GOLDLINK INSURANCE PLC

ANNUAL REPORT

31 DECEMBER 2018

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Corporate Information

Certificate of incorporation number	RC192814
Date of incorporation	15 April, 1992
Registrars	Sterling Registrars Limited
NAICOM license number	RIC -033

Interim board of directors and management

Mohammed Mustapha Bintube *	Chairman
Nahim Abe Ibrahim**	Chairman
Barrister Tonbofa Ashimi	Non Executive Director
Olanrewaju M. Sulaimon	Non Executive Director
Alh. Farouk Lawal Yola	Non Executive Director
Mrs. Olufunke Moore***	Acting Managing Director
Mr. Edore Kenneth Egbaran****	Managing Director/CEO
Mr Adeyinka Olutungase	Non Executive Director

* Resigned 21 September 2018
** Appointed 18 January 2019
*** Resigned effective 8 January 2019
**** Appointed effective 9 January 2019

Bankers and other professional advisors

Bankers:	
	Guaranty Trust Bank PLC Access Bank PLC Zenith Bank PLC Sterling Bank PLC First Bank PLC United Bank for Africa Diamond Bank Plc Union Bank of Nigeria Plc Ecobank Nigeria Limited Wema Bank Plc Keystone Bank Limited Unity Bank Plc First City Monument Bank Ltd Polaris Bank Plc Heritage Bank Limited
Company Secretary / Head Legal:	Tobi Olaleye FRC/2014/NBA/00000008450
Registered Office:	6, Emmanuel Street Maryland, Lagos
Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos
Reinsurers:	CICA Reinsurance Company limited African Reinsurance Corporation WAICA Reinsurance Ltd Continental Reinsurance Plc
Actuary:	O & A Hedge Actuarial Consulting FRC/2016/NAS/00000015764
Estate Surveyor and Valuer:	Foluke Ismail & Associates (Estate Surveyors and Valuers) FRC/2013/NIESV/00000001701

Directors' Report
For the year ended 31 December 2018

The Directors have pleasure in presenting their annual report on the affairs of Goldlink Insurance PLC ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2018.

Legal form and principal activity

The Company was incorporated on 15 April 1992 as a private limited liability company. The Company obtained an insurance license from the National Insurance Commission on 8 September 1993 and commenced business on 1 January 1994. Following the recapitalization exercise, the Company converted to a Public Liability Company on 11 May 2007 and was listed on the Nigerian Stock Exchange by way of introduction on 12 February 2008.

The Company's principal activity continues to be the provision of risk underwriting and related financial services to its customers. Such services include provision of life and general insurance services to both corporate and individual customers.

Operating results
The following is a summary of the Company's operating results for the year ended 31 December 2018:

In thousands of Naira	**Company 2018**	**Company 2017**
Gross premium written	1,152,994	1,010,654
Loss before income tax	(946,570)	(603,187)
Taxation	(121,919)	(89,509)
Loss after taxation	(1,068,489)	(692,696)
Loss attributable to equity holders	(1,068,489)	(692,696)
Transfer to statutory contingency reserve	(26,597)	(25,881)
Shares surrendered	741,828	-
Transfer to retained losses	(353,258)	(718,577)
Shareholders' deficit	(7,251,976)	(6,177,053)
Loss per share (k) – Basic	(43)	(22)
Loss per share (k) – Diluted	(43)	(22)

Dividends
Proposed dividends
No dividend was proposed for the year ended 31 December 2018 (2017:Nil).

Directors and their interest

The Directors of the Company who held office during the year had no direct or indirect interest in the share capital of the Company as at 31 December 2018 (2017: Nil)

Retirement and appointment of Directors

The following directors served during the year under review:-

Mohammed Mustapha Bintube *	Chairman
Nahim Abe Ibrahim**	Chairman
Mrs. Olufunke Moore***	Acting Managing Director
Mr. Edore Kenneth Egbaran****	Managing Director/CEO
Barrister Tonbofa Ashimi	Non Executive Director
Olanrewaju M. Sulaimon	Non Executive Director
Alh. Farouk Lawal Yola	Non Executive Director
Mr Adeyinka Olutungase	Non Executive Director

* Resigned 21 September 2018
** Appointed 18 January 2019
*** Resigned effective 8 January 2019
**** Appointed effective 9 January 2019

Contracts
In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts during the year.

Significant shareholding
According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2018:

	2018				2017			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Unity Kapital Assurance Plc	1,268,064,351	51.53%	-	-	1,268,064,351	39.61%	-	-
Enny Properties Ltd	-	-	-	-	174,377,113	5.45%	-	-
R.K.O. Osayamen *	N/A	N/A	-	-	N/A	N/A	278,771,884	8.71%

* R.K.O Osayamen's indirect shares were held through the following entities and were surrendered during the year:

- Inter-Darlob Ltd	115,773,884
- Ruth Star Ltd	103,000,000
- Betty Pride Ltd	59,998,000
Total	278,771,884

Directors' Report
For the year ended 31 December 2018

Analysis of shareholding
The analysis of the distribution of the shares of the Company is as follows:

2018

Share range	No of holdings	Percentage of holdings
001-1000	916,782	0.04%
1001-10000	25,825,592	1.05%
10001-50000	72,212,401	2.93%
50001-100000	42,000,541	1.71%
100001-500000	119,974,787	4.88%
500001-1000000	59,161,202	2.40%
1000001 & Above	2,140,826,684	86.99%
Total	2,460,917,989	100.000%

2017

Share range	No of holdings	Percentage of holdings
001-1000	1,192,638	0.04%
1001-10000	33,596,406	1.05%
10001-50000	93,940,813	2.93%
50001-100000	54,638,330	1.71%
100001-500000	156,074,702	4.88%
500001-1000000	76,962,562	2.40%
1000001 & Above	2,784,992,549	86.99%
Total	3,201,398,000	100.000%

Recovery of shares
Certain shares of the Company were issued without cash payment between 1995 to 2006. The shareholders were demanded to surrender the shares to the Company by the Board of Directors as part of the share capital reconciliation.

In 2018, a total of 740,479,068 shares were surrendered. The details are shown below:

Names	**Owner**	**Shares surrendered**
A.T & EQUIP NIG LTD	Gbenga Afolayan	14,331,704
I K VENTURTES	Gbenga Afolayan	94,740,632
ENNY PROPERTIES	Okunniyi Femi	174,377,113
PHOLLAR OIL LTD	Okunniyi Femi	40,016,021
YETFEM PROPERTIES LTD	Okunniyi Femi	1,799,584
MANNY SHIPPING CO LTD	Okunniyi Femi	116,785,557
FLEX OIL LTD	Efegherimoni Tony	19,656,573
INTER-DALOB	Osayameh R. K. O	115,773,884
RUTH STAR LTD	Osayameh R. K. O	103,000,000
BETTY PRIDE	Osayameh R. K. O	59,998,000
TOTAL		**740,479,068**

Analysis of surrendered shares during the year based on share range is as follows:

Share range	No of holdings	Percentage of holdings
001-1000	275,856	0.04%
1001-10000	7,770,814	1.05%
10001-50000	21,728,412	2.93%
50001-100000	12,637,789	1.71%
100001-500000	36,099,915	4.88%
500001-1000000	17,801,360	2.40%
1000001 & Above	644,165,865	86.99%
Total	740,480,011	100.000%

Share capital history

As at 31 December 2018, the Company's authorized share capital was N4,550,000,000 (2017: 4,550,000,000) with paid up share capital of N1,230,459,000 (2017: N 1,600,699,000) divided into 2,460,917,989 (2017: 3,201,397,000) ordinary shares of 50k each.

Details of the Company's share history is shown below:

Date issued	Shares issued/ (Surrendered)	Nominal Value (N)	Nature of shares in issue	Cumulative shares (N)	Issued share capital
1993	10,000,000	1	Cash	10,000,000	10,000,000
1994	-	1	Not applicable	10,000,000	10,000,000
1995	3,260,000	1	Bonus	13,260,000	13,260,000
1996	11,740,000	1	Cash	25,000,000	25,000,000
1997	25,000,000	1	Cash	50,000,000	50,000,000
1998	40,000,000	1	Cash	90,000,000	90,000,000
1999	100,000	1	Cash	90,100,000	90,100,000
2000	-	1	Not applicable	90,100,000	90,100,000
2001	30,000,000	1	Bonus	120,100,000	120,100,000
2002	30,025,000	1	Bonus	150,125,000	150,125,000
2003	209,875,000	1	Cash	360,000,000	360,000,000
2004	640,000,000	1	Cash	1,000,000,000	1,000,000,000
2005	1,395,000,000	1	Cash	2,395,000,000	2,395,000,000
2006	1,001,316,000	1	Cash	3,396,316,000	3,396,316,000
2007	339,631,000	1	Bonus	3,735,947,000	3,735,947,000
2008	814,000,000	1	Cash	4,549,947,000	4,549,947,000
2008	-	0.5	Share split	9,099,894,000	4,549,947,000
2009	-	1	Not applicable	4,549,947,000	4,549,947,000
2009 - 2014	-	0.5	Share reconstruction	4,549,947,000	2,274,973,500
2015	(1,348,549,941)	0.5	Surrender	3,201,397,059	1,600,698,530
2016	-	0.5	Not applicable	3,201,397,059	1,600,698,530
2017	-	0.5	Not applicable	3,201,397,059	1,600,698,530
2018	(740,479,068)	0.5	Surrender	2,460,917,989	1,230,458,995

Property and equipment

Information relating to changes in property and equipment during the year is given in Note 10 to the financial statements.

Donations and charitable gifts

The Company identifies with the aspirations of the community as well as the environment within which it operates and made donations to the under-listed organizations amounting to₦1,620,000 (2017: ₦3,672,000) during the year as follows:

Organisation:	**2018**
	₦
University of Ibadan	1,000,000
Media Choice Ltd	400,000
Chartered Insurance Institute of Nigeria	90,000
National Association of Insurance & Pension Correspondents	50,000
Association of Senior Staffs of Banks, Insurance and Financial Institutions	50,000
Association of Insurance Managers & CEO	20,000
Dennis Ibitayo	10,000
	1,620,000

Employment of disabled persons

The Company is committed to providing equal opportunities and does not discriminate in considering applications from suitably qualified persons, including disabled persons. However, as at 31 December 2018, no disabled persons were in the employment of the Company (31 December 2017: Nil).

Health, safety and welfare of employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses in the year under review.

Events after the reporting date

There were no subsequent events which could have had material effect on the financial position of the Company as at 31 December 2018, which have not been adequately provided for or disclosed. See note 34 .

Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD
Tobi Olaleye
FRC/2014/NBA/000000008450

Company Secretary
6, Emmanuel Street Maryland Lagos

16 August 2019

Statement of Directors' Responsibilities in relation to the financial statements for the year ended 31 December 2018

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead other than as disclosed in Note 35 to the financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mr. Adeyinka Olutungase - Director
FRC/2014/ICAN/00000006910
16 August 2019

Mr. Edore Kenneth Egbaran- Managing Director/CEO
FRC/2015/CIIN/00000011953
16 August 2019

Corporate Governance Report

Introduction

Goldlink Insurance PLC has in place, corporate policies and standards to encourage good and transparent corporate governance framework in order to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices.

The Company strives to carry out its business operations on the principles of integrity and professionalism whilst enhancing shareholders value through transparent conduct with the adoption of applicable regulatory standards as well as international best practices in corporate governance, service delivery and value creation for all.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with NAICOM's Code of Corporate Governance with particular reference to compliance, disclosures and structure.

NAICOM's Code of Corporate Governance also requires that an annual board appraisal report should be submitted to NAICOM. The Board appraisal is to be conducted by an Independent consultant appointed by the Company.

Governance Structure

The governance of the Company resides with the Board of Directors who are accountable to shareholders for creating and delivering sustainable value by managing the Company's businesses. The Board is responsible for the efficient operations of the Company and ensures that the Company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to management. These oversight functions of the Board of Directors are exercised through its various Committees. In the course of the period under review, the Board had four (4) Committees focused on ensuring the proper management and direction of the Company via interactive dialogue on a regular basis.

The Interim Board comprises six (6) members, including the Chairman, the Manging Director, and four (4) Non-Executive Directors. They are made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board. The effectiveness of the Interim Board and Management derives from the appropriate balance and mix of skills and experience of the Directors. The interim board had 4 regular meetings during the year. Members and representatives of the Board also had 10 special meetings during the year to discuss with prospective capital market investors as part of the Company's recapitalisation plans.

Responsibilities of the Board

The Board determines the strategic objectives of the Company in delivering long-term growth and short-term goals. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conforming with governance principles and economic performance.

The powers reserved for the Board include the following;

- determination of Company's structure, size and composition, including appointment, succession planning for the senior management and Board Committee membership;
- approval of mergers and acquisitions, branch expansion, approval of remuneration policy and packages of the Board members
- approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate governance and anti-money laundering.
- approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars prospectus and principal regulatory filings with the regulators.
- approval of major change to the Company's corporate structure (excluding internal reorganizations) and changes relating to the Company's capital structure or its status as a public limited company
- approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices
- approval of the Company's strategy, medium and short term plans and its annual operating and capital expenditure budget; and
- recommendation to shareholders on the appointment or removal of auditors and the remuneration of auditors.

Roles of Key Members of the Board

The position of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons. The Chairman and the Chief Executive Officer are not members of the same extended family.

The Chairman

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company.

The Chairman is also responsible for promoting effective relationships and open communication, between Executive and Non- executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management and for making and implementing operational decisions. The CEO is responsible to the Board of Directors and in ensuring that the Company complies strictly with regulations and policies of both the Board and Regulatory authorities.
The CEO has the overall responsibility for the optimization of the Company's resources and for the Company's financial performance.

The Chief Finance Officer
The Chief finance officer is responsible for presenting and reporting timely financial information of the Company. He is also responsible for financial planning and managing the financial risks of the Company. He reports directly to the CEO and the Board on all strategic financial matters.

Company Secretary

The Company Secretary is a point of reference and support for all Directors who updates the Directors with all requisite information promptly and regularly.
The Board may through the Company Secretary obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.
The Company Secretary is further responsible to assist the Chairman and Chief Executive Officer to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organize Board meetings and ensure that the Board's discussions and decisions are documented in the minutes of meetings.

Induction and Continuous Training of Board Members

On appointment, Board members receive a formal induction tailored to meet their individual requirements. Management further strives to acquaint the Directors with the operations of the Company via trainings and seminars to the extent desired by Directors to enable them function in their position.
The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

Remuneration of Non Executive Directors

The Company's policy on remuneration of Non-Executive Directors is guided by the provisions of the NAICOM Code of corporate governance which stipulate that the Executive Directors' remuneration should be limited to Directors' fees and reimbursable travel and hotel expenses. Directors' fees and sitting allowances were paid to only Non-executive directors are recommended by the Board Governance, Remuneration and Establishment and General Purpose Committee.

Dealings in Issuer's shares

The Company is yet to adopt a code of conduct regarding securities transactions by its Directors as the Board is an interim Board constituted by the National Insurance Commission (NAICOM). The Board is making efforts to adopt a code of conduct regarding securities transactions by its Directors, however the Directors have confirmed that none of the serving Directors transacted or dealt in the Company's shares during the period under consideration other than transactions relating to shares surrendered.

Share Dealing Policy
In accordance with the Post-Listing Rules of the Nigerian Stock Exchange, Goldlink Insurance Plc has a share dealing policy. The Policy regulate securities transactions by its Directors, Employees and other Insiders on terms which are no less than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods were communicated periodically to drive compliance. In respect of the year ended 31 December 2018, the Directors of Goldlink Insurance Plc. hereby confirm that specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Stocks Exchange, and Nigeria's Code of conduct, regarding securities transactions by Directors.

Complaints Management Policy
In compliance with the Securities and Exchange Commission Rules relating to the Complaints Management Framework of the Nigerian Capital Market (SEC Rules) issued on 16 February, 2015 and the Nigerian Stock Exchange Directives (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies issued on 22 April, 2015, Goldlink Insurance Plc. has further strengthened its compliant management procedure. The Company has in place a formal Compliant Management Policy by virtue of which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered and promptly resolved.

Board Committees

The Board carries out its responsibilities through its Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has five (5) Committees, namely; Board Audit & Compliance Committee, Board Investment & Finance Committee, Board Enterprise Management and Technical Committee, Board Governance, Remuneration & Establishment Committee and Life Operations Committee. Through these Committees, the Board is able to more effectively deal with complex and specialized issues and fully utilize its expertise to formulate strategies for the Company.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated below:

(i) Board Audit Committee.

The Committee shall be responsible for the review of the integrity of the data and information provided in the Audit and/or Financial Reports.

The Committee shall provide oversight functions over the Company's financial statements, its internal control and risk management functions. The Committee is responsible for ensuring compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor; and performance of the Company's internal audit function as well as that of external auditors.

The Committee chairman reports formally to the Board on its proceedings after each meeting on all matters within its functions and responsibilities. The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The Board Audit & Compliance Committee comprised the following members during the period under review:

1	Mr Olanrewaju Sulaimon	Chairman
2	Barr Tonbofa Ashimi	Member

(ii) Board Finance Investment & General Purpose Committee

The Board Investment and Finance Committee is responsible for the approval of investment decisions made by management of the Company and the related portfolio limits by Management of the Company. This Committee shall have supervisory functions over investment and other finance-related issues such as capital & funding requirements.

The main functions of the Committee are to approve all investments above the limit of the management. Where it is not expedient for the members of the Committee to meet, an investment approval can be obtained through circularization of the approval. The Committee is also responsible for the review and approval of the investment manual on a periodic basis and to further identify specific areas for review as approved by the Board, in particular the financial implications of new and major investment strategies/initiatives.

The Committee shall make recommendations of investment policies for consideration and adoption by the Board, including proposed ethical positions with respect to appropriate investments and shall conduct a review of the performance of the major assets in the company's investment portfolios on a quarterly basis.

The Board Finance Investment & General Purpose Committee comprised the following members during the period under review:

1	Mr Olanrewaju Sulaimon	Chairman (Director)
2	Barr. Tonbofa Asimi	Member (Director)
3	Mr. Adeyinka Olutungase	Member (Director)

(iii) Enterprise Risk Management Committee

This Committee has supervisory functions over the entity wide risk management including management of business risks relating to underwriting as well as the Company's risk reward strategy.

The main functions of the Committee are to assist in the oversight of the review and approval of the Company's risk management policy including risk appetite and risk strategy; to oversee management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms.

The Committee is also charged with the review of large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental & social management system.

The Board Enterprise Risk Management Committee comprised the following members during the period under review:

1	Barr. Tonbofa Ashimi	Chairman (Director)
2	Olanrewaju Sulaimon	Member (Director)
3	Mrs Funke Moore**	Member (Managing Director)
**	Resigned effective 8 January 2019	

(iv) Establishment, Remuneration & Governance Committee

The Committee has supervisory functions over the whole Company, recruitment and ensuring corporate governance compliance. The main functions of the Committee are to establish the criteria for Board committee memberships, review candidates qualifications and any potential conflict of interest and make recommendations to the Board.

The Board Establishment, Remuneration & Governance Committee comprised the following members:

1	Barr Tonbofa Ashimi	Chairman (Non Executive Director)
2	Mrs Funke Moore**	Member (Executive Director)
3	Mr Olanrewaju Sulaimon	Member (Non Executive Director)
**	Resigned effective 8 January 2019	

(v) Life Operation Committee

The Committee oversees the operations of the Life division of the Company. This includes overseeing the financial and investment activities, overseeing the formulation and implementation of an effective management policy of the Life division of the Company.

The Life Operation Committee comprised the following members:

1	Mr Olanrewaju Sulaimon	Chairman (Non Executive Director)
2	Barr Tonbofa Ashimi	Member (Non Executive Director)
3	Mrs Funke Moore **	Member (Managing Director)
**	Resigned effective 8 January 2019	

Changes on the Board

There were no changes in the Board composition during the year under review. The Chairman of the Board however resigned during the year and a new chairman was appointed subsequent to year end. In addition a new Managing Director/CEO was appointed subsequent to year end.

Attendance of Board and Board Committee Meeting

The table below shows the frequency of meetings of the Board of Directors, the statutory audit committee, Board committees as well as Members' attendance for the year ended December 31, 2018.

The Interim Board of Directors and Management

The Board held regular meetings 13 times during the period under review.

