GOLDLINK INSURANCE PLC

ANNUAL REPORT

31 DECEMBER 2015

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Corporate Information

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

Interim board of directors and management

Mohammed Mustapha Bintube****	Chairman****
Barrister Tonbofa Ashimi****	Director****
Olanrewaju M. Sulaimon****	Director****
Mr James O. Ayo*	Chairman*
Mrs. Olufunke Moore**	Acting Managing Director*
Mr Gbolahan Olutayo***	Managing Director***
Mr Adeyinka Olutungase	Executive Director, Chief Financial Officer
Professor Chioma Kanu Agomo*	Director*
Alhaji Sashe Ibrahim Dabana*	Director*
Malam Abubakar Sadiq Mijinyawa*	Director*
Ambassador Umaru Ilya Damagum*	Director*

* Resigned on 25 of February 2016
** Appointed as Acting Managing Director on 13 of June 2016
*** Resigned as Managing Director on 13 of June 2016
**** Appointed on 25 of February 2016

Bankers and other professional advisors

Bankers:	
	Sterling Bank PLC
	Ecobank PLC
	Zenith Bank PLC
	Guaranty Trust Bank PLC
	Access Bank PLC
	First Bank PLC
Company Secretary / Head Legal:	Tobi Olaleye
	FRC/2014/NBA/00000008450
Registered Office:	6, Emmanuel Street Maryland Lagos
Auditor:	KPMG Professional Services
	KPMG Tower
	Bishop Aboyade Cole Street
	Victoria Island, Lagos
Reinsurers:	Glanvill Enthoven & Co. (Nig) Ltd.
	The United African Insurance Brokers Limited
	JLT Reinsurers
Actuary:	HR Nigeria Limited
	FRC/NAS/00000000738
Estate Surveyor and Valuer:	Foluke Ismail & Associates (Estate Surveyors and Valuers)
	FRC/2013/NIESV/00000001701

Directors' Report
For the year ended 31 December 2015

The directors have pleasure in presenting their annual report on the affairs of Goldlink Insurance PLC ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2015.

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 2015:

In thousands of Naira	**Company 2015**	**Company 2014**
Gross premium written	2,405,185	3,113,179
Loss before income tax	(409,451)	(414,652)
Taxation	59,245	(114,555)
Loss after taxation	(350,206)	(529,207)
Loss attributable to equity holders	(350,206)	(529,207)
Transfer to statutory contingency reserve	(6,727)	(78,547)
Transfer to retained earnings	(356,933)	(607,754)
Shareholders' deficit	(4,245,710)	(3,901,836)
Earnings per share (k) – Basic	(11)	(12)
Earnings per share (k) – Diluted	(11)	(12)

Dividends
Proposed dividends
No dividend was proposed for the year ended 31 December 2015.

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 2015 (2014: Nil)

Retirement and appointment of Directors

The following directors served during the year under review:-

Mr James O. Ayo*	Chairman
Mr Gbolahan Olutayo***	Managing Director
Mr Adeyinka Olutungase	Executive Director, Chief Financial Officer
Professor Chioma Kanu Agomo*	Director
Alhaji Sashe Ibrahim Dabana*	Director
Malam Abubakar Sadiq Mijinyawa*	Director
Ambassador Umaru Ilya Damagum*	Director

The above listed directors resigned subsequent to year end.

The following directors joined the Board subsequent to the end of the year following the decision by NAICOM to reconstitute the Interim Management Board

Mrs. Olufunke Moore**	Acting Managing Director
Mohammed Mustapha Bintube****	Chairman
Barrister Tonbofa Ashimi****	Director
Olanrewaju M. Sulaimon****	Director

* Resigned on 25th of February 2016
** Appointed as Acting Managing Director on 13th of June 2016
*** Resigned as Managing Director on 13th of June 2016
**** Appointed on 25th of February 2016

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 2015:

	2015				2014			
	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	989,263,605	30.89%	-	-	1,254,073,219	27.56%	-	-
Enny Properties Ltd	174,377,113	5.45%	-	-	N/A	N/A	N/A	N/A
Osayamen R.K.O.*	N/A	N/A	559,957,088	17.49%	100,000,001	2.20%	350,771,884	7.71%
Mr Gbenga Afolayan*	N/A	N/A	N/A	N/A	284,486,025	6.25%	313,276,372	6.89%
Mr Femi Okunniyi*	N/A	N/A	N/A	N/A	274,335,882	6.03%	438,535,183	9.64%

*The shareholders surrendered a portion of their shareholdings during the year.

