GOLDLINK INSURANCE PLC

ANNUAL REPORT

31 DECEMBER 2019

Table of contents **Page**

Corporate Information

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

Board of directors and management

Mr. Oluwole Onasanya	Chairman (Resigned with effect from 31 May 2021)
Mrs. Oyindamola Unuigbe	Chairman (Appointed with effect from 8 June 2021)
Mr Roland Awoyinfa	Managing Director/CEO
Mr Paul Ibe	Non Executive Director
Mrs Oyindamola Unuigbe	Non Executive Director
Mr Patrick Azurunwa	Non Executive Director
Mr Adebayo Oniwinde	Non Executive Director
Chief Franklin Igbodo	Non Executive Director

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 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:	Razaq Ogunbanwo FRC/2021/001/00000022673
Registered Office:	6, Emmanuel Street, Maryland, Lagos
Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos
Reinsurers:	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 2019

The Directors hereby present the 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 2019.

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 2019:

In thousands of Naira	**Company 2019**	**Company 2018**
Gross premium written	892,222	1,152,994
Loss before income tax	(209,338)	(946,570)
Taxation	38,668	(121,919)
Loss after taxation	**(170,670)**	**(1,068,489)**
Loss attributable to equity holders	(170,670)	(1,068,489)
Transfer to statutory contingency reserve	(20,849)	(26,597)
Shares surrendered	-	741,828
Transfer to retained losses	(191,519)	(353,258)
Shareholders' deficit	**(7,330,638)**	**(7,251,976)**
Loss per share (k) – Basic	(7)	(43)
Loss per share (k) – Diluted	(7)	(43)

Dividends
No dividend was proposed for the year ended 31 December 2019 (2018: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 2019 (2018: Nil)

Retirement and appointment of Directors

The following directors served during the year under review:-

Nahim Abe Ibrahim***	Chairman	
Mr Wole Onasanya****	Chairman	Resigned 31 May 2021
Mrs Oyindamola Unuigbe****	Chairman	Appointed 8 June 2021
Barrister Tonbofa Ashimi***	Chairman	
Olanrewaju M. Sulaimon***	Non Executive Director	
Alh. Farouk Lawal Yola***	Non Executive Director	
Mr Adeyinka Olutungase***	Non Executive Director	
Mr. Edore Kenneth Egbaran*	Managing Director/CEO	
Mr Roland Awoyinfa**	Managing Director/CEO	
Mr Paul Ibe****	Non Executive Director	
Mr Patrick Azurunwa****	Non Executive Director	
Mr Adebayo Oniwinde****	Non Executive Director	
Chief Franklin Igbodo****	Non Executive Director	

* Resigned 3 October 2019
** Appointed 4 January 2020
*** Members of the interim board constituted by NAICOM which resigned in 2020
**** Newly formed board members appointed 10 November 2020

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 2019:

	2019				2018			
	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	51.53%	-	-

Directors' Report
For the year ended 31 December 2019

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

	2019	
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%**

	2018	
Share range	**No of holdings**	**Percentage of holdings**
001-1000	916,782	0.04%
1001-10000	25,825,592	1.05%
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500001-1000000	59,161,202	2.40%
1000001 & Above	2,140,826,684	86.99%
Total	**2,460,917,989**	**100.000%**

Share capital history
As at 31 December 2019, the Company's authorized share capital was N4,550,000,000 (2018: 4,550,000,000) with paid up share capital of N1,230,459,000 (2018: N 1,230,459,000) divided into 2,460,917,989 (2018: 2,4670,917,989) ordinary shares of 50k each.

Property and equipment
Information relating to changes in property and equipment during the year is given in Note 11 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 ₦85,000 (2018: ₦1,620,000) during the year as follows:

Organisation:	**2019**	**2018**
	₦	**₦**
Chartered Insurance Institute of Nigeria	40,000	-
Nigeria Council of Registered Insurance Brokers	25,000	-
Nigeria Armed Forces	20,000	-
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
Charity home	-	10,000
	85,000	**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 2019, no disabled persons were in the employment of the Company (31 December 2018: 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
Assessment of the impact of COVID-19
On 11 March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic and most governments took restrictive measures to contain its further spread by introducing lockdowns, closure of borders and travel restrictions which affected the free movement of people and goods. The impact of the restrictions continues to disrupt major business activities, and this may have an adverse effect on the Company's financial position and operating results in the medium and longer term.
The Company considers this outbreak to be a non-adjusting subsequent event and the Directors do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak. The Directors will continue to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they occur.
As at the date these financial statements were authorised for issue, the Directors were not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

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
Razaq Ogunbanwo
FRC/2021/001/00000022673
Company Secretary
6, Emmanuel Street Maryland, Lagos
23 July 2021

Statement of Directors' Responsibilities in relation to the financial statements for the year ended 31 December 2019

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 37 to the financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mr. Roland Awoyinfa - Managing Director/CEO
FRC/2020/003/00000020613
23 July 2021

Mrs. Oyindamola Unuigbe
FRC/2021/002/00000023790
23 July 2021

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 Managing 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 5 regular meetings during the year.

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 2019, 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	Alhaji Farouk Lawal Yola	Chairman
2	Mr Olanrewaju Sulaimon	Member
3	Mr Adeyinka Olutungase	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	Alhaji Farouk Lawal Yola	Chairman (Director)
2	Mr Olanrewaju Sulaimon	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	Mr Adeyinka Olutungase	Member (Director)

(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	Mr Olanrewaju Sulaimon	Member (Non Executive Director)

(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 Adeyinka Olutungase	Chairman (Non Executive Director)
2	Barr Tonbofa Ashimi	Member (Non Executive Director)
3	Alhaji Farouk Lawal Yola	Member (Managing Director)

Changes on the Board

The Managing Director/CEO resigned during the year and a new Managing Director/CEO was appointed subsequent to year end. The other members of the interim board all resigned subsequently to the year end and new members were appointed as such.

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, 2019.

The Interim Board of Directors and Management

The Board held regular meetings 5 times during the period under review.

S/N	Name of Director	Designation	Number of meetings attended	18 January 2019	28 January 2019	23 May 2019	16 August 2019	16 September 2019
1	Nahim Abe Ibrahim	Chairman	5	✓	✓	✓	✓	✓
2	Barr. Tonbofa Ashimi	Director	4	☒	✓	✓	✓	✓
3	Mr Olanrewaju Sulaimon	Director	5	✓	✓	✓	✓	✓
4	Alh. Farouk Lawal Yola	Director	3	☒	☒	✓	✓	✓
5	Mr. Adeyinka Olutungase	Director	5	✓	✓	✓	✓	✓
6	Mr. Edore Kenneth Egbaran*	MD/CEO	5	✓	✓	✓	✓	✓

☒ Absent
✓ Present
* Resigned 3 October 2019

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

NAME OF DIRECTOR	Designation	Number of Meetings Attended	11 March 2019
Alhaji Farouk Lawal Yola	Chairman	1	✓
Mr Olanrewaju Sulaimon	Member	1	✓
Mr Adeyinka Olutungase	Member	1	✓

Enterprise Risk Management Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	12 March 2019
Mrs Tonbofa Ashimi	Chairman	1	✓
Mr Olanrewaju Sulaimon	Member	1	✓
Mr Adeyinka Olutungase	Member	1	✓

Life Operations Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	11 March 2019
Mr Adeyinka Olutungase	Chairman	1	✓
Mrs Tonbofa Ashimi	Member	1	✓
Alhaji Farouk Lawal Yola	Member	1	✓

Finance Investment & General Purpose Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	11 March 2019
Alhaji Farouk Lawal Yola	Chairman	1	✓
Mr Olanrewaju Sulaimon	Member	1	✓
Mr Adeyinka Olutungase	Member	1	✓

Details of Statutory Audit Committee Meetings and attendance

Statutory Audit Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	4 March 2019
Mr Samuel Adedoyin	Chairman	1	✓
Mr Tajudeen Olawuyi	Member	1	✓
Mr Adebayo Oniwinde	Member	1	✓
Mr Adeyinka Olutungase	Member	1	✓
Mr Olanrewaju Sulaimon	Member	1	✓
Mrs Tonbofa Ashimi	Member	0	☒

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 and 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 2019

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 2004, 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 2019 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
23 July 2021

Members of the Audit Committee during the year under review were:

Mr. Samuel Adedoyin	Chairman
Mr. Tajudeen A Olawuyi	Member
Mr. Adebayo Oniwinde	Member
Mr. Adeyinka Olutungase	Member
Mr. Olanrewaju Sulaimon	Member
Mrs. Tonbofa Ashimi	Member

Statement of Financial Position
As at

In thousands of Naira	Note	**31-Dec-19**	**31-Dec-18**
Assets			
Cash and cash equivalents	5	100,514	53,183
Financial assets	6	237,269	143,478
Trade receivables	7	23,065	55,690
Reinsurance assets	8	315,481	257,819
Deferred acquisition cost	9	40,839	41,501
Other receivables and prepayments	10	41,775	40,468
Property and equipment	11	681,759	693,626
Statutory deposits	12	500,000	500,000
Total assets		**1,940,702**	**1,785,765**
Liabilities			
Insurance contract liabilities	13	5,540,906	5,230,266
Investment contract liabilities	14	1,722,222	1,766,779
Trade payables	15	559,360	519,542
Other payables and accruals	16	1,056,620	1,075,231
Current tax liabilities	17	390,315	401,189
Deferred tax liabilities	18	1,917	44,734
Total liabilities		9,271,340	9,037,741
Capital and reserves			
Issued and paid up share capital	19.1	1,230,459	1,230,459
Share premium	19.2	1,617,935	1,617,935
Treasury shares	19.7	(47,350)	(47,350)
Contingency reserve	19.3	1,598,063	1,577,214
Retained losses	19.4	(11,887,767)	(11,696,248)
Available for sale reserve	19.6	158,022	66,014
Shareholders' deficit		**(7,330,638)**	**(7,251,976)**
Total equity and liabilities		**1,940,702**	**1,785,765**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 23 July 2021 BY:

Mrs. Oyindamola Unuigbe FRC/2021/002/00000023790	______________________	Chairman
Mr. Roland Awoyinfa FRC/2020/003/00000020613	______________________	Managing Director/CEO
Additionally certified by: Mr. Olusegun Ogunwuyi FRC/2012/ICAN/00000000588	______________________	Chief Financial Officer

The accompanying notes form an integral part of these financial statements

Statement of profit or loss and other comprehensive income
For the year ended

In thousands of Naira	Note	31-Dec-19	31-Dec-18
Gross premium written	20	**892,222**	**1,152,994**
Gross premium income	20	955,718	1,088,776
Gross premium income	20	**955,718**	**1,088,776**
Reinsurance expense	21	8,405	(133,705)
Net premium income		**964,123**	**955,071**
Fees and commission income	22	15,327	37,776
Net underwriting income		**979,450**	**992,847**
Net claims expense	23	(678,245)	(979,428)
Changes in life fund and annuity reserves	23.3	(15,846)	37,548
Underwriting expenses	24	(189,520)	(223,695)
Underwriting profit / (loss)		**95,839**	**(172,728)**
Investment income	25(a)	58,906	64,398
Other operating income		43,043	50,144
Net impairment loss	29	(6,339)	(208,301)
Management expenses	27	(476,322)	(611,089)
Gain/ (loss) on life investment contracts	14(a)	75,535	(68,994)
Loss before minimum tax		**(209,338)**	**(946,570)**
Minimum tax	30	(3,462)	(2,869)
Loss before taxation		**(212,800)**	**(949,439)**
Income tax credit/(expense)	30	42,130	(119,050)
Loss after taxation		**(170,670)**	**(1,068,489)**
Other comprehensive income, net of tax			
Items within other comprehensive income that may be reclassified to profit or loss			
Fair value gain on available for sale financial assets	19.6	92,008	28,374
Items within other comprehensive income that will not be reclassified to profit or loss			
Revaluation loss on property and equipment	19.5	-	(34,808)
Total other comprehensive income/ (loss) for the year		**92,008**	**(6,434)**
Total comprehensive loss for the year		**(78,662)**	**(1,074,923)**
Loss per share - Basic (kobo)	32	**(7)**	**(43)**

The accompanying notes form an integral part of these financial statements

Statement of changes in Equity
For the year ended 31 December, 2019

In thousands of Naira		Share capital	Share premium	Treasury shares	Asset revaluation reserves	Available for sale reserve	Contingency reserve	Retained earnings	Total equity
As at 1 January, 2019		1,230,459	1,617,935	(47,350)	-	66,014	1,577,214	(11,696,248)	(7,251,976)
Loss for the year		-	-	-	-	-	-	(170,670)	(170,670)
Other comprehensive income		-	-	-	-	92,008	-	-	92,008
Total comprehensive (loss)/ income for the year		**-**	**-**	**-**	**-**	**92,008**	**-**	**(170,670)**	**(78,662)**
Transactions with owners of equity									
Contributions and distributions									
Transfer to statutory contingency reserve	19.3	-	-	-	-	-	20,849	(20,849)	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**20,849**	**(20,849)**	**-**
As at 31 December 2019		**1,230,459**	**1,617,935**	**(47,350)**	**-**	**158,022**	**1,598,063**	**(11,887,767)**	**(7,330,638)**

In thousands of Naira		Share capital	Share premium	Treasury shares	Asset revaluation reserves	Available for sale reserve	Contingency reserve	Retained earnings	Total equity
As at 1 January, 2018		1,600,699	1,989,523	(47,350)	34,808	37,640	1,550,617	(11,342,990)	(6,177,053)
Loss for the year		-	-	-	-	-	-	(1,068,489)	(1,068,489)
Other comprehensive income		-	-	-	(34,808)	28,374	-	-	(6,434)
Total comprehensive (loss) / income for the year		**-**	**-**	**-**	**(34,808)**	**28,374**	**-**	**(1,068,489)**	**(1,074,923)**
Transactions with owners of equity									
Contributions and distributions									
Transfer to statutory contingency reserve	19.3	-	-	-		-	26,597	(26,597)	-
Shares surrendered		(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)**	**-**	**66,014**	**1,577,214**	**(11,696,248)**	**(7,251,976)**

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows
for the year ended

	Note	31-Dec-2019 N'000	31-Dec-2018 N'000
Cash flows from operating activities:			
Premium received from policy holders	20(b)	924,847	957,867
Net premium received in advance	15	37,419	31,952
Re-insurance receipt in respect of claims/ reinsurance	8.5	(31,050)	100,691
Investment contract liabilities (Net cash flow)	14	-	(5,000)
Cash paid to employees	28(d)	(371,552)	(339,643)
Reinsurance premium paid	21 .1	(84,516)	(114,088)
Commission received	22	14,929	31,736
Other income received	26	42,722	33,367
Claims paid	23	(233,778)	(416,835)
Cash payments for other operating expenses		(113,797)	(187,409)
Commission paid	24.1	(108,566)	(154,711)
Maintenance expenses paid	24.2	(80,292)	(70,773)
Tax paid	17	(15,023)	(11,000)
		(18,657)	**(143,846)**
Cash flows from investing activities:			
Purchases of property and equipment	11	(1,143)	(1,009)
Redemption of held to maturity financial assets	6(c)	7,104	8,037
Purchase of held to maturity financial assets	6(c)	(8,888)	(7,104)
Interest on investments received	25	67,886	78,105
Dividend received	25(b)	1,029	2,858
Net cash received from investing activities		**65,988**	**80,887**
Cash flows from financing activities:		-	-
Net cash used in financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		47,331	(62,959)
Cash and cash equivalents at beginning of year	5	53,183	116,142
Cash and cash equivalents at end of year	5	**100,514**	**53,183**

The accompanying notes form an integral part of these financial statements

Notes to the financial statements

1.1 Company Information
Reporting Entity

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.