S/N	Name of Director	Designation	Number of meetings attended	9 February 2018	23 March 2018	27 March 2018	20 April 2018	27 April 2018	14 May 2018	18 May 2018	29 Jun 2018	9 July 2018	6 September 2018	3 October 2018	14 November 2018	12 December 2018
1	Mohammed Bintube*	Chairman	9	✓	✓	✓	✓	✓	✓	☒	✓	✓	✓	♐	♐	♐
2	Mrs Funke Moore**	Managing Director	13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Barr. Tonbofa Ashimi	Director	11	✓	✓	✓	☒	✓	☒	✓	✓	✓	✓	✓	✓	✓
4	Mr. Adeyinka Olutungase	Director	13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Mr Olanrewaju Sulaimon	Director	12	✓	✓	✓	✓	✓	✓	✓	✓	✓	☒	✓	✓	✓

☒ Absent
✓ Present
* Resigned effective 21 September 2018
** Resigned effective 8 January 2019
♐ Resigned effective 21 September 2018

Board Audit & Compliance Committee
The Committee met once during the period under review:

NAME OF DIRECTOR	Designation	Number of Meetings Attended	27 August 2018
Mr Olanrewaju Sulaimon	Chairman	1	✓
Barr. Tonbofa Ashimi	Member	1	✓

Enterprise Risk Management Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	28 August 2018
Mr Olanrewaju Sulaimon	Chairman	1	✓
Tonbofa Ashimi	Member	1	✓
Mrs Funke Moore**	Member	1	✓

** Resigned effective 8 January 2019

Life Operations Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	27 August 2018
Olanrewaju Sulaimon	Chairman	1	✓
Tonbofa Ashimi	Member	1	✓
Mrs Funke Moore**	Member	1	✓

** Resigned effective 8 January 2019

Details of Statutory Audit Committee Meetings and attendance

Statutory Audit Committee

The Committee met twice (2) times during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	18 May 2018	12-Nov-18
Mr Samuel Adedoyin	Chairman	2	✓	✓
Mr Tajudeen Olawuyi	Member	2	✓	✓
Mr Adebayo Oniwinde	Member	2	✓	✓
Mrs Tonbofa Ashimi	Member	2	✓	✓
Mr Olanrewaju Sulaimon	Member	2	✓	✓

Shareholders

The General Meeting of the Company is the highest decision making body of the Company. The Company is driven by its desire to deliver significant returns on its shareholders investment. The shareholders have an opportunity to express their concerns (if any) and opinion on the Company's financial results and all other issues at the Annual General Meeting of the Company.

Protection of Shareholders Rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication Policy

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner and to enable the Board to carry out its responsibilities.
Furthermore, the Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the Company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial anc non-financial matters.
In order to reach its overall goal on information dissemination, the Company is guided by the following principles, legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by NAICOM.

The principles that guide the Company's information dissemination include the following:
Efficiency: The Company uses modern communication technologies in a timely manner to convey its messages to its target groups. The Company responds without unnecessary delay to information requests by the media and the public.

Transparency: The Company strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Company and its customers, and company secretary.

Clarity: The Company aims at clarity, i.e. to send uniform and clear messages on key issues.

Cultural awareness: The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment.

Feedback: The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

Independent advice

The Board of Directors are at their own discretion and at the Company's expense required to seek Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

Management committees

The Company has six (6) Management Committees which meet once in a month to review the performance of the previous month and as well plan for the coming one.

1) Management Committee, comprising the executive management and other senior staff. The Committee meets on the first working day of each month. The Management Committee (MC) is set up to identify and make recommendations on strategies that will aid the achievement of the long term objectives of the Company.

2) Enlarged Management Committee, comprising the management committee and head of departments including Lagos branches and selected upcountry branches. The meeting date is the same first working day of the month.

3) Accounts, Finance and Admin Committee including IT department.
4) Technical Committee
5) Marketing Technical Committee
6) Life Company Committee.

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the Company. The Chief Compliance Officer together with the Chief Executive Officer have submitted that the Company was in compliance with the Corporate Governance Code, other than as disclosed during the course of the year.

Internal Management Structure: The Company operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility. An annual appraisal of the duties assigned and dedicated to each person is done by the first quarter of the preceding year.

Report of the Audit Committee
For the year ended 31 December 2018

To the Members of **Goldlink Insurance PLC**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria 1990, the members of the Audit Committee of Goldlink Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2018 were satisfactory and reinforce the Company's internal control system.
- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.

Mr Samuel Adedoyin
Chairman, Audit Committee
FRC/2013/ICAN/00000002573
16 August 2019

Members of the Audit Committee are:

Elder (Dr.) A. K. Oniwinde *	Chairman
Mr. Samuel Adedoyin **	Chairman
Prince M. O. Oyedele *	Member
Mr Francis Okoro *	Member
Mr. Adebayo Oniwinde **	Member
Mr. Tajudeen A Olawuyi **	Member
Mr. Olanrewaju M Sulaimon	Member
Mrs. Tonbofa Ashimi	Member

* Resigned effective 27 April 2018
** Appointed effective 27 April 2018

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Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goldlink Insurance Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Goldlink Insurance Plc** (the Company), which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 17 to 93.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") Circulars.

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 the 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 Nigeria 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.

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 35 to these financial statements which indicates that the Company recorded a loss after taxation of ₦1,068,489,000 for the year ended 31 December 2018 (2017: N692,696,000) and as of that date, the Company's total liabilities exceeded its total assets by ₦7,251,976,000 (2017: N6,177,053,000). The Company's negative shareholders' fund of ₦7,251,976,000 as at 31 December 2018 was significantly below the minimum regulatory capital of ₦5,000,000,000 required for composite insurance business and a shortfall in solvency margin of ₦12,218,262,000 as at 31 December 2018 (2017: N11,239,543,000) for the composite insurance business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦7,218,262,000 as at 31 December 2018 (2017: N6,239,543,000) for the General and Life insurance businesses. These conditions, as set forth in Note 35 indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matter

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

Valuation of insurance contract liabilities

The risk

The Company's valuation of insurance contract liabilities is complex and involves high estimation uncertainties and significant judgment over uncertain future outcomes. Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involves actuarial assumptions such as inflation rate and discount rates whose eventual outcome is uncertain. The level of complexity, the assumptions and judgement involved in estimating these amounts resulted in insurance contract liabilities being a matter of significance to our audit.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls instituted by the Company around the gathering of data used for the valuation of insurance contract liabilities.
- On a sample basis, we compared the underlying membership data used in the actuarial valuation to source documentation.
- We assessed the competence, independence and objectivity of management's external actuary.
- With the assistance of our actuarial specialists, we evaluated the Company's valuation methodology and assumptions for consistency between reporting periods.
- We involved our actuarial specialists to independently test and challenge the appropriateness of the methodology used by the Company's external actuary for determining the insurance contract liabilities. This involved an assessment of the appropriateness of the use of the basic chain ladder method and expected loss ratio method, taking into account available industry data and specific product features of the Company.
- With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary including assumptions on the projected cash flows, basic chain ladder runoff period, inflation rate and discount rate by comparing them to Company specific and industry data and market trends.

Refer to note 2.2.11 (accounting policy), Note 3 (significant accounting judgements, estimates and assumptions), and note 12 (insurance contract liabilities).

Other Information

The Directors are responsible for the other information which comprises the List of Directors, Officers and Professional Advisors, Directors' Report, Corporate Governance Report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee and Other National Disclosures (but does not include the financial statements and our audit report thereon) which we received prior to the date of the auditor's report; and the Vision Statement, Mission Statement and Core Values, Corporate Profile, Notice of Annual General Meeting, Chairman's Statement, Chief Executive Officer's Review, Board of Directors' pictures, List of Management team, Corporate Social Responsibility Report and Board Performance Assessment Report ("the other reports") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act , Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011 the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") Circulars, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and Section 28(2) of the Insurance Act 2003.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with the requirements of Section 1 (17) of the National Insurance Commission Operational Guidelines

The Company did not pay any penalties with respect to contraventions of the requirements of the National Insurance Commission's Operational Guidelines during the year.

Signed:

Kabir

Kabir Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
3 September 2019
Lagos, Nigeria

1.1 Company Information and Accounting Policies

The Company was incorporated on 15 April 1992 as a private limited liability Company. The address of its registered office is 6 Emmanuel Street, Maryland, Lagos State, Nigeria. The Company obtained an insurance license from the National Insurance Commission on 8 September 1993 and commenced business operation on 1 January 1994. Following the recapitalisation exercise, the Company converted to a Public Limited Liability Company on 11 May 2007 and was listed on the Nigerian Stock Exchange by way of introduction on 12 February 2008. The Company was suspended from the Nigerian Stock Exchange in 2011 and is taking steps to recommence full activities on the Nigerian Stock Exchange.

The Company's principal activities are provision of risk underwriting and related financial services to its customers. Such services include provision of life and general insurance services to both corporate and individual customers.

The financial statements for the year ended 31 December 2018 were approved for issue by the Board of Directors on 16 August 2019.

1.2 Basis of presentation

(a) *Statement of compliance*

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

(b) *Basis of measurement*

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

- Available for sale financial instruments are measured at fair value;
- Land and buildings are measured using the revaluation model;
- Insurance liabilities are based on actuarial valuations;
- Loans and advances measured at amortized cost

The directors are of the opinion that the Company will continue as a going concern for the foreseeable future. See Note 35 to the financial statements for details.

(c) *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 Naira (₦), which is the Company’s functional currency.

(d) *Use of estimates and judgement*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 3 to the financial statements.

(e) *Regulatory authority and financial reporting*

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

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

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

(iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 18.3 to cover fluctuations in securities and variation in statistical estimates;

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

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

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

2 Accounting policies

2.1 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 2.2 to all periods presented in these financial statements.

Newly effective standards

The following new or amended standards became effective during the year, and did not have a significant impact on the Company's financial statements:

IFRS 9: Financial Instruments

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments, which replaces earlier versions of IFRS 9 and completed the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Given the nature of the Company's operations, this standard is not expected to have a pervasive impact on the Company's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application.

The Company has opted to defer the adoption of IFRS 9 till 2021 when IFRS 17, Insurance Contracts will be effective as permitted.

The estimated impact of the adoption of the standard he estimated impact of the adoption of the standard on the Company's equity as at 1 January 2021 is based on the assessments summarised below. The actual impact of adopting the standard at 1 January 2021 are subject to change until the Company presents its first financial statement that includes the date of initial application.

Classification and measurement

The Company currently categorizes the majority of its financial assets as available for sale with the fair value changes recognised in other comprehensive income. Under IFRS 9, the Company has designated these investments as measured at fair value through OCI. Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal..

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investment in debt securities and investments in equity securities that are managed on a fair value basis.

The above intended classification may change due to the continuous assessment of the requirement of the standard and review of business practices until the first set of financial statement under IFRS 9 is issued.

Impairment:

The Company believes that impairment losses are likely to increase for assets in the scope of IFRS 9 impairment model, although they are not expected to be highly volatile.

The approach to impairment assessment under IFRS 9 will be determined by the final classification adopted in 2021.

Amendments to IFRS 4: Applying IFRS 9 financial instruments with IFRS 4 insurance contracts

The amendments to IFRS 4, *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* , issued in September 2016, allow entities that issue insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until January 2021 under certain circumstances. It is to be noted that the IASB has recently proposed to defer the IFRS9 effective date for such entities in scope by another year until 2022. Given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held, the Company has decided to use the option to defer the full implementation of IFRS 9 until IFRS 17 becomes effective.

In order to qualify for temporary exemption, an entity has to prove that its activities are predominantly connected to insurance as of 31 December 2015. Under the amended IFRS 4, this condition is met if the insurer carries significant liabilities arising from contracts within the scope of IFRS 4. Significant insurance-related liabilities are given, among others, if the percentage of the total carrying amount of liabilities connected with insurance relative to the total carrying amount of all liabilities is greater than 90%. A reassessment at a subsequent annual reporting date is required if, and only if, there was a change in the entity's activities during the annual period that ended on that date.

As of 31 December 2015, Goldlink Insurance Company recorded total liabilities connected with insurance of N5.2 billion, which represented about 90% of its total liabilities of N6.1 billion. Moreover, of the amount connected with insurance contract, N4.98 billion were related to liabilities arising within the scope of IFRS 4. Other insurance related liabilities amounted to N0.2 billion and included mainly other liabilities like trade payables. The Company did not have any non-derivative investment contract liabilities measured at fair value through income statement. The details of the predominance test are shown below:

Predominance assessment as at 31 December 2015

	In thousands of Naira	**Total liabilities**	***Breakdown***	**Eligible liabilities**
1	**Insurance contract liabilities**	3,485,210		3,485,210
2	**Investment contract liabilities**	1,501,028		1,501,028
3	**Trade payables:**	178,794		178,794
3.1	Reinsurance payable		148,728	-
3.2	Premium received in advance		30,066	-
4	***Other payables and accrual***	583,195		-
4.1	Other payables		32,229	-
4.2	Sundry creditors		91,501	-
4.3	Unclaimed dividends		31,956	-
4.4	Pension payable		30,400	-
4.5	Retirement benefit payable		306,253	-
4.6	Accrued expenses		90,856	-
5	**Current tax liabilities**	306,060		-
6	**Deferred tax liabilities**	41,348		-
	Total	**6,095,635**		**5,165,032**
	Predominance assessment			**85%**

Financial assets that meet the SPPI Test

Categories	**IAS 39 carrying amount**	**IFRS 9 fair value**	**Fair value changes (Impact on 2018 account)**
In thousand of naira	**31-Dec-18 (A)**	**31-Dec-18 (B)**	**(C') =A-B**
Held to Maturity fnancial assets (Note 5 (b))			
Treasury bills held to maturity	7,104	7,104	-
Bonds	-	-	-
Sub total	7,104	7,104	-
Cash and Cash equivalents (Note 4)			
Short term deposits with financial institutions	-	-	-
Trade receivables (Note 6)			
Due from brokers	55,518	55,518	-
Due from insurance companies	172	172	-
Sub total	55,690	55,690	-
Other receivables and prepayment (see note 9)			
Loan to staffs	114,306	114,306	
Loan to policyholders	28,437	28,437	
Sub total	142,743	142,743	-
Grand total	**205,537**	**205,537**	**-**

IFRS 15: Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard does not have any significant impact on the Company, since the significant portion of the Company's revenue is recognized in line with IFRS 4- *Insurance contracts* .

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share based payment transactions

The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature.

These amendments do not have any material impact and have been adopted by the Company.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose any of the following to apply the interpretation:

1. retrospectively for each period presented

2. prospectively to items in scope that are initially on or after the beginning o the reporting period in which the interpretation is first applied, or

3. prospectively from the beginning of a prior reporting period presented as comparative information.

The Company have chosen to apply this interpretation prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied.

Amendments to IAS 40: Investment Property

On December 8, 2016, the IASB published Transfers of Investment Property (Amendments to IAS 40) to clarify transfers of property to, or from, investment property.

An entity shall apply those amendments to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). At the date of initial application, an entity shall reassess the classification of property held at that date and, if applicable, reclassify property applying paragraphs 7–14 to reflect the conditions that exist at that date.

These amendments do not have any material impact and have been adopted by the Company.

Standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

IFRS 16: Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as required by IAS 17 and introduces a single lease accounting model. Applying that model, a lessee is required to recognise:

* assets and liabilities for leases with a term of more than 12 months, unless the underlying assets is of low value;
* depreciation of lease assets separately from interest on lease liabilities in profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases or finance leases, and to account for these two types of leasers differently.

This new standard will have no significant impact on the Company, since the Company is not involved in any lease transactions.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

IFRS 17: Insurance contract

IFRS 17 establishes the principles for the recognition, measurement, presentatio and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This informaton gives a basis for users of financial statements to assess the effects that insurance contracts have on the entity's financial position, financial performance and cashflow.

This new standard will be adopted when effective for annual periods beginning on or after 1 January 2022

2.2 Significant accounting policies

Except for the changes explained in Note 2.1, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

2.2.1 Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.2.2 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the financial position date, monetary assets and liabilities denominated in foreign currencies are reported using the closing NAFEX rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in profit or loss.

Unrealized exchange differences on financial assets are a component of the change in their entire fair value. For financial assets held for trading or a financial asset designated at fair value through profit or loss, unrealised exchange differences are recognized in profit or loss. For financial assets held as available for sale, unrealised exchange differences are recognized directly in equity until the asset is sold or becomes impaired.

2.2.3 Financial instruments

(a) Classification

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

- held-to-maturity investments;
- loans and receivables, and
- available-for-sale financial assets

The Company's financial assets include cash and cash equivalents, trade receivables, reinsurance assets, other receivables, government treasury bills, quoted and unquoted equity instruments.

The Company's financial liabilities are classified as other financial liabilities and it includes investment contract liabilities, trade payables and other payables.

(b) *Initial recognition*

Financial instruments are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets and financial liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(c) *Subsequent measurement*

Subsequent measurement of financial instruments depends on their classification. Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(i) *Available-for-sale financial assets*

Available for sale financial investments include equity securities. The Company classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost less impairment. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to profit or loss upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in profit or loss when the Company's right to receive payment has been established.

Interest income on available for sale investments are recognised in investment income in profit and loss using effective interest rates
Other fair value changes, other than impairment losses, are recognised in OCI and presented in the fair value reserve within equity.

(ii) *Loans and receivables*

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as at fair value through profit or loss or available-for-sale.

Loans and receivables consist primarily of trade receivables and other receivables.
Loans and receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention and ability to hold to maturity other than:

- Those that the Company designates as available for sale.
- Those that meet the definition of loans and receivables.

Such instruments include trade and other receivables and are carried at amortised cost, less any allowance for impairment.

(iv) *Other financial liabilities*

Financial liabilities which include insurance contract liabilities, investment contract liabilities, borrowings, trade payable and other payables are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis. Trade payable comprise liabilities due to agents, brokers and re-insurance companies

(d) *Fair value measurement*

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

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures the assets and long position at a bid price and the liability and the short position at an ask price.
The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(e) *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(f) *Impairment of financial asset*

(i) *Financial assets carried at amortised cost*

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

- Significant financial difficulty of the issuer or debtor;

- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cashflow 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.

Trade receivables are initially recognised at fair value and subsequently measured at cost less impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect all amount due under the original terms of invoice. Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised when they are assessed as uncollectible. If in subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the profit or loss.

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

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cashflows 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 recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) *Assets classified as available-for-sale*

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 9 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

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

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in profit or loss, is reversed through the profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the profit or loss but accounted for directly in equity.

(g) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, e.g. for gains and losses from arising from similar transactions such as the Company's trading activities.

(h) *Derecognition of financial instruments*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

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

2.2.4 Reinsurance assets

These are receivables that arise from reinsurance contracts. The details of recognition and measurement of reinsurance contracts have been set out under note 2.2.10(b)(iii).

2.2.5 Other receivables

Other receivables are carried at cost less accumulated impairment losses. Prepayments are amortised on a straight line basis to the profit or loss account.

2.2.6 Intangible assets

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

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

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

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

2.2.7 Property and equipment

Recognition and measurement

Property and equipment comprise land and buildings and other properties owned by the Company. Items of property and equipment are carried at cost less accumulated depreciation and impairment losses except land and building which is carried at revalued amount. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

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 the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss account during the financial period in which they are incurred.

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

Subsequent measurement

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

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

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.
Residual values, useful lives and depreciation methods of property and equipment are required to be reviewed annually.

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

Land - Not depreciated
Building- 50 years
Furniture & fittings - 5 years
Office equipment - 5 years
Computer equipment- 5 years
Motor vehicles - 4 years

Fair value of land and buildings

The fair value of land and buildings is the market value. The market value of a property is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is the open market basis and is the basis by which a qualified property valuer carries out the valuation of land and building at specified reporting periods to determine the revalued amount.

Derecognition

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

Dismantling/Restoration costs
No provision has been made in respect of dismantling or restoration costs as the Company does not have any legal or constructive obligation to dismantle its assets, or restore the site on which the items of PPE are located

2.2.8 Impairment of non-financial asset

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

2.2.9 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

2.2.10 Insurance Contracts

The Company issues contracts that transfer insurance risk.

The Company enters into insurance contracts as its primary business activities. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary.

The Company classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

(a) Types of insurance contracts

The Company classifies insurance contracts into life and non-life insurance contracts

(i) *general insurance contract*

These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Company's customers against the risk of causing 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 employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Non-life insurance contracts protects the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There are no maturity or surrender benefits.

(ii) *Life insurance contracts*

These contracts insure events associated with human life (for example, death or survival) over a long duration. This include annuity products, individual products and Group life products.

(b) Insurance contracts- Recognition and measurement

(i) *Premiums*

Gross written premiums for insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Company by insurance brokers and duly certified thereto. Gross premiums are stated gross of commissions and taxes payable and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

The Company also enters into co-insurance; an arrangement whereby two or more insurance companies enter into a single contract with the insured to cover a risk in agreed proportions at an overall premium.

Premiums on coinsurance are included in gross written premiums

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

(ii) *Unearned premiums*

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the profit or loss by setting up a provision for premium deficiency.

(iii) *Reinsurance*

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

Premium ceded and claims reimbursed are presented in the income statement and statement of financial position separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Reinsurance recoverables are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Company reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the income statement as a result of an event that occurred after its initial recognition, for which the Company may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

(iv) *Commission income*

Commissions are recognized on ceding business to the reassurer, and are credited to the profit and loss.

(v) *Underwriting expenses*

Underwriting expenses are made up of acquisition and maintenance expenses.

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

(vi) *Claims incurred*

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

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

Reinsurance recoverables are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

(vii) *Deferred acquisition costs*

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

(viii) *Salvage*

Some non-life insurance contracts permit the Company to sell (usually damaged) assets acquired in the process of settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right). Salvage recoveries are presented net of the claim expense.

(ix) *Subrogation*

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other receivables when the liability is settled and the Company has the right to receive future cash flow from the third party.

2.2.11 Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 2.2.10(b) of the accounting policies. Insurance contract liabilities are determined as follows:

(a) General business

(i) *Reserves for unearned premium and unexpired risk*

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the reserves for unearned premium.

(ii) *Reserves for outstanding claims*

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

(iii) *Liabilities adequacy test*

The gross liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the income statement for the year. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out in the following notes.

● *Reserving methodology and assumptions*

For non-life insurance risks, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The three methods more commonly used are the Inflation-adjusted Chain Ladder, Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year and payment year. The claims paid data was sub–divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

● *Discounted inflation-adjusted basic chain ladder method*

Historical claims paid were grouped into 10 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 10 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 10% to allow for a margin of prudence.