Share recovery exercise

Following a share capital audit excercise by the former Interim Board and Management, it was discovered that 2,548,774,014 shares of the Company were issued without cash consideration between 1995 and 2006. Of the 2,548,774,014 shares issued without cash consideration, a total of 1,348,549,941 units of shares have been surrendered and forfeited as at date. The 1,348,549,941 units of surrendered and forfeited shares of the Company were treated as unissued shares following the approval received from the Securities and Exchange Commission during the financial year. This had an impact of reducing share capital and share premium by N 674, 274, 970.50 respectively.

<u>Details of shares surrendered and forefeited</u>

Names	Non-cash shares issued	Shares surrendered	Shares forefeited	Total surrendered/ forefeited	Outstanding
Aiyeyi Samuel	77,739,497	-	(54,717,198)	(54,717,198)	23,022,299
Ariyo Wole	70,147,043	(25,418,465)	-	(25,418,465)	44,728,578
Diamond Bank/Alangrange Sec. Ltd-tr	-	-	-	-	-
Efegherimoni Tony	13,082,092	(13,082,092)	-	(13,082,092)	-
Famutimi Olabintan	21,896,028	-	(21,896,028)	(21,896,028)	-
Gbenga Afolayan	520,333,972	(485,993,529)	-	(485,993,529)	34,340,443
Idowu S.E	66,103,480	(14,569,667)	-	(14,569,667)	51,533,813
Madaki Ameh	-	-	-	-	-
Moore Funke	13,082,092	(13,082,092)	-	(13,082,092)	-
Odubogun Ranti	32,346,909	(24,552,457)	-	(24,552,457)	7,794,452
Okunniyi Femi	426,320,969	(378,391,883)	-	(378,391,883)	47,929,086
Oniwinde A. T	42,287,265	(2,201,045)	-	(2,201,045)	40,086,220
Osayameh R. K. O	774,081,638	(214,124,550)	-	(214,124,550)	559,957,088
Awoyode A. (Chief)	35,867,769	(439,473)	-	(439,473)	35,428,296
Akadiri Ayo	19,803,894	-	(14,268,806)	(14,268,806)	5,535,088
Amaefule Chuks	16,127,954	-	(10,652,354)	(10,652,354)	5,475,600
Okpue Prosper	13,519,556	-	(9,764,512)	(9,764,512)	3,755,044
Odutayo Gbolahan	13,082,092	(6,546,572)	-	(6,546,572)	6,535,520
Adesanya Yemi	12,782,431	-	(200,000)	(200,000)	12,582,431
Okunnoren E. K.	11,874,418	(8,819,333)	-	(8,819,333)	3,055,085
Owolabi M. Olabanji	3,816,800	-	-	-	3,816,800
Saliu Y.(Alhaji)*	4,227,588	(5,833,064)	-	(5,833,064)	(1,605,476)
Olusesi M. O (Mr)	2,374,061	-	(1,540,645)	(1,540,645)	833,416
Owoniyi Dele	3,000,000	-	-	-	3,000,000
Yusuf Bello	(162,885)	-	-	-	(162,885)
Adedeji E. A.	558,387	-	-	-	558,387
Agoye I. A	1,395,972	-	(905,913)	(905,913)	490,059
Oyinloye Yomi	13,082,092	-	-	-	13,082,092
Goldlink Staff Cooperative	79,611,784	-	-	-	79,611,784
Oyedele M. (Prince)	36,167,769	-	(20,000,000)	(20,000,000)	16,167,769
Onaduja Badejo	13,082,092	(11,380,263)	-	(11,380,263)	1,701,829
Others	211,141,255	(10,170,000)	-	(10,170,000)	200,971,255
Total	**2,548,774,014**	**(1,214,604,485)**	**(133,945,456)**	**(1,348,549,941)**	**1,200,224,073**

*Alhaji Y. Saliu surrendered additional 1,605,476 units.