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

The financial statements for the year ended 31 December 2019 were approved for issue by the Board of Directors on 23 July 2021.

(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 37 to the financial statements for details.

(c) *Functional and presentation currency*

The financial statements are presented in Nigerian Naira (₦) and amounts presented / disclosed are rounded to the nearest thousands unless otherwise stated. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company is incorporated in Nigeria and has adopted Naira as its 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 4 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;

Notes to the financial statements

(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 19.3 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 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements. The following new or revised standards and amendments which have a potential impact on the Company are effective for the year ended 31 December 2019 and have been applied in preparing these financial statements.

2.1 *IFRS 16: Leases*

The Company applied IFRS 16 using the modified retrospective approach under which there was no cumulative effect of initial application recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease* . The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Company leases some of its branches in which it currently carries out operations. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company.

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

Right-of-use assets are measured at either:
- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:
- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

Leases classified as operating leases under IAS 17

Previously, the Company classified leases as operating leases under IAS 17. On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019.

Notes to the financial statements

Impact on financial statements

Impact on transition

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities as summarized below:

in thousands of naira	1-Jan-19
Right of use assets-property	12,451
Lease liabilities	9,336

in thousands of naira	1-Jan-19
Operating lease commitments as at 31 December 2018 as disclosed under IAS 17 in the Company's financial statements	8,972
Discounted using the incremental borrowing rate at 1 January 2019	9,404
Recognition exemption for leases with less than 12 months of lease term at transition	(68)
Lease liabilities recognised at 1 January 2019	9,336

3 Significant accounting policies

Except for the changes explained in Note 2, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, 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.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.2 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.

3.3 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.

Notes to the financial statements

3.4 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

Notes to the financial statements

(d) *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.

(e) *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.

Notes to the financial statements

(f) *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

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.

(g) *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

Financial liabilities

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

3.5 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 3.11(b)(iii).

3.6 Other receivables and prepayments

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

3.7 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

3.8 Property and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses except land and building which is carried at revalued amount. Property and equipment comprise land and buildings and other properties owned by the Company.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Notes to the financial statements

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 to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods 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

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

3.9 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.

3.10 Statutory deposit

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

Notes to the financial statements

3.11 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.

(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.

Notes to the financial statements

(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.

Notes to the financial statements

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.

3.12 Insurance contract liabilities
The recognition and measurement of insurance contracts have been set out under note 3.11(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.

Notes to the financial statements

- *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. These 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:

Notes to the financial statements

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.
The Company currently have Unidowment and Flexidownment as products with discretionary participating features.

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 disability) that would affect the ability of the client or his/her dependents to maintain their current level of income. These contracts have no maturity or surrender value and the premiums are recognised as earned premiums proportionally over the period of coverage.

The proportion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium liability. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

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 Nigeria (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.

Notes to the financial statements

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 there from 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.

3.13 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 3.4. 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.

3.14 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 at 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 non-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.

3.15 Income tax

Income tax comprises current (company income tax, tertiary education tax, National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. 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 comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.
The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows
- Company income tax is computed on taxable profits
-Tertiary education tax is computed on assessable profits
-National Information Technology Development Agency levy is computed on profit before tax
-Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year)

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

Minimum tax
Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Notes to the financial statements

The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium for general business and 0.5% of gross income for life business.

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

(b) Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.16 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

The major lease transactions wherein the Company is a lessee relates to the lease of the its branches.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

Notes to the financial statements

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by considering the average of the maximum Naira borrowing rate and the CBN prime lending rate and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

— fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

— the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Notes to the financial statements

3.17 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 securities 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 revaluation 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.

3.18 Revenue recognition

(a) Insurance contracts:

See note 3.11(b)(i) & 3.11(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".

Notes to the financial statements

3.19 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.

3.20 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 attributable to a segment as well as those that can be allocated on a reasonable basis.

3.21 New standards and interpretations not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.
The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

Notes to the financial statements

— Amendments to References to Conceptual Framework in IFRS Standards
— Definition of a Business (Amendments to IFRS 3)
— Definition of Material (Amendments to IAS 1 and IAS 8)
— Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
— Amendments to IFRS 10 and IAS 28
— Property, Plant and Equipment-Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment
— COVID-19 Related Rent Concessions-Amendment to IFRS Leases
— Classification of Liabilities as Current or Non-Current- Amendments to IAS 1 Presentation of Financial Statements
— IFRS 17-Insurance contracts and amendments to IFRS 17 Insurance contracts

The Company also plans to apply all the standards and amendments disclosed below once they are applicable. However, the Company's assessments of the new standards and amendments are not yet concluded but they are expected to have significant impact on the Company's operations and financial position.

(a) ***IFRS 17: Insurance Contract***

IFRS 17 establishes the principles for the recognition, measurement, presentation 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 information 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 2023

(b) ***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 amendments to IFRS 4, Applying IFRS9 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 IFRS 9 effective date for such entities in scope by another year until 2023.
The Company has initially opted to defer the adoption of IFRS 9 till 2023 when IFRS 17, Insurance Contracts will be effective as permitted. However, due to the effective date of IFRS 9 being deferred till 2023, the Company will also defer the adoption of IFRS 9 to 2023.

The estimated impact of the adoption of the standard on the Company's equity as at 1 January 2023 is based on the assessments summarised below. The actual impact of adopting the standard at 1 January 2023 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.

Notes to the financial statements

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 2023.

(c) ***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 2023 under certain circumstances. It is to be noted that the IASB has recently proposed to defer the IFRS 9 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**

Notes to the financial statements

Predominance assessment **85%**

Financial assets that meet the SPPI Test

Categories	**IAS 39 carrying amount**	**IFRS 9 fair value**	**Fair value changes (Impact on 2019 account)**
In thousand of naira	**31-Dec-19 (A)**	**31-Dec-19 (B)**	**(C') =A-B**
Held to Maturity financial assets (Note 6 (b))			
Treasury bills held to maturity	8,888	8,888	-
Bonds	-	-	-
Sub total	8,888	8,888	-
Cash and Cash equivalents (Note 5)			
Short term deposits with financial institutions	55,293	55,293	-
Trade receivables (Note 7)			
Due from brokers	21,502	21,502	-
Due from insurance companies	1,965	1,965	-
Sub total	23,467	23,467	-
Other receivables and prepayment (see note 10)			
Loan to staffs	114,434	114,434	-
Loan to policyholders	32,799	32,799	-
Sub total	147,233	147,233	-
Grand total	**234,881**	**234,881**	**-**

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 financial assets (Note 6 (b))			
Treasury bills held to maturity	7,104	7,104	-
Bonds	-	-	-
Sub total	7,104	7,104	-
Cash and Cash equivalents (Note 5)			
Short term deposits with financial institutions	-	-	-
Trade receivables (Note 7)			
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 10)			
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**	**-**

Notes to the financial statements

4 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 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.

Notes to the financial statements

5 Cash and cash equivalents

In thousands of Naira	31-Dec-19	31-Dec-18
Cash in hand	426	392
Cash at bank	44,795	52,791
Short term bank deposits (see (a) below)	55,293	-
	100,514	**53,183**

(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 have been measured at amortised cost as at reporting date.

6 Financial assets

In thousands of Naira	31-Dec-19	31-Dec-18
Available for sale financial assets (see (a) below)	228,381	136,374
Held to maturity financial assets (see note 6(b))	8,888	7,104
	237,269	**143,478**

(a) Available for sale financial assets

In thousands of Naira	31-Dec-19	31-Dec-18
Quoted equity securities measured at fair value (see (i) below)	81,480	39,791
Unquoted equity securities measured at fair value (see (ii) below)	146,901	96,583
Unquoted equity securities measured at cost (see (iii) below)	-	-
	228,381	**136,374**

(i) Quoted equities

In thousands of Naira	31-Dec-19	31-Dec-18
Opening balance of quoted equities	39,791	46,360
Fair value (loss)/ gain	41,689	(6,569)
Closing balance	**81,480**	**39,791**

(ii) Unquoted equities at fair value

In thousands of Naira	31-Dec-19	31-Dec-18
Opening balance	96,583	36,000
Additions during the year	-	25,640
Fair value gain	50,318	34,943
Closing balance	**146,901**	**96,583**

(iii) Unquoted equities at cost

Unquoted equities (cost)	1,083,589	1,083,589
Impairment loss (see (iv) below)	(1,083,589)	(1,083,589)
Closing balance	-	-

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

In thousands of Naira	31-Dec-19	31-Dec-18
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**

Notes to the financial statements

(v) 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

(b) Held to maturity financial assets

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Treasury bills held to maturity	8,888	7,104

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-19**	**31-Dec-18**
Balance as at 1 January	7,104	8,037
Addition during the year	8,888	7,104
Disposal/Redemption during the year	(7,104)	(8,037)
Total cash outflow	**8,888**	**7,104**

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

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Purchase of assets (6b(i))	(8,888)	(7,104)
Redemption (see note 6b (i) above)	7,104	8,037
Net cash (outflow)/inflow on held to maturity assets	**(1,784)**	**933**

7 Trade receivables

(a) Trade receivables comprise the following:

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Due from brokers	21,502	55,518
Due from insurance companies	1,965	172
Allowance for impairment losses (see 7 (c) below)	(402)	-
	23,065	**55,690**

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-19**	**31-Dec-18**
Analysis of the gross trade receivables in days		
Within 30 days	23,065	55,690
Above 30 days	-	-
	23,065	**55,690**

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

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Balance, beginning of year	-	552,540
Additional impairment (see note 29)	402	15,059
Write off during the year	-	(567,599)
Balance, end of year	**402**	**-**

Notes to the financial statements

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

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	55,690	569,203
Additional receivable during the year	793,828	55,690
Received during the year	(826,051)	(16,663)
Additional impairment during the year	(402)	15,059
Write off during the year	-	(567,599)
Balance, end of year	23,065	55,690

8 Reinsurance assets

In thousands of Naira	31-Dec-19	31-Dec-18
Prepaid re-insurance	118,967	26,046
Reinsurers' share of outstanding claims	178,838	157,407
Reinsurers' share of IBNR	101,243	157,933
Reinsurers' share of claims paid	6,134	6,134
Gross reinsurance assets	405,182	347,520
Impairment on reinsurers' share of outstanding claims	(89,701)	(89,701)
Net reinsurance assets	**315,481**	**257,819**

In thousands of Naira	31-Dec-19	31-Dec-18
Current	214,238	99,886
Non-current	101,243	157,933
	315,481	**257,819**

Analysis of net reinsurance assets per business

2019	**Life**	**Non-life**	**Total**
Prepaid reinsurance	96,831	22,136	118,967
Reinsurers' share of outstanding claims	-	89,137	89,137
Reinsurers' share of IBNR	-	101,243	101,243
Reinsurers' share of claims paid	6,134	-	6,134
	102,965	**212,516**	**315,481**

2018	**Life**	**Non-life**	**Total**
Prepaid reinsurance	12,231	13,815	26,046
Reinsurers' share of outstanding claims	-	67,706	67,706
Reinsurers' share of IBNR	-	157,933	157,933
Reinsurers' share of claims paid	-	6,134	6,134
	12,231	**245,588**	**257,819**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Reinsurers' share of claims paid	6,134	6,134
Net reinsurers' share of outstanding claims	89,137	67,706
Reinsurers' share of IBNR	101,243	157,933
	196,514	**231,773**

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

2019	Prepaid reinsurance	Reinsurers' share of outstanding claims and IBNR	Reinsurers' share of claims paid	Total
Balance as at 1 January	26,046	315,340	6,134	347,520
Increase/(decrease) during the year	92,921	(35,259)	-	57,662
Balance as at 31 December	**118,967**	**280,081**	**6,134**	**405,182**

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
(Decrease)/increase during the year	(7,386)	214,965	-	207,579
Balance as at 31 December	**26,046**	**315,340**	**6,134**	**347,520**

Notes to the financial statements

8.3 ***Movement in impairment on reinsurance assets***

In thousands of Naira	31-Dec-19	31-Dec-18
Opening balance	(89,701)	-
Impairment charge for the year	-	(89,701)
Closing balance	**(89,701)**	**(89,701)**

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

In thousands of Naira	Notes	31-Dec-19	31-Dec-18
Opening balance		157,407	93,237
Reinsurance share of reported claims during the year		(9,619)	164,861
Claims recovery for the year- General	23	31,050	(100,691)
Gross balance at year end	8	**178,838**	**157,407**

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

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

In thousands of Naira	Notes	31-Dec-19	31-Dec-18
Claims recovery for the year- General	8.4	(31,050)	100,691
Cash received in respect of reinsurance		**(31,050)**	**100,691**