The future claims (the ultimate claim amount less claims paid to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus claims paid till date minus outstanding claims.

● *Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method*

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.
- The run off period is ten (10) years and hence the method assumes no more claims will be paid subsequently.

● *Expected loss ratio method*

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special Risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio, where loss ratio is defined as claims incurred divided by earned premiums. Paid claims already emerged is then deducted for from the estimated Ultimate claims to obtain the reserves. Outstanding claims is stated as amount estimated less paid claims.

(b) Life business

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or ‘investment contracts' depending on the level of insurance risk transferred.
Insurance contracts are those contracts when the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. This contracts are the primary business activity of the Company. These contracts insure events associated with human life (for example death or survival) duration.

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Insurance contract with discretionary participating features (DPF)

Some insurance contracts and investment contracts contain a discretionary participating feature (DPF), which is a contractual right to receive as, a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits;
- that the amount or timing is contractually at the discretion of the insurer; and
- That are contractually based on:

i. the performance of a specified pool of contracts or a specified type of contract;
ii. realized and or unrealized investment returns on a specified pool of assets held by the issuer; or
iii. the profit or loss of the Company.

Recognition and measurement

Insurance contracts with DPF are classified into three main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(i) Short-term insurance contracts

Short-duration life insurance contracts (Group Life) protect the Company's clients from the consequences of events (such as death or
The proportion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned
Claims expenses are recognised in the statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs that arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid/outstanding claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported.

(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 recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recognised as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is actuarially determined based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. The change in liabilities are recorded in gross premium on the statement of profit or loss.

(iii) Annuity

Annuity is an insurance product that features a predetermined periodic pay-out amount until the death of the annuitant in exchange for an immediate payment of a lump sum or a series of regular payments prior to the onset of the annuity. Annuity premium are recognised as income when received from policy holders, and payments to policy holders are recognised as an expense when due. Annuities are valued by actuaries using a discounted cash flow approach. The reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required by the terms of the contract. Annuities collected in a year are credited to the Gross Premium written and the portion that extends beyond one year is taken out via the unearned premium. The assets representing the annuities are invested in near-cash money market financial instruments with a tenor of 30 days on rolling basis and an interest spread using the interest rates available in the market.

The annuity is valued at year end by the Company's Actuary; O & A Hedge Actuarial Consulting (FRC/2016/NAS/00000015764). registered with the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigerian (FRC). Also a liability adequacy test is required by law to be performed on annuity fund to determine its sufficiency in meeting the contractual liabilities. Some of the assumptions being considered in valuing the annuity fund at the year end are:
(a) a 10 year guaranteed minimum annuity payment
(b) a valuation interest determined by a long term FGN bond yield
(c) a maintenance expenses and the mortality rates.

The change in liability for annuity and other insurance contract liabilities are recorded in the statement of profit or loss as a movement in life fund.

The Company only enters into insurance contracts. Therefore, its insurance contract liabilities represent the Company's liability to the policy holders. It comprises the unearned premium, unexpired risk, outstanding claims and the incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

General reserve fund

This is made up of net liabilities in force as computed by the actuaries at the time of the actuarial valuation.

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefrom are charged to the profit or loss account while the surplus is appropriated to the shareholders and credited to the income statement.

The liability adequacy test was carried out by the Company's Actuary; O & A Hedge Actuarial Consulting (FRC/2016/NAS/00000015764). The liability adequacy test is carried out at every financial reporting year end.

2.2.12 Recognition and measurement of investment contracts

Investment contracts and the related receipts and payments are accounted for in the statement of financial position in line with the accounting policies for financial instruments stated in note 2.2.3. The deposit liability recognized in the statement of financial position represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

2.2.13 Provisions, contingent assets and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent assets are not recognised in the financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Company, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Company’s control.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or no occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

2.2.14 Income tax

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

(a) Current tax

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

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company income tax (based on taxable income (or loss) for the year) and Minimum tax. Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which are based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax.

(b) Deferred taxation

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

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.2.15 Leases

(a) Operating leases

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

2.2.16 Share capital and reserves

(a) Share capital and premium

The Company classifies ordinary shares and share premium as equity. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

Dividend on ordinary shares

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

(b) Contingency reserves

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securitie and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation until the reserve reaches the amount of the minimum paid-up share capital.

(c) Revaluation reserves

Assets revaluation reserves warehouses the fair value differences on the revaluation of items of land and building as at the statement of financial position date. The revalaution surplus is recognised net of revaluation deficit for items of land and building.

(d) Available for sale reserves

Available for sale reserves warehouses the fair value gains or losses on valuation of available for sale financial assets.

(e) Treasury shares

Where the Company purchases its own ordinary shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(f) Earnings per share

The Company presents ordinary basic earnings per share (EPS) for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

2.2.17 Revenue recognition

(a) Insurance contracts:

See note 2.2.10(b)(i) & 2.2.10(b)(iv) for recognition of premium and commission on insurance contracts.

(b) Investment and other operating income

Investment income comprises interest income earned on cash equivalents, and income earned on trading securities including all realised and unrealised fair value changes, dividend income and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments are recognised within 'investment income' and 'finance costs' in the income statement using the effective interest rate method.

(c) Dividend income

Dividend income is recognised in profit and loss when the right to receive income is established. Dividend income from equity securities is recognised in profit or loss within "investment income".

2.2.18 Management expenses

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

(a) Employee benefits

(i) Short-term benefits

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

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

(ii) Post Employment Benefits

(a) *Defined contribution pension scheme*

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

(ii) Termination Benefits

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

(b) Other operating expenses

Other operating expenses are recognised on an accrual basis. They include depreciation expenses, administrative expenses and professional fees.

2.2.19 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Segment operating results are reviewed regularly by the Board of Directors (being the chief operating decision maker) and used to make decisions about resources allocated to each segment. Segment operating results and discrete financial information are also used to assess segmental performance. Segment results include items directly attibutable to a segment as well as those that can be allocated on a reasonable basis.

2.2.20 Related party transactions

The Company's key management personnel, and persons connected with them, are considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Goldlink Insurance Plc. See note 31 for details of related party transactions during the year.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant & equipment will have an impact on the carrying value. The Company revalued its land and building at the end of the year and revaluation adjustment was made to the carrying value of the land and building.

Retirement benefits obligation

The cost of defined benefit obligation and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Valuation of Insurance and Investment contract liabilities

For General insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, portion of premium and expected loss methods.

The liability for life insurance contracts and investment contract liabilities is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional write-offs to profit or loss.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

Impairment of available-for-sale equity financial assets

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. In this respect, a decline of 20% or more is regarded as significant, and a period of 9 months or longer is considered to be prolonged. If any such qualitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

Impairment on receivables

In accordance with the accounting policy, the Company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations requires the use of estimates based on passage of time and probability of recovery.

Statement of Financial Position
As at 31 December

In thousands of Naira	Note	31-Dec-18	31-Dec-17
Assets			
Cash and cash equivalents	4	53,183	116,142
Financial assets	5	143,478	90,397
Trade receivables	6	55,690	16,663
Reinsurance assets	7	257,819	139,941
Deferred acquisition cost	8	41,501	39,714
Other receivables and prepayments	9	40,468	32,511
Property and equipment	10	693,626	859,673
Statutory deposits	11	500,000	500,000
Total assets		1,785,765	1,795,041
Liabilities			
Insurance contract liabilities	12	5,230,266	4,429,704
Investment contract liabilities	13	1,766,779	1,661,985
Trade payables	14	519,542	551,954
Other payables and accruals	15	1,075,231	993,447
Current tax liabilities	16	401,189	251,019
Deferred tax liabilities	17	44,734	83,985
Total liabilities		9,037,741	7,972,094
Capital and reserves			
Issued and paid up share capital	18.1	1,230,459	1,600,699
Share premium	18.2	1,617,935	1,989,523
Treasury shares	18.7	(47,350)	(47,350)
Contingency reserve	18.3	1,577,214	1,550,617
Retained losses	18.4	(11,696,248)	(11,342,990)
Asset revaluation reserve	18.5	-	34,808
Available for sale reserve	18.6	17,446	24,015
Exchange gains reserve	18.8	48,568	13,625
Shareholders' deficit		(7,251,976)	(6,177,053)
Total equity and liabilities		1,785,765	1,795,041

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 16 August 2019 BY:

Mr. Adeyinka Olutungase
FRC/2014/ICAN/00000006910
Director

Mr. Edore Kenneth Egbaran
FRC/2015/CIIN/00000011953
Managing Director/CEO

Additionally certified by:

Mr. Yusuf Yakubu
FRC/2013/ICAN/00000004360
Chief Financial Officer

The significant accounting policies on pages 17 to 34 and the notes on pages 40 to 93 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

In thousands of Naira	Note	31-Dec-18	31-Dec-17
Gross premium written	19	1,152,994	1,010,654
Gross premium income	19	1,088,776	1,159,867
Gross premium income	19	1,088,776	1,159,867
Reinsurance expense	20	(133,705)	(142,863)
Net premium income		955,071	1,017,004
Fees and commission income	21	37,776	29,785
Net underwriting income		992,847	1,046,789
Net claims expense	22	(979,428)	(651,121)
Changes in life fund and annuity reserves	22.3	37,548	-
Underwriting expenses	23	(223,695)	(261,762)
Underwriting profit / (loss)		(172,728)	133,906
Investment income	24(a)	64,398	78,250
Other operating income/(loss)	25	50,144	11,470
Net impairment (loss) / reversal	28	(208,301)	(6,865)
Management expenses	26	(611,089)	(732,613)
Loss on life investment contracts	13(b)	(68,994)	(87,335)
Loss before tax		(946,570)	(603,187)
Income tax for the year	29	(121,919)	(89,509)
Loss after taxation		(1,068,489)	(692,696)
Other comprehensive income, net of tax			
Items within other comprehensive income that may be reclassified to profit or loss			
Exchange gains on available for sale financial assets	18.8	34,943	5,550
Income tax effect	18.8	-	(1,620)
Fair value gain/(loss) on available for sale financial assets	5(a)(i)	(6,569)	16,332
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property & equipment	18.5	(34,808)	-
Total other comprehensive income for the year		(6,434)	20,262
Total comprehensive loss for the year		(1,074,923)	(672,434)
Loss per share - Basic (Kobo)	30	(43)	(22)

The significant accounting policies on pages 17 to 34 and the notes on pages 40 to 93 are an integral part of these financial statements.

Statement of changes in Equity
For the year ended 31 December, 2018

In thousands of Naira		Share capital	Share premium	Treasury shares	Asset revaluation reserves	Available for sale reserve	Exchange gains reserve	Contingency reserve	Actuarial reserves	Retained earnings	Total equity
As at 1 January, 2018		1,600,699	1,989,523	(47,350)	34,808	24,015	13,625	1,550,617	-	(11,342,990)	(6,177,053)
Loss for the year	18.4	-	-	-	-	-	-	-	-	(1,068,489)	(1,068,489)
Other comprehensive income											
Fair value changes of available for sale financial assets	18.6	-	-	-	-	(6,569)	-	-	-	-	(6,569)
Exchange gains on available for sale financial assets	18.8	-	-	-	-	-	34,943	-	-	-	34,943
Fair value changes on property & equipment	18.5	-	-	-	(34,808)	-	-	-		-	(34,808)
Income tax impact	18.5	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/ income for the year		-	-	-	(34,808)	(6,569)	34,943	-	-	(1,068,489)	(1,074,923)
Transfers within equity											
Transfer to statutory contingency reserve	18.3	-	-	-	-	-	-	26,597	-	(26,597)	-
Shares surrendered	18.4	(370,240)	(371,588)	-	-	-	-	-	-	741,828	-
Total transactions with owners		(370,240)	(371,588)	-	-	-	-	26,597	-	715,231	-
As at 31 December 2018		1,230,459	1,617,935	(47,350)	-	17,446	48,568	1,577,214	-	(11,696,248)	(7,251,976)

In thousands of Naira

		Share capital	**Share premium**	**Treasury shares**	**Asset revaluation reserves**	**Available for sale reserve**	**Exchange gains reserve**	**Contingency reserve**	**Actuarial reserves**	**Retained earnings**	**Total equity**
As at 1 January, 2017		1,600,699	1,989,523	(47,350)	34,808	7,683	9,695	1,524,736	-	(10,624,413)	(5,504,619)
Loss for the year	18.4	-	-	-	-	-	-	-	-	(692,696)	(692,696)
Other comprehensive income											
Fair value changes of available for sale financial assets	18.6	-	-	-	-	16,332	-	-	-	-	16,332
Exchange gains on available for sale financial assets	18.8	-	-	-	-	-	5,550	-	-	-	5,550
Fair value changes on property & equipment	18.5	-	-	-	-	-	-	-		-	-
Income tax impact	18.5	-	-	-	-	-	(1,620)	-	-	-	(1,620)
Total comprehensive (loss) / income for the year		-	-	-	-	16,332	3,930	-	-	(692,696)	(672,434)
Transfers within equity											
Transfer to statutory contingency reserve	18.3	-	-	-	-	-	-	25,881	-	(25,881)	-
Total transactions with owners		-	-	-	-	-	-	25,881	-	(25,881)	-
As at 31 December 2017		1,600,699	1,989,523	(47,350)	34,808	24,015	13,625	1,550,617	-	(11,342,990)	(6,177,053)

Statement of Cash Flows

for the year ended 31 December 2018

	Note	31-Dec-2018 N'000	31-Dec-2017 N'000
Cash flows from operating activities:			
Premium received from policy holders	19(b)	957,867	1,056,154
Net premium received in advance	14	31,952	156,100
Re-insurance receipt in respect of claims/ reinsurance	7.5	100,691	8,409
Investment contract liabilities (Net cash flow)	13	(5,000)	(2,224)
Cash paid to employees	27(d)	(339,643)	(344,157)
Reinsurance premium paid	20 .1	(114,088)	(131,976)
Commission received	21	31,736	41,211
Other income received	25	33,367	30,222
Net claims paid	22	(416,835)	(283,712)
Cash payments for other operating expenses	15(e)	(187,409)	(267,041)
Commission paid	23.1	(154,711)	(132,841)
Maintenance expenses paid	23.2	(70,773)	(95,169)
Taxes paid	16	(11,000)	(45,000)
		(143,846)	**(10,024)**
Cash flows from investing activities:			
Purchases of property and equipment	10	(1,009)	(593)
Redemption of held to maturity financial assets	5(c)	8,037	2,398
Purchase of held to maturity financial assets	5(c)	(7,104)	(8,037)
Interest on investments received	24	78,105	76,951
Dividend received	24(b)	2,858	451
Net cash received from investing activities		**80,887**	**71,170**
Cash flows from financing activities:		-	-
Net cash used in financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		(62,959)	61,146
Cash and cash equivalents at beginning of year	4	116,142	54,996
Cash and cash equivalents at end of year	4	**53,183**	**116,142**

The significant accounting policies on pages 17 to 34 and the notes on pages 40 to 93 are an integral part of these financial statements.

Notes to the financial statements

4 Cash and cash equivalents

In thousands of Naira	31-Dec-18	31-Dec-17
Cash in hand	392	668
Cash at bank	52,791	65,404
Short term bank deposits (see (a) below)	-	50,070
	53,183	116,142

(a) Short term bank deposits are made for varying maturities of between one day and three months depending on the immediate cash requirements of the Company. The carrying amounts disclosed above reasonably approximates fair value at the reporting date.

5 Financial assets

In thousands of Naira	31-Dec-18	31-Dec-17
Available for sale financial assets (see (a) below)	136,374	82,360
Held to maturity financial assets (see note 5(b))	7,104	8,037
	143,478	90,397

(a) **Available for sale financial assets**

In thousands of Naira	31-Dec-18	31-Dec-17
Quoted equity securities measured at fair value (see (i) below)	39,791	46,360
Unquoted equity securities measured at cost (see (ii) below)	-	-
Unquoted equity securities measured at fair value (see (v) below)	96,583	36,000
	136,374	82,360

(i) **Quoted equities**

Opening balance of quoted equities	46,360	30,028
Disposal during the year		-
Fair value (loss)/ gain	(6,569)	16,332
Closing balance	39,791	46,360

(ii) **Unquoted equities at cost**

Unquoted equities (cost)	1,083,589	1,083,589
Impairment loss (see (iii) below)	(1,083,589)	(1,083,589)
Write-off during the year	-	-
Closing balance	-	-

(iii) This represents impairment loss on the Company's investments in unquoted equities which is analysed below:

In thousands of Naira	31-Dec-18	31-Dec-17
AT&T Equip Nig Ltd	239,164	239,164
IK Ventures Ltd	226,791	226,791
Betty Pride Nigeria Limited	210,000	210,000
Owonoko Farms Ltd	147,106	147,106
Fodatek Ventures Limited	101,730	101,730
GICO Investments Co Ltd	100,000	100,000
Alangrange Securities Ltd	57,298	57,298
Discovery Fund	1,000	1,000
The Frontier Fund	500	500
	1,083,589	1,083,589

(iv) The movement in allowance for impairment losses on unquoted equities at cost is as follows:

Opening balance	1,083,589	1,083,589
Impairment charge/ (write-off) during the year	-	-
Closing balance	1,083,589	1,083,589

(v) Unquoted equities at fair value

	31-Dec-18	31-Dec-17
Opening balance	36,000	30,450
Additions during the year	25,640	-
Unrealised exchange gain (see note 18.8)	34,943	5,550
Closing balance	96,583	36,000

Additions to unquoted securities during the year represent the value of the shares held in WAICA Reinsurance which was not previously recognised. There was therefore no additional cash outflow for this investment.

(b) **Held to maturity financial assets**

In thousands of Naira	31-Dec-18	31-Dec-17
Treasury bills held to maturity	7,104	8,037

The fair value of the investments approximates the carrying amount at the period end based on the outstanding days to maturity.

(b) i *Movement during the year in Held to Maturity Financial assets as shown below*

In thousands of Naira	**31-Dec-18**	**31-Dec-17**
Balance as at 1 January	8,037	2,398
Addition during the year	7,104	8,037
Disposal/Redemption during the year	(8,037)	(2,398)
Total cash outflow	7,104	8,037

(c) *Cash outflow on purchase and redemption of Held to Maturity financial assets is shown below:*

In thousands of Naira	**31-Dec-18**	**31-Dec-17**
Purchase of assets (5a(i))	(7,104)	(8,037)
Redemption (see note 5a (iv) above)	8,037	2,398
Net cash inflow/ (outflow) on held to maturity assets	933	(5,639)

6 Trade receivables

(a) Trade receivables comprise the following:

In thousands of Naira	31-Dec-18	31-Dec-17
Due from brokers	55,518	569,203
Due from insurance companies	172	-
Allowance for impairment losses (see 6 (c) below)	-	(552,540)
	55,690	16,663

Trade receivables represent balances subsequently collected by the Company after year end.

(b) The age analysis of the gross trade receivables as at the end of the year is as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Analysis of the gross trade receivables in days		
Within 30 days	55,690	16,663
Above 30 days	-	552,540
	55,690	569,203

(c) The movements in the impairment of trade receivables are as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	552,540	546,467
Additional impairment (see note 28)	15,059	6,073
Write-off during the year	(567,599)	-
Balance, end of year	-	552,540

(d) The movements in the gross trade receivables are as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	569,203	569,203
Received during the year	(16,663)	(22,976)
Additional receivable during the year	55,690	16,663
Additional impairment during the year	15,059	6,313
Write-off during the year	(567,599)	-
Balance, end of year	55,690	569,203

7 Reinsurance assets

In thousands of Naira	31-Dec-18	31-Dec-17
Prepaid re-insurance	26,046	33,432
Reinsurers' share of outstanding claims	157,407	93,237
Reinsurers' share of IBNR	157,933	7,138
Reinsurers' share of claims paid	6,134	6,134
Gross reinsurance assets	347,520	139,941
Impairment on reinsurers' share of outstanding claims	(89,701)	-
Net reinsurance assets	257,819	139,941

Analysis of net reinsurance assets per business		**2018**		**2017**
	Life	**Non-life**	**Total**	**Total**
Prepaid reinsurance	12,231	13,815	26,046	33,432
Reinsurers' share of outstanding claims	-	67,706	67,706	93,237
Reinsurers' share of IBNR	-	157,933	157,933	7,138
Reinsurers' share of claims paid	-	6,134	6,134	6,134
	12,231	**245,588**	**257,819**	**139,941**

7.1 ***Net claims recoverable is analysed as follows:***

In thousands of Naira	31-Dec-18	31-Dec-17
Reinsurers' share of claims paid	6,134	6,134
Net reinsurers' share of outstanding claims	67,706	93,237
Reinsurers' share of IBNR	157,933	7,138
	231,773	106,509

In thousands of Naira	31-Dec-18	31-Dec-17
Current	99,886	132,803
Non-current	157,933	7,138
	257,819	139,941

7.2 ***Movement in gross reinsurance assets is as shown below***

2018	Prepaid reinsurance	Reinsurers' share of outstanding claims and IBNR	Reinsurers' share of claims paid	Total
Balance as at 1 January	33,432	100,375	6,134	139,941
Increase/(decrease) during the year	(7,386)	214,965	-	207,579
Balance as at 31 December	26,046	315,340	6,134	347,520

2017	Prepaid reinsurance	Reinsurers' share of outstanding claims and IBNR	Reinsurers' share of claims paid	Total
Balance as at 1 January	44,319	195,313	6,134	245,766
Increase /(decrease) during the year	(10,887)	(94,938)	-	(105,825)
Balance as at 31 December	33,432	100,375	6,134	139,941

7.3 ***Movement in impairment on reinsurance assets***

In thousands of Naira	31-Dec-18	31-Dec-17
Opening balance	-	-
Impairment charge during the year	(89,701)	-
Closing balance	(89,701)	-

7.4 ***Reconciliation of gross reinsurers' share of outstanding claims during the year***

In thousands of Naira	Notes	31-Dec-18	31-Dec-17
Opening balance	7.1	93,237	22,515
Reinsurance share of reported claims during the year		164,861	157,251
Claims recovery for the year- General	22	(100,691)	(74,589)
Claims recovery for the year- Life	22	-	(11,940)
Gross balance at year end	7.1	157,407	93,237

Reinsurance assets are to be settled on demand and the carrying amount is not significantly different from the fair value.

