648
Equity Instrument At Fair Value Through Other Comprehensive Income	649,582	322,098
Debt Securities At Amortised Cost	1,639,378	674,060
	<u>3,533,108</u>	<u>2,289,806</u>
13.1 Equity Insutuments At Fair Value Through Profit Or Loss	1,244,148	1,293,648
13.2 Equity Instrument at Fair Value Through Other Comprehensive Income		
Waica Reinsurance Corporation	65,692	65,692
Interconnect Clearinghouse Nigeria Limited	13,621	13,621
STI Asset Management Limited	600,821	312,821
	<u>680,134</u>	<u>392,134</u>
Impairment	<u>(30,552)</u>	<u>(70,036)</u>
At 30 Sept, 2024	<u>649,582</u>	<u>322,098</u>
13.3 Debt Securities At Amortised Cost		
Federal Government Bonds	216,197	133,764
State Government Bonds	80,052	471,105
Corporate Bonds	112,663	263,706
Gross Amount	<u>408,912</u>	<u>868,575</u>
Allowance For Expected Credit Loss	<u>(194,515)</u>	<u>(194,515)</u>
Fixed Deposit At Amortized Cost	<u>1,424,981</u>	<u>-</u>
	<u>1,639,378</u>	<u>674,060</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

13.5.1 Equity Instruments at Fair Value Through Profit or Loss - Quoted

The fair values of the quoted equity instruments are derived from quoted market prices in active market, the Nigerian Stock Exchange (NSE).

13.5.2 Equity instruments at fair value through OCI - Unquoted

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

13.5.3 Debt instruments at amortised cost - Federal, State Government and Corporate bonds

Certain unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Company to fair value these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investments. This investment can be disposed through private placement.

13.5.4 Debt instruments at amortised cost - Loans and advances

The fair value of loans and advances was estimated using the maximum lending rate quoted on Central Bank of Nigeria website as at year end.

14. Investment in associates

STI Leasing Ltd	<u>158,741</u>	<u>108,741</u>
	2024	2023
	₦'000	₦'000

15. Trade receivables

Insurance receivables	<u>2,297,948</u>	<u>1,492,948</u>
	<u>2,297,948</u>	<u>1,492,948</u>

16.1 Age analysis of Trade receivables

S/No.	Age of debt	2024	2023
		₦'000	₦'000
1	Within 14 Days	-	57,096
2	Within 15-30 Days	<u>2,297,948</u>	<u>1,435,852</u>
	Total	<u>2,297,948</u>	<u>1,492,948</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024 ₦'000	2023 ₦'000
16. Reinsurance Assets		
Reinsurance Asset For Incurred Claims Excluding Risk Adjustments	3,087,363	1,496,141
Reinsurance Asset For Remaining Coverage	<u>3,562,970</u>	<u>1,084,392</u>
	6,650,332	2,580,533
Impairment allowance	<u>-</u>	<u>-</u>
	<u>6,650,332</u>	<u>2,580,533</u>
17. Other Receivables And Prepayments		
Contribution To Nigerian Insurance Association	50,300	50,300
Staff Debtors	109,216	42,706
Others	83,724	89,124
Prepayments	<u>441,176</u>	<u>60,370</u>
	684,416	242,500
Impairment Allowance	<u>(3,411)</u>	<u>(3,411)</u>
	<u>681,005</u>	<u>239,089</u>
	2024 ₦'000	2023 ₦'000
18. Investment Properties		
At 1 January	1,253,340	1,158,470
Fair Value Gain	-	94,870
At 30 Sept, 2024	<u>1,253,340</u>	<u>1,253,340</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
	N'000	N'000
19. Intangible Assets		
Computer Software		
Cost:		
At 1 January	207,003	165,067
Additions	23,251	41,936
At 30 Sept, 2024	<u>230,253</u>	<u>207,003</u>
Accumulated Amortization:		
At 1 January	148,866	103,463
Amortisation Charge	29,338	45,403
At 30 Sept, 2024	<u>178,205</u>	<u>148,866</u>
Carrying Amount	<u>52,049</u>	<u>58,137</u>