Directors' Report
For the year ended 31 December 2015

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

	2015	
Share range	**No of holdings**	**Percentage of holdings**
001-1000	1,192,638	0.037%
1001-10000	33,596,406	1.0%
10001-50000	93,940,813	2.93%
50001-100000	54,638,330	2%
100001-500000	156,074,702	5%
500001-1000000	76,962,562	2%
1000001 & Above	2,785,688,139	87%
Total	3,202,093,590	100%

	2014	
Share range	**No of holdings**	**Percentage of holdings**
001-1000	147,579	0.003%
1001-10000	9,997,653	0.2%
10001-50000	401,167	0.01%
50001-100000	36,117,347	1%
100001-500000	140,555,695	3%
500001-1000000	94,781,707	2%
1000001 & Above	4,267,945,852	94%
Total	4,549,947,000	100%

Property and equipment
Information relating to changes in property and equipment during the year is given in Note 12 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 charitable donations to the under-listed organizations amounting to₦3,250,000 (2014:₦1,321,000) during the year as follows:

Organisation:	**2015**
	₦
University of Ibadan	1,550,000
University of Lagos	500,000
National Association of Nigerian Nurses and Midwives	200,000
Chartered Insurance institute of Nigeria	190,000
Rotary International District	170,000
Rotary Club of Omole	140,000
REF Trust Fund	100,000
Actuarial Science and Insurance Students Association	100,000
St. John Anglican Church, Ilare	100,000
Moshood Abiola Polytechnic	50,000
Christian Coalition against Corruption	50,000
Nigerian Council of Registered Insurance Brokers	50,000
Foursquare Gospel Church in Nigeria	50,000
	3,250,000

Employment of disabled persons

The Company is committed to providing equal opportunities and does not discriminate in considering applications from suitably qualified person, including disabled persons. However, as at 31 December 2015, no disabled persons were in the employment of the Company (31 December 2014: Nil).

Health, safety and welfare of employees

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

Employee involvement and training

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

Events after the reporting date

There were no subsequent events which could have had material effect on the financial position of the Company as at 31 December 2015, which have not been adequately provided for or disclosed. See note 38.

Auditors

Messrs. KPMG Professional Services have indicated their willingness to continue in office as auditors to the Company and have therefore been re-appointed in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria

BY ORDER OF THE BOARD
Tobi Olaleye
FRC/2014/NBA/000000008450
Company Secretary
6, Emmanuel Street Maryland Lagos
2 February 2017

Statement of Directors' Responsibilities in relation to the financial statements for the year ended 31 December 2015

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 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 National Insurance Commission circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria, 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 39 to the financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mohammed Mustapha Bintube - Chairman *
2 February 2017

Mrs. Olufunke Moore - Acting Managing Director
FRC/2016/CIIN/00000014938
2 February 2017

*The Chairman was granted a waiver by the Financial Reporting Council (FRC) to sign the 2015 annual report (which includes the financial statements) without a FRC number, pending when the Company regularizes his registration with the FRC.

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 seven (7) members, including the Chairman, two (2) Executive Directors, and four (4) Non-Executive Directors. They are made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board. The effectiveness of the Interim Board and Management derives from the appropriate balance and mix of skills and experience of the Directors. The interim board had 4 regular meetings during the year. Members and representatives of the Board also had 6 special meetings during the year to discuss with prospective capital market investors as part of the Company's recapitalisation plans.

Responsibilities of the Board

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

The powers reserved for the Board include the following;

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

Roles of Key Members of the Board

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

The Chairman

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.
The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company.
The Chairman is also responsible for promoting effective relationships and open communication, between Executive and Non- executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

The Chief Executive Officer

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

The Chief Finance Officer

The Chief finance officer is responsible for presenting and reporting timely financial information of the Company. He is also responsible for financial planning and manging the financial risks of the Company. He is also a director of the interim mangement board and 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.

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 four (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 and Compliance 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	Mallam Abubakar Sadiq Mijinyawa	Chairman (Director)
2	Ambassador Ilya Umar Damagum	Member (Director)
3	Alhaji Sashe Ibrahim Dabana	Member (Director)

(ii) Board Investment & Finance 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 Investment & Finance Committee comprised the following members during the period under review:

1	Alhaji Sashe Dabana	Chairman (Director)
2	Professor Chioma Agomo	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 Risk Management and Technical Committee comprised the following members during the period under review:

1	Alhaji Abubakar Mijinyawa	Chairman (Director)
2	Mr Gbolahan Olutayo	Member (Managing Director)
3	Mr. Adeyinka Olutungase	Member (Executive Director)

(iv) Board Governance, Remuneration and Establishment 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 Governance, Remuneration, Establishment & General Purpose Committee comprised the following members:

1	Professor Chioma Agomo	Chairperson (Director)
2	Mr. Gbolahan Olutayo	Member (Executive Director)
3	Ambassador Ilya Umar Damagum	Member (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	Ambassador Ilya Umar Damagum	Chairman (Director)
2	Professor Chioma Agomo	Member (Director)
3	Mrs Funke Moore	Member (Director)

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, 2015.