7.5 Cash received in respect of reinsurance during the year is shown below:

	Notes	31-Dec-18	31-Dec-17
In thousands of Naira			
Claims recovery for the year- General	7.4	100,691	74,589
Claims recovery for the year- Life	7.4	-	11,940
Cash received in respect of reinsurance		100,691	93,667

8 Deferred acquisition cost

(a) Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise of:

In thousands of Naira	31-Dec-18	31-Dec-17
Motor	25,038	20,576
Fire	2,879	2,726
General accident	7,607	7,493
Marine	4,813	7,132
Bond & Indemnity	831	660
Engineering	333	1,127
	41,501	39,714

(b) The movement in the deferred acquisition cost during the year is as shown below:

	31-Dec-18	31-Dec-17
In thousands of Naira		
Balance, beginning of year	39,714	73,467
Movement during the year (see note 23.1)	1,787	(33,753)
Balance, end of year	41,501	39,714

In thousands of Naira	31-Dec-18	31-Dec-17
Current	41,501	39,714
Non Current	-	-
	41,501	39,714

9 Other receivables and prepayments

In thousands of Naira	31-Dec-18	31-Dec-17
Loans (see (a) below)	29,448	26,174
Other receivables (see (b) below)	7,714	2,979
	37,162	29,153
Prepayment (see (c) below)	3,306	3,358
	40,468	32,511

In thousands of Naira	31-Dec-18	31-Dec-17
Current	40,468	32,511
Non Current	-	-
	40,468	32,511

(a) Loans

In thousands of Naira	31-Dec-18	31-Dec-17
Staff loans	114,306	114,763
Loan to policy holders	28,437	24,386
	142,743	139,149
Impairment allowance (see note 9 (a) (iii) below)	(113,295)	(112,975)
	29,448	26,174

Movement in gross loans is shown below:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance as at 1 January	139,149	128,969
Addition during the year	23,938	20,967
Repayment during the year	(20,344)	(10,787)
Balance as at 31 December	142,743	139,149

Loans to policy holders are secured by the surrender value of policies in force as at year end. They are repayable on demand and the carrying value approximates fair value.

(i) Movement in gross staff loans is shown below:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance as at 1 January	114,763	114,239
Addition during the year	11,216	5,524
Repayment during the year	(11,673)	(5,000)
Balance as at 31 December	114,306	114,763

(ii) Movement in gross loans to policy holders is shown below:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance as at 1 January	24,386	14,730
Addition during the year	12,722	15,443
Repayment during the year	(8,671)	(5,787)
Balance as at 31 December	28,437	24,386

(iii) Impairment allowance on loans can be analysed as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Impairment on staff loans	110,408	111,749
Impairment of loans to policy holders	2,887	1,226
	113,295	112,975

(iv) Impairment on staff loans represent provisions on loans granted to former executives. These loans were fully provided for as they have been deemed doubtful of recovery by management.

(v) Impairment of loans to policyholders represent the extent to which the loan balance exceeds the surrender value as at the end of the year due to errors in the accounting treatment of loans repayment by policyholders.

(vi) Movement in impairment on loans is shown below

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	112,975	116,245
Charge for the year- loans to policy holders (see note 28 (a) i)	1,661	-
Write back during the year (see note 28 (a) i)	(1,341)	(3,270)
Balance, end of year	113,295	112,975

(b) Other receivable

In thousands of Naira	31-Dec-18	31-Dec-17
Other assets	8,191	171,390
Impairment allowance (see (i) below)	(477)	(168,411)
	7,714	2,979

Other receivable comprises receivables due to the Company from other activities aside underwriting. The details are shown below:

In thousands of Naira	31-Dec-18	31-Dec-17
Dividend receivables	5,174	3,141
Interest receivables	477	22,134
Sundry debtors	-	78,532
Others	2,540	67,583
	8,191	171,390

Analysis of other receivables based on business segments is shown below:

General	31-Dec-18	31-Dec-17
Dividend receivable	3,483	2,414
Interest receivable	-	21,657
Sundry debtors	-	77,737
Others	325	2,078
	3,808	

	31-Dec-18	31-Dec-17
Life business		
Dividend receivable	1,691	727
Interest receivable	477	477
Sundry debtors	-	795
Others	2,215	65,505
	4,383	67,504

(i) Movement in allowances for other receivable is as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	168,411	167,616
(Write-off)/charge for the year	(167,934)	795
Balance, end of year	477	168,411

(ii) Movement in the gross other receivable is as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	171,390	169,877
Additions during the year	4,735	1,513
Write-offs during the year	(167,934)	-
Balance, end of year	8,191	171,390

(c) The details of the prepayment are shown below: -

In thousands of Naira	31-Dec-18	31-Dec-17
Rent	3,182	3,239
Others	124	119
Total	3,306	3,358

(d) **Reconciliation of movement in Other receivables and prepayments**

2018

In thousands of Naira	**Gross amount as at 31 December**	**Movement in impairment during the year 2018**				**Carrying amount as at 31 December**
		Balance as at 1 January	**Write-off during the year**	**Additional impairment during the year**	**Balance as at 31 December**	
Staff loans	114,306	111,749	(1,341)	-	110,408	3,898
Loans to policy holders	28,437	1,226	-	1,661	2,887	25,550
Other receivables (other assets)	8,191	168,411	(168,411)	477	477	7,714
Prepayment	3,306	-	-	-	-	3,306
Total	**154,240**	**281,386**	**(169,752)**	**2,138**	**113,772**	**40,468**

2017

In thousands of Naira	**Gross amount as at 31 December**	**Movement in impairment during the year 2017**				**Carrying amount as at 31 December**
		Balance as at 1 January	**Reversal during the year**	**Additional impairment during the year**	**Balance as at 31 December**	
Staff loans	114,763	115,019	(3,270)	-	111,749	3,014
Loans to policy holders	24,386	1,226	-	-	1,226	23,160
Other receivables (other assets)	171,390	167,616	-	795	168,411	2,979
Prepayment	3,358	-	-	-	-	3,358
Total	**313,897**	**283,861**	**(3,270)**	**795**	**281,386**	**32,511**

		Land	Building	Motor vehicles	Computer Equipment	Office Equipment	Furniture & fittings	Total
10	**Property and equipment (31-Dec-2018)**							
10.1	*In thousands of Naira*							
	Cost/valuation							
	Balance, beginning of year	289,071	599,425	300,595	49,100	33,305	40,934	1,312,430
	Additions	-	-	300	289	420	-	1,009
	Impairment	(19,000)	-	-	-	-	-	(19,000)
	Revaluation gains/ (losses)	-	(117,928)	-	-	-	-	(117,928)
	Balance, end of year	270,071	481,497	300,895	49,389	33,725	40,934	1,176,511
	Accumulated depreciation							
	Balance, beginning of year	-	41,460	296,211	46,483	29,609	38,994	452,757
	Additions	-	21,317	3,342	1,883	1,995	1,591	30,128
	Disposals	-	-		-	-	-	-
	Balance, end of year	-	62,777	299,553	48,366	31,604	40,585	482,885
	Net Book Value							
	Net book value 31 December 2018	270,071	418,720	1,342	1,023	2,121	349	693,626
	Net book value 31 December 2017	289,071	557,965	4,384	2,617	3,696	1,940	859,673

(i) The Company had no restrictions to the use of its property and equipment as at the reporting date.
(ii) No leased assets are included in the property and equipment (31 December 2017: Nil)
(iii) The Company had no capital commitments as at the reporting date (31 December 2017: Nil)
(iv) A listing of the Company's land and buildings with their values and locations as at year end is as shown on the next page:

		Land	Building	Motor vehicles	Computer Equipment	Office Equipment	Furniture & fittings	Total
10.2	**Property and equipment (31-Dec-2017)**							
	In thousands of Naira							
	Cost/valuation							
	Balance, beginning of year	289,071	599,425	300,595	48,884	35,193	42,570	1,315,738
	Additions	-	-	-	216	377	-	593
	Disposals	-	-	-	-	(2,265)	(1,636)	(3,901)
	Balance, end of year	289,071	599,425	300,595	49,100	33,305	40,934	1,312,430
	Accumulated depreciation							
	Balance, beginning of year	-	26,743	288,497	43,340	28,596	37,649	424,825
	Additions	-	14,717	7,714	3,143	3,278	2,981	31,833
	Disposals	-	-		-	(2,265)	(1,636)	(3,901)
	Balance, end of year	-	41,460	296,211	46,483	29,609	38,994	452,757
	Net Book Value							
	Net book value 31 December 2017	289,071	557,965	4,384	2,617	3,696	1,940	859,673
	Net book value 31 December 2016	289,071	572,682	12,098	5,544	6,597	4,921	890,913

10 Property
10.3

Property	Status of title	Opening balance 1 January 2018			Movement during the year					Closing balance 31 December 2018		
		Land	Building	Total	Additions during the year	Improvement during the year	Disposal during the year	Depreciation during the year	Revaluation gain/loss & Impairment	Total	Land	Building
In thousands of Naira		*(a)*	*(b)*	*(c) = (a) + (b)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)= c+d+e+f+g+h*	*(j)*	*(k)*
No 6, Emmanuel Street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos	Awaiting updates from Lagos Lands Registry	150,071	419,335	569,406	-	-	-	(16,021)	(133,385)	420,000	150,071	269,929
No 2, Harare Street, off Rabat Street, Wuse Zone 6, Abuja	Awaiting updates from Federal Housing Authority, Abuja	120,000	124,292	244,292	-	-	-	(4,749)	15,457	255,000	120,000	135,000
Landed property at Mowe, Ogun State *	Not applicable	19,000	-	19,000	-	-	-	-	(19,000)	-	-	-
D 27, Ikota Shopping Complex	Registered Deed of Assignment	-	14,339	14,339	-	-	-	(548)	-	13,791	-	13,791
		289,071	557,966	847,037	-	-	-	(21,318)	(136,928)	688,791	270,071	418,720

*- The Company's property at Mowe, Ogun State was impairment during the year as no verifiable support documentations could be provided to substantiate the Company's right over the property.

	Asset description	Location	Value (₦'000)
-	Land & building	No 6, Emmanuel Street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos	150,071
-	Land & building	No 2, Harare street, off Rabat street, Wuse Zone 6, Abuja	120,000
			270,071
-	Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos	269,929
-	Land & building	No 2, Harare Street, off Rabat Street, Wuse Zone 6,	135,000
-	Building	D 27, Ikota shopping complex	13,791
			418,720
			688,791

- Property	Status of title	Opening balance 1 January 2017			Movement during the year					Closing balance 31 December 2017		
		Land	building	Total	Additions during the year	Improvement during theyear	Disposal during the year	Depreciation during the year	Revaluation gain/loss	Total	Land	Building
In thousands of Naira		*(a)*	*(b)*	*(c) = (a) + (b)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)= c+d+e+f+g+h*	*(j)*	*(k)*
No 6, Emmanuel Street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos		150,071	430,395	580,466	-	-	-	(11,060)	-	569,406	150,071	419,335
No 2, Harare Street, off Rabat Street, Wuse Zone 6, Abuja		120,000	127,570	247,570	-	-	-	(3,278)	-	244,292	120,000	124,292
Mowe, Ogun State		19,000	-	19,000	-	-	-	-	-	19,000	19,000	-
D 27, Ikota Shopping Complex		-	14,717	14,717	-	-	-	(378)	-	14,339	-	14,339
		289,071	572,682	861,753	-	-	-	(14,716)	-	847,037	289,071	557,966

The land and buildings were revalued by Foluke Ismail of Foluke Ismail & Associates - FRC/2013/NIESV/00000001701, (Estate Surveyors and Valuers) on 17 June 2017 using direct market comparison method, depreciated replacement cost method and investment valuation method to arrive at the open market value.

(i) The Company had no restrictions to the use of its property and equipment as at the reporting date.
(ii) No leased assets are included in the property and equipment (31 December 2016: Nil)
(iii) The Company had no capital commitments as at the reporting date (31 December 2016: Nil)
(iv) A listing of the Company's land and buildings with their values and locations as at year end is as shown below:

	Asset description	Location	Value (₦'000)
-	Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony way,	150,071
-	Land & building	No 2, Harare street, off Rabat street, Wuse Zone 6,	120,000
-	Land	Mowe, Ogun State	19,000
			289,071
-	Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony way,	419,335
-	Land & building	No 2, Harare street, off Rabat street, Wuse Zone 6,	124,292
-	Building	D 27, Ikota shopping complex	14,339
			557,966
			847,037

11 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria at 31 December 2018, in compliance with the Insurance Act, CAP 117 LFN 2004 and it is not available for the normal business operations of the company.

In thousands of Naira	31-Dec-18	31-Dec-17
General business	300,000	300,000
Life business	200,000	200,000
	500,000	500,000

	31-Dec-18	31-Dec-17
Current	-	-
Non-current	500,000	500,000
	500,000	500,000

12 Insurance contract liabilities

12.1.1

		31-Dec-18		31-Dec-17
In thousands of Naira	Life	General	Total	Total
Provision for unearned premium	153,483	299,359	452,842	388,625
Outstanding claims - reported	1,159,036	2,844,355	4,003,391	3,519,326
Outstanding claims - IBNR	290,470	458,071	748,541	444,058
Individual life insurance fund	18,199	-	18,199	77,695
Liabilities under PRA Annuities	7,293	-	7,293	-
	1,628,481	3,601,785	5,230,266	4,429,704

12.1.2 ***Gross insurance contract liability***

In thousands of Naira	31-Dec-18	31-Dec-17
General		
Outstanding claims reported	2,844,355	2,421,876
Outstanding claims -incurred but not reported (IBNR)	458,071	196,564
Provision for unearned premium	299,359	339,226
	3,601,785	2,957,666
Life		
Individual life fund	18,199	77,695
Group life-Unexpired premium reserve (UPR)	122,786	40,643
Group life-Additional unexpired risk reserve (AURR)	30,697	8,756
Group life-Outstanding claims IBNR	290,470	247,494
Liabilities under PRA Annuities	7,293	-
Outstanding claims reported	1,159,036	1,097,450
	1,628,481	1,472,038
Total	5,230,266	4,429,704

12.1.3 ***Reinsurance assets***

	31-Dec-18	31-Dec-17
General		
Reinsurers' share of outstanding claims (see note 7 above)	67,706	93,237
Reinsurers' share of IBNR (see note 7 above)	157,933	7,138
Prepaid reinsurance (see note 7 above)	13,815	33,432
Recoverable on claims paid	6,134	6,134
	245,588	139,941
Life		
Reinsurers' share of outstanding claims (see note 7 above)	-	-
Reinsurers' share of IBNR (see note 7 above)	-	-
Prepaid reinsurance (see note 7 above)	12,231	-
	12,231	-
Total	257,819	139,941
Net insurance contract liabilities	**4,972,447**	**4,289,763**

In thousands of Naira	31-Dec-18	31-Dec-17
Current	4,456,233	910,378
Non-current	774,033	3,519,326
	5,230,266	4,429,704

12.2 Movement in component of insurance contract liabilities is as shown below:

12.2.1 ***Provision for unearned premium:***

	31-Dec-18	31-Dec-17
General	299,359	339,226
Life	153,483	49,399
	452,842	388,625
Opening balance	388,625	537,838
Movement during the year	64,217	(149,213)
At year end	452,842	388,625

12.2.2 ***Outstanding claims reported***

	31-Dec-18	31-Dec-17
General	2,844,355	2,421,876
Life	1,159,036	1,097,450
	4,003,391	3,519,326
Opening balance	3,519,326	3,135,863
Movement during the year	484,065	383,463
At year end	4,003,391	3,519,326

Outstanding claims represents the estimated costs of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test outstanding claims liability as at 31 December 2018 was performed by Layemo B. Abraham of O & A Hedge Actuarial Consulting (FRC/2016/NAS/00000015764) and the comparative period was performed by Olurotimi O. Okpaise of Ernst & Young (FRC/2012/NAS/00000000738).

12.2.3 ***Aging analysis***

An analysis of the outstanding claims indicating the status as at reporting date is presented below:

In thousands of Naira	Discharge vouchers issued	Awaiting support documents	Awaiting settlement decision from lead assurer	Claims awaiting payments	Total
0 - 90 days	-	35,206	7,007	8,094	50,307
91 - 180 days	-	24,285	8,331	10,845	43,461
181 - 360 days	-	25,812	4,082	47,834	77,728
Above 360 days	-	1,384,321	460,930	1,986,644	3,831,895
	-	1,469,624	480,350	2,053,417	4,003,391

Below are further breakdown of the outstanding claims and the reasons for their existence:

General business

In thousands of Naira	Discharge vouchers issued	Awaiting support documents	Awaiting settlement decision from lead assurer	Claims awaiting payments	Total
0 - 90 days	-	19,467	-	4,300	23,767
91 - 180 days	-	14,222	-	5,504	19,726
181 - 360 days	-	20,361	-	46,059	66,420
Above 360 days	-	813,645	-	1,920,797	2,734,442
	-	867,695	-	1,976,660	2,844,355

Life business

In thousands of Naira	Discharge vouchers issued	Awaiting support documents	Awaiting settlement decision from lead assurer	Claims awaiting payments	Total
0 - 90 days	-	15,739	7,007	3,794	26,540
91 - 180 days	-	10,063	8,331	5,341	23,735
181 - 360 days	-	5,451	4,082	1,775	11,308
Above 360 days	-	570,676	460,930	65,847	1,097,453
	-	601,929	480,350	76,757	1,159,036

12.2.4 ***Outstanding claims -IBNR***

	31-Dec-18	31-Dec-17
General	458,071	196,564
Life	290,470	247,494
	748,541	444,058
Opening balance	444,058	188,108
Movement during the year	304,483	255,950
At year end	748,541	444,058

12.3 ***Individual life fund***	31-Dec-18	31-Dec-17
Opening balance	77,695	62,700
Accretion /(release) during the year	(59,496)	14,995
At year end	18,199	77,695

12.4 ***Liabilities under PRA Annuities***

The annuity fund has been reserved by using a discounted cash flow approach by the Actuary. Reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required by the terms of the contract. The assets representing the annuities are invested in near-cash money market financial instruments with a tenor of 30 days on rolling basis and on government securities such as treasury bill and bonds. These government securities are regarded as low risk securities.

The movement in the annuity reserves is analysed as follows:

	31-Dec-18	**31-Dec-17**
Balance, beginning of the year	-	-
Reclassification from life reserves***	5,836	-
Addition during the year	3,419	-
Payments to annuitants during the year	(979)	-
Changes in annuity fund through actuarial valuation**	(983)	-
Balance, year end	7,293	-

** The changes in annuity fund resulted from the changes in interest rates and actuarially determined reserves. The difference was recognised in the changes in life and annuity fund in profit or loss account.

**** Represents the opening balance for annuity funds which was previously warehoused in life reserves and have been reclassifed for proper disclosure purpose.

The annuity fund has supporting assets and liabilities as follows:	**31-Dec-18**	**31-Dec-17**
Assets	9,536	-
Liabilities	(7,293)	-
Excess of annuity assets over liabilities	2,243	-

The opening assets and liabilities balance supporting annuity were included in assets backing the life fund in 2017 but has been reclassified for proper disclosure purpose.

13 Investment contract liabilities

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	1,661,985	1,576,874
Changes in individual deposit administration valuation	22,931	-
Guaranteed interest (See note 13(b) below)	86,863	87,335
	1,771,779	1,664,209
Less: withdrawals	(5,000)	(2,224)
Balance, end of year	1,766,779	1,661,985

The investment contract liabilities include the sum of N1.23 billion due to the Pension Transition Arrangement Directorate (PTAD) for Pension Legacy Funds and Asset under the Defined Benefit Pension Scheme of the Federal Government of Nigeria.

In thousands of Naira	31-Dec-18	31-Dec-17
Current	1,766,779	1,661,985
Non current	-	-
	1,766,779	1,661,985

Net cash received on investment contract liabilities is analysed below :		
Deposits received during the year	-	-
Withdrawals	(5,000)	(2,224)
Net cash flow for the period	(5,000)	(2,224)

13(b) Loss on life investment contracts

In thousands of Naira	31-Dec-18	31-Dec-17
Investment income	17,869	-
Guaranteed interest	(86,863)	(87,335)
	(68,994)	(87,335)

14 Trade payables

In thousands of Naira	31-Dec-18	31-Dec-17
Reinsurance payables	487,590	395,854
Premium received in advance	31,952	156,100
	519,542	551,954

In thousands of Naira	31-Dec-18	31-Dec-17
Current	519,542	551,954
Non current	-	-
	519,542	551,954

15 Other payables and accruals

In thousands of Naira	31-Dec-18	31-Dec-17
Other payables (see (a) below)	321,616	255,476
Sundry creditors (see (b) below)	79,437	83,638
Unclaimed dividends	31,956	31,956
Deferred commission income	5,386	11,426
Pension payable	260,805	234,322
Retirement benefit payable (see (c) below)	303,096	303,345
	1,002,296	920,163
Accrued expenses (see (d) below)	72,935	73,284
	1,075,231	993,447

(a) Breakdown of other payables *In thousands of Naira*	31-Dec-18	31-Dec-17
Salaries payable	92,546	94,780
ITF levy	70,952	20,952
Withholding tax payable	14,688	13,544
VAT payable	10,250	11,235
Payable to NAICOM (see (a) (ii) below)	25,975	17,300
Payable to Veritas Kapital Assurance Plc (see (a) (iii) below)	22,000	-
Others (see (a) (i) below)	85,205	97,665
Total Other payables	321,616	255,476

(i) "Others" warehouses payable to staff cooperatives, deductions from staff salaries yet to be remitted, amongst others.