19.1 Intangible Assets Represent Externally Purchased Software For The Running Of The Business.

	2024	2023
	N'000	N'000
20. Leases		
20.1 Right Of Use Assets		
Motor Vehicle		
Cost		
At 1 January	313,130	63,000
Additions	300,759	150,130
At 30 Sept, 2024	<u>613,889</u>	<u>213,130</u>
Accumulated Depreciation		
At 1 January	91,074	31,500
Depreciation Charge	35,857	59,574
At 30 Sept, 2024	<u>126,931</u>	<u>91,074</u>
Carrying Amount	<u>486,958</u>	<u>122,056</u>
20.2 Lease Liabilities		
At 1 January	56,982	19,273
Additions	25,000	53,489
Interest Expense	-	4,759
Repayments	(46,674)	(20,539)
At 30 Sept, 2024	<u>35,308</u>	<u>56,982</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

21. Property, plant and equipment

	Land N'000	Building N'000	Office equipment N'000	Furniture & fittings 7982828.45	Plant & machinery N'000	Motor vehicles N'000	Computer & equipment N'000	Total N'000
Cost/revaluation								
At 1 January 2024	<u>1,522,002</u>	<u>645,479</u>	<u>116,068</u>	<u>138,477</u>	<u>100,268</u>	<u>1,182,226</u>	<u>350,532</u>	<u>4,055,052</u>
Additions in the year	<u>-</u>	<u>70,156</u>	<u>20,488</u>	<u>13,510</u>	<u>-</u>	<u>493,000</u>	<u>35,240</u>	<u>632,394</u>
At 30 Sept, 2024	<u>1,522,002</u>	<u>715,635</u>	<u>136,556</u>	<u>151,987</u>	<u>100,268</u>	<u>1,674,226</u>	<u>386,772</u>	<u>4,687,446</u>
Accumulated depreciation								
At 1 January 2024	<u>-</u>	<u>33,694</u>	<u>100,439</u>	<u>121,455</u>	<u>92,597</u>	<u>907,380</u>	<u>308,641</u>	<u>1,564,206</u>
Charge for the year	<u>-</u>	<u>8,349</u>	<u>9,931</u>	<u>4,299</u>	<u>6,267</u>	<u>13,158</u>	<u>8,297</u>	<u>50,301</u>
At 30 Sept, 2024	<u>-</u>	<u>42,043</u>	<u>110,370</u>	<u>125,754</u>	<u>98,864</u>	<u>920,538</u>	<u>316,938</u>	<u>1,614,508</u>
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 Sept, 2024	<u>-</u>	<u>42,043</u>	<u>110,370</u>	<u>125,754</u>	<u>98,864</u>	<u>920,538</u>	<u>316,938</u>	<u>1,614,508</u>
Carrying amount								
At 30 Sept, 2024	<u><u>1,522,002</u></u>	<u><u>673,592</u></u>	<u><u>26,186</u></u>	<u><u>26,232</u></u>	<u><u>1,404</u></u>	<u><u>753,688</u></u>	<u><u>69,834</u></u>	<u><u>3,072,938</u></u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024 ₦'000	2023 ₦'000
22. Statutory Deposit	315,000	315,000

23.1. Statutory Deposit

The statutory deposit of ₦315,000,000 represents the amount deposited with the Central Bank of Nigeria as at 30 September 2024 (30 September 2023: ₦315,000,000) in accordance with Section 10 (3) of Insurance Act 2003. The deposit has been tested for adequacy as at 30 September 2024 and found to be adequate.

23. Taxation

23.1 Current Income Tax Payable

At 30 Sept, 2024	208,212	94,455
At 30 Sept, 2024	208,212	94,455

23.2 Deferred Tax Liabilities

	23,668	315,347
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	2024 ₦'000	2023 ₦'000
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24. Insurance Contract Liabilities

Liabilities for Incurred Claims	3,150,708	2,051,194
Liabilities for Remaining Coverage	3,856,316	2,628,620
	7,007,024	4,679,814
Current	5,255,268	3,509,861
Non-current	1,751,756	1,169,954
	7,007,024	4,679,814