9 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-19	31-Dec-18
General		
Motor	18,098	25,038
Fire	2,282	2,879
General accident	5,905	7,607
Marine	1,101	4,813
Bond & Indemnity	2,036	831
Engineering	184	333
	29,607	**41,501**
Life		
Life Deferred acquisition cost	11,232	-
	40,839	**41,501**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	41,501	39,714
Movement during the year	(662)	1,787
Balance, end of year	**40,839**	**41,501**
Life		
Balance, beginning of year	-	-
Movement during the year	11,232	-
Balance, end of year	**11,232**	**-**
General		
Balance, beginning of year	41,501	39,714
Movement during the year	(11,894)	1,787
Balance, end of year	**29,607**	**41,501**

In thousands of Naira	31-Dec-19	31-Dec-18
Current	40,839	41,501
Non Current	-	-
	40,839	**41,501**

Notes to the financial statements

10 Other receivables and prepayments

In thousands of Naira	31-Dec-19	31-Dec-18
Loans (see (a) below)	33,175	29,448
Other receivables (see (b) below)	8,476	7,714
	41,651	**37,162**
Prepayment (see (c) below)	124	3,306
	41,775	**40,468**

In thousands of Naira	31-Dec-19	31-Dec-18
Current	41,775	40,468
Non Current	-	-
	41,775	**40,468**

(a) Loans

In thousands of Naira	31-Dec-19	31-Dec-18
Staff loans	114,434	114,306
Loan to policy holders	32,799	28,437
	147,233	**142,743**
Impairment allowance (see note 10 (a) (iii) below)	(114,058)	(113,295)
	33,175	**29,448**

Movement in gross loans is shown below:

In thousands of Naira	31-Dec-19	31-Dec-18
Balance as at 1 January	142,743	139,149
Addition during the year	9,043	23,938
Repayment during the year	(4,553)	(20,344)
Balance as at 31 December	**147,233**	**142,743**

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-19	31-Dec-18
Balance as at 1 January	114,306	114,763
Addition during the year	1,378	11,216
Repayment during the year	(1,250)	(11,673)
Balance as at 31 December	**114,434**	**114,306**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Balance as at 1 January	28,437	24,386
Addition during the year	7,665	12,722
Repayment during the year	(3,303)	(8,671)
Balance as at 31 December	**32,799**	**28,437**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Impairment on staff loans	112,488	112,069
Impairment of loans to policy holders	1,570	1,226
	114,058	**113,295**

(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.

Notes to the financial statements

(vi) Movement in impairment on loans is shown below

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	113,295	112,975
Charge for the year- loans to policy holders (see note 29 (a) ii)	763	1,661
Write back during the year (see note 29 (a) i)	-	(1,341)
Balance, end of year	**114,058**	**113,295**

(b) Other receivable

In thousands of Naira	31-Dec-19	31-Dec-18
Other assets	14,127	8,191
Impairment allowance (see (i) below)	(5,651)	(477)
	8,476	**7,714**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Dividend receivables	11,260	5,174
Interest receivables	477	477
Sundry debtors	-	-
Others	2,390	2,540
	14,127	**8,191**

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

General	31-Dec-19	31-Dec-18
Dividend receivable	8,367	3,483
Interest receivable	-	-
Sundry debtors	-	-
Others	175	325
	8,542	**3,808**

	31-Dec-19	31-Dec-18
Life business		
Dividend receivable	2,893	1,691
Interest receivable	477	477
Sundry debtors	-	-
Others	2,215	2,215
	5,585	**4,383**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	477	168,411
(Write-off) for the year	-	(167,934)
Charge for the year	5,174	-
Balance, end of year	**5,651**	**477**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	8,191	171,390
Additions during the year	5,936	4,735
Write-offs during the year	-	(167,934)
Balance, end of year	**14,127**	**8,191**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Rent (see note e below)	-	3,182
Others	124	124
Total	**124**	**3,306**

Notes to the financial statements

(d) Reconciliation of movement in Other receivables and prepayments

2019 — Movement in impairment during the year 2019

In thousands of Naira	Gross 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	Carrying amount as at 31 December
Staff loans	114,434	110,408	-	-	110,408	4,026
Loans to policy holders	32,799	2,887	-	763	3,650	29,149
Other receivables (other assets)	14,127	477	(477)	5,651	5,651	8,476
Prepayment	124	-	-	-	-	124
Total	**161,484**	**113,772**	**(477)**	**6,414**	**119,709**	**41,775**

2018 — Movement in impairment during the year 2018

In thousands of Naira	Gross 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	Carrying amount 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**

Notes to the financial statements

(e) Leases

The Company leases office spaces. The leases typically run for a period of years, with an option to renew the lease after that date. Lease payments are renegotiated at every renewal dates to reflect market rentals. The leases for the office spaces were entered into few years ago. Previously, these leases were classified as operating leases under IAS 17. Information about leases for which the Company is a lessee is presented below.

(i) Right-of-use assets

in thousands of Naira	31-Dec-19
Balance at 1 January	-
Additions to right-of-use assets	12,451
Depreciation charge for the year	(8,215)
Balance at 31 December	**4,236**

(ii) Amounts recognised in profit or loss

in thousands of Naira	31-Dec-19
2019 – Leases under IFRS 16	
Interest on lease liabilities	974
Expenses relating to short term leases	68
2018-Operating leases under IAS 17	
Lease expense	8,972

(iii) Extension options

The lease contains extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Notes to the financial statements

11 **Property and equipment (31-Dec-2019)**	**Land**	**Building**	**Motor vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & fittings**	**Right of Use assets**	**Total**
In thousands of Naira								
Cost/valuation								
Balance, beginning of year	270,071	481,497	300,895	49,389	33,725	40,934	-	1,176,511
Additions	-	-	-	778	365	-	-	1,143
Recognition of ROU assets	-	-	-	-	-	-	12,451	12,451
Write off	-	(655)	-	-	-	-	-	(655)
Balance, end of year	270,071	480,842	300,895	50,167	34,090	40,934	12,451	1,189,450
Accumulated depreciation and impairment								
Balance, beginning of year	-	62,777	299,553	48,366	31,604	40,585	-	482,885
Additions	-	13,216	1,341	952	949	223	8,215	24,896
Write off	-	(90)	-	-	-	-	-	(90)
Balance, end of year	-	75,903	300,894	49,318	32,553	40,808	8,215	507,691
Net Book Value								
Net book value 31 December 2019	270,071	404,939	1	849	1,537	126	4,236	681,759
Net book value 31 December 2018	270,071	418,720	1,342	1,023	2,121	349	-	693,626

(i) The Company had no restrictions to the use of its property and equipment as at the reporting date.
(ii) Property and equipment includes right-of-use asset related to leased property that do not meet the definition of investment property
(iii) The Company had no capital commitments as at the reporting date (31 December 2018: 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:

Property and equipment (31-Dec-2018)	**Land**	**Building**	**Motor vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & fittings**	**Total**
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	-	-	300.00	289	420	-	1,009
Revaluation losses	-	(117,928)	-	-	-	-	(117,928)
Balance, end of year	289,071	481,497	300,895	49,389	33,725	40,934	1,195,511
Accumulated depreciation and impairment							
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
Impairment	19,000	-	-	-	-	-	19,000
Balance, end of year	19,000	62,777	299,553	48,366	31,604	40,585	501,885
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

Notes to the financial statements

11.1 Property	**Status of title**	**Opening balance 1 January 2019**			**Movement during the year**					**Closing balance 31 December 2019**		
		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	269,929	420,000	-	-	-	(11,782)	-	408,218	150,071	258,147
No 2, Harare Street, off Rabat Street, Wuse Zone 6, Abuja	Awaiting updates from Federal Housing Authority, Abuja	120,000	135,000	255,000	-	-	-	(1,641)	-	253,359	120,000	133,359
D 27, Ikota Shopping Complex	Registered Deed of Assignment	-	13,791	13,791	-	-	-	(358)	-	13,433	-	13,433
		270,071	418,720	688,791	-	-	-	(13,781)	-	675,010	270,071	404,939

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	258,147
- Land & building	No 2, Harare Street, off Rabat Street, Wuse Zone	133,359
- Building	D 27, Ikota shopping complex	13,433
		404,939
		675,010

- 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 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	419,335	569,406	-	-	-	(16,021)	(133,385)	420,000	150,071	269,929
No 2, Harare Street, off Rabat Street, Wuse Zone 6,		120,000	124,292	244,292	-	-	-	(4,749)	15,457	255,000	120,000	135,000
Mowe, Ogun State		19,000	-	19,000	-	-	-	-	(19,000)	-	-	-
D 27, Ikota Shopping Complex		-	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 land and buildings were revalued by Foluke Ismail of Foluke Ismail & Associates - FRC/2013/NIESV/00000001701, (Estate Surveyors and Valuers) on 31 December 2018 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) Property and equipment includes right-of-use asset related to leased property that do not meet the definition of investment property.
(iii) The Company had no capital commitments as at the reporting date (31 December 2017: Nil)

Notes to the financial statements

12 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria at 31 December 2019, 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-19	31-Dec-18
General business	300,000	300,000
Life business	200,000	200,000
	500,000	**500,000**

	31-Dec-19	31-Dec-18
Current	-	-
Non-current	500,000	500,000
	500,000	**500,000**

13 Insurance contract liabilities

2019

In thousands of Naira	Life	General	Total
Provision for unearned premium	156,759	232,587	389,346
Outstanding claims - reported	1,278,163	2,977,285	4,255,448
Outstanding claims - IBNR	319,541	555,101	874,642
Individual life insurance fund	12,478	-	12,478
Liabilities under PRA Annuities	8,992	-	8,992
	1,775,933	**3,764,973**	**5,540,906**

2018

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

13.1 *Gross insurance contract liability*

In thousands of Naira	31-Dec-19	31-Dec-18
General		
Outstanding claims reported	2,977,285	2,844,355
Outstanding claims -incurred but not reported (IBNR)	555,101	458,071
Provision for unearned premium	232,587	299,359
	3,764,973	**3,601,785**
Life		
Individual life fund	12,478	18,199
Group life-Unexpired premium reserve (UPR)	124,908	122,786
Group life-Additional unexpired risk reserve (AURR)	31,851	30,697
Group life-Outstanding claims IBNR	319,541	290,470
Liabilities under PRA Annuities	8,992	7,293
Outstanding claims reported	1,278,163	1,159,036
	1,775,933	**1,628,481**
Total	**5,540,906**	**5,230,266**

Notes to the financial statements

13.2 ***Reinsurance assets***

General		
Reinsurers' share of outstanding claims (see note 8)	89,137	67,706
Reinsurers' share of IBNR (see note 8)	101,243	157,933
Prepaid reinsurance (see note 8)	22,136	13,815
Recoverable on claims paid	-	6,134
	212,516	**245,588**
Life		
Recoverable on claims paid	6,134	-
Prepaid reinsurance (see note 8)	96,831	12,231
	102,965	**12,231**
Total	**315,481**	**257,819**
Net insurance contract liabilities	**5,225,425**	**4,972,447**

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Current	4,644,794	4,456,233
Non-current	896,112	774,033
	5,540,906	**5,230,266**

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

(a) ***Provision for unearned premium:***

	31-Dec-19	**31-Dec-18**
General	232,587	299,359
Life	156,759	153,483
	389,346	**452,842**
Opening balance	452,842	388,625
Movement during the year	(63,496)	64,217
At year end	**389,346**	**452,842**

(b) ***Outstanding claims reported***

	31-Dec-19	**31-Dec-18**
General	2,977,285	2,844,355
Life	1,278,163	1,159,036
	4,255,448	**4,003,391**
Opening balance	4,003,391	3,519,326
Movement during the year	252,057	484,065
At year end	**4,255,448**	**4,003,391**

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 2019 was performed by Layemo B. Abraham of O & A Hedge Actuarial Consulting (FRC/2016/NAS/00000015764)

Notes to the financial statements

(c) *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	29,293	36,635	9,539	21,734	97,201
91 - 180 days	25,907	9,887	1,913	6,350	44,057
181 - 360 days	34,655	41,434	5,694	18,194	99,977
Above 360 days	595,066	969,552	116,393	2,333,203	4,014,214
	684,920	**1,057,508**	**133,539**	**2,379,481**	**4,255,448**

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	2,039	19,602	-	7,354	28,994
91 - 180 days	1,042	4,149	-	685	5,875
181 - 360 days	1,754	27,514	-	7,439	36,706
Above 360 days	13,100	747,851	-	2,144,758	2,905,709
	17,935	**799,115**	**-**	**2,160,235**	**2,977,285**

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	27,254	17,034	9,539	14,380	68,206
91 - 180 days	24,865	5,738	1,913	5,665	38,181
181 - 360 days	32,901	13,920	5,694	10,756	63,270
Above 360 days	581,966	221,701	116,393	188,445	1,108,505
	666,986	**258,392**	**133,539**	**219,246**	**1,278,163**

(d) *Outstanding claims -IBNR*

	31-Dec-19	**31-Dec-18**
General	555,101	458,071
Life	319,541	290,470
	874,642	**748,541**
Opening balance	748,541	444,058
Movement during the year	126,101	304,483
At year end	**874,642**	**748,541**

13.4 *Individual life fund*	**31-Dec-19**	**31-Dec-18**
Opening balance	18,199	77,695
Release during the year	(5,721)	(59,496)
At year end	**12,478**	**18,199**

Notes to the financial statements

13.5 *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-19	31-Dec-18
Balance, beginning of the year	7,293	-
Reclassification from life reserves***	-	5,836
Addition during the year	-	3,419
Payments to annuitants during the year	(1,092)	(979)
Changes in annuity fund through actuarial valuation**	2,791	(983)
Balance, year end	**8,992**	**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 reclassified for proper disclosure purpose.