(ii) The amount payable to NAICOM represents the unsettled balance of the amount advanced to Goldlink Insurance Plc upon assumption of control by the regulator in 2017 to support the company's working capital and settle some of the Company's expenses. The outstanding balance as at 31 December 2018 was N25,975,000 (2017: N17,300,000)

(iii) This amount represents total expenses settled by Veritas Kapital Assurance Plc on behalf of Goldlink Insurance Plc; being part disbursements of the loan approved for Goldlink by Veritas. The total amount of loan approved was N45million, out of which only N22million was disbursed as at 31 December 2018.

(b) Sundry creditors comprises sundry expenses incurred but not yet paid for during the year.

(c) Movement in retirement benefit payable can be analysed as shown below:

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	303,345	303,788
Payments made during the year	(249)	(443)
At 31 December	303,096	303,345

(d) Breakdown of accrued expenses

In thousands of Naira	31-Dec-18	31-Dec-17
Accrual for audit fees	16,000	11,000
Accrual for consultancy fees	12,425	26,425
Accrual for NAICOM levy	43,168	33,764
Accrued AGM expenses	-	754
Other accrued expenses	1,342	1,341
	72,935	73,284

In thousands of Naira	31-Dec-18	31-Dec-17
Current	1,075,231	993,447
Non current	-	-
	1,075,231	993,447

(e) Cash payments for other operating expenses

In thousands of Naira	Notes	31-Dec-18	31-Dec-17
Opening balance other payables and accruals less prepayment		887,241	779,299
Total management expenses less staff cost for the year	26	273,781	391,456
Net (payment to) / receipt from suppliers and intermediaries		3,686	(16,473)
Closing balance other payables and accruals less prepayment		(977,299)	(887,241)
Cash payments for other operating expenses		187,409	267,041

16 Current tax liabilities

The movement on taxation payable account during the year was as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	251,019	257,213
Charge for the year	161,170	38,806
Tax paid during the year	(11,000)	(45,000)
Balance, end of year	401,189	251,019

17 Deferred taxation

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

The movement on deferred taxation account during the year was as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Balance, beginning of year	83,985	31,662
(Credit)/ debit to profit or loss account for the year (see note 29)	(39,251)	50,703
Recognised in OCI: Tax impact on exchange gain reserves	-	1,620
Balance, end of year	44,734	83,985

As at year end, deferred tax asset of ₦278 million (31 December 2017: ₦284 million) had not been recognised because the directors have determined that it is currently uncertain that there will be future taxable profit against which the tax assets can be utilised.

The analysis of unrecognised deferred tax asset is as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Unrelieved losses	(277,999)	(284,433)
	(277,999)	(284,433)

Recognised deferred tax liabilities are attributable to :

In thousands of Naira	31-Dec-18	31-Dec-17
Property and equipment	44,365	78,440
Unrealised exchange gains	369	5,546
	44,734	83,986

18 Capital and reserves

18.1 Share capital

Share capital comprises:

In thousands of Naira	31-Dec-18	31-Dec-17
(a) **Authorised:**		
Ordinary shares of 50k each:		
9,100,000,000 units (2017: 9,100,000,000 units)	4,550,000	4,550,000
(b) **Issued and fully paid**		
Ordinary shares of 50k each:		
General business 1,209,162,780 units (2017: 1,653,450,780 units) (see (i) below)	604,581	826,725
Life business 1,251,754,280 units (2017: 1,547,946,280 units) (see (ii) below)	625,877	773,973
2,460,917,991 units (2017: 3,201,397,000 units)	1,230,459	1,600,699

	31-Dec-18	31-Dec-17
(i) *General business*		
Ordinary shares of 50k each:		
At 1 January		
(1,653,450,780 units)	826,726	826,726
Surrendered shares (444,289,000 units)	(222,145)	-
At 31 December (1,209,162,780 units)	604,581	826,726
(ii) *Life business*		
Ordinary shares of 50k each:		
At 1 January		
(1,547,946,280 units)	773,973	773,973
Surrendered shares (296,192,000 units)	(148,096)	-
At 31 December (1,251,754,280 units)	625,877	773,973

During the year, a total number of 740,479,068 shares valued at N741,828,000 (divided into N370, 239,545 in paid up share capital at N0.50 per share and N371,588,466 of share premium) initially issued to former directors and management staff of the company were surrendered by the former directors and Management staff. As all the shares rank parri passu, the value of the forfeited shares have been derived by dividing the total number of shares before the surrender by the amount arrived at by adding the paid up capital and the share premium.

18.2 Share premium

The movement in share premium can be analysed as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	1,989,523	1,989,523
Surrender	(371,588)	-
At 31 December	1,617,935	1,989,523

18.3 Contingency reserve

In accordance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life business is credited with the greater of 3% of total premiums or 20% of profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premiums or 10% of profits (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

The movement in the contingency reserve account during the year was as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	1,550,617	1,524,736
Transfer during the year	26,597	25,881
At 31 December	1,577,214	1,550,617

18.4 **Retained earnings**

The movement in retained earnings can be analysed as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	(11,342,990)	(10,624,413)
Loss for the year	(1,068,489)	(692,696)
Transfer to contingency reserves (see note 18.3)	(26,597)	(25,881)
Surrender of shares (see note 18.1 above)	370,240	-
Surrender of shares (see note 18.2 above)	371,588	-
At 31 December	(11,696,248)	(11,342,990)

A total of 740,479,068 units of shares with values at N741,828,000 (2017: Nil) were surrendered during the year as part of the Company's share capital reconciliation. The value of the surrendered shares have been credited to retained earnings as the shares were initially issued at no cost to the affected inidividuals but issued from the retained earnings of the Company.

18.5 **Asset revaluation reserves**

This reserve is the accumulation of net revaluation gain on properties and equipment. See statement of changes in equities for movement in asset revaluation reserve.

The movement in asset revaluation reserves can be analysed as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	34,808	34,808
Fair value gain/(loss) on revalued land and building	(34,808)	-
Transfer into retained earnings (see note 18.4 above)	-	-
At 31 December	-	34,808

18.6 **Available for sale reserve**

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognised or impaired.

Movement in available for sale reserve can be analysed as follows

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	24,015	7,683
Fair value gain/(loss) (see note 5(a)(i))	(6,569)	16,332
At 31 December	17,446	24,015

18.7 **Treasury shares**

The Company held its own shares as at the year end. The carrying amount of the shares as at year end was ₦47,350,000 (2017: ₦47,350,000).

18.8 **Exchange gains reserve**

Exchange gains reserve warehouses the unrealised gains or losses upon retranslation of foreign currency denominated assets and liabilities.

Movement in exchange gains reserve is analysed below

In thousands of Naira	31-Dec-18	31-Dec-17
At 1 January	13,625	9,695
Exchange gains on available for sale financial assets (see note 5(a)(v))	34,943	5,550
Deferred tax	-	(1,620)
At 31 December	48,568	13,625

19 Gross premium income

In thousands of Naira	31-Dec-18	31-Dec-17
Gross premium written arising from insurance contracts issued (see (c) below)	1,152,994	1,010,654
Net changes in unearned premium (see (a) below)	(64,218)	149,213
	1,088,776	1,159,867

(a) Changes in unearned premium provision

In thousands of Naira	31-Dec-18	31-Dec-17
General business: (Increase)/decrease		
Motor	(25,660)	50,897
Fire	(12,195)	16,918
General accident	12,610	8,046
Bond	(1,062)	9,333
Marine	41,226	(2,657)
Engineering	3,971	(266)
Oil & gas	20,963	27,565
Aviation	13	190
	39,866	110,026
Life business:		
Changes in individual life	-	-
Changes in group life	(104,084)	39,187
	(104,084)	39,187
	(64,218)	149,213

(b) Analysis of premium received from policy holders during the year

In thousands of Naira	31-Dec-18	31-Dec-17
Net opening balance- trade receivable and unearned premium	321,933	(426,276)
Gross premium income for the year	1,088,776	1,159,867
Net closing balance- unearned premium	(452,842)	321,933
Premium received	957,867	1,056,154

(c) Analysis of gross premium is shown below

In thousands of Naira	31-Dec-18	31-Dec-17
General business:		
Motor	490,667	483,237
Fire	45,105	50,204
General accident	109,399	132,428
Bond	21,983	16,548
Marine	66,126	82,794
Engineering	12,571	18,215
Oil & gas	7,496	4,847
Aviation	-	550
	753,347	788,823
Life business:		
Individual life	85,189	142,282
Group life	311,039	79,549
Annuity	3,419	-
	399,647	221,831

20 Reinsurance expenses

In thousands of Naira	31-Dec-18	31-Dec-17
Reinsurance premium paid	114,088	131,976
Changes in unexpired reinsurance reserve	7,386	10,887
Changes in reinsurance payable relating to the current year expense	12,231	-
	133,705	142,863

20 .1 For cashflow purpose, reinsurance premium paid during the period is as analysed below:

Reinsurance premium	126,319	131,976
Prepaid reinsurance reserve	(12,231)	-
Reinsurance premium paid during the year	114,088	131,976

21 Fees and commissions

In thousands of Naira	31-Dec-18	31-Dec-17
Commissions earned on reinsurance contract	37,776	29,785
	37,776	29,785

Analysis of commission received

In thousands of Naira	31-Dec-18	31-Dec-17
Deferred commission income as at 1 January (see note 15)	11,426	-
Commission received on reinsurance contracts during the year	31,736	41,211
Commission earned on reinsurance contract	(37,776)	(29,785)
Deferred commission as at 31 December	5,386	11,426

22 Claims expenses

In thousands of Naira	31-Dec-18	31-Dec-17
Claims paid during the year	416,835	626,756
Changes in outstanding claims reported	484,065	383,463
Changes in outstanding claims -IBNR	304,483	(224,146)
Gross claims incurred	1,205,383	786,073
Reinsurers' share of outstanding claims (see note 7 above)	25,531	(8,409)
Reinsurers' share of IBNR	(150,795)	(40,014)
Claims recovered during the year	(100,691)	(86,529)
Net claims incurred	979,428	651,121

22.1 *General business*

Gross claims paid	366,308	577,123
Changes in outstanding claims reported	422,479	280,192
Changes in outstanding claims -IBNR	261,507	(98,831)
Total gross claims incurred	1,050,294	758,484
Reinsurers' share of outstanding claims (see note 7 above)	25,531	(8,409)
Reinsurers' share of IBNR	(150,795)	(40,014)
Claims recovered during the year	(100,691)	(77,469)
	(225,955)	(125,892)
Net claims expense for General	824,339	632,592

22.2 *Life business*

Gross claims paid	50,527	49,633
Changes in outstanding claims reported	61,586	103,271
Changes in Outstanding claims -IBNR	42,976	(125,315)
Total gross claims incurred	155,089	27,589
Reinsurers' share of outstanding claims (see note 7 above)	-	-
Reinsurers' share of IBNR	-	-
Claims recovered during the year	-	(9,060)
	-	(9,060)
Net claims expense for Life	155,089	18,529

22.3 Changes in life fund and annuity reserves

	31-Dec-18	31-Dec-17
Changes in life fund	(59,496)	-
Changes in Individual deposit administration valuation	22,931	-
Changes in annuity reserve	(983)	-
	(37,548)	-

23 Underwriting expenses

In thousands of Naira	31-Dec-18	31-Dec-17
Acquisition expenses	152,922	166,594
Maintenance expenses	70,773	95,168
	223,695	261,762

Breakdown of the underwriting expenses is shown below:

In thousands of Naira	31-Dec-18	31-Dec-17
Acquisition expenses		
Commission paid	154,711	132,841
Movement in deferred acquisition cost	(1,788)	33,753
	152,923	166,594
Maintenance expenses		
Marketing expenses	61,480	52,191
Business development expenses	5,153	36,898
Other maintenance expenses	3,470	4,953
Handling charges	670	1,127
	70,773	95,169

23.1 **Acquisition expenses**

In thousands of Naira	31-Dec-18	31-Dec-17
General		
Commission paid	113,411	105,790
Movement in deferred acquisition cost (see note 8(b))	(1,788)	33,753
	111,623	139,543
Life		
Individual life	9,703	11,246
Group life	31,597	15,805
Investment contract liability	-	-
	41,300	27,051
	152,923	166,594
Analysis of total commission paid		
General	113,411	105,790
Life	41,300	27,051
Total commission paid	154,711	132,841

23.2 **Maintenance expenses**

In thousands of Naira	31-Dec-18	31-Dec-17
General business:		
Marketing expenses	50,497	32,210
Business development expenses	5,153	36,898
Other maintenance expenses	3,470	4,953
	59,120	74,061
Life business:		
Marketing expenses	10,983	19,981
Handling charges	670	1,127
	11,653	21,108
	70,773	95,169

24 Investment income

In thousands of Naira	31-Dec-18	31-Dec-17
Interest income		
Interest income on fixed deposit	1,232	1,521
Interest income on statutory deposit	76,873	75,430
Total interest income	78,105	76,951
Dividend income	4,162	1,476
Total investment income	82,267	78,427

(a) Investment income is analysed below:

In thousands of Naira	31-Dec-18	31-Dec-17
General business (see (i) below)	49,778	46,889
Life business (see (ii) below)	32,489	31,361
	82,267	78,250
Less: Life investment contract (see (ii) below)	(17,869)	-
	64,398	78,250

i *General business:*		
Interest income	46,579	45,971
Dividend income	3,198	918
	49,777	46,889
ii *Life business:*		
Investment income		
Interest income	31,526	30,804
Dividend income	963	557
	32,489	31,361
-Life business	14,620	31,361
-Life investment contract	17,869	-
	32,489	31,361

(b) *Analysis of dividend received*

Opening balance, dividend receivable	3,142	2,117
Dividend income for the year	4,162	1,476
Closing balance, dividend receivable	(4,446)	(3,142)
Dividend received during the year	2,858	451

25 Other operating income/(loss)

In thousands of Naira	31-Dec-18	31-Dec-17
Foreign exchange loss	(1,223)	(22,023)
Other operating income (see (a) below)	33,367	30,222
Provision no longer required	18,000	3,271
	50,144	11,470

(a) Other operating income mostly comprises interest on policy loans, rental income, bank balances and penalty for policy terminations. It is analysed below:

In thousands of Naira	31-Dec-18	31-Dec-17
Rental income	2,516	1,283
Interest income and penalty charges on policy loans	4,105	4,425
Interest income on bank balances	1,106	2,636
Share of surpluses in African Oil & energy insurance pool	-	6,139
Refund from FIRS	-	15,739
Previously unrecognised investments	25,640	-
	33,367	30,222

In thousands of Naira	31-Dec-18	31-Dec-17
-General business	14,261	25,797
-Life business	19,106	4,425
	33,367	30,222

26 Management expenses

(a) Management expenses comprise:

In thousands of Naira	31-Dec-18	31-Dec-17
Employee benefit costs (see note 27)	337,409	341,157
Depreciation of property, plant and equipment	30,127	31,833
Travelling & tours	8,275	6,373
Audit fees	15,000	15,000
Telecommunication	3,289	3,232
Professional fees	46,551	69,477
Training expense	1,627	3,185
Advertisement	2,788	1,963
NAICOM levy	14,418	10,032
Bank charges	1,618	2,080
Other management expenses (see c below)	150,088	248,281
	611,190	732,613

(b) Management expenses is analysed below:

In thousands of Naira	31-Dec-18	31-Dec-17
Profit or loss accounts:		
-General business	533,542	631,058
-Life business	77,547	101,555
	611,089	732,613

(c) Other management expenses is analysed below:

In thousands of Naira	31-Dec-18	31-Dec-17
-General business:		
Cleaning	3,276	4,126
Postage expenses	1,608	1,890
Printing & stationeries	2,365	2,618
Subscriptions	1,845	2,134
Donations	1,620	3,782
Security	1,543	781
Motor running	10,623	11,381
Medical expenses	79	63
Insurance & licensing	5,306	6,334
Local transportation	-	644
Office provision	1,154	1,999
Newspaper & magazine	398	438
Computer & other consumable	2,429	3,348
Repairs & maintenance	3,657	6,289
Government levy	49,071	12,153
Penalties and fines	1,600	-
General expenses	5,381	107
Miscellaneous expenses	3,158	1,725
Pension in arrears	-	121,214
Fuel & oil	19,665	17,859
Entertainment	858	1,414
Electricity & water rate	6,788	4,004
Rent	5,705	6,405
Stamp duty	-	95
Technology costs	6,204	16,822
	134,333	227,625

	31-Dec-18	31-Dec-17
-Life business:		
Cleaning	468	532
Postages	27	18
Stationeries	64	76
Motor running	879	1,385
Medical expenses	136	71
Insurance & licensing	100	159
Local transportation	343	221
Office provision	390	329
Newspaper & magazine	-	11
Computer & other consumables	143	358
Repairs & maintenance	137	700
General expenses	756	1,106
Government levy	6,608	560
Fuel & oil	1,833	1,956
Entertainment	141	84
Pension in arrears	-	8,611
Electricity & water rate	271	161
Rent	3,267	3,427
Printing	192	393
Donations	-	498
	15,755	20,656
	150,088	248,281

27 Employee benefit costs

In thousands of Naira	31-Dec-18	31-Dec-17
Staff salaries & directors cost	304,661	316,649
Other staff benefit	7,436	5,951
Director's expenses	25,312	18,557
	337,409	341,157

(a) Staff information

Employees earning more than ₦500,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	31-Dec-18	31-Dec-17
	Numbers	Numbers
₦500,001 - ₦750,000	20	-
₦750,000 - ₦1,000,000	13	20
₦1,000,000 - ₦2,000,000	31	55
₦2,000,000 - ₦3,000,000	29	19
Over ₦3,000,000	15	26
	108	120

(b) The average number of full time persons employed by the Company during the year was as follows:

	31-Dec-18	31-Dec-17
	Numbers	Numbers
Management staff	4	5
Non-management staff	101	115
	105	120

(c) Directors remuneration

i Remuneration paid to the directors of the Company (excluding pension contribution and other allowances) was as follows:

In thousands of Naira	31-Dec-18	31-Dec-17
Directors' fees	13,200	11,000
Other emoluments	4,675	16,775
	17,875	27,775

ii The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

In thousands of Naira	31-Dec-18	31-Dec-17
Highest paid director (Managing Director)	9,851	16,154
	9,851	16,154

(d) Analysis of cash paid to employees

	Notes	31-Dec-18	31-Dec-17
Opening balance of salary payable	15(a)	94,780	97,780
Staff cost for the year	27	337,409	341,157
Closing balance of salary payable	15(a)	(92,546)	(94,780)
Cash paid to employees		339,643	344,157

28 Net impairment (reversals)/losses

	31-Dec-18	31-Dec-17
In thousands of Naira		
Impairment loss on trade receivables (See note 6(c))	15,059	6,073
Revaluation loss on property, plant and equipment	102,120	-
Impairment (write back)/ charge on staff loans (see note 9(a)(i))	(1,341)	-
Impairment charge on loans to policy holders (see note 9(a)(ii))	1,661	-
Impairment loss on reinsurance asstets (see note 7.2 and iv below)	89,701	-
Impairment loss other receivable	1,101	792
	208,301	6,865

(a) Analysis of net impairment losses

i *General Business*

Impairment loss/ (reversals) on trade receivables	-	4,496
Revaluation loss and impairment on property, plant and equipment	63,617	-
Impairment loss/ (reversal) on staff loans	-	-
Impairment loss/ (reversal) on available for sale financial assets	-	-
Impairment charge on reinsurance assets	89,701	-
	153,318	4,496

ii *Life Business*

Impairment loss on trade receivables	15,059	1,577
Revaluation loss and impairment on property, plant and equipment	38,503	-
Write back of impairment of staff loans	(1,341)	(3,270)
Impairment charge on loans to policy holders	1,661	-
Impairment charge (others)	624	4,062
Impairment charge on other receivables	477	-
	54,983	2,369

iii Reversal of impairment allowance on trade receivable represents recoveries made during the year for which impairments had been previously made

iv The impairment allowance on reinsurance assets represents recoverables which have been considered non-recoverable by management. They have subsequently been written -off.