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024 ₹'000	2023 ₹'000
25. Borrowings		
Convertible Bond	<u>3,625,068</u>	<u>3,625,068</u>
25.1 Convertible Bond		
At 1 January	3,625,068	2,078,536
Interest Capitalised	-	54,604
Foreign Exchange Difference	-	1,491,926
At 30 Sept, 2024	<u>3,625,068</u>	<u>3,625,066</u>
	2024 ₹'000	2023 ₹'000
26. Trade Payables		
Due To Reinsurance Companies	<u>80,017</u>	<u>258,366</u>
	<u>80,017</u>	<u>258,366</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024	2023
	₦'000	₦'000
27. Other Payables And Accruals		
Accrued Expenses	-	77,782
Unclaimed Dividends	47,107	47,107
Sundry Creditors	17,422	31,422
	<u>64,529</u>	<u>156,311</u>

The carrying amounts disclosed above approximate the fair value at the reporting date. All other payable are due

28. Equity

Shares Capital

14,228,139,483 ordinary shares at ₦0.50k each

At 1 January	<u>7,114,069</u>	<u>7,114,069</u>
At 30 Sept, 2024	<u>7,114,069</u>	<u>7,114,069</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	2024 ₦'000	2023 ₦'000
29. Share Premium		
At 1 January	33,814	33,814
At 30 Sept, 2024	<u>33,814</u>	<u>33,814</u>
30. Contingency Reserve		
At 1 January	4,748,122	4,168,435
Transfer From Retained Earning	993,252	579,687
At 30 Sept, 2024	<u>5,541,375</u>	<u>4,748,122</u>
Contingency Reserve In Respect Of Non-Life Business Is The Higher Of 20% Of Net Profit And 3% Of Total Premium As Specified In Section 21 (2) Of The Insurance Act 2003.		
31. Revaluation Reserve		
This Is Revaluation Surplus In Respect Of Building In Line With The Company'S Accounting Policy.		
	979,023	979,023
At 30 Sept, 2024	<u>979,023</u>	<u>979,023</u>
32. Insurance Finance Reserve		
At 30 Sept, 2024	(277,419)	(277,419)
Additions	(282,865)	-
	<u>(560,284)</u>	<u>(277,419)</u>
33. Fair Value Reserve		
The Fair value reserve represents the net cumulative change in the fair value of equity instrument measured at fair value through other comprehensive income until the investment is derecognised or impaired.		
At 1 January	(34,691)	(34,691)
At 30 Sept, 2024	<u>(34,691)</u>	<u>(34,691)</u>
34. Retained Earnings		
At 1 January	1,011,623	317,340
Profit Or Loss For The Year	1,496,458	1,273,973
Dividend Paid	(426,844)	-
Transfer To Contingency Reserve	(993,252)	(579,687)
At 30 Sept, 2024	<u>1,087,984</u>	<u>1,011,626</u>