The annuity fund has supporting assets and liabilities as follows:	31-Dec-19	31-Dec-18
Assets	9,272	9,536
Liabilities	(8,992)	(7,293)
Excess of annuity liabilities over assets	280	2,243

14 Investment contract liabilities

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	1,766,779	1,661,985
Liabilities for lapsed policies	86,320	-
Actuarial Adjustment for contracts with discretionary participating features (see note (c) below)	15,846	22,931
Guaranteed interest (See note (a) below)	204,501	86,863
Write back of interest (See note (b) below)	(351,224)	-
	1,722,222	**1,771,779**
Less: payments	-	(5,000)
Balance, end of year	**1,722,222**	**1,766,779**

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-19	31-Dec-18
Current	1,722,222	1,766,779
	1,722,222	**1,766,779**

Net cash received on investment contract liabilities is analysed below :		
Payments	-	(5,000)
Net cash flow for the period	-	**(5,000)**

(a) Gain/(Loss) on life investment contracts

In thousands of Naira	31-Dec-19	31-Dec-18
Investment income	15,132	17,869
Guaranteed interest	(204,501)	(86,863)
Write back of interest (See note (b) below)	351,224	-
Liabilities for lapsed policies	(86,320)	-
	75,535	**(68,994)**

Notes to the financial statements

(b) Write back of interest

In 2018, the court passed a judgement on the PTAD legacy funds stating the stipulated amount of assets to be transferred as well as the interest to be charged thereon. These amounts have been over accrued in the books hence the write back to show the actual amount of the assets to be transferred.

(c) Actuarial Adjustment for contracts with discretionary participating features

The amount represents the actuarial valuation for discretionary particpating features on Unidowment and Flexidowment products. These numbers ere derived from actuarial computation on the discretionary particpating nature of these prodcts.

15 Trade payables

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Reinsurance payables	506,729	487,590
Due to brokers	15,212	-
Premium received in advance	37,419	31,952
	559,360	**519,542**

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Current	559,360	519,542
Non current	-	-
	559,360	**519,542**

16 Other payables and accruals

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Other payables (see (a) below)	279,858	321,616
Sundry creditors (see (b) below)	104,562	79,437
Unclaimed dividend	31,956	31,956
Deferred commission income	4,988	5,386
Pension payable	262,479	260,805
Lease Liability	56	-
Retirement benefit payable (see (c) below)	303,096	303,096
	986,995	**1,002,296**
Accrued expenses (see (d) below)	69,625	72,935
	1,056,620	**1,075,231**

(a) Breakdown of other payables

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Salaries payable	10,178	92,546
ITF levy	41,951	70,952
Withholding tax payable	19,917	14,688
VAT payable	11,653	10,250
Payable to NAICOM (see (a) (ii) below)	25,975	25,975
Payable to Veritas Kapital Assurance Plc (see (a) (iii) below)	47,183	22,000
Others (see (a) (i) below)	123,001	85,205
Total Other payables	**279,858**	**321,616**

(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 2019 was N25,975,000 (2018: N25,975,000)

(iii) The amount represents the outstanding balance payable to Veritas Kapital assurance plc for expenses incurred and/settled on behalf of Goldlink Insurance Plc.

Notes to the financial statements

(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-19	31-Dec-18
At 1 January	303,096	303,345
Payments made during the year	-	(249)
At 31 December	**303,096**	**303,096**

(d) Breakdown of accrued expenses

In thousands of Naira	31-Dec-19	31-Dec-18
Accrual for audit fees	8,000	16,000
Accrual for consultancy fees	11,424	12,425
Accrual for NAICOM levy	48,841	43,168
Other accrued expenses	1,360	1,342
	69,625	**72,935**

In thousands of Naira	31-Dec-19	31-Dec-18
Current	1,056,620	1,075,231
	1,056,620	**1,075,231**

(e) Cash payments for other operating expenses

In thousands of Naira	Notes	31-Dec-19	31-Dec-18
Opening balance of other payables and accruals less prepayment		977,299	887,241
Total management expenses less staff cost for the year	27	187,138	273,781
Net (payment to) / receipt from suppliers and intermediaries		(236,836)	3,686
Closing balance of other payables and accruals less prepayment		(1,041,398)	(977,299)
Cash payments for other operating expenses		**(113,797)**	**187,409**

17 Current tax liabilities

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

In thousands of Naira	31-Dec-19	31-Dec-18
Balance, beginning of year	401,189	251,019
Charge for the year	4,149	161,170
Tax paid during the year	(15,023)	(11,000)
Balance, end of year	**390,315**	**401,189**

18 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-19	31-Dec-18
Balance, beginning of year	44,734	83,985
Credit to profit or loss account for the year (see note 30)	(42,817)	(39,251)
Balance, end of year	**1,917**	**44,734**

Notes to the financial statements

As at year end, deferred tax asset of ₦401 million (31 December 2018: ₦278 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:

	2019		2018	
In thousands of Naira	**Gross amount**	**Tax effect**	**Gross amount**	**Tax effect**
Tax losses	1,338,010	401,403	926,663	277,999

Movement in deferred tax balances

2019

In thousands of Naira	**Net balance as at 1 Janauary**	**Recognised in profit or loss**	**Balance as at 31 December**
Property and equipment	44,734	(42,817)	1,917

2018

In thousands of Naira	**Net balance as at 1 Janauary**	**Recognised in profit or loss**	**Balance as at 31 December**
Property and equipment	83,985	(39,251)	44,734

19 Capital and reserves

19.1 Share capital

Share capital comprises:

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
(a) **Authorised:**		
Ordinary shares of 50k each:		
9,100,000,000 units (2018: 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 (2018: 1,209,162,780) (see (i) below)	604,581	604,581
Life business 1,251,754,280 units (2018: 1,251,754,280 units) (see (ii) below)	625,877	625,877
2,460,917,991 units (2018: 2,460,917,991 units)	**1,230,459**	**1,230,459**

	31-Dec-19	**31-Dec-18**
(i) *General business*		
Ordinary shares of 50k each:		
At 1 January		
(1,209,162,780 units)	604,581	604,581
Surrendered shares (0 unit)	-	-
At 31 December (1,209,162,780 units)	**604,581**	**604,581**

Notes to the financial statements

(ii) *Life business*

Ordinary shares of 50k each:		
At 1 January		
(1,251,754,280 units)	625,877	773,973
Surrendered shares (0 unit)	-	(148,096)
At 31 December (1,251,754,280 units)	**625,877**	**625,877**

In 2018, 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.

19.2 Share premium

The movement in share premium can be analysed as follows:

In thousands of Naira	31-Dec-19	31-Dec-18
At 1 January	1,617,935	1,989,523
Surrender	-	(371,588)
At 31 December	**1,617,935**	**1,617,935**

19.3 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-19	31-Dec-18
At 1 January	1,577,214	1,550,617
Transfer during the year	20,849	26,597
At 31 December	**1,598,063**	**1,577,214**

19.4 Retained earnings

The movement in retained losses can be analysed as follows:

In thousands of Naira	31-Dec-19	31-Dec-18
At 1 January	(11,696,248)	(11,342,990)
Loss for the year	(170,670)	(1,068,489)
Transfer to contingency reserves (see note 19.3)	(20,849)	(26,597)
Surrender of shares (see note 19.1 above)	-	370,240
Surrender of shares (see note 19.2 above)	-	371,588
At 31 December	**(11,887,767)**	**(11,696,248)**

Notes to the financial statements

19.5 Asset revaluation reserves

This reserve is the accumulation of net revaluation gain on properties and equipment.

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

	31-Dec-19	31-Dec-18
In thousands of Naira		
At 1 January	-	34,808
Revaluation loss on revalued land and building	-	(34,808)
At 31 December	**-**	**-**

19.6 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:

	31-Dec-19	31-Dec-18
In thousands of Naira		
At 1 January	66,014	37,640
Fair value gain	92,008	28,374
At 31 December	**158,022**	**66,014**

19.7 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 (2018: ₦47,350,000).

Notes to the financial statements

20 Gross premium income

In thousands of Naira	31-Dec-19	31-Dec-18
Gross premium written arising from insurance contracts issued (see (c) below)	892,222	1,152,994
Net changes in unearned premium (see (a) below)	63,496	(64,218)
	955,718	**1,088,776**

(a) Changes in unearned premium provision

In thousands of Naira	31-Dec-19	31-Dec-18
General business: (Increase)/decrease		
Motor	53,007	(25,660)
Fire	5,338	(12,195)
General accident	4,033	12,610
Bond	(14,054)	(1,062)
Marine	17,900	41,226
Engineering	548	3,971
Oil & gas	-	20,963
Aviation	-	13
	66,772	**39,866**
Life business:		
Changes in individual life	-	-
Changes in group life	(3,276)	(104,084)
	(3,276)	(104,084)
	63,496	**(64,218)**

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

In thousands of Naira	31-Dec-19	31-Dec-18
Trade receivable at 1 January	55,690	16,663
Gross premium written during the year	892,222	1,152,994
Trade receivable at 31 December	(23,065)	(55,690)
Premium received	**924,847**	**1,113,967**

(c) Analysis of gross premium is shown below:

In thousands of Naira	31-Dec-19	31-Dec-18
General business:		
Motor	351,149	490,667
Fire	38,467	45,105
General accident	69,253	109,399
Bond	36,600	21,983
Marine	59,493	66,126
Engineering	7,722	12,571
Oil & gas	33,658	7,496
	596,342	**753,347**
Life business:		
Individual life	70,925	85,189
Group life	224,955	311,039
Annuity	-	3,419
	295,880	**399,647**
	892,222	**1,152,994**

Notes to the financial statements

21 Reinsurance expenses

In thousands of Naira	31-Dec-19	31-Dec-18
Reinsurance premium paid	84,516	114,088
Changes in unexpired reinsurance reserve	(92,921)	7,386
Changes in reinsurance payable relating to the current year expense	-	12,231
	(8,405)	**133,705**

21 .1 For cashflow purpose, reinsurance premium paid during the period is as analysed below:

Reinsurance premium	84,516	126,319
Prepaid reinsurance reserve	-	(12,231)
Reinsurance premium paid during the year	**84,516**	**114,088**

22 Fees and commissions

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Commissions earned on reinsurance contract	15,327	37,776
	15,327	**37,776**

Analysis of commission received

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Deferred commission income as at 1 January (see note 16)	5,386	11,426
Commission received on reinsurance contracts during the year	14,929	31,736
Commission earned on reinsurance contract	(15,327)	(37,776)
Deferred commission as at 31 December	**4,988**	**5,386**

23 Claims expenses

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Claims paid during the year	233,778	416,835
Changes in outstanding claims reported	252,057	484,065
Changes in outstanding claims -IBNR	126,101	304,483
Gross claims incurred	**611,936**	**1,205,383**
Reinsurers' share of outstanding claims	(21,431)	25,531
Reinsurers' share of IBNR	56,690	(150,795)
Claims recovered during the year	31,050	(100,691)
Net claims incurred	**678,245**	**979,428**

23.1 ***General business***

Gross claims paid	177,975	366,308
Changes in outstanding claims reported	132,930	422,479
Changes in outstanding claims -IBNR	97,030	261,507
Total gross claims incurred	**407,935**	**1,050,294**
Reinsurers' share of outstanding claims (see note 8 above)	(21,431)	25,531
Reinsurers' share of IBNR	56,690	(150,795)
Claims recovered during the year	31,050	(100,691)
	66,309	**(225,955)**
Net claims expense for General	**474,244**	**824,339**

Notes to the financial statements

23.2	***Life business***		
	Gross claims paid	55,803	50,527
	Changes in outstanding claims reported	119,127	61,586
	Changes in Outstanding claims -IBNR	29,071	42,976
	Total gross claims incurred	**204,001**	**155,089**
	Net claims expense for Life	**204,001**	**155,089**

23.3	**Changes in life fund and annuity reserves**	**31-Dec-19**	**31-Dec-18**
	Changes in life fund	(5,721)	(59,496)
	Actuarial adjustments on investment contract with discretionary particpatory fea	15,846	22,931
	Changes in annuity reserve	2,791	(983)
		12,916	**(37,548)**

24	**Underwriting expenses**		
	In thousands of Naira	**31-Dec-19**	**31-Dec-18**
	Acquisition expenses	109,228	152,922
	Maintenance expenses	80,292	70,773
		189,520	**223,695**
	Breakdown of the underwriting expenses is shown below:		
	In thousands of Naira	**31-Dec-19**	**31-Dec-18**
	Acquisition expenses		
	Commission paid	108,566	154,710
	Movement in deferred acquisition cost	662	(1,788)
		109,228	**152,922**
	Maintenance expenses		
	Marketing expenses	60,167	61,480
	Business development expenses	8,857	5,153
	Other maintenance expenses	6,275	3,470
	Handling charges	4,993	670
		80,292	**70,773**

24.1	**Acquisition expenses**		
	In thousands of Naira	**31-Dec-19**	**31-Dec-18**
	General		
	Commission paid	83,205	113,411
	Movement in deferred acquisition cost	11,894	(1,788)
		95,099	**111,623**
	Life		
	Individual life	5,221	9,703
	Group life	20,140	31,597
	Movement in deferred acquisition cost (see note 9)	(11,232)	-
		14,129	**41,300**
		109,228	**152,923**
	Analysis of total commission paid		
	General	83,205	113,410
	Life	25,361	41,300
	Total commission paid	**108,566**	**154,710**

Notes to the financial statements

24.2 Maintenance expenses

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
General business:		
Marketing expenses	30,588	50,497
Business development expenses	8,857	5,153
Other maintenance expenses	6,275	3,470
	45,720	**59,120**
Life business:		
Marketing expenses	29,579	10,983
Handling charges	4,993	670
	34,572	**11,653**
	80,292	**70,773**

25 Investment income

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Interest income		
Interest income on fixed deposit	89	1,232
Interest income on statutory deposit	67,797	76,873
Total interest income	**67,886**	**78,105**
Dividend income	6,152	4,162
Total investment income	**74,038**	**82,267**

(a) Investment income is analysed below:

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
General business (see (i) below)	46,525	49,778
Life business (see (ii) below)	27,513	32,489
	74,038	**82,267**
Less: Life investment contract	(15,132)	(17,869)
	58,906	**64,398**

i *General business:*

Interest income	41,575	46,579
Dividend income	4,950	3,199
	46,525	**49,778**

ii *Life business:*

Interest income	26,311	31,526
Dividend income	1,202	963
	27,513	**32,489**
-Life Insurance contracts	12,381	14,620
-Life investment contracts	15,132	17,869
	27,513	**32,489**

(b) *Analysis of dividend received*

Opening balance, dividend receivable	4,446	3,142
Dividend income for the year	6,152	4,162
Closing balance, dividend receivable	(9,569)	(4,446)
Dividend received during the year	**1,029**	**2,858**

26 Other operating income/(loss)

	31-Dec-19	**31-Dec-18**
Foreign exchange loss	321	(1,223)
Other operating income (see (a) below)	42,722	33,367
Provision no longer required	-	18,000
	43,043	**50,144**