29 Tax expenses

In thousands of Naira	31-Dec-18	31-Dec-17
Minimum tax	2,869	2,670
Company income tax	29,097	30,113
Education tax	5,819	6,023
Prior year under provision	123,385	-
	161,170	38,806
Deferred tax charge/(credit) (see note 17)	(39,251)	50,703
	121,919	89,509

29.1 **Reconciliation of effective tax rate**	Rate	31-Dec-18	Rate	31-Dec-17
Loss before tax		(946,570)		(603,187)
Income tax using the domestic corporation tax rate	30%	(283,971)	30%	(180,956)
Minimum tax	0%	2,869	0%	2,670
Company income tax	-3%	29,097	0%	-
Prior year under provision	-13%	123,385	0%	-
Education tax	-1%	5,819	-1%	6,023
Tax exempt income	0%	(4,161)	0%	(476)
Non-deductible expenses	-23%	220,926	-38%	226,763
Changes in unrecognized deferred taxes	1%	(6,434)	-6%	35,485
	-9%	87,531	-15%	89,509

30 Earnings per share

Basic earnings per share has been computed based on the profit after taxation attributable to equity holders and the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing the profit attributable to the equity holders of the Company by the weighted number of ordinary shares outstanding after adjusting the effects of all dillutive ordinary shares, of which there are currently none in existence.

In thousands of Naira	31-Dec-18	31-Dec-17
Loss attributable to equity holders	(1,068,489)	(692,696)
Weighted average number of shares	2,460,916	3,201,396
Loss per share - Basic (kobo)	(43)	(22)

The Company does not have instruments with potential dilutive effects, and thus it has not disclosed diluted earnings per share.

31 Related party transactions

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercises influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes associates, joint ventures and the Company's pension schemes, as well as key management personnel.

(a) ***Transactions with related parties***

The Company's related transactions mainly arise from relationships through its Key management personnel. The Key management personnel of the Company are regarded as Directors who have control over the Company. During the year under review, the Interim Board and Management had no transactions with the Company other than the fees they earn in their capacity as Directors (See Note 27c). Also see Note 15a(iii).

(b) Transactions with Key management personnel

The Company's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel excercise control. The key mangement personnel have been identified as the executive directors and non-executive directors. Close family members are family or those family members who may be expected to influence, or be influenced by that individual in their dealings with Goldlink Insurance Plc.

Directors' remuneration

In thousands of Naira	**31-Dec-18**		**31-Dec-17**
Directors' fees	11,575		12,600
Other emoluments	33,182		5,957
	44,757		**18,557**
Directors' fees for the year are further analysed as follows:			
Executive			
Directors' fees	-	#	-
Other emoluments	19,445	#	19,445
	19,445	**#**	**19,445**
Non Executive			
Directors' fees	11,575	#	11,575
Other emoluments	13,737	#	13,737
	25,312	**#**	**25,312**

Payable to Veritas Kapital Assurance Plc

Balance as at 31 December 2018	**22,000**	**-**

32 Contingent liabilities, litigations and claims

The company, in its ordinary course of business, had 6 pending cases as at 31 December 2018 (2017:6) as a defendant. Litigation claims against the Company as at 31 December 2018 amounted to ₦1.414 billion (2017: ₦1.4billion). These litigations arose in the normal course of business, and all relate to unpaid claims. The directors, having sought advice of professional counsel are of the opinion that no additional liability will crystallise from these claims as a provision of ₦1.2 billion has been recognised under the investment contract liabilities for the litigation while no other provisions have been made in these financial statements.

33 Contravention of laws and regulations

The Company contravened a regulatory requirement during the year and paid a total penalty of ₦1.6 million (2017: Nil). This is analysed below:

Description	31-Dec-18	31-Dec-17
	N'000	N'000
Penalty for late submission of financial statements to SEC	1,600	-

34 Events after reporting date

The National Insurance Commission (NAICOM) on the 20 May 2019 released a cirular announcing a new minimum paid up share capital policy for Insurance companies. According to the new circular, Life insurers are required to maintain a new minimum paid share capital of N8bn, General insurers are required to maintain a N10bn while Composite insurers and Reinsurers are required to increase capital to N18bn and N20bn respectively. The new minimum paid up share capital policy takes effect from the commencement date of the Circular for new applications while existing insurance and reinsurance companies are required to fully comply not later than June 30, 2020.

There are no other subsequents events which have not been disclosed in the financial statements.

35 Going concern

The Company made a loss after tax of ₦1,068,489,000 for the year ended 31 December 2018 (2017: ₦692,696,000). As at that date, its total liabilities exceeded total assets by ₦7,251,976,000 (2017: ₦6,177,053,000). Its operating losses mainly resulted from decreased premiums due to reduced business activities during the year.

The minimum regulatory capital required by the National Insurance Commission (NAICOM) for composite insurance business is ₦5 billion. The Company, with a negative shareholders' fund of ₦7,251,976,000 (2017: ₦6,177,053,000), is significantly below the minimum regulatory capital by ₦12,251,976,000 (2017: ₦11,177,053,000). In addition, the Company's shareholder's fund deteriorated further during the year under review as a result of the operating losses after taxation.

The Company also had a shortfall in solvency margin of ₦12,218,262,000 as at 31 December 2018 (2017: ₦11,239,543,000) for the composite business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦7,218,262,000 as at 31 December 2018 (2017: ₦6,239,543,000) for the composite business.

The Company is currently under the Interim Management Board appointed in January 2019 by the National Insurance Commission (NAICOM). The Interim Board was charged with the responsibility of overseeing the affairs of the Company, recapitalizing and repositioning the Company. NAICOM recognized the Company as one of the operators in the insurance industry.

The Interim Board is primarily responsible for managing the Company ultimately via recapitalization, and recovery of market share. In the event that the Company does not succeed in recapitalizing, this condition may constitute non-compliance with the regulatory capital requirements, which could lead to the withdrawal of the Company's operating license. Also, the inadequate capital may threaten the Company's ability to carry out its normal operations.

These conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, realize its assets and settle its liabilities in the normal course of business. The continuation of the Company's operations is dependent upon future profitability, the ability of the Company to meet its regulatory capital requirement and to generate sufficient cash flows to meet its obligations as they fall due.

The Interim Management Board (IMB) continuously met to review the legal, financial, operational and other circumstances of the Company, especially in relation to its ability to continue in the business of underwriting insurance business and meet its financial obligations.

The Board of Directors has approved an ongoing plans to recapitalize the Company. The ongoing recapitalization plan is aimed at injecting additional capital of N3.3 billion, comprising ordinary shares (via rights issue) of N2.3 billion, and preference shares of N1 billion. The plan was completely approved by the shareholders during the last annual general meeting on 27 April 2018.

As at date of this report, the Company is at the regulatory stage of the capital raising process where appropriate documentations have been submitted to the Securities and Exchange Commission for approval which will be followed by Offer/ Capital raise and Deal close. With the recapitalization, the Company intends to broaden its operational strategies and intensify its marketing efforts in order to retain existing customers and attract new customers. Steps have also been taken to re-energize the marketing team and prioritize payment of outstanding claims hindering new businesses.

The Directors are of the view that based on the recapitalisation plan and their continued re-evaluation of the Company's capital requirements, the Company will continue to remain in business. These financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern.

36 Enterprise Risk Management Framework

Introduction

As a composite insurance Company, Goldlink Insurance PLC sees risk management as a primary objective which aims to protect the Company's stakeholders from events that could hinder the sustainable achievement of its financial performance objectives. The management of the Company recognises the importance of having an efficient and effective risk management system in place. Hence, the Company has developed an Enterprise-wide Risk Management Framework. The ERM framework assists the Company in identifying, and managing all the classes of risks that are embedded in its processes and operations.

The ERM framework/programme helps structure and coordinates all direct and indirect risk management activities within the Company while eliminating redundancies and ensuring consistency in the risk management process. Our strategy also entails constantly monitoring daily risk positions, attracting and retaining qualified personnel, reducing volatility in supplies, and managing political risk. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of directors to Executive management committees and senior management.

The Board of directors approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's risk management policies:

- identification of risks and its interpretation,
- limit structure to ensure the appropriate quality and diversification of assets
- align underwriting and reinsurance strategy to the corporate goals and
- specify reporting requirements.

(a) Capital management objectives, policies and approach

Strategic risks

The Company has established the following capital management objectives, policies and approach to managing the risks that affects its capital position:

- maintain the required level of stability of the Company thereby providing a degree of security to policyholder
- allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- maintain financial strength to support new business growth and satisfy the requirements of the policyholders, regulators and other stakeholders.
- maintain strong liquidity; align the profile of assets and liabilities, taking into consideration risks inherent in the busines
- maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company's operations are also subject to regulatory requirements of the National Insurance Commission (NAICOM). Such regulations not only prescribe approval and monitoring activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

The Company's capital management policy is to hold sufficient capital to cover statutory requirements based on NAICOM directives, including any additional amounts required by the regulator

In reporting financial strength, capital and solvency are measured using the rules prescribed by NAICOM. These regulatory tests are based upon required levels of solvency, capital, and a series of prudent assumptions in respect of the type of assets held.

(b) **Approach to Capital Management**

The primary source of capital used by the Company is Equity Shareholders' funds. The company's capital management strategy seeks to focus on the creation of shareholders' value in order to meet crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The adequacy level of capital determines the degree of confidence that stakeholders (suppliers, clients investors, depositors and counterparties) would have in the Company's business. Hence, the Company seeks to ensure that adequate capital exists to buffer the following:

- absorb large unexpected losses
- protect clients and other creditors
- provide confidence to external investors and rating agencies
- support a good credit rating; and
- run operations of the company efficiently and generate commensurate returns

As an important ERM objective, Goldlink Insurance Plc maintains a risk appetite which is expressed quantitatively using the following metrics:
Solvency margin = Total admissible assets minus total liabilitie
Debt-to-capital ratio = Total debt/Capita
Shareholders equity ratio = Shareholders equity/total asset

The capital management process is governed by the Board of directors who has the ultimate responsibility for the capital management process. The Board of directors is supported by the Risk Enterprise Committee, Risk management department and Account departmen

The company seeks to maintain economic capital level sufficient to meet internal capital needs. The capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/political landscape, and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

The account department and risk management department implement responsive capital management processes that include preparing plans for capital adequacy, setting risk limits, monitoring compliance with these plans and limits, analysing and assessing the actual results, evaluating the level of capital adequacy, and implementing policies when necessary.

Capital is forecasted into the future on an annual basis based on the defined corporate strategy and goals. Constraints on the Company's capital by stakeholders are considered in performing the forecast.

Capital is allocated to activities that provide the highest returns. The process clearly specifies the basis for the calculation of capital to be allocated to risk types (known as the "risk capital") and the limits on capital to be allocated to each of the risk categories, business activities and units. The allocation of capital is based on the risk profiles of the business activities and business units (i.e. based on the contribution of each business unit to the overall volatility of cash flows).

The minimum regulatory capital required by the National Insurance Commission (NAICOM) for composite insurance business is ₦5 billion. The Company, had a negative shareholders' fund of ₦7,251,976,000 (2017: ₦6,177,053,000), which was significantly below the minimum regulatory capital by ₦12,251,976,000 (2017: ₦11,177,053,000). In addition, the Company's shareholder's fund deteriorated further during the year under review as a result of the operating losses after taxation.
The Company also had a shortfall in solvency margin of ₦12,218,262,000 as at 31 December 2018 (2017:₦11,239,543,000) for the composite business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦7,218,262,000 as at 31 December 2018 (2017: ₦6,2395,432,000) for the composite business.

These constitute non-compliance with the regulatory capital requirements, which could lead to the withdrawal of the Company's operating license. Also, the inadequate capital threatens the Company's ability to carry out its normal operations. The continuation of the Company's operations is dependent upon future profitability and the ability of the Company to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligations as they fall due.

The Company intends to broaden its operational strategies, intensify its marketing efforts in order to retain existing customers and attract new customers, as well as introduce innovative insurance products which would enhance its premium base as soon as the planned recapitalisation plans is successfully concluded.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern or realize its assets and discharge its liabilities in the normal course of business. However the interim board and management believe that the Company will continue as a going concern and that the above plans will be successfully executed. The financial statements have therefore been prepared using the basis of accounting policies applicable to a going concern.

(i) **Solvency margin**

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liability in Nigeria.

The solvency margin which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

The National Insurance Commission (NAICOM) has requested that composite Insurance Companies disclose the solvency margins for the composite business and not just for the non-life segment of the business, as was the practice.

The solvency margin for composite business as at 31 December 2018 is as follows:

In thousands of Naira

		31-Dec-18	**31-Dec-18**	**31-Dec-17**
Admissible Assets:	**Total**	Inadmissible	Admissible	
Cash and cash equivalents	53,183	-	53,183	116,142
Financial assets	143,478	-	143,478	90,397
Trade receivables	55,690	-	55,690	16,663
Reinsurance assets	257,819	-	257,819	139,941
Deferred acquisition cost	41,501	-	41,501	39,714
Other receivables and prepayments	40,468	11,020	29,448	32,511
Property and equipment	693,626	-	693,626	719,535
Statutory deposits	500,000	-	500,000	500,000
Total admissible assets	1,785,765	11,020	1,774,745	1,654,903
Less: Total liabilities				
Insurance contract liabilities	5,230,266	-	5,230,266	4,429,704
Investment contract liabilities	1,766,779		1,766,779	1,661,985
Trade payables	519,542	-	519,542	551,954
Other payables and accruals	1,075,231	-	1,075,231	993,447
Current tax liabilities	401,189	-	401,189	251,019
Deferred tax liabilities	44,734	44,734	-	-
(B) Total liabilities	9,037,741	(44,734)	(8,993,007)	(7,888,109)

TEST OF SOLVENCY:

In thousands of Naira

		31-Dec-18	31-Dec-17
Deficit of admissible assets over liabilities-solvency		(7,218,262)	(6,239,543)
TEST I	Gross premium income	1,088,776	1,159,867
	Less: Reinsurances	(133,705)	(142,863)
	Net Premium	955,071	1,017,004
	15% thereof	143,261	152,551
TEST II	Minimum paid up capital	5,000,000	5,000,000
	The highest thereof:	5,000,000	5,000,000
	Deficit of solvency	(12,218,262)	(11,239,543)
	Solvency Ratio	-144%	-125%

The Company had a negative shareholders' fund of ₦7,251,976,000 (2017: ₦6,177,053,000), which was significantly below the minimum regulatory capital of N5,000,000,000 required for composite insurance businesses, and a shortfall in solvency margin of ₦12,218,262,000 as at 31 December 2018 (2017: ₦ 11,239,543) for the composite business.

(c) **Operational Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address the risks
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

(d) **Financial risks**

The Company has exposure to the following risks from financial instruments:

Credit risks
Liquidity risks
Market risks

(e) **Credit risks**

Goldlink Insurance Plc seeks to ensure the establishment of principles, policies, processes and structure for managing credit risk.

The credit risk appetite is in line with the Company's strategic objectives, available resources and the provisions of NAICOM Operational guidelines. In setting this risk appetite, the corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients, are taken into consideration.

The Company's credit risk appetite includes the following:

- Credit limits shall not exceed 10% of the 3 years gross premium generated from each client.

- Individual broker's indebtedness, at the end of each financial year, shall not exceed the limit set by management at the beginning of that financial year.

- Unpaid premiums shall not remain outstanding for more than a period of 1 month, after which this would serve as an objective indicator of impairment.

- Credit tolerance limit for Category A shall not exceed N50 million
- Credit tolerance limit for Category B shall not exceed N25 million
- Credit tolerance limit for Category C shall not exceed N15 million

Credit risk appetite limits shall be updated from time to time, to reflect changes in the business and to comply with any changes in regulatory provisions.

The credit risk management governance structure comprises the board of directors, ERM committee, management risk committee, technical operations department, risk management department and the internal audit department.

The Board risk committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting of credit risk.

The credit control unit identifies credit amongst other functions by assessing/evaluating the repayment capacity of clients/counterparties, credit policyholders, insurance brokers, etc. The evaluation entails the analysis of counterparties' financial statements cash flow, management experience and other client risk factors.

An internal credit rating is in place to measure the counterparty credit risk. All clients and counterparties that are to be granted credit shall be rated using the Company's risk-rating model. The risk-rating model comprises:

Client/counterparty risk rating : evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.

Transaction risk rating: defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals.

The risk rating scale ranges from D to AAA, where D represents a credit of the lowest quality and AAA represents a credit of the highest quality.

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, security management, and provision for impairment.

The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of aging report, credit portfolio quality and delinquency management.

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for relevance and for changes in the risk environment.

Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits).

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

The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

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

The table below shows the maximum exposure to credit risk for the Company's financial assets. The maximum exposure is shown gross, before the effect of mitigation.

In thousands of Naira	**31-Dec-18**	**31-Dec-17**
Financial instruments		
Other receivables*	37,162	29,153
Reinsurance assets**	99,886	139,941
Trade receivables	55,690	16,663
Cash and cash equivalents excluding cash at hand	52,791	115,474
	245,529	301,231

* Other receivables exclude prepayments.

** Reinsurance assets excluding recoverables relating to IBNR as determined by the Actuary

Trade receivables

The Company is exposed to this risk from its core business i.e. outstanding premiums from clients. Trade receivables are short-term in nature consisting of a large number of policyholders and are subject to moderate credit risk. The Company categorizes its exposure to this risk on individual basis based on risks grade and aging and periodically reviews trade receivable to ensure credit worthiness.

Credit risk exposure to direct business is relatively high as the bulk of the Company's underwriting is driven by business obtained from direct policyholders. However, the Company manages this risk by strictly adhering to NAICOM's policy on "No premium, No cover". The Company's exposure to credit risk arising from brokered business is relatively moderate and the risk is managed by the Company's internal rating model for brokers. The Company's credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Company transacts business with.

The Company focuses on effective management of its exposure to credit risk especially premium related debts. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

Outlined below is the Company's exposure to credit risk arising from trade receivables

In thousands of Naira	**31-Dec-18**	**31-Dec-17**
Gross Amount		
Neither past due nor impaired	-	-
Past due but not impaired	55,690	16,663
Impaired	-	552,540
Total	55,690	569,203
Impairment		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	-	552,540
Total	-	552,540
Carrying Amount	55,690	16,663

Credit Definitions

Impaired trade receivables

Impaired trade receivables for which the Company determines that it is probable that it will be unable to collect the contractual payments according to the contractual terms of the agreement(s). These receivables were in the books prior to the enforcement of NAICOM's "No premium, no cover" policy.

Past due but not impaired trade receivables

Trade receivables where contractual payments are past due (outstanding for more than 30 days) but the Company believes that impairment is not appropriate on the basis that the amounts owed have been received subsequently to year end.

Neither past due nor impaired

Trade receivables where contractual payments are not due and that the Company believes are not impaired. They have been outstanding for less than 30 days.

Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on receivables subject to individual assessment for impairment.

Reinsurance

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Money market investments

The Company's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The Company further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis. The credit risk exposure associated with money market investments is low.

Other receivables

Other receivables balances constitute other debtors and other assets. The Company has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Company constantly monitors its exposure to these receivables via periodic performance review. The Company further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is low.

(f) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

The Company's risk management department seeks to maintain an independent liquidity risk-reporting framework that consistently communicates liquidity risk information across the Company and ensures availability of timely information for liquidity management decisions.

The Company seeks to maintain a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Maturity profiles

The table that follows summarises the maturity profile of the non–derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Residual contractual maturity of financial assets and liabilities
As at 31 December 2018

In thousands of Naira	Notes	Carrying value	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years	Total
Assets								
Cash and cash equivalents	4	53,183	53,183	53,183	-	-	-	53,183
Available for sale financial assets:								
Quoted equity securities	5(a)	39,791	39,791	-	-		39,791	39,791
Unquoted equity securities	5(a)	96,583	96,583	-	-	-	96,583	96,583
Held to maturity financial assets	5(b)	7,104	8,038	-	-	8,038	-	8,038
Trade receivables	6	55,690	55,690	55,690	-	-	-	55,690
Other receivable*	9	37,162	37,162	-	-	37,162	-	37,162
Reinsurance assets	7	257,819	257,819	257,819	-	-	-	257,819
		547,332	548,266	366,692	-	45,200	136,374	548,266
Liabilities								
Insurance contract liabilities	12	5,230,266	5,230,266	2,844,355	-	458,071	-	3,302,426
Investment contract liabilities	13	1,766,779	1,766,779	1,766,779	-	1,766,779	-	3,533,558
Trade payables	14	519,542	519,542	519,542	-	-	-	519,542
Other payables**	15	1,002,296	1,002,296	1,002,296	-	-	-	1,002,296
		8,518,883	8,518,883	6,132,972	-	2,224,850	-	8,357,822
Gap (assets-liabilities)		(7,971,551)	(7,970,617)	(5,766,280)	-	(2,179,650)	136,374	(7,809,556)

* Other receivable excludes prepayments
**Other payables excludes accruals

Residual contractual maturity of financial assets and liabilities
As at 31 December 2017

In thousands of Naira	Notes	Carrying value	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years	Total
Assets								
Cash and cash equivalents	4	116,142	116,260	116,260	-	-	-	116,260
Available for sale financial assets:								
Quoted equity securities	5(a)	62,692	62,692	-	-		62,692	62,692
Unquoted equity securities	5(a)	36,000	36,000	-	-	-	36,000	36,000
Held to maturity financial assets	5(b)	8,037	8,038	-	-	8,038	-	8,038
Trade receivables	6	16,663	16,663	16,663	-	-	-	16,663
Other receivables*	9	29,153	29,153	-	-	29,153	-	29,153
Reinsurance assets	7	139,941	139,941	139,941	-	-	-	139,941
		408,628	408,747	272,864	-	37,191	98,692	408,747
Liabilities								
Insurance contract liabilities	12	2,618,440	2,618,440	2,421,876	-	196,564	-	2,618,440
Investment contract liabilities	13	1,661,985	1,661,985	1,661,985	-	1,661,985	-	3,323,970
Trade payables	14	551,954	551,954	551,954	-	-	-	551,954
Other payables**	15	920,163	920,163	920,163	-	-	-	920,163
		5,752,542	5,752,542	5,555,978	-	1,858,549	-	7,414,527
Gap (assets-liabilities)		(5,343,914)	(5,343,795)	(5,283,114)	-	(1,821,358)	98,692	(7,005,780)

* Other receivable included here was net of prepayments

**Other payables included here is net of accruals

(g) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's enterprise risk management policy sets out the assessment and determination of what constitutes market risk . Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

(h) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to US dollar.