SOVEREIGN TRUST INSURANCE PLC

SEGMENT RESULT AS AT SEPTEMBER 30, 2024

PREMIUM INCOME :	MOTOR BUSINESS	FIRE & PROPERTY	MARINE	AVIATION	GENERAL ACCIDENT	C.A.R & ENGINEERING	BOND	ENERGY BUSINESS	TOTAL Sep-24
DIRECT PREMIUM	5,552,114,086	7,854,250,037	1,821,848,565	389,181,080	2,209,834,704	744,189,421	1,430,246,562	13,106,770,364	33,108,434,819
GROSS PREMIUM WRITTEN	5,552,114,086	7,854,250,037	1,821,848,565	389,181,080	2,209,834,704	744,189,421	1,430,246,562	13,106,770,364	33,108,434,819
NET LIABILITY FOR REMAINING COVERAGE	(1,749,792,701)	662,989,323	422,914,535	(298,265,395)	1,001,686,594	104,651,940	44,536,637	415,122,275	603,843,207
INTEREST ACCRETION ON INSURANCE CONTRACTS	(351,760,060)	176,609,634	(471,394,448)	526,619,621	324,153,714	(30,238,626)	(105,724,407)	(369,829,531)	(301,564,103)
	(2,101,552,762)	839,598,957	(48,479,913)	228,354,226	1,325,840,308	74,413,314	(61,187,770)	45,292,744	302,279,104
INSURANCE REVENUE	3,450,561,324	8,693,848,994	1,773,368,652	617,535,306	3,535,675,012	818,602,734	1,369,058,792	13,152,063,107	33,410,713,923
CLAIMS PAID	(651,223,873)	(1,091,042,757)	(225,132,204)	(30,791,849)	(558,403,398)	(80,429,320)	(10,000,000)	(21,703,416)	(2,668,726,816)
NET LIABILITY ON INCURRED CLAIMS	(659,131,289)	(279,688,618)	(94,703,443)	(63,441,832)	(85,506,760)	(321,301,278)	(90,696,288)	(341,156,991)	(1,935,626,498)
INTEREST ACCRETION ON INSURANCE CONTRACTS	(567,925,647)	(286,899,492)	(10,493,778)	(9,235,299)	(5,896,219)	(1,641,294)	(11,156,147)	(58,725,856)	(951,973,733)
	(1,878,280,808)	(1,657,630,867)	(330,329,425)	(103,468,980)	(649,806,377)	(403,371,891)	(111,852,435)	(421,586,263)	(5,556,327,047)
COMMISSION ON DIRECT BUS.	(634,003,753)	(1,568,274,686)	(257,654,257)	(70,071,150)	(364,121,535)	(101,724,705)	(268,470,497)	(154,841,464)	(3,419,162,047)
COMMISSION ON INWARD FAC	-	-	-	-	-	-	-	-	-
UNDERWRITING EXPENSES	(212,446,385)	(887,175,090)	(215,888,039)	(21,890,560)	(201,552,220)	(100,069,043)	(153,230,911)	(153,446,858)	(1,945,699,106)
ACQUISITION	(846,450,138)	(2,455,449,777)	(473,542,296)	(91,961,710)	(565,673,756)	(201,793,748)	(421,701,408)	(308,288,321)	(5,364,861,153)
INSURANCE SERVICES EXPENSES	(2,724,730,946)	(4,113,080,644)	(803,871,721)	(195,430,689)	(1,215,480,133)	(605,165,639)	(533,553,843)	(729,874,585)	(10,921,188,200)
OUTWARD FACULTATIVE	-	(15,870,789)	(18,314,698)	-	(883,569)	-	-	(10,347,719,273)	(10,382,788,329)
TREATY CESSION	-	(1,847,027,208)	(1,162,448,639)	-	(1,244,743,004)	(459,881,999)	(209,662,573)	-	(4,923,763,424)
REINSURANCE INCOME	-	9,108,162	199,076,332	-	235,660,052	173,596,700	64,241,531	-	681,682,777
PREMIUM CEDED	-	(1,853,789,834)	(981,687,005)	-	(1,009,966,522)	(286,285,300)	(145,421,042)	(10,347,719,273)	(14,624,868,976)
CHANGE IN REINSURANCE CONTRACT	-	(685,516,644)	56,306,242	118,392,159	(4,444,342)	167,039,962	125,500,750	(1,218,820,932)	(1,441,542,804)
INTEREST ACCRETION ON INSURANCE CONTRACTS	-	(638,952,044)	254,839,169	(204,941,410)	(582,148,097)	80,450,093	(578,500,000)	(262,796,056)	(1,932,048,345)
	-	(3,178,258,522)	(670,541,595)	(86,549,251)	(1,596,558,961)	(38,795,244)	(598,420,292)	(11,829,336,261)	(17,998,460,126)
REINSURANCE CLAIMS RECOVERY	-	177,110,222	78,657,543	-	220,716,462	46,538,041	4,000,000	-	527,022,267
REINSURANCE CLAIMS RECOVERABLE	-	59,970,545	13,007,397	-	192,357,803	9,328,739	100,958,400	-	375,622,883
CHANGE IN ASSET RECOVERABLES ON INCURRED C	-	(344,773,610)	(127,512,545)	(135,387,555)	(860,453,831)	58,885,100	(109,336,157)	-	(1,518,578,597)
INTEREST ACCRETION ON RECOVERABLE	-	(721,866,898)	9,379,851	-	33,521,799	925,465	7,205,412	-	(670,834,372)
NET EXPENSES FROM REINSURANCE CONTRACTS HEI	-	(4,007,818,263)	(697,009,350)	(221,936,806)	(2,010,416,729)	76,882,100	(595,592,637)	(11,829,336,261)	(19,285,227,945)
UNDERWRITING PROFIT	725,830,378	572,950,087	272,487,582	200,167,811	309,778,150	290,319,196	239,912,312	592,852,262	3,204,297,778