Notes to the financial statements

(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-19**	**31-Dec-18**
Rental income	1,500	2,516
Interest income and penalty charges on policy loans	1,991	4,105
Interest income on bank balances	-	1,106
Reversals of provisions no longer required	39,231	-
Previously unrecognised investments	-	25,640
	42,722	**33,367**

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
-General business	36,707	14,261
-Life business	6,015	19,106
	42,722	**33,367**

27 Management expenses

(a) Management expenses comprise:

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Employee benefit costs (see note 28)	289,184	337,409
Depreciation of property, plant and equipment	24,806	30,127
Travelling & tours	7,580	8,275
Audit fees	8,000	15,000
Telecommunication	3,118	3,189
Professional fees	1,883	46,551
Training expense	1,722	1,627
Advertisement	3,346	2,788
NAICOM levy	7,683	14,418
Bank charges	2,087	1,618
Interest expense on lease liability	974	-
Other management expenses (see c below)	125,939	150,088
	476,322	**611,090**

(b) Management expenses is analysed below:

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Profit or loss accounts:		
-General business	417,761	533,542
-Life business	58,561	77,548
	476,322	**611,090**

Notes to the financial statements

(c) Other management expenses is analysed below:

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
-General business:		
Cleaning	2,895	3,276
Postage expenses	2,273	1,608
Printing & stationeries	3,364	2,365
Subscriptions	2,197	1,845
Donations	60	1,620
Security	1,506	1,543
Motor running	8,583	10,623
Medical expenses	43	79
Insurance & licensing	6,633	5,306
Local transportation	1,187	-
Office provision	1,241	1,154
Newspaper & magazine	471	398
Computer & other consumable	1,626	2,429
Repairs & maintenance	6,635	3,657
Government levy	(4,186)	49,071
Penalties and fines	1,250	1,600
General expenses	59,734	5,381
Miscellaneous expenses	-	3,158
Fuel & oil	17,652	19,665
Entertainment	762	858
Electricity & water rate	5,810	6,788
Rent	68	5,705
Technology costs	3,553	6,204
	123,357	**134,333**

	31-Dec-19	**31-Dec-18**
-Life business:		
Cleaning	544	532
Postages	25	18
Stationeries	65	76
Motor running	391	1,385
Medical expenses	-	71
Insurance & licensing	791	159
Local transportation	129	221
Office provision	219	329
Newspaper & magazine	-	11
Computer & other consumables	339	358
Repairs & maintenance	266	700
General expenses	1,580	1,106
Government levy	(3,707)	560
Fuel & oil	1,192	1,956
Entertainment	55	84
Pension in arrears	-	8,611
Electricity & water rate	365	161
Rent	-	3,427
Printing	303	393
Donations	25	498
	2,582	**20,656**
	125,939	**154,989**

Notes to the financial statements

28 Employee benefit costs

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Staff salaries & directors cost	251,600	316,649
Other staff benefit	4,644	5,951
Director's expenses	32,940	18,557
	289,184	**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-19	**31-Dec-18**
	Numbers	Numbers
₦750,000 - ₦1,000,000	19	19
₦1,000,000 - ₦2,000,000	42	42
₦2,000,000 - ₦3,000,000	28	28
Over ₦3,000,000	16	16
	105	**105**

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

	31-Dec-19	**31-Dec-18**
	Numbers	Numbers
Management staff	4	4
Non-management staff	101	101
	105	**105**

(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-19**	**31-Dec-18**
Directors' fees	24,000	13,200
Other emoluments	8,940	4,675
	32,940	**17,875**

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

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Highest paid director (Managing Director)	11,189	9,851
	11,189	**9,851**

(d) Analysis of cash paid to employees

	Notes	**31-Dec-19**	**31-Dec-18**
Opening balance of salary payable	16(a)	92,546	92,546
Staff cost for the year	28	289,184	337,409
Closing balance of salary payable	16(a)	(10,178)	(92,546)
Cash paid to employees		**371,552**	**337,409**

29 Net impairment losses

In thousands of Naira		
Impairment loss on trade receivables (See note 7(c))	402	15,059
Revaluation loss on property and equipment	-	102,120
Impairment charge on loans (see note 10(a)(vi))	763	320
Impairment loss on reinsurance assets (see note iv below)	-	89,701
Impairment loss on other receivable	5,174	1,101
	6,339	**208,301**

Notes to the financial statements

(a) Analysis of net impairment losses

i *General Business*		
Impairment charge on property and equipment	-	63,617
Impairment charge on reinsurance assets	-	89,701
Impairment loss on other assets	3,483	-
	3,483	**153,318**
ii *Life Business*		
Impairment loss on trade receivables	402	15,059
Impairment charge on property and equipment	-	38,503
Impairment charge on loans	763	320
Impairment charge (others)	-	624
Impairment charge on other receivables	1,691	477
	2,856	**54,983**

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.

30 Tax expenses

In thousands of Naira	**31-Dec-19**	**31-Dec-18**
Minimum tax	3,462	2,869
Income taxes		
Company income tax	687	29,097
Education tax	-	5,819
Prior year under provision	-	123,385
	4,149	**161,170**
Deferred tax charge/(credit) (see note 18)	(42,817)	(39,251)
	(38,668)	**121,919**

31 Reconciliation of effective tax rate

	Rate	**31-Dec-19**	**Rate**	**31-Dec-18**
Loss before tax		(209,338)		(946,570)
Income tax using the domestic corporation tax rate	30%	(62,801)	30%	(283,971)
Minimum tax	-2%	3,462	0%	2,869
Company income tax	0%	687	-3%	29,097
Prior year under provision	0%	-	-13%	123,385
Education tax	0%	-	-1%	5,819
Tax exempt income	61%	(128,330)	0%	(4,161)
Non-deductible expenses	-12%	24,911	-27%	255,315
Current year losses for which no deferred tax asset is recognised	-59%	123,404	1%	(6,434)
	18%	**(38,668)**	**-13%**	**121,919**

Notes to the financial statements

32 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-19**	**31-Dec-18**
Loss attributable to equity holders	(170,670)	(1,068,489)
Weighted average number of shares	2,460,916	2,460,916
Loss per share - Basic (kobo)	**(7)**	**(43)**

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

33 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 28c). Also see Note 16a(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 exercise control. The key management 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-19**	**31-Dec-18**
Directors' fees	24,000	11,575
Other emoluments	8,940	33,182
	32,940	**44,757**
Directors' fees for the year are further analysed as follows:		
Executive		
Directors' fees	-	-
Other emoluments	-	19,445
	-	**19,445**
Non Executive		
Directors' fees	24,000	11,575
Other emoluments	8,940	13,737
	32,940	**25,312**

Payable to Veritas Kapital Assurance Plc

Balance as at 31 December 2019	**47,183**	**22,000**

Notes to the financial statements

34 Contingent liabilities, litigations and claims

The company, in its ordinary course of business, had 6 pending cases as at 31 December 2019 (2018: 6) as a defendant. Litigation claims against the Company as at 31 December 2019 amounted to Nil (2018: ₦1.4billion). In 2019, the litigation against the company by the Pensions Transitional Arrangement Directorate (PTAD) was awarded against the Company and the judgement sum has been recognised as a liability in the books as at 31 December 2019.

35 Contravention of laws and regulations

The Company contravened a regulatory requirement during the year and paid a total penalty of ₦1.25 million (2018: N1.6 million). This is analysed below:

Description	**31-Dec-19**	**31-Dec-18**
	N'000	N'000
Penalty for late submission of financial statements to SEC	1,250	1,600

36 Events after reporting date

Minimum capital requirement

In June 2020, the National Insurance Commission (NAICOM) released an updated circular announcing the extension of the deadline for compliance with the 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 N10bn while Composite insurers and Reinsurers are required to increase capital to N18bn and N20bn respectively.

The Company is expected to have a paid up capital of N9bn and N18bn by September 2021. However, this policy was suspended by the regulatory body in December 2020. See Note 37 on going concern.

Update to the Companies and Allied Matters Act (CAMA)

The Companies and Allied Matters Act 2004 was repealed and replaced with the Companies and Allied Matters Act (CAMA), 2020 on 7 August 2020. The Company is in the process of assessing the financial reporting implication of the Companies and Allied Matters Act (CAMA), 2020 on its business operations

Impact of COVID-19 on the business

The COVID-19 disclosures have been made under the directors' report. There are no other subsequent events which have not been disclosed in the financial statements.

37 Going concern

The Company reported a loss after tax of ₦170,670,000 for the year ended 31 December 2019 (2018 loss after tax: ₦1,068,489,000). As at same date, the Company’s total liabilities exceeded total assets by ₦7,330,638,000 (2018: ₦7,251,976,000). The financial performance of the Company ended in a loss after tax of ₦170,670,000 for the year ended 31 December 2019 (2018 loss after tax: ₦1,068,489,000). Its operating losses mainly resulted from decreased premiums due to reduced business activities over the years.

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 ₦7,330,638,000 (2018: ₦7,251,976,000), was significantly below the minimum regulatory capital by ₦12,330,638,000 (2018: ₦12,251,976,000).

In addition, the Company had a shortfall in solvency margin of ₦12,378,160,216 as at 31 December 2019 (2018 shortfall: ₦12,218,262,000) 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 ₦7,378,160,216 as at 31 December 2019 (2018: ₦7,218,262,000) for the composite business.

On 27 April 2018, the shareholders approved the plan by the Company to recapitalize the business by injecting additional capital of N3.3 billion into the business, comprising ordinary shares (via rights issue) of N2.3 billion, and preference shares of N1 billion. However, at the shareholders meeting held in September 2020, it was noted that the attempt to recapitalize through the afore-mentioned plan had been aborted as Veritas Kapital Assurance Plc (the majority shareholder) had withdrawn its interest due to the proposed minimum capital requirement for insurance and reinsurance companies announced by the regulator earlier in the year.

Notes to the financial statements

Furthermore, in September 2020, a group of investors expressed a binding interest in the Company. The first group is interested in acquiring the life business license with the possibility that the Company's composite license may be decoupled, with funds received from the investment used to support the recapitalization of the General business. The second group is interested in acquiring the equity stake in the Composite Company. However, the appraisal of the company is ongoing and they are yet to make a final offer. The group of investors have undertaken to inject fresh capital to shore up Goldlink post-acquisition position to meet regulatory threshold and business obligations.
In December 2020, the Company's shareholders obtained the approval of the regulator, NAICOM to dissolve the interim management board constituted by NAICOM and pave way for new management and new ownership. Subsequently, new directors were appointed to the board and charged with completing the recapitalization exercise and ensuring continuity of the insurance business operations.

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 Directors acknowledge these uncertainties and have put in place certain strategies to ensure the business continues to meet its short-term obligations. These includes but not limited to;

- employing cost-cutting measures which ensures that only the necessary expenditure is incurred; and
- putting in place an effective system for settling the company's liabilities such as outstanding claims, which ensures th liabilities are duly settled, whilst still proactively pursuing and encouraging potential investors' interest in the business.

Based on the foregoing, the Directors have reasonable expectation that they will be able to meet their recapitalisation plan and the Company will be able to realise its assets and settle its obligations as they arise in the normal course of business. Accordingly, these financial statements have been prepared based on accounting policies applicable to a going concern.

Notes to the financial statements

38 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 policyholders.
- 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 business.
- 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:

Notes to the financial statements

- 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 liabilities
Debt-to-capital ratio = Total debt/Capital
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 department.

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 ₦7,330,638,000 (2018: ₦7,251,976,000), which was significantly below the minimum regulatory capital by ₦12,330,638,000 (2018: ₦12,251,976,000). 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 ₦12,378,160,216 as at 31 December 2019 (2018:₦12,218,262,000) 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 ₦7,378,160,216 as at 31 December 2019 (2018: ₦7,218,262,000) 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.

Notes to the financial statements

(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 2019 is as follows:

In thousands of Naira

			31-Dec-19	**31-Dec-19**	**31-Dec-18**
	Admissible Assets:	**Total**	Inadmissible	Admissible	
	Cash and cash equivalents	100,514	-	100,514	53,183
	Financial assets	237,269	-	237,269	143,478
	Trade receivables	23,065	-	23,065	55,690
	Reinsurance assets	315,481	-	315,481	257,819
	Other receivables and prepayments	41,775	8,600	33,175	40,468
	Property and equipment	681,759	-	681,759	693,626
	Statutory deposits	500,000	-	500,000	500,000
	Total admissible assets	**1,899,863**	**8,600**	**1,891,263**	**1,785,765**
Less:	Total liabilities:				
	Insurance contract liabilities	5,540,906	-	5,540,906	5,230,266
	Investment contract liabilities	1,722,222	-	1,722,222	1,766,779
	Trade payables	559,360	-	559,360	519,542
	Other payables and accruals	1,056,620	-	1,056,620	1,075,231
	Current tax liabilities	390,315	-	390,315	401,189
	Deferred tax liabilities	1,917	1,917	-	44,734
(B)	**Total liabilities**	**9,271,340**	**(1,917)**	**(9,269,423)**	**9,037,741**

TEST OF SOLVENCY:			
Deficit of admissible assets over liabilities-solvency		(7,378,160)	(7,218,262)
TEST I	Gross premium income	955,718	1,088,776
	Less: Reinsurances	8,405	(133,705)
	Net Premium	964,123	955,071
	15% thereof	144,618	143,261
TEST II	Minimum paid up capital	5,000,000	5,000,000
	The highest thereof:	5,000,000	5,000,000
	Deficit of solvency	**(12,378,160)**	**(12,218,262)**
	Solvency Ratio	**-148%**	**-144%**

The Company had a negative shareholders' fund of ₦7,330,638,000 (2018: ₦7,251,976,000), 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 ₦12,378,160,216 as at 31 December 2019 (2018: ₦ 12,218,262,000) for the composite business. See Note 37 on Going concern.

Notes to the financial statements

(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.

Notes to the financial statements

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting of
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-19**	**31-Dec-18**
Financial instruments		
Other receivables*	41,651	37,162
Reinsurance assets**	214,238	99,886
Trade receivables	23,065	55,690
Cash and cash equivalents excluding cash at hand	100,088	52,791
	379,042	**245,529**

* 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.