The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. The main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

The table below summarises the Company's financial assets and liabilities by major currencies:

31 December 2018	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Total**
In thousands						
Assets						
Cash and cash equivalents	4	52,992	94	-	97	53,183
Investment securities		-	-	-	-	-
Available for sale:						
Quoted equity securities	5(a)	39,791	-	-	-	39,791
Unquoted equity securities	5(a)	-	96,583	-	-	96,583
Held to maturity	5(b)	7,104	-	-	-	7,104
Other receivables	9	37,162	-	-	-	37,162
Trade receivables	6	55,690	-	-	-	55,690
Reinsurance assets excluding recoverables relating to IBNR	7	257,819	-	-	-	257,819
Total		450,558	96,677	-	97	547,332
Liabilities						
Insurance contract liabilities excluding IBNR and other reserves provision	12	2,193,151	2,135,091	-	-	4,328,242
Investment contract liabilities	13	1,766,779	-	-	-	1,766,779
Trade payables	14	249,953	269,589	-	-	519,542
Other payables and accruals	15	1,075,231	-	-	-	1,075,231
Total		5,285,114	2,404,680	-	-	7,689,794

Financial assets and liabilities by major currencies:

31 December 2017 *In thousands*	**Note**	**Naira (N)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Total**
Assets						
Cash and cash equivalents	4	116,130	-	12	-	116,142
Quoted equity securities	5(a)	62,692	-	-	-	62,692
Unquoted equity securities	5(a)	-	36,000	-	-	36,000
Held to maturity	5(b)	8,037	-	-	-	8,037
Reinsurance assets	7	139,941	-	-	-	139,941
Total		372,616	36,000	12	-	408,628
Liabilities						
Insurance contract liabilities	12	2,797,696	1,632,008	-	-	4,429,704
Investment contract liabilities	13	1,661,985	-	-	-	1,661,985
Trade payables	14	282,364	269,590	-	-	551,954
Other payables and accruals	15	993,447	-	-	-	993,447
Total		5,735,492	1,901,598	-	-	7,637,090

(i) **Interest rate risks**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Company monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed.

The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements.

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

As at end of the year, the company was not exposed to any risks arising from interest rate fluctuations, as all its investments in fixed income securities were subject to fixed rates. The carrying amount of these financial instrument is a reasonable approximation of their fair value.

(k) **Market price risk**

Market price risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or exchange rate risk). The Company is exposed to market price risk through its investments in quoted equities and is thus subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from equity investments is determined by the fair value of the investments.

Market price risk sensitivity analysis

Using equity portfolio weighted beta of 1.09, if the all share index (ASI) had increased or decreased by 10% as at 31 December 2018, with all other variables held constant, the Company's net asset value could have increased or decreased by N3,223,071. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The impact of increase or decrease in ASI on the Company's equity portfolio is shown in the sensitivity analysis below

Sensitivity analysis:

In thousands of Naira	**Note**	**2018**	**2017**
Fair value of quoted equities		39,791	46,360
Increase in ASI			
1%		434	373
3%		1,301	1,120
10%		4,337	3,732
Decrease in ASI			
1%		(434)	373
3%		(1,301)	1,120
10%		(4,337)	3,732

37 Fair values of financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities and their fair values

31-Dec-18
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	4	-	-	53,183	-	-	53,183	53,183
Financial assets	5	-	7,104	-	136,374	-	143,478	143,478
Trade receivables	6	-	-	55,690	-	-	55,690	55,690
Reinsurance assets	7	-	-	257,819	-	-	257,819	257,819
Other receivables*		-	-	37,162	-	-	37,162	37,162
Total		-	7,104	403,854	136,374	-	547,332	547,332
Liabilities								
Insurance contract liabilities	12	-	-	-	-	5,230,266	5,230,266	5,230,266
Investment contract liabilities	13	-	-	-	-	1,766,779	1,766,779	1,766,779
Trade payables	14	-	-	-	-	519,542	519,542	519,542
Other payables and accruals**	15	-	-	-	-	1,002,296	1,002,296	1,002,296
Total		-	-	-	-	8,518,883	8,518,883	8,518,883

*Other receivables excludes prepayments
**Other payables and accruals excludes accruals

31-Dec-17
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	4	-	-	116,142	-	-	116,142	116,142
Financial assets	5	-	8,037	-	82,360	-	90,397	90,397
Trade receivables	6	-	-	16,663	-	-	16,663	16,663
Reinsurance assets	7	-	-	139,941	-	-	139,941	139,941
Other receivables*		-	-	29,153	-	-	29,153	29,153
Total		-	8,037	301,899	82,360	-	392,296	392,296
Liabilities								
Insurance contract liabilities	12	-	-	-	-	4,429,704	4,429,704	4,429,704
Investment contract liabilities	13	-	-	-	-	1,661,985	1,661,985	1,661,985
Borrowings	18	-	-	-	-	-	-	-
Trade payables	14	-	-	-	-	551,954	551,954	551,954
Other payables and accruals**	15	-	-	-	-	920,163	920,163	920,163
Total		-	-	-	-	7,563,806	7,563,806	7,563,806

*Other receivables excludes prepayments
**Other payables and accruals excludes accruals

This does not include the Company's unquoted equity securities with a carrying amount of ₦96,583,000 (2017:₦36,000,000). Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

38 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e., held to maturity and loans and receivables).

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate their fair value.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Determination of fair value and fair value hierarchy

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar assets or liablities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of quoted equities have been determined using level 1 heirarchy.

31 December 2018
(in thousands of Naira)

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- Available for sale	39,791	-	-	39,791
Total	**39,791**	**-**	**-**	**39,791**

31 December 2017
(in thousands of Naira)

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- Available for sale	46,360	-	-	46,360
Total	**46,360**	**-**	**-**	**46,360**

Determination of fair value for instruments not measured at fair value

The carrying amount of the financial assets and liabilities not measured at fair value approxiamates their fair value amounts.

Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

39 Insurance Risk

The claims development history of the Company as at 31 December 2018 was as follows:

(a) Claims development tables

The claims development history of the Company is as follows:
in thousands of Naira

Motor

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	199,737	126,076	9,593	3,528	218	-	-	-	-	517
2010	215,964	158,686	13,500	1,917	21	-	-		29	-
2011	197,034	126,498	6,786	1,884	1,893	-	266	30	-	-
2012	237,362	116,523	9,614	945	34	-	31	-	-	-
2013	170,497	86,636	10,161	196	-	2,056	-	-	-	-
2014	143,668	77,329	1,567	306	-	-	-	-	-	-
2015	167,065	35,722	18,535	717	-	-	-	-	-	-
2016	72,761	33,272	1,222	-	-	-	-	-	-	-
2017	69,236	13,912	-	-	-	-	-	-	-	-
2018	73,138	-	-	-	-	-	-	-	-	-

Marine

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	1,953	15,031	1,132	1,367	-	-	575	-	-	-
2010	9,330	16,781	1,139	2,694	-	-	-	-	-	-
2011	9,640	13,523	6,560	635	20	-	-	-	-	-
2012	2,052	13,067	1,781	-	-	-	-	-	-	-
2013	10,798	7,326	635	-	-	-	-		-	-
2014	19,229	17,135	4,902	25	-	-	-	-	-	-
2015	15,725	14,710	2,938	724	-	-	-	-	-	-
2016	7,010	4,299	8	-	-	-	-	-	-	-
2017	4,924	4,759	-	-	-	-	-	-	-	-
2018	5,725	-	-	-	-	-	-	-	-	-

General Accident

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	34,297	63,128	32,026	14,579	1,232	534	1,754	2,248	-	-
2010	12,332	62,920	27,683	12,680	4,755	1,069	504	-	-	-
2011	43,003	86,692	21,353	4,447	2,886	177	-	-	-	-
2012	41,489	87,296	26,786	4,954	64	55	1	-	-	-
2013	48,608	58,424	12,043	16,164	1,313	807	-	-	-	-
2014	36,265	47,554	9,142	2,858	1,322	-	-	-	-	-
2015	24,973	41,268	2,317	412	-	-	-	-	-	-
2016	18,043	20,255	4,558	-	-	-	-	-	-	-
2017	11,096	15,547	-	-	-	-	-	-	-	-
2018	7,764	-	-	-	-	-	-	-	-	-

Fire

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	12,040	20,006	11,840	309	292	-	-	-	15	213
2010	19,835	20,587	3,426	599	316	-	-	71	-	-
2011	18,731	38,190	8,631	506	279	54	121	74	-	-
2012	21,140	40,892	4,785	28,223	2,438	2,055	1,306	-	-	-
2013	45,627	39,263	1,664	877	221	79	-	-	-	-
2014	25,987	39,876	3,211	5,627	4,064	-	-	-	-	-
2015	18,458	16,691	6,027	5,955	-	-	-	-	-	-
2016	19,457	8,742	1,498	-	-	-	-	-	-	-
2017	18,444	6,254	-	-	-	-	-	-	-	-
2018	3,963	-	-	-	-	-	-	-	-	-

Engineering

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	1,090	4,562	288	82	6	342	-	-	-	-
2010	3,663	6,877	6,245	13	508	-	-	-	-	-
2011	1,286	6,832	3,342	641	-	-	-	-	-	-
2012	6,977	18,637	2,296	2,650	-	-	-	-	-	-
2013	1,732	1,226	388	373	-	-	-	-	-	-
2014	5,168	16,561	7,637	-	328	-	-	-	-	-
2015	26,859	425	136	1,925	-	-	-	-	-	-
2016	1,041	624	-	-	-	-	-	-	-	-
2017	2,547	3,388	-	-	-	-	-	-	-	-
2018	352	-	-	-	-	-	-	-	-	-

Cummulative Claims Development Pattern (Yearly Projections) (N)

Motor

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	199,737	325,813	335,406	338,934	339,152	339,152	339,152	339,152	339,152	339,669
2010	215,964	374,650	388,150	390,067	390,088	390,088	390,088	390,088	390,117	390,717
2011	197,034	323,532	330,318	332,202	334,095	334,095	334,361	334,390	334,470	334,998
2012	237,362	353,885	363,499	364,444	364,478	364,478	364,508	364,604	364,694	365,288
2013	170,497	257,133	267,294	267,490	267,490	269,546	277,208	277,282	277,352	277,812
2014	143,668	220,997	222,564	222,870	222,870	234,378	241,235	241,301	241,364	241,776
2015	167,065	202,788	221,322	222,039	239,863	252,230	259,599	259,670	259,738	260,180
2016	72,761	106,033	107,255	121,161	130,430	136,862	140,695	140,732	140,767	140,997
2017	69,236	83,148	93,653	105,432	113,284	118,733	121,979	122,011	122,040	122,235
2018	73,138	81,481	91,746	103,257	110,930	116,254	119,427	119,457	119,486	119,677

Marine

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	1,953	16,984	18,116	19,483	19,483	19,483	20,058	20,058	20,058	20,058
2010	9,330	26,111	27,250	29,944	29,944	29,944	29,944	29,944	29,944	29,944
2011	9,640	23,163	29,723	30,358	30,378	30,378	30,378	30,378	38,064	38,064
2012	2,052	15,119	16,900	16,900	16,900	16,900	16,900	20,761	25,623	25,623
2013	10,798	18,124	18,759	18,759	18,759	18,759	23,063	28,280	34,850	34,850
2014	19,229	36,364	41,266	41,291	41,291	50,788	61,741	75,017	91,735	91,735
2015	15,725	30,435	33,373	34,097	41,077	50,050	60,399	72,942	88,737	88,737
2016	7,010	11,309	11,316	13,424	16,102	19,543	23,512	28,323	34,381	34,381
2017	4,924	9,683	11,212	13,166	15,647	18,836	22,515	26,974	32,588	32,588
2018	5,725	10,628	12,301	14,439	17,154	20,644	24,670	29,549	35,692	35,692

General Accident

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	34,297	97,425	129,451	144,030	145,262	145,796	147,550	149,798	149,798	149,798
2010	12,332	75,252	102,935	115,615	120,370	121,439	121,943	121,943	121,943	123,408
2011	43,003	129,695	151,048	155,495	158,381	158,559	158,559	158,559	173,759	175,899
2012	41,489	128,785	155,571	160,525	160,589	160,644	160,645	176,136	192,756	195,096
2013	48,608	107,032	119,075	135,239	136,552	137,359	152,409	166,899	182,443	184,632
2014	36,265	83,819	92,961	95,819	97,141	110,615	122,772	134,476	147,033	148,801
2015	24,973	66,241	68,557	68,969	87,167	98,645	109,001	118,971	129,667	131,173
2016	18,043	38,297	42,855	53,221	66,254	74,475	81,892	89,032	96,693	97,772
2017	11,096	26,643	32,312	39,818	49,256	55,209	60,580	65,750	71,298	72,079
2018	7,764	10,011	12,226	15,159	18,847	21,173	23,272	25,293	27,461	27,766

Fire

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	12,040	32,046	43,886	44,195	44,487	44,487	44,487	44,487	44,502	44,715
2010	19,835	40,422	43,848	44,447	44,763	44,763	44,763	44,834	44,834	54,172
2011	18,731	56,921	65,552	66,058	66,337	66,391	66,512	66,586	68,398	82,445
2012	21,140	62,032	66,817	95,040	97,478	99,533	100,839	107,828	110,586	131,966
2013	45,627	84,890	86,554	87,431	87,652	87,731	93,821	100,995	103,825	125,772
2014	25,987	65,863	69,074	74,702	78,766	83,859	89,488	96,119	98,735	119,021
2015	18,458	35,149	41,177	47,132	53,352	56,697	60,394	64,749	66,467	79,790
2016	19,457	28,199	29,697	33,385	37,928	40,371	43,072	46,253	47,508	57,240
2017	18,444	24,698	27,190	30,474	34,519	36,694	39,099	41,931	43,049	51,714
2018	3,963	12,878	14,096	15,701	17,678	18,742	19,917	21,301	21,847	26,082

Engineering

Accident Year	1	2	3	4	5	6	7	8	9	10
2009	1,090	5,652	5,940	6,022	6,028	6,370	6,370	6,370	6,370	6,370
2010	3,663	10,540	16,785	16,798	17,306	17,306	17,306	17,306	17,306	17,393
2011	1,286	8,118	11,460	12,101	12,101	12,101	12,101	12,101	12,526	12,588
2012	6,977	25,614	27,910	30,560	30,560	30,560	30,560	33,650	34,831	35,005
2013	1,732	2,958	3,346	3,719	3,719	3,719	4,095	4,509	4,667	4,691
2014	5,168	21,729	29,366	29,366	29,694	32,694	35,999	39,638	41,030	41,235
2015	26,859	27,284	27,420	29,345	32,309	35,573	39,170	43,130	44,644	44,867
2016	1,041	1,665	1,665	1,883	2,074	2,283	2,514	2,768	2,865	2,879
2017	2,547	5,935	6,914	7,821	8,611	9,481	10,439	11,494	11,898	11,957
2018	352	2,728	3,179	3,595	3,958	4,358	4,799	5,284	5,470	5,497

39.1	**Life Insurance Contracts**							
	Sensitivity analysis report for life insurance liabilities							
		Base	**VIR +1%**	**VIR -1%**	**Expense inflation +1%**	**Expense inflation -1%**	**Mortality +1%**	**Mortality -1%**
	Individual DA	188,995,545	189,370,029	188,621,965	188,995,545	188,995,545	189,470,053	188,521,037
	Annuity	7,293,263	6,895,834	7,733,553	7,304,969	7,283,155	7,287,266	7,299,299
	Individual Traditional	18,198,973	18,067,862	18,352,601	18,229,365	18,170,493	18,203,884	18,194,060
	Group Business							
	Group DA	1,577,783,724	1,588,262,481	1,567,305,119	1,577,783,724	1,577,783,724	1,577,783,724	1,577,783,724
	Group life	1,602,989,313	1,602,989,313	1,602,989,313	1,602,989,313	1,602,989,313	1,602,989,313	1,602,989,313
	Summary	**Base**	**VIR +1%**	**VIR -1%**	**Expense inflation +1%**	**Expense inflation -1%**	**Mortality +1%**	**Mortality -1%**
	Individual	214,487,781	214,333,725	214,708,119	214,529,879	214,449,193	214,961,203	214,014,396
	Group	3,180,773,037	3,191,251,794	3,170,294,432	3,180,773,037	3,180,773,037	3,180,773,037	3,180,773,037
	Total	**3,395,260,818**	**3,405,585,519**	**3,385,002,551**	**3,395,302,916**	**3,395,222,230**	**3,395,734,240**	**3,394,787,433**

The principal risk the Company faces under insurance contracts is that actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line and territory.

The Company's underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgement of the board and senior management.

Each year, as part of the planning process, the Risk Enterprise committee and senior management review the underwriting strategy of each core insurance businesses taking into account profit, growth and risk appetite considerations. The review is carried out for each major class of business and approved by the committee.

39.2 General insurance contracts

The Company principally issues the following types of general insurance contracts: motor, fire, marine, aviation, general accident, engineering and bonds.

Risks under general insurance policies usually cover a twelve month duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The stochastic reserve simulations approach has been adopted for the non-life business except for Oil & gas, Aviation and the Bond classes where the expected loss ratio method was used in determining the reserves as there are limited experienced data points.

General reserve sensitivity analysis

Motor

	Mean	Standard deviation	Median	VaR (95%)	Tail-VaR (95%)	VaR (99.5%)	Tail-VaR (99.5%)
2010	4	468	(127)	840	1,004	1,173	1,265
2011	17	220	(45)	411	488	568	611
2012	13	170	(34)	316	376	437	471
2013	925	1,358	894	3,169	3,777	4,608	5,108
2014	685	200	682	1,014	1,101	1,197	1,273
2015	1,250	769	1,219	2,545	2,944	3,424	3,730
2016	2,931	1,077	2,892	4,793	5,346	6,023	6,560
2017	4,397	1,225	4,279	6,583	7,271	8,165	8,645
2018	84,436	39,156	76,608	153,730	193,475	248,544	302,309
Total	**94,658**	**44,643**	**86,368**	**173,401**	**215,782**	**274,139**	**329,972**

Fire

	Mean	Standard deviation	Median	VaR (95%)	Tail-VaR (95%)	VaR (99.5%)	Tail-VaR (99.5%)
2010	514	1,959	125	4,139	6,125	8,574	10,977
2011	750	2,384	354	4,976	7,388	9,942	14,150
2012	1,202	2,938	790	6,428	8,945	11,593	16,030
2013	1,747	3,057	1,329	7,198	9,588	12,677	15,773
2014	2,228	3,050	1,867	7,750	9,811	12,449	15,477
2015	9,038	7,003	7,864	21,456	27,165	33,979	43,971
2016	17,790	9,992	16,554	36,124	42,548	50,701	56,975
2017	58,636	206,696	44,121	106,787	310,537	330,799	1,787,203
2018	23,666	73,144	17,245	64,097	125,082	135,205	522,996
Total	**115,571**	**310,223**	**90,249**	**258,955**	**547,189**	**605,919**	**2,483,552**

General accident

	Mean	Standard deviation	Median	VaR (95%)	Tail-VaR (95%)	VaR (99.5%)	Tail-VaR (99.5%)
2012	2,767	7,412	733	17,802	26,429	36,130	43,211
2013	4,731	9,135	2,382	22,891	30,827	40,559	47,953
2014	4,899	8,711	2,813	21,578	29,210	38,273	45,461
2015	7,165	10,046	4,919	26,765	34,893	44,615	52,274
2016	13,167	14,486	9,906	41,787	52,908	67,964	78,188
2017	28,416	26,212	21,954	79,509	102,924	131,854	151,190
2018	113,225	131,088	76,557	386,127	501,387	641,857	755,194
Total	174,370	207,090	119,264	596,459	778,578	1,001,252	1,173,471

Marine

	Mean	Standard deviation	Median	VaR (95%)	Tail-VaR (95%)	VaR (99.5%)	Tail-VaR (99.5%)
2013	1,279	4,389	(46)	10,392	16,578	24,747	30,631
2014	2,671	6,319	501	15,285	22,816	33,222	39,916
2015	4,524	8,340	1,960	21,681	30,505	42,301	50,337
2016	8,393	11,843	4,614	32,785	44,798	61,996	72,786
2017	8,080	12,809	3,611	32,955	48,619	68,650	88,393
2018	48,902	2,064,333	26,469	370,385	884,198	1,255,889	3,471,907
Total	73,849	2,108,033	37,109	483,483	1,047,514	1,486,805	3,753,970

Engineering

	Mean	Standard deviation	Median	VaR (95%)	Tail-VaR (95%)	VaR (99.5%)	Tail-VaR (99.5%)
2013	3,108	7,708	1,615	11,273	28,707	47,002	59,334
2014	933	3,407	287	4,604	12,133	21,791	29,401
2015	5,169	5,886	4,013	11,274	25,276	37,269	46,706
2016	9,202	10,655	7,113	21,863	44,302	67,766	85,619
2017	2,877	9,697	1,027	16,041	34,683	57,005	81,405
2018	35,659	80,736	18,250	146,753	317,123	430,640	537,157
Total	56,948	118,089	32,305	211,808	462,224	661,473	839,622

The stochastic approach allows for inflation allowing for likely future variations around the average expected experience

 Methods adopted assume the future claims follow a regression pattern from the historical data.
The Stochastic method allows for uncertainty and variations in claim amounts calculated from the chain ladder method. Instead of producing a point estimate for reserves, it utilises the available age - to - age claim data to provide a distribution of probable reserve outcomes. The approach starts with calculating the age-to-age ratios of loss development table. The age-to-age link ratios are then varied around their average levels randomly with corresponding claims estimates. Thus, the Bootstrap method takes randomly from the age - to-age ratios with replacement to produce a reserve estimate. Simulating this step 10,000 times therefore results in 10,000 possible estimated claim estimates. The result is expressed as a statistic (a mean or percentile) of the distribution. Reordering the simulated results and calculating the difference between 95 or 99.5 percentile as required with the mean serving as the capital required to cover any reserving risk

Deterministic approach for limited data points

	Base	Loss ratio		Expense ratio		Interest rate	
		5% rise	5% fall	5% rise	5% fall	5% rise	5% fall
Oil & Gas	2,244,089	2,378,705	2,109,473	2,479,930	2,047,560	2,233,273	2,255,079
Aviation	36,724	40,279	33,917	43,662	30,576	36,590	36,860
Bond	56,099	72,177	54,526	86,191	29,702	55,857	56,344

40 Asset and liability management

The principal technique of the Company's Asset and Liability Management (ALM) is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each period, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

40.1 Hypothecation
31-Dec-18

	Note	Insurance contract	Annuity	Investment contract	Shareholders funds	Total
In thousands of Naira						
Assets						
Cash and cash equivalents	4	-	2,432	2,905	47,846	53,183
Financial assets	5	136,374	7,104	-	-	143,478
Trade receivables	6	55,690	-	-	-	55,690
Reinsurance assets	7	257,819	-	-	-	257,819
Deferred acquisition cost	8	41,501	-		-	41,501
Other receivables and prepayments	9	-	-	-	40,468	40,468
Property and equipment	10	-	-	-	693,626	693,626
Statutory deposit	11	-	-	-	500,000	500,000
Total Assets		491,384	9,536	2,905	1,281,940	1,785,765
Liabilities						
Insurance contract liabilities	12	5,222,973	7,293	-	-	5,230,266
Investment contract liabilities	13	-	-	1,766,779	-	1,766,779
Trade payables	14	-	-	-	519,542	519,542
Other payables and accruals	15	-	-	-	1,075,231	1,075,231
Current tax liabilities	16	-	-	-	401,189	401,189
Deferred tax liabilities	17	-	-	-	44,734	44,734
Total Liabilities		5,222,973	7,293	1,766,779	2,040,696	9,037,741
(Deficit)/surplus		(4,731,589)	2,243	(1,763,874)	(758,756)	(7,251,976)
Cummulative (deficit)		(4,731,589)	(4,729,346)	(6,493,220)	(7,251,976)	(7,251,976)

The Company is putting strategies in place to turn around the shareholders' deficit, via its recapitalisation plans.

40.2 Hypothecation
31-Dec-17

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents	4	-	2,420	113,722	116,142
Financial assets	5	90,397	-	-	90,397
Trade receivables	6	-	-	16,663	16,663
Reinsurance assets	7	139,941	-	-	139,941
Deferred acquisition cost	8	39,714		-	39,714
Other receivables and prepayments	9	-	-	32,511	32,511
Property and equipment	10	-	-	859,673	859,673
Statutory deposit	11	-	-	500,000	500,000
Total Assets		270,052	2,420	1,522,569	1,795,041
Liabilities					
Insurance contract liabilities	12	4,429,704	-	-	4,429,704
Investment contract liabilities	13	-	1,661,985	-	1,661,985
Trade payables	14	-	-	551,954	551,954
Other payables and accruals	15	-	-	993,447	993,447
Current tax liabilities	16	-	-	251,019	251,019
Deferred tax liabilities	17	-	-	83,985	83,985
Total Liabilities		4,429,704	1,661,985	1,880,405	7,972,094
(Deficit)/surplus		(4,159,652)	(1,659,565)	(357,836)	(6,177,053)
Cummulative (deficit)/surplus		(4,159,652)	(5,819,217)	(6,177,053)	(6,177,053)

The Company is putting strategies in place to turn around the shareholders' deficit, via its recapitalisation plans.

41 Operating segments

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

Life insurance segment

The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk). It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

General insurance segment

The general insurance segment comprises general insurance to individuals and businesses. General insurance products offered include motor, fire, marine, aviation, Oil & gas, engineering, general accident and bond & indemnity insurance. These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damage as a result of policyholder’s accident.

For inter segement transactions that occur, transfer prices between operating segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

Segment Profit or Loss and Other Comprehensive Income as at 31 December 2018

	General Insurance		Life Insurance		Elimination of interbusiness transactions	Total	
In thousands of Naira	2018	2017	2018	2017		2018	2017
Gross premium written	753,345	788,821	399,648	221,832	-	1,152,993	1,010,653
Gross premium income	793,213	898,848	295,564	261,018	-	1,088,777	1,159,866
Reinsurance expense	(76,816)	(107,749)	(56,890)	(35,115)	-	(133,706)	(142,864)
Net premium income	716,397	791,099	238,674	225,903	-	955,071	1,017,002
Fees and commission income	23,559	21,066	14,217	8,720	-	37,776	29,786
Net underwriting income	739,956	812,165	252,891	234,623	-	992,847	1,046,788
Claims expense	(756,949)	(490,032)	(225,130)	(161,092)	-	(982,079)	(651,124)
Underwriting expense	(170,743)	(213,602)	(139,815)	(135,494)	-	(310,558)	(349,096)
Underwriting profit/(loss)	(187,736)	108,531	(112,054)	(61,963)	-	(299,790)	46,568
Investment and other operating income	44,816	53,933	51,595	35,785	-	96,411	89,718
Impairment (losses)/reversals	(153,318)	(4,496)	(54,983)	(2,368)	-	(208,301)	(6,864)
Management expenses	(497,445)	(631,058)	(8,649)	(14,219)	-	(506,094)	(645,277)
Loss on life investment contract	-	-	(68,994)	(87,335)	-	(68,994)	(87,335)
Changes in life fund	-	-	40,200	-	-	40,200	-
Loss before tax	(793,683)	(473,090)	(152,885)	(130,100)	-	(946,568)	(603,190)
Income taxes	(123,337)	(89,451)	1,416	(58)	-	(121,921)	(89,509)
Loss after taxation	(917,020)	(562,541)	(151,469)	(130,158)	-	(1,068,489)	(692,699)
Other comprehensive income							
Items in other comprehensive income that may be reclassified subsequently to profit or loss							
Fair value changes of available for sale financial assets	(2,753)	9,147	(6,912)	7,186	-	(9,665)	16,333
Exchange gains on available for sale financial assets	418	150	-	-	-	418	150
Fair value changes on property and equipment	-	-	-	-	-	-	-
Income tax effect	-	-	-	-	-	-	-
Reversal of deferred tax on asset revaluation reserve	-	-	-	-	-	-	-
Total Comprehensive Income	(919,355)	(553,244)	(158,381)	(122,972)	-	(1,078,154)	(676,366)

Assets and liabilities	General Insurance		Life Insurance		Elimination of interbusiness transactions	Total	
In thousands of Naira	2018	2017	2018	2017		2018	2017
Tangible segment assets	1,318,917	1,273,035	2,040,082	1,967,007	(1,573,234)	1,785,765	1,654,903
Charged to other segments	-	-	-	-		-	-
Total assets	1,318,917	1,273,035	2,040,082	1,967,007	(1,573,234)	1,785,765	1,654,903
Segment liabilities	6,900,521	5,946,440	3,710,454	3,470,657	(1,573,234)	9,037,741	7,831,958
Charged to other segments	-	-	-	-		-	-
Total liabilities	6,900,521	5,946,440	3,710,454	3,470,657	(1,573,234)	9,037,741	7,831,958
Net (liabilities) /assets	(5,581,604)	(4,673,405)	(1,670,372)	(1,503,650)	-	(7,251,976)	(6,177,055)

General Business Statement of Financial Position

For the year ended 31 December, 2018

	Note	31-Dec-18	31-Dec-17
In thousands of Naira			
Assets			
Cash and cash equivalents		47,846	113,722
Other financial assets		116,661	58,831
Trade receivables		51,993	4,700
Reinsurance assets		239,454	126,670
Deferred acquisition cost	8	41,501	39,714
Other receivables and prepayments		6,761	5,506
Intangible assets		-	-
Property, plant and equipment		514,701	623,893
Statutory deposits	11	300,000	300,000
Total Assets		1,318,917	1,273,035
Liabilities			
Insurance contract liabilities	12	3,601,785	2,957,667
Trade payables		420,716	414,251
Other payables and accruals		2,455,481	2,264,320
Current tax liabilities		334,147	208,248
Deferred tax liabilities		88,392	101,954
Total Liabilities		6,900,521	5,946,440
Capital and reserves			
Issued and paid up share capital		634,201	826,725
Share premium		1,061,274	1,254,498
Contingency reserve		1,451,982	1,429,381
Retained losses		(8,735,134)	(8,181,356)
Revaluation reserves		-	23,464
Available for sale reserve		4,855	7,608
Treasury shares		(47,350)	(47,350)
Exchange gain reserves		48,568	13,625
Shareholders funds		(5,581,604)	(4,673,405)
Total equity and liabilities		1,318,917	1,273,035

General Business Statement of Comprehensive Income

For the year ended 31 December 2018

In thousands of Naira	**Note**	**31-Dec-18**	**31-Dec-17**
Gross premium written		753,345	788,822
Gross premium income		793,213	898,848
Reinsurance expense		(76,816)	(107,749)
Net premium income		716,397	791,099
Fees and commission income		23,559	21,066
Net underwriting income		739,956	812,165
Claims expense	22	(756,949)	(490,032)
Underwriting expense		(170,743)	(213,602)
Underwriting (loss)/profit		(187,736)	108,531
Investment and other operating income		44,816	53,933
Management expense	26(b)	(497,445)	(631,058)
Net impairment (losses)/reversals		(153,318)	(4,496)
Loss before taxation		(793,683)	(473,090)
Tax expenses		(123,337)	(89,451)
Loss after taxation		(917,020)	(562,541)
Items within other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income			
Fair value changes on available for sale financial assets		(2,753)	9,147
Exchange gains on available for sale financial assets		418	150
Income tax effect		-	-
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property and equipment		-	-
Reversal of deferred tax on asset revaluation reserve		-	-
Other comprehensive income for the year, net of tax		(2,335)	9,297
Total comprehensive income/(loss)		(919,355)	(553,244)

General Business Revenue Account
For the year ended 31 December 2018

In thousands of Naira	Notes	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	OIL & GAS	AVIATION	2018 TOTAL	2017 TOTAL
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
INCOME											
Direct Premium		490,667	45,105	109,399	66,126	21,983	12,571	7,496	-	753,347	788,654
Inward Reinsurance Premium		-	-	-	-	-	-	-	-	-	168
Gross Written Premium		490,667	45,105	109,399	66,126	21,983	12,571	7,496	-	753,347	788,822
Less: (Increase)/ decrease in unearned premium		(25,660)	(12,195)	12,610	41,226	(1,062)	3,971	20,963	13	39,866	110,026
Gross Premium income		465,007	32,910	122,009	107,352	20,921	16,542	28,459	13	793,213	898,848
Reinsurance Cost		(10,575)	(21,687)	(15,600)	(12,757)	(2,799)	(8,801)	(4,596)	-	(76,815)	(107,749)
Net Premium earned		454,432	11,223	106,409	94,595	18,122	7,741	23,863	13	716,398	791,099
Commissions earned		6,208	2,135	4,543	1,820	933	-	7,921	-	23,560	21,065
Net underwriting income		460,640	13,358	110,952	96,415	19,055	7,741	31,784	13	739,958	812,164
EXPENSES											
Gross Claims Paid	22	91,448	171,004	29,211	35,844	438	27,993	6,113	4,258	366,309	234,078
Increase/(decrease) in outstanding claims provision		(8,435)	(114,545)	54,025	62,104	(3,631)	85,863	612,081	(3,477)	683,985	181,354
Gross Claims incurred		83,013	56,459	83,236	97,948	(3,193)	113,856	618,194	781	1,050,294	415,432
Less: Reinsurance claims recoveries/recoverable	22	(1,410)	(106,855)	(1,902)	(3,899)	-	(46,765)	-	-	(160,831)	74,594
Reinsurance claims recoverable (actuary)		(17,249)	(33,303)	(14,111)	(25,150)	(2,580)	(36,195)	(3,884)	70	(132,513)	-
Net claims incurred		64,354	(83,699)	67,223	68,899	(5,773)	30,896	614,310	851	756,950	490,026
Add: Underwriting expenses:											
Acquisition expenses	23.1	55,622	10,417	23,565	15,553	4,150	1,560	756	-	111,623	139,542
Maintenance expenses: Handling charges	23.2	-	-	-	-	-	-	-	-	-	-
Marketing expenses	23.2	32,890	3,023	7,333	4,432	1,474	843	502	-	50,497	32,210
Other maintenance expenses	23.2	5,616	516	1,252	757	252	144	86	-	8,623	41,853
		94,127	13,957	32,150	20,743	5,875	2,546	1,344	-	170,743	213,605
Total expenses and claims incurred		158,481	(69,742)	99,373	89,642	102	33,442	615,654	851	927,693	703,631
Underwriting profit/(loss)		302,159	83,100	11,579	6,773	18,953	(25,701)	(583,870)	(838)	(187,735)	108,533

Life Business Statement of Financial Position

For the year ended 31 December, 2018

In thousands of Naira	Note	**31-Dec-18**	**31-Dec-17**
Assets			
Cash and cash equivalents		5,337	2,420
Other financial assets		26,817	31,566
Trade receivables		3,697	11,964
Reinsurance assets		18,365	13,272
Other receivables and prepayments		1,563,265	1,454,034
Intangible assets		-	-
Property, plant and equipment		178,943	235,781
Deferred tax assets		43,658	17,970
Statutory deposits	11	200,000	200,000
Total Assets		2,040,082	1,967,007
Liabilities			
Insurance contract liabilities	12	1,628,481	1,472,038
Investment contract liabilities	13	1,766,779	1,661,985
Trade payables		98,826	137,703
Other payables and accruals		149,235	156,160
Current tax liabilities		67,042	42,771
Total Liabilities		3,710,363	3,470,657
Capital and reserves			
Issued and paid up share capital	18.1	596,258	773,973
Share premium		556,661	735,023
Contingency reserve		125,189	121,235
Retained losses		(2,960,981)	(3,161,634)
Revaluation reserves		-	11,345
Available for sale reserve		12,592	16,408
Exchange gain reserves		-	-
Shareholders' funds		(1,670,281)	(1,503,650)
Total equity and liabilities		2,040,082	1,967,007

Life Business Statement of Comprehensive Income
For the year ended 31 December 2018

In thousands of Naira	**Note**	**31-Dec-18**	**31-Dec-17**
Gross premium written		399,648	221,832
Gross premium income		295,564	261,018
Reinsurance expense		(56,890)	(35,115)
Net premium income		238,674	225,903
Fees and commission income		14,217	8,720
Net underwriting income		252,891	234,623
Claims expense	22	(225,130)	(161,092)
Underwriting expense		(139,815)	(135,494)
Underwriting loss		(112,054)	(61,963)
Investment and other operating income		51,595	35,785
Management expense		(8,649)	(14,219)
Net impairment losses		(54,983)	(2,368)
Loss on investment contracts	13(b)	(68,994)	(87,335)
Changes in life fund		40,200	-
Loss before taxation		(152,885)	(130,100)
Tax income /(expenses)		1,417	(58)
Loss after taxation		(151,468)	(130,158)
Items within other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income			
Fair value changes on available for sale financial assets		(6,912)	7,186
Income tax effect			
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property & equipment		-	-
Reversal of deferred tax on asset revaluation reserve			
Other comprehensive income for the year, net of tax		(6,912)	7,186
Total comprehensive income		(158,380)	(122,972)

Life Business Revenue Account
For the year ended 31 December 2018

In thousands of Naira	Note	Individual Life	Group Life	2018 Total	2017 Total
Income					
Direct premiums		88,608	311,040	399,648	221,831
Less: (increase)/decrease in unearned premium		-	(104,084)	(104,084)	39,187
Gross premium income		88,608	206,956	295,564	261,018
Unbundling of life investment contracts		-	-	-	-
Reinsurance cost		-	56,889	56,889	35,115
Premium retained		88,608	150,067	238,675	225,903
Commission earned		-	14,217	14,217	8,720
Total underwriting income		88,608	164,284	252,892	234,623
Expenses					
Gross claims paid		979	16,015	16,994	20,798
Surrenders		12,229	-	12,229	4,932
Maturity claims		21,304	-	21,304	23,903
Decrease in outstanding claims	22	-	174,603	174,603	99,519
Gross claims incurred		33,533	190,618	225,130	149,152
Reinsurance claims recoveries/recoverables	22	-	-	-	11,940
Net claims incurred	22	33,533	190,618	225,130	161,092
Acquisition expenses		9,703	126,991	136,694	114,386
Maintenance expenses: Handling expenses		149	521	670	1,127
Marketing expenses		544	1,908.35	2,452	19,981
Total expenses		43,928	320,039	364,946	296,586
Underwriting profit/(loss)		44,680	(155,755)	(112,054)	(61,963)

Other National Disclosures

Other National Disclosures

Value Added Statement

(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-18	%	31-Dec-17	%
Gross premium income (Local)	1,088,776	-188%	1,159,867	-2375%
Investment income				
- Local	64,398	-11%	78,250	-160%
- Foreign	-		-	
Other income				
- Local	50,144	-9%	11,470	-23%
- Foreign	-		-	
Reinsurance, claims, commission & operating expenses				
- Local	(1,782,352)	308%	(1,298,423)	2659%
- Foreign	-		-	
Value (eroded)/added	**(579,034)**	**100%**	**(48,836)**	**100%**
Applied to pay:				
Employee benefit expense	337,409	227	341,157	227
Government as tax	121,919	-22	89,509	-22
Retained in the business				
Depreciation of property and equipment	30,127	22	31,833	22
Amortisation of intangible assets	-	-	-	-
To deplete reserve	(1,068,489)	-127	(511,335)	-127
Value (eroded)/added	**(579,034)**	**100**	**(48,836)**	**100**

Other National Disclosures

Financial Summary

(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
Cash & cash equivalents	53,183	116,142	54,996	64,851	70,975
Financial assets	143,478	90,397	62,876	54,597	55,008
Trade receivables	55,690	16,663	22,976	21,070	27,669
Reinsurance assets	257,819	139,941	245,766	203,974	376,180
Deferred acquisition cost	41,501	39,714	73,467	71,158	84,095
Other receivables and prepayments	40,468	32,511	23,147	39,731	95,279
Property, and equipment	693,626	859,673	890,913	894,544	939,038
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	1,785,765	1,795,041	1,874,141	1,849,925	2,148,244
Liabilities					
Insurance contract liabilities	5,230,266	4,429,704	4,419,599	3,485,210	3,645,171
Investment contract liabilities	1,766,779	1,661,985	1,576,874	1,501,028	1,285,057
Trade payables	519,542	551,954	324,969	178,794	102,776
Other payables and accruals	1,075,231	993,447	768,443	583,195	256,509
Retirement benefit obligation	-	-	-	-	313,628
Current tax laibilities	401,189	251,019	257,213	306,060	290,901
Deferred tax liabilities	44,734	83,985	31,662	41,348	156,038
Total liabilities	9,037,741	7,972,094	7,378,760	6,095,635	6,050,080
Capital and reserves					
Issued and paid up share capital	1,230,459	1,600,699	1,600,699	1,600,699	2,274,974
Share premium	1,617,935	1,989,523	1,989,523	1,989,523	2,663,798
Contingency reserve	1,577,214	1,550,617	1,524,736	1,489,274	1,482,547
Retained losses	(11,696,248)	(11,342,990)	(10,624,413)	(9,292,593)	(11,004,185)
Revaluation reserves	-	34,808	34,808	-	686,754
Available for sale reserve	17,446	24,015	7,683	12,602	19,367
Treasury shares	(47,350)	(47,350)	(47,350)	(47,350)	(47,350)
Actuarial reserves	-	-	-	-	22,259
Exchange gains reserves	48,568	13,625	9,695	2,135	-
Total Equity	(7,251,976)	(6,177,053)	(5,504,619)	(4,245,710)	(3,901,837)
Total equity and liabilities	1,785,765	1,795,041	1,874,141	1,849,925	2,148,244

STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
Gross premium written	1,152,994	1,010,654	1,396,695	2,405,185	3,113,179
Premium earned	1,088,776	1,159,867	1,588,518	2,537,815	3,737,251
Loss before taxation	(946,570)	(603,187)	(1,314,139)	(409,451)	(414,652)
Taxation	(121,919)	(89,509)	17,781	59,245	(114,555)
(Loss)/profit after taxation	(1,068,489)	(692,696)	(1,296,358)	(350,206)	(529,207)
Transfer to contingency reserve	26,597	25,881	(35,462)	6,727	78,547
(Loss)/earnings per share (kobo)	(43)	(16)	(40)	(11)	(12)

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.