Notes to the financial statements

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-19**	**31-Dec-18**
Gross Amount		
Neither past due nor impaired	-	-
Past due but not impaired	23,065	55,690
Impaired	-	-
Total	**23,065**	**55,690**
Impairment		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	-	-
Total	**-**	**-**
Carrying Amount	**23,065**	**55,690**

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.

Notes to the financial statements

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.

Notes to the financial statements

Residual contractual maturity of financial assets and liabilities
As at 31 December 2019

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	5	100,514	100,514	100,514	-	-	-	100,514
Available for sale financial assets:								
Quoted equity securities	6(a)	81,480	81,480	-	-		81,480	81,480
Unquoted equity securities	6(a)	146,901	146,901	-	-	-	146,901	146,901
Held to maturity financial assets	6(b)	8,888	8,888	-	8,888	-	-	8,888
Trade receivables	7	23,065	23,065	23,065	-	-	-	23,065
Other receivable*	10	41,651	41,651	-	41,651	-	-	41,651
Reinsurance assets	8	315,481	315,481	315,481	-	-	-	315,481
		717,980	**717,980**	**439,060**	**50,539**	**-**	**228,381**	**717,980**
Liabilities								
Insurance contract liabilities	13	5,540,906	5,540,906	2,977,285	-	555,101	-	3,532,386
Investment contract liabilities	14	1,722,222	1,722,222	1,722,222	-	1,722,222	-	3,444,444
Trade payables	15	559,360	559,360	559,360	-	-	-	559,360
Other payables**	16	986,995	986,995	986,995	-	-	-	986,995
		8,809,483	**8,809,483**	**6,245,862**	**-**	**2,277,323**	**-**	**8,523,185**
Gap (assets-liabilities)		**(8,091,503)**	**(8,091,503)**	**(5,806,802)**	**50,539**	**(2,277,323)**	**228,381**	**(7,805,205)**

* Other receivable excludes prepayments
**Other payables excludes accruals

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	5	53,183	53,183	53,183	-	-	-	53,183
Available for sale financial assets:								
Quoted equity securities	6(a)	39,791	39,791	-	-		39,791	39,791
Unquoted equity securities	6(a)	96,583	96,583	-	-	-	96,583	96,583
Held to maturity financial assets	6(b)	7,104	8,038	-	8,038	-	-	8,038
Trade receivables	7	55,690	55,690	55,690	-	-	-	55,690
Other receivables*	10	37,162	37,162	-	37,162	-	-	37,162
Reinsurance assets	8	257,819	257,819	257,819	-	-	-	257,819
		547,332	**548,266**	**366,692**	**-**	**45,200**	**136,374**	**548,266**
Liabilities								
Insurance contract liabilities	13	5,230,266	5,230,266	2,844,355	-	458,071	-	3,302,426
Investment contract liabilities	14	1,766,779	1,766,779	1,766,779	-	1,766,779	-	3,533,558
Trade payables	15	519,542	519,542	519,542	-	-	-	519,542
Other payables**	16	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

Notes to the financial statements

(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 2019	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Total**
In thousands						
Assets						
Cash and cash equivalents	5	100,298	(6)	(216)	438	100,514
Investment securities		-	-	-	-	-
Available for sale:						
Quoted equity securities	6(a)	81,480	-	-	-	81,480
Unquoted equity securities	6(a)	-	146,901	-	-	146,901
Held to maturity	6(b)	8,888	-	-	-	8,888
Other receivables	10	41,651	-	-	-	41,651
Trade receivables	7	23,065	-	-	-	23,065
Reinsurance assets excluding recoverables relating to IBNR	8	315,481	-	-	-	315,481
Total		**570,863**	**146,895**	**(216)**	**438**	**717,980**
Liabilities						
Insurance contract liabilities excluding IBNR and other reserves provision	13	2,261,811	2,247,694	-	-	4,509,505
Investment contract liabilities	14	1,722,222	-	-	-	1,722,222
Trade payables	15	289,770	269,590	-	-	559,360
Other payables and accruals	16	1,056,620	-	-	-	1,056,620
Total		**5,330,423**	**2,517,284**	**-**	**-**	**7,847,707**

Notes to the financial statements

Financial assets and liabilities by major currencies:

31 December 2018 *In thousands*	**Note**	**Naira (N)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Total**
Assets						
Cash and cash equivalents	5	52,992	94	-	97	53,183
Quoted equity securities	6(a)	39,791	-	-	-	39,791
Unquoted equity securities	6(a)	-	96,583	-	-	96,583
Held to maturity	6(b)	7,104	-	-	-	7,104
Reinsurance assets	8	257,819	-	-	-	257,819
Total		**450,558**	**96,677**	**-**	**97**	**547,332**
Liabilities						
Insurance contract liabilities	13	2,193,151	2,135,091	-	-	4,328,242
Investment contract liabilities	14	1,766,779	-	-	-	1,766,779
Trade payables	15	249,953	269,589	-	-	519,542
Other payables and accruals	16	1,075,231	-	-	-	1,075,231
Total		**5,285,114**	**2,404,680**	**-**	**-**	**7,689,794**

Notes to the financial statements

(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

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 2019, with all other variables held constant, the Company's net asset value could have increased or decreased as indicated below. 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**	**2019**	**2018**
Fair value of quoted equities		81,480	39,791
Increase in ASI			
1%		888	434
3%		2,664	1,301
10%		8,881	4,337
Decrease in ASI			
1%		(888)	(434)
3%		(2,664)	(1,301)
10%		(8,881)	(4,337)

Notes to the financial statements

39 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-19
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	5	-	-	100,514	-	-	100,514	100,514
Financial assets	6	-	8,888	-	228,381	-	237,269	237,269
Trade receivables	7	-	-	23,065	-	-	23,065	23,065
Reinsurance assets	8	-	-	315,481	-	-	315,481	315,481
Other receivables*	10	-	-	41,651	-	-	41,651	41,651
Total		**-**	**8,888**	**480,711**	**228,381**	**-**	**717,980**	**717,980**
Liabilities								
Insurance contract liabilities	13	-	-	-	-	5,540,906	5,540,906	5,540,906
Investment contract liabilities	14	-	-	-	-	1,722,222	1,722,222	1,722,222
Trade payables	15	-	-	-	-	559,360	559,360	559,360
Other payables and accruals**	16	-	-	-	-	986,995	986,995	986,995
Total		**-**	**-**	**-**	**-**	**8,809,483**	**8,809,483**	**8,809,483**

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

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	5	-	-	53,183	-	-	53,183	53,183
Financial assets	6	-	7,104	-	136,374	-	143,478	143,478
Trade receivables	7	-	-	55,690	-	-	55,690	55,690
Reinsurance assets	8	-	-	257,819	-	-	257,819	257,819
Other receivables*	10	-	-	37,162	-	-	37,162	37,162
Total		**-**	**7,104**	**403,854**	**136,374**	**-**	**547,332**	**547,332**
Liabilities								
Insurance contract liabilities	13	-	-	-	-	5,230,266	5,230,266	5,230,266
Investment contract liabilities	14	-	-	-	-	1,766,779	1,766,779	1,766,779
Trade payables	15	-	-	-	-	519,542	519,542	519,542
Other payables and accruals**	16	-	-	-	-	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

Notes to the financial statements

40 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 liabilities 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 hierarchy while for unquoted equities, they have been determined using Level 3 hierarchy.

31 December 2019
(in thousands of Naira)

Asset Type		Level 1	Level 2	Level 3	Total
Equities securities- Available for sale		81,480	-	146,901	228,381
Total		**81,480**	**-**	**146,901**	**228,381**

31 December 2018
(in thousands of Naira)

Asset Type		Level 1	Level 2	Level 3	Total
Equities securities- Available for sale		39,791	-	96,583	136,374
Total		**39,791**	**-**	**96,583**	**136,374**

Notes to the financial statements

41 Insurance Risk

The claims development history of the Company as at 31 December 2019 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
2008	199,885	125,376	6,963	4,006	28	3,164	-	-	-	-
2009	199,737	126,076	9,593	3,528	218	-	-	-	-	517
2010	215,964	158,686	13,500	1,917	21	-	-	-	29	1,000
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	1,653	-	-	-	-	-
2016	72,761	33,272	1,222	32	-	-	-	-	-	-
2017	69,236	13,912	1,000	-	-	-	-	-	-	-
2018	73,138	15,003	-	-	-	-	-	-	-	-
2019	34,750	-	-	-	-	-	-	-	-	-

Marine

Accident Year	1	2	3	4	5	6	7	8	9	10
2008	2,986	12,666	4,201	235	-	-	-	-	-	-
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	475	-	-	-	-	-	-	-
2018	5,725	4,850	-	-	-	-	-	-	-	-
2019	6,022	-	-	-	-	-	-	-	-	-

General Accident

Accident Year	1	2	3	4	5	6	7	8	9	10
2008	25,496	75,014	27,671	9,101	4,733	141	524	924	-	-
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	29	-	-
2013	48,608	58,424	12,043	16,164	1,313	807	57	-	-	-
2014	36,265	47,554	9,142	2,858	1,322	91	-	-	-	-
2015	24,973	41,268	2,317	412	8	-	-	-	-	-
2016	18,043	20,255	4,558	2,358	-	-	-	-	-	-
2017	11,096	15,547	420	-	-	-	-	-	-	-
2018	7,764	5,797	-	-	-	-	-	-	-	-
2019	3,895	-	-	-	-	-	-	-	-	-

Notes to the financial statements

Fire

Accident Year	1	2	3	4	5	6	7	8	9	10
2008	30,837	18,003	9,507	53	316	-	-	71	-	-
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	5,077	-	-
2013	45,627	39,263	1,664	877	221	79	75	-	-	-
2014	25,987	39,876	3,211	5,627	4,064	2,936	-	-	-	-
2015	18,458	16,691	6,027	5,955	477	-	-	-	-	-
2016	19,457	8,742	1,498	129	-	-	-	-	-	-
2017	18,444	6,254	727	-	-	-	-	-	-	-
2018	3,963	1,968	-	-	-	-	-	-	-	-
2019	4,534	-	-	-	-	-	-	-	-	-

Engineering

Accident Year	1	2	3	4	5	6	7	8	9	10
2008	3,308	10,964	1,161	9	23	-	-	-	-	-
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	-	-	-	-	28	-
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	5,109	-	-	-	-	-	-	-
2018	352	4,546	-	-	-	-	-	-	-	-
2019	294	-	-	-	-	-	-	-	-	-

Cummulative Claims Development Pattern (Yearly Projections) (N

Motor

Acc. Year	1	2	3	4	5	6	7	8	9	10	11	12
2008	199,885	325,261	332,224	336,230	336,258	339,422	339,422	339,422	339,422	339,422	339,422	339,422
2009	199,737	325,813	335,406	338,934	339,152	339,152	339,152	339,152	339,152	339,669	339,669	339,778
2010	215,964	374,650	388,150	390,067	390,088	390,088	390,088	390,088	390,117	391,117	391,117	391,241
2011	197,034	323,532	330,318	332,202	334,095	334,095	334,361	334,391	334,391	334,857	334,857	334,965
2012	237,362	353,885	363,499	364,444	364,478	364,478	364,509	364,509	365,243	365,759	365,759	365,878
2013	170,497	257,133	267,294	267,490	267,490	269,546	269,546	283,495	284,059	284,456	284,456	284,547
2014	143,668	220,997	222,564	222,870	222,870	222,870	233,857	246,084	246,578	246,925	246,925	247,006
2015	167,065	202,788	221,322	222,039	223,692	233,535	244,931	257,612	258,125	258,485	258,485	258,568
2016	72,761	106,033	107,255	107,287	111,585	116,305	121,770	127,851	128,097	128,270	128,270	128,309
2017	69,236	83,148	84,148	87,214	90,603	94,325	98,634	103,429	103,623	103,759	103,759	103,791
2018	73,138	81,481	91,217	94,480	98,087	102,049	106,635	111,739	111,945	112,090	112,090	112,123
2019	34,750	53,451	55,281	57,223	59,370	61,727	64,457	67,494	67,617	67,703	67,703	67,723

Notes to the financial statements

Marine

Acc. Year	1	2	3	4	5	6	7	8	9	10	11	12
2008	2,986	15,652	19,853	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088
2009	1,953	16,984	18,116	19,483	19,483	19,483	20,058	20,058	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	29,944	29,944
2011	9,640	23,163	29,723	30,358	30,378	30,378	30,378	30,378	30,378	32,099	32,099	32,099
2012	2,052	15,119	16,900	16,900	16,900	16,900	16,900	16,900	18,856	19,869	19,869	19,869
2013	10,798	18,124	18,759	18,759	18,759	18,759	18,759	21,011	23,469	24,743	24,743	24,743
2014	19,229	36,364	41,266	41,291	41,291	41,291	45,846	51,122	56,880	59,862	59,862	59,862
2015	15,725	30,435	33,373	34,097	34,097	37,520	41,490	46,087	51,105	53,704	53,704	53,704
2016	7,010	11,309	11,317	11,317	12,344	13,555	14,958	16,584	18,358	19,277	19,277	19,277
2017	4,924	9,683	10,158	10,940	11,861	12,946	14,204	15,661	17,252	18,075	18,075	18,075
2018	5,725	10,575	11,317	12,181	13,199	14,398	15,788	17,398	19,156	20,066	20,066	20,066
2019	6,022	14,831	15,857	17,051	18,457	20,115	22,036	24,262	26,691	27,950	27,950	27,950

General Accident

Acc. Year	1	2	3	4	5	6	7	8	9	10	11	12
2008	25,496	100,510	128,181	137,282	142,015	142,156	142,680	143,604	143,604	143,604	143,604	143,604
2009	34,297	97,425	129,451	144,030	145,262	145,796	147,550	149,798	149,798	149,798	149,798	150,017
2010	12,332	75,252	102,935	115,615	120,370	121,439	121,943	121,943	121,943	121,943	122,573	122,749
2011	43,003	129,695	151,048	155,495	158,381	158,558	158,558	158,558	158,558	163,229	164,108	164,353
2012	41,489	128,785	155,571	160,525	160,589	160,644	160,645	160,674	171,425	176,364	177,293	177,553
2013	48,608	107,032	119,075	135,239	136,552	137,359	137,416	151,666	161,482	165,991	166,839	167,076
2014	36,265	83,819	92,961	95,819	97,141	97,232	107,572	118,648	126,278	129,783	130,443	130,627
2015	24,973	66,241	68,558	68,970	68,978	78,105	86,099	94,663	100,562	103,272	103,782	103,924
2016	18,043	38,297	42,856	45,214	49,658	55,747	61,081	66,795	70,731	72,539	72,879	72,974
2017	11,096	26,643	27,063	29,470	32,287	36,146	39,526	43,147	45,642	46,787	47,003	47,063
2018	7,764	13,561	15,140	16,481	18,049	20,198	22,080	24,096	25,485	26,123	26,243	26,276
2019	3,895	11,104	12,366	13,438	14,691	16,409	17,913	19,525	20,635	21,145	21,241	21,268

Notes to the financial statements

Fire

Acc. Year	1	2	3	4	5	6	7	8	9	10	11	12
2008	30,837	48,840	58,347	58,400	58,716	58,716	58,716	58,716	58,716	58,716	58,716	58,716
2009	12,040	32,046	43,848	44,195	44,487	44,487	44,487	44,487	44,502	44,715	44,715	
2010	19,835	40,422	43,848	44,447	44,763	44,763	44,763	44,834	44,834	44,834		
2011	18,731	56,921	65,552	66,058	66,337	66,391	66,512	66,586	66,586			
2012	21,140	62,032	66,817	95,040	97,478	99,533	100,839	105,916				
2013	45,627	84,890	86,554	87,431	87,652	87,731	87,806					
2014	25,987	65,863	69,074	74,701	78,765	81,701						
2015	18,458	35,149	41,176	47,131	47,608							
2016	19,457	28,199	29,697	29,826								
2017	18,444	24,698	25,425									
2018	3,963	5,931										
2019	4,534											

Engineering

Acc. Year	1	2	3	4	5	6	7	8	9	10	11	12
2008	3,308	14,272	15,433	15,442	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465
2009	1,090	5,652	5,940	6,022	6,028	6,370	6,370	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	17,306	18,781	18,781
2011	1,286	8,118	11,460	12,101	12,101	12,101	12,101	12,101	12,129	13,152	14,223	14,223
2012	6,977	25,614	27,910	30,560	30,560	30,560	30,560	30,560	33,029	35,811	38,724	38,724
2013	1,732	2,958	3,346	3,719	3,719	3,719	3,719	3,999	4,321	4,685	5,066	5,066
2014	5,168	21,729	29,366	29,366	29,694	29,694	31,689	33,987	36,642	39,634	42,766	42,766
2015	26,859	27,284	27,420	29,345	29,345	31,306	33,571	36,182	39,197	42,595	46,153	46,153
2016	1,041	1,665	1,665	1,665	1,870	1,984	2,115	2,267	2,442	2,640	2,846	2,846
2017	2,547	5,935	11,044	12,124	13,405	14,119	14,944	15,894	16,991	18,228	19,523	19,523
2018	352	4,898	5,802	6,374	7,052	7,430	7,867	8,370	8,952	9,606	10,292	10,292
2019	294	1,098	1,305	1,436	1,592	1,678	1,778	1,894	2,027	2,177	2,334	2,334

Notes to the financial statements

41.1 Life Insurance & Investment Contracts

Sensitivity analysis report for life insurance & investment liabilities

	Base	VIR +1%	VIR -1%	Expense inflation +1%	Expense inflation -1%	Mortality +1%	Mortality -1%
Individual DA	275,315,347	277,925,222	272,705,395	277,869,191	272,761,503	275,315,347	275,315,347
Annuity	8,992,266	8,443,252	9,605,173	9,010,121	8,976,984	9,002,431	8,982,173
Individual Traditional	22,678,322	19,618,337	26,643,669	27,613,071	19,068,590	22,800,483	22,559,711
Individual outstanding claims	5,644,287	5,644,287	5,644,287	5,644,287	5,644,287	5,644,287	5,644,287
Group life outstanding claims	1,278,164,557	1,278,164,557	1,278,164,557	1,278,164,557	1,278,164,557	1,278,164,557	1,278,164,557
Group DA	1,431,489,587	1,445,804,483	1,417,174,691	1,445,804,483	1,417,174,691	1,431,489,587	1,431,489,587
Group life	476,300,088	476,300,088	476,300,088	476,300,088	476,300,088	476,300,088	476,300,088

Summary	**Base**	**VIR +1%**	**VIR -1%**	**Expense inflation +1%**	**Expense inflation -1%**	**Mortality +1%**	**Mortality -1%**
Individual	312,630,222	311,631,098	314,598,524	320,136,670	306,451,364	312,762,548	312,501,518
Group	3,185,954,232	3,200,269,128	3,171,639,336	3,200,269,128	3,171,639,336	3,185,954,232	3,185,954,232
Total	**3,498,584,454**	**3,511,900,226**	**3,486,237,860**	**3,520,405,798**	**3,478,090,700**	**3,498,716,780**	**3,498,455,750**

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.

Notes to the financial statements

41.2 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.

Notes to the financial statements

General reserve sensitivity analysis

Motor

	Mean	Standard deviation	Median	VaR (99.5%)	Tail-VaR (99.5%)
2009	97	1,113	(259)	3,143	3,272
2010	110	1,067	(240)	3,030	3,137
2011	541	2,463	129	7,389	7,969
2012	1,254	3,695	943	11,181	12,435
2013	13,828	13,270	10,788	50,410	54,096
2014	21,273	16,130	19,731	67,590	73,540
2015	28,455	18,387	26,929	80,909	89,985
2016	16,302	13,687	15,052	57,927	62,315
2017	14,027	12,755	12,794	56,061	61,084
2018	16,158	13,673	14,612	60,059	66,253
2019	26,159	23,109	21,430	104,087	114,867

Fire

	Mean	Standard deviation	Median	VaR (99.5%)	Tail-VaR (99.5%)
2009	12	559	(88)	1,914	2,143
2010	148	1,784	(264)	6,340	7,072
2011	1,723	6,486	123	24,305	27,127
2012	4,408	10,017	2,081	38,093	43,360
2013	5,439	11,091	3,412	43,191	49,425
2014	18,310	22,067	13,111	96,701	108,887
2015	25,972	28,961	19,035	132,218	153,146
2016	27,222	31,960	19,387	143,653	164,096
2017	31,821	38,708	21,999	176,747	197,471
2018	9,506	25,542	3,538	110,164	124,534
2019	13,181	37,727	4,136	162,906	188,681

General accident

	Mean	Standard deviation	Median	VaR (99.5%)	Tail-VaR (99.5%)
2009	182	1,878	(399)	6,827	7,188
2010	757	3,525	93	13,022	15,020
2011	5,234	9,407	3,445	38,199	41,962
2012	15,360	16,116	12,678	70,987	78,354
2013	25,160	21,345	21,793	99,506	111,537
2014	27,532	22,434	24,036	106,017	117,137
2015	27,368	22,899	23,721	106,801	115,260
2016	20,581	20,283	16,727	93,402	104,661
2017	13,649	17,007	9,544	78,017	88,443
2018	8,313	14,300	4,779	67,167	76,439
2019	12,627	31,990	4,218	141,482	172,480

Notes to the financial statements

Marine

	Mean	Standard deviation	Median	VaR (99.5%)	Tail-VaR (99.5%)
2011	1,639	2,868	450	13,007	14,203
2012	2,752	3,766	1,641	17,065	19,536
2013	5,023	5,136	3,955	23,636	27,716
2014	15,055	8,942	13,557	45,620	52,166
2015	14,733	8,940	13,296	46,181	51,135
2016	5,668	5,549	4,548	26,867	29,500
2017	5,176	5,473	3,931	25,533	29,368
2018	5,802	5,946	4,429	28,430	32,299
2019	16,165	17,440	10,293	91,495	107,567

Engineering

	Mean	Standard deviation	Median	VaR (99.5%)	Tail-VaR (99.5%)
2010	1,361	2,626	674	17,072	19,523
2011	1,849	3,096	1,106	17,656	20,793
2012	6,839	5,905	5,661	32,281	36,900
2013	1,041	2,378	452	12,925	14,971
2014	9,591	6,911	8,290	36,500	44,181
2015	11,428	7,619	9,973	41,696	48,474
2016	807	2,158	254	10,500	12,856
2017	5,288	5,547	4,052	28,727	34,697
2018	3,238	4,832	2,026	26,399	30,485
2019	1,459	7,059	(6)	40,643	51,479

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	1% rise	1% fall
Oil & Gas	2,574,864	2,759,207	2,434,217	2,733,342	2,416,386	2,548,268	2,602,079
Aviation	45,868	48,475	43,261	48,475	43,261	45,395	46,350
Bond	65,789	75,411	62,227	75,411	56,168	65,679	65,902

Notes to the financial statements

42 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.

42.1 Hypothecation

31-Dec-19

In thousands of Naira	Note	**Insurance contract**	**Annuity**	**Investment contract**	**Shareholders funds**	**Total**
Assets						
Cash and cash equivalents	5	-	384	4,021	96,110	100,515
Financial assets	6	237,269	-	-	-	237,269
Trade receivables	7	23,065	-	-	-	23,065
Reinsurance assets	8	315,481	-	-	-	315,481
Other receivables and prepayments	10	-	-	-	41,775	41,775
Property and equipment	11	-	-	-	681,759	681,759
Statutory deposit	12	-	-	-	500,000	500,000
Total Assets		**575,815**	**384**	**4,021**	**1,319,644**	**1,899,863**
Liabilities						
Insurance contract liabilities	13	5,531,914	8,992	-	-	5,540,906
Investment contract liabilities	14	-	-	1,722,222	-	1,722,222
Trade payables	15	-	-	-	559,360	559,360
Other payables and accruals	16	-	-	-	1,056,620	1,056,620
Current tax liabilities	17	-	-	-	390,315	390,315
Deferred tax liabilities	18	-	-	-	1,917	1,917
Total Liabilities		**5,531,914**	**8,992**	**1,722,222**	**2,008,212**	**9,271,340**
(Deficit)/surplus		**(4,956,099)**	**(8,608)**	**(1,718,201)**	**(688,568)**	**(7,371,477)**
Cummulative (deficit)		**(4,956,099)**	**(4,964,707)**	**(6,682,908)**	**(7,371,477)**	**(7,371,477)**

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

Notes to the financial statements

42.2 Hypothecation
31-Dec-18

In thousands of Naira	Note	Insurance contract	Annuity	Investment contract	Shareholders funds	Total
Assets						
Cash and cash equivalents	5	-	2,432	2,905	47,846	53,183
Financial assets	6	136,374	7,104	-	-	143,478
Trade receivables	7	55,690	-	-	-	55,690
Reinsurance assets	8	257,819	-	-	-	257,819
Other receivables and prepayments	10	-	-	-	40,468	40,468
Property and equipment	11	-	-	-	693,626	693,626
Statutory deposit	12	-	-	-	500,000	500,000
Total Assets		**449,883**	**9,536**	**2,905**	**1,281,940**	**1,744,264**
Liabilities						
Insurance contract liabilities	13	5,222,973	7,293	-	-	5,230,266
Investment contract liabilities	14	-	-	1,766,779	-	1,766,779
Trade payables	15	-	-	-	519,542	519,542
Other payables and accruals	16	-	-	-	1,075,231	1,075,231
Current tax liabilities	17	-	-	-	401,189	401,189
Deferred tax liabilities	18	-	-	-	44,734	44,734
Total Liabilities		**5,222,973**	**7,293**	**1,766,779**	**2,040,696**	**9,037,741**
(Deficit)/surplus		**(4,773,090)**	**2,243**	**(1,763,874)**	**(758,756)**	**(7,293,477)**
Cummulative (deficit)/surplus		**(4,773,090)**	**(4,770,847)**	**(6,534,721)**	**(7,293,477)**	**(7,293,477)**

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

Notes to the financial statements

43 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 segment 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.

Notes to the financial statements

Segment Profit or Loss and Other Comprehensive Income as at 31 December 2019

	General Insurance		Life Insurance		Elimination of interbusiness transactions	Total	
In thousands of Naira	2019	2018	2019	2018		2019	2018
Gross premium written	596,341	753,345	295,881	399,648	-	892,222	1,152,993
Gross premium income	663,113	793,213	292,605	295,564	-	955,718	1,088,777
Reinsurance expense	(76,195)	(76,816)	84,600	(56,890)	-	8,405	(133,706)
Net premium income	**586,918**	**716,397**	**377,205**	**238,674**	**-**	**964,123**	**955,071**
Fees and commission income	15,327	23,559	-	14,217	-	15,327	37,776
Net underwriting income	**602,245**	**739,956**	**377,205**	**252,891**	**-**	**979,450**	**992,847**
Claims expense	(394,937)	(756,949)	(283,308)	(225,130)	-	(678,245)	(982,079)
Underwriting expense	(140,820)	(170,743)	(48,702)	(139,815)	-	(189,522)	(310,558)
Changes in life fund	-	-	(15,846)	40,200	-	(15,846)	40,200
Underwriting profit/(loss)	**66,488**	**(187,736)**	**29,349**	**(112,054)**	**-**	**95,837**	**(299,790)**
Investment and other operating income	83,553	44,816	18,398	51,595	-	101,951	96,411
Impairment (losses)/reversals	(3,483)	(153,318)	(2,856)	(54,983)	-	(6,339)	(208,301)
Management expenses	(417,761)	(497,445)	(58,561)	(8,649)	-	(476,322)	(506,094)
Loss on life investment contract	-	-	75,535	(68,994)	-	75,535	(68,994)
Loss before tax	**(271,203)**	**(793,683)**	**61,865**	**(152,885)**	**-**	**(209,338)**	**(946,568)**
Income taxes	25,157	(123,337)	13,511	1,416	-	38,668	(121,921)
Loss after taxation	**(246,046)**	**(917,020)**	**75,376**	**(151,469)**	**-**	**(170,670)**	**(1,068,489)**
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	74,890	(2,335)	17,118	(6,912)	-	92,008	(9,665)
Total Comprehensive Income	**(171,156)**	**(919,355)**	**92,494**	**(158,381)**	**-**	**(78,662)**	**(1,078,154)**

Assets and liabilities	General Insurance		Life Insurance		Elimination of interbusiness transactions	Total	
In thousands of Naira	2019	2018	2019	2018		2019	2018
Tangible segment assets	1,365,496	1,318,917	2,234,581	2,040,082	(1,659,375)	1,940,702	1,785,765
Charged to other segments	-	-	-	-		-	-
Total assets	**1,365,496**	**1,318,917**	**2,234,581**	**2,040,082**	**(1,659,375)**	**1,940,702**	**1,785,765**
Segment liabilities	7,117,605	6,900,521	3,813,110	3,710,454	(1,659,375)	9,271,340	9,037,741
Charged to other segments	-	-	-	-		-	-
Total liabilities	**7,117,605**	**6,900,521**	**3,813,111**	**3,710,454**	**(1,659,375)**	**9,271,341**	**9,037,741**
Net (liabilities) /assets	**(5,752,109)**	**(5,581,604)**	**(1,578,530)**	**(1,670,372)**	**-**	**(7,330,638)**	**(7,251,976)**

Other National Disclosures

Notes to the financial statements

General Business Statement of Financial Position
For the year ended 31 December, 2019

	Note	31-Dec-19	31-Dec-18
In thousands of Naira			
Assets			
Cash and cash equivalents		96,110	47,846
Other financial assets		191,550	116,661
Trade receivables		22,736	51,993
Reinsurance assets		212,516	239,454
Deferred acquisition cost	9	29,607	41,501
Other receivables and prepayments		5,990	6,761
Intangible assets		-	-
Property, plant and equipment		506,987	514,701
Statutory deposits	12	300,000	300,000
Total Assets		**1,365,496**	**1,318,917**
Liabilities			
Insurance contract liabilities	13	3,764,973	3,601,785
Trade payables		460,232	420,716
Other payables and accruals		2,509,080	2,455,481
Current tax liabilities		323,431	334,147
Deferred tax liabilities		59,889	88,392
Total Liabilities		**7,117,605**	**6,900,521**
Capital and reserves			
Issued and paid up share capital		634,201	634,201
Share premium		1,061,274	1,061,274
Contingency reserve		1,470,092	1,451,982
Retained losses		(8,998,638)	(8,735,134)
Revaluation reserves		-	-
Available for sale reserve		128,312	53,423
Treasury shares		(47,350)	(47,350)
Shareholders funds		**(5,752,109)**	**(5,581,604)**
Total equity and liabilities		**1,365,496**	**1,318,917**

Notes to the financial statements

General Business Statement of Comprehensive Income
For the year ended 31 December 2019

In thousands of Naira	Note	31-Dec-19	31-Dec-18
Gross premium written		596,341	753,345
Gross premium income		663,113	793,213
Reinsurance expense		(76,195)	(76,816)
Net premium income		586,918	716,397
Fees and commission income		15,327	23,559
Net underwriting income		602,245	739,956
Claims expense	23	(394,937)	(756,949)
Underwriting expense		(140,820)	(170,743)
Underwriting profit/(loss)		66,488	(187,736)
Investment and other operating income		83,553	44,816
Management expense	27(b)	(417,761)	(497,445)
Net impairment (losses)/reversals		(3,483)	(153,318)
Loss before taxation		(271,203)	(793,683)
Tax expenses		25,157	(123,337)
Loss after taxation		(246,046)	(917,020)
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		74,890	(2,753)
Exchange gains on available for sale financial assets		-	418
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		74,890	(2,335)
Total comprehensive income/(loss)		(171,156)	(919,355)

Notes to the financial statements

General Business Revenue Account
For the year ended 31 December 2019

In thousands of Naira	Notes	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	OIL & GAS	AVIATION	2019 TOTAL	2018 TOTAL
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
INCOME											
Direct Premium		351,149	38,467	69,253	59,493	36,600	7,721	33,658	-	596,341	753,347
Inward Reinsurance Premium		-	-	-	-	-	-	-	-	-	-
Gross Written Premium		351,149	38,467	69,253	59,493	36,600	7,721	33,658	-	596,341	753,347
Less: (Increase)/ decrease in unearned premium		53,008	5,338	4,033	17,900	(14,054)	548	-	-	66,772	39,866
Gross Premium income		404,157	43,805	73,286	77,393	22,546	8,269	33,658	-	663,113	793,213
Reinsurance Cost		(6,913)	(20,606)	(18,067)	(18,372)	(2,509)	(9,727)	-	-	(76,195)	(76,815)
Net Premium earned		397,244	23,199	55,219	59,021	20,037	(1,458)	33,658	-	586,918	716,398
Commissions earned		1,118	4,693	5,342	2,290	760	1,124	-	-	15,327	23,560
Net underwriting income		398,362	27,892	60,561	61,311	20,797	(334)	33,658	-	602,245	739,958
EXPENSES											
Gross Claims Paid	23	63,338	16,124	14,156	17,347	-	33,352	33,658	-	177,975	366,309
Increase/(decrease) in outstanding claims provision		35,939	7,634	(39,414)	(51,123)	9,690	(72,684)	330,775	9,146	229,963	683,985
Gross Claims incurred		99,277	23,758	(25,258)	(33,776)	9,690	(39,332)	364,433	9,146	407,938	1,050,294
Less: Reinsurance claims recoveries/recoverable	23	(1,755)	(16,208)	(4,969)	(4,685)	-	-	-	-	(27,617)	(160,831)
Reinsurance claims recoverable (actuary)		-	-	-	-	-	-	-	-	14,616	(132,513)
Net claims incurred		97,522	7,550	(30,227)	(38,461)	9,690	(39,332)	364,433	9,146	394,937	756,950
Add: Underwriting expenses:											
Acquisition expenses	24.1	48,616	8,121	15,552	15,573	5,206	1,198	833	-	95,099	111,623
Maintenance expenses: Handling charges	24.2	18,011	1,973	3,552	3,052	1,877	396	1,728	-	30,590	-
Marketing expenses	24.2	475	56	94	80	49	10	41	-	806	50,497
Other maintenance expenses	24.2	8,435	924	1,664	1,429	879	185	809	-	14,325	8,623
		75,537	11,075	20,861	20,135	8,012	1,789	3,411	-	140,820	170,743
Total expenses and claims incurred		173,059	18,625	(9,366)	(18,326)	17,702	(37,543)	367,844	9,146	535,757	927,693
Underwriting profit/(loss)		225,303	9,267	69,927	79,637	3,095	37,209	(334,186)	(9,146)	66,488	(187,735)

Notes to the financial statements

Life Business Statement of Financial Position
For the year ended 31 December, 2019

	Note	31-Dec-19	31-Dec-18
In thousands of Naira			
Assets			
Cash and cash equivalents		4,404	5,337
Other financial assets		45,719	26,817
Trade receivables		328	3,697
Reinsurance assets		102,965	18,365
Deferred acquisition cost		11,232	
Other receivables and prepayments		1,637,189	1,563,265
Intangible assets		-	-
Property, plant and equipment		174,772	178,943
Deferred tax assets		57,972	43,658
Statutory deposits	12	200,000	200,000
Total Assets		**2,234,581**	**2,040,082**
Liabilities			
Insurance contract liabilities	13	1,775,933	1,628,481
Investment contract liabilities	14	1,722,222	1,766,779
Trade payables		99,128	98,826
Other payables and accruals		148,940	149,235
Current tax liabilities		66,885	67,042
Total Liabilities		**3,813,108**	**3,710,363**
Capital and reserves			
Issued and paid up share capital	19.1	596,258	596,258
Share premium		556,661	556,661
Contingency reserve		128,191	125,189
Retained losses		(2,889,347)	(2,960,981)
Available for sale reserve		29,710	12,592
Shareholders' funds		**(1,578,527)**	**(1,670,281)**
Total equity and liabilities		**2,234,581**	**2,040,082**

Notes to the financial statements

Life Business Statement of Comprehensive Income
For the year ended 31 December 2019

In thousands of Naira	Note	31-Dec-19	31-Dec-18
Gross premium written		295,881	399,648
Gross premium income		292,605	295,564
Reinsurance expense		84,600	(56,890)
Net premium income		**377,205**	**238,674**
Fees and commission income		-	14,217
Net underwriting income		**377,205**	**252,891**
Claims expense	23	(283,308)	(225,130)
Underwriting expense		(48,702)	(139,815)
Underwriting profit/ loss		**45,195**	**(112,054)**
Investment and other operating income		18,398	51,595
Management expense		(58,561)	(8,649)
Net impairment losses		(2,856)	(54,983)
Gain/Loss on investment contracts	(a)	75,535	(68,994)
Changes in life fund		(15,846)	40,200
Profit/Loss before taxation		**61,865**	**(152,885)**
Tax income /(expenses)		13,511	1,417
Profit/Loss after taxation		**75,376**	**(151,468)**
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		17,118	(6,912)
Items within other comprehensive income that will not be reclassified to profit or loss			
Other comprehensive income for the year, net of tax		17,118	(6,912)
Total comprehensive income		92,494	(158,380)

Notes to the financial statements

Life Business Revenue Account
For the year ended 31 December 2019

In thousands of Naira	Note	Individual Life	Group Life	2019 Total	2018 Total
Income					
Direct premiums		70,925	224,956	295,881	399,648
Less: (increase)/decrease in unearned premium		-	(3,276)	(3,276)	(104,084)
Gross premium income		70,925	221,680	292,605	295,564
Unbundling of life investment contracts		-	-	-	-
Reinsurance cost		-	(84,600)	(84,600)	56,889
Premium retained		70,925	306,280	377,205	238,675
Commission earned		-	-	-	14,217
Total underwriting income		**70,925**	**306,280**	**377,205**	**252,892**
Expenses					
Gross claims paid		-	10,995	10,995	16,994
Surrenders		4,815	-	4,815	12,229
Maturity claims		38,901	-	38,901	21,304
Annuity		1,092	-	1,092	
Decrease in outstanding claims	23	-	227,505	227,505	174,603
Gross claims incurred		**44,808**	**238,500**	**283,308**	**225,130**
Reinsurance claims recoveries/recoverables	23	-	-	-	-
Net claims incurred	23	44,808	238,500	283,308	225,130
Acquisition expenses		5,221	20,140	25,361	136,694
Maintenance expenses: Handling expenses		1,197	3,796	4,993	670
Marketing expenses		7,090	22,489	29,579	2,452
Deferred acquisition cost		(11,231)	-	(11,231)	
Total expenses		**47,085**	**284,925**	**332,010**	**364,946**
Underwriting profit/(loss)		**23,840**	**21,355**	**45,195**	**(112,054)**

Other National Disclosures

Value Added Statement
(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-19	%	**31-Dec-18**	%
Gross premium income (Local)	955,718	944%	1,088,776	-188%
Investment income				
- Local	58,906	58%	64,398	-11%
- Foreign	-		-	
Other income				
- Local	43,043	43%	50,144	-9%
- Foreign	-		-	
Reinsurance, claims, commission & operating expenses				
- Local	(956,477)	-945%	(1,782,352)	308%
- Foreign	-		-	
Value (eroded)/added	**101,190**	**100%**	**(579,034)**	**100%**
Applied to pay:				
Employee benefit expense	289,184	286%	337,409	227
Government as tax	(42,130)	-42%	121,919	-22
Retained in the business				
Depreciation of property and equipment	24,806	25%	30,127	22
Amortisation of intangible assets	-	-	-	-
To deplete reserve	(170,670)	-169%	(1,068,489)	-127
Value (eroded)/added	**101,190**	**100%**	**(579,034)**	**100%**

Other National Disclosures

Financial Summary
(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Cash & cash equivalents	100,514	53,183	116,142	54,996	64,851
Financial assets	237,269	143,478	90,397	62,876	54,597
Trade receivables	23,065	55,690	16,663	22,976	21,070
Reinsurance assets	315,481	257,819	139,941	245,766	203,974
Deferred acquisition cost	40,839	41,501	39,714	73,467	71,158
Other receivables and prepayments	41,775	40,468	32,511	23,147	39,731
Property and equipment	681,759	693,626	859,673	890,913	894,544
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	**1,940,702**	**1,785,765**	**1,795,041**	**1,874,141**	**1,849,925**
Liabilities					
Insurance contract liabilities	5,540,906	5,230,266	4,429,704	4,419,599	3,485,210
Investment contract liabilities	1,722,222	1,766,779	1,661,985	1,576,874	1,501,028
Trade payables	559,360	519,542	551,954	324,969	178,794
Other payables and accruals	1,056,620	1,075,231	993,447	768,443	583,195
Current tax laibilities	390,315	401,189	251,019	257,213	306,060
Deferred tax liabilities	1,917	44,734	83,985	31,662	41,348
Total liabilities	**9,271,340**	**9,037,741**	**7,972,094**	**7,378,760**	**6,095,635**
Capital and reserves					
Issued and paid up share capital	1,230,459	1,230,459	1,600,699	1,600,699	1,600,699
Share premium	1,617,935	1,617,935	1,989,523	1,989,523	1,989,523
Contingency reserve	1,598,063	1,577,214	1,550,617	1,524,736	1,489,274
Retained losses	(11,887,767)	(11,696,248)	(11,342,990)	(10,624,413)	(9,292,593)
Revaluation reserves	-	-	34,808	34,808	-
Treasury shares	(47,350)	(47,350)	(47,350)	(47,350)	(47,350)
Available for sale reserve	158,022	66,014	37,640	17,378	14,737
Total Equity	**(7,330,638)**	**(7,251,976)**	**(6,177,053)**	**(5,504,619)**	**(4,245,710)**
Total equity and liabilities	**1,940,702**	**1,785,765**	**1,795,041**	**1,874,141**	**1,849,925**

STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
Gross premium written	892,222	1,152,994	1,010,654	1,396,695	2,405,185
Premium earned	955,718	1,088,776	1,159,867	1,588,518	2,537,815
Loss before taxation	**(209,338)**	**(946,570)**	**(603,187)**	**(1,314,139)**	**(409,451)**
Taxation	38,668	(121,919)	(89,509)	17,781	59,245
Loss after taxation	**(170,670)**	**(1,068,489)**	**(692,696)**	**(1,296,358)**	**(350,206)**
Transfer to contingency reserve	20,849	26,597	25,881	(35,462)	6,727
Loss per share (kobo)	**(7)**	**(43)**	**(16)**	**(40)**	**(11)**

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