The Interim Board of Directors and Management

The Board held regular meetings 4 times during the period under review.

S/N	NAME OF DIRECTOR	TITLE	NUMBER OF BOARD MEETINGS ATTENDED	4/02/2015	4/05/2015	24/08/2015	09/11/2015
1	Mr. James Ayo	Chairman	4	✓	✓	✓	✓
2	Mr. Gbolahan Olutayo	Managing Director	4	✓	✓	✓	✓
3	Mr. Adeyinka Olutungase	Finance Director	4	✓	✓	✓	✓
4	Alh. Sashe Dabana	Director	4	✓	✓	✓	✓
5	Professor Chioma Agomo	Director	3	✓	✓	x	✓
6	Alhaji Abubakar Mijinyawa	Director	3	✓	x	✓	✓
7	Amb. Ilya Umar Damagum	Director	2	✓	x	✓	x

Details of Board Committee Meetings and Attendance:

Board Audit & Compliance Committee
The Committee met 3 times during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	22/5/2015	25/8/2015
Mallam Abubkar Sadiq Mijinyawa	Chairman	2	✓	✓
Ambassador Ilya Umar Damagum	Member	-	x	x
Alhaji Sashe Ibrahim Dabana	Member	2	✓	✓

Board Investment & Finance Committee:

The Committee met 2 times during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	23/4/2015	9/9/2015
Alhaji Sashe Ibrahim Dabana	Chairman	2	✓	✓
Professor Chioma Agomo	Member	2	✓	✓
Mr Adeyinka Olutungase	Member	1	x	✓

Board Risk Management & Technical Committee

The Committee met twice during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	22/5/2015	25/8/2015
Malam Abubakar Sadiq Mijinyawa	Chairman	2	✓	✓
Mr Gbolahan Olutayo	Member	2	✓	✓
Mr Adeyinka Olutungase	Member	2	✓	✓

Board Governance, Remuneration, Establishment & General Purpose Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	10/4/2015
Professor Chioma Agomo	Chairman	1	✓
Mr Gbolahan Olutayo	Member	1	✓
Ambassador Umaru Ilya Damagum	Member	1	✓

Life Operations Committee
The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	8/8/2015
Ambassador Umaru Ilya Damagum	Chairman	1	✓
Professor Chioma Agomo	Member	1	✓
Mrs Funke Moore	Member	1	✓

Details of Statutory Audit Committee Meetings and attendance

Statutory Audit Committee
The Committee met 3 times during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	3/2/2015	21/5/2015	21/8/2015
Elder (Dr.) A. K. Oniwinde	Chairman	2	✓	x	✓
Prince M. O. Oyedele	Member	2	✓	✓	x
Mr Francis Okoro	Member	3	✓	✓	✓
Mallam Abubakar .S. Mijinyawa	Member	2	✓	✓	x
Ambassador Ilya Umar Damagum	Member	2	✓	x	✓
Professor Chioma Kanu Agomo	Member	2	x	✓	✓

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, 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 2015

To the Members of **Goldlink Insurance PLC**

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

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2015 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.

Oniwinde

Elder (Dr) A. K. Oniwinde *
Chairman, Audit Committee
FRC/2013/CIIN/00000002850
20 December 2016

Members of the Audit Committee are:

1	Elder (Dr.) A. K. Oniwinde *	Chairman
2	Prince M. O. Oyedele	Member
3	Mr Francis Okoro	Member
4	Mallam Abubakar .S. Mijinyawa	Member
5	Ambassador Ilya Umar Damagum	Member
6	Professor Chioma Kanu Agomo	Member

In attendance:

Tobi Olaleye — Company Secretary
FRC/2014/NBA/00000008450
2 February 2017

* The Audit Committee Chairman was granted a waiver by the Financial Reporting Council (FRC) to sign the 2015 annual report (which includes the financial statements), pending the Company's compliance with the requirement of the Council on the Audit Committee Chairman's membership of a professional accountancy body established by an Act of National Assembly in Nigeria.

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KPMG Tower
Bishop Aboyade Cole Street
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INDEPENDENT AUDITOR'S REPORT

To the Members of **Goldlink Insurance PLC**

Report on the Financial Statements

We have audited the accompanying financial statements of **Goldlink Insurance PLC ("the Company")**, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages **16 to 79**.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, 1990, the Insurance Act of Nigeria, 2003, the Financial Reporting Council of Nigeria Act, 2011, and relevant National Insurance Commission (NAICOM) guidelines and circulars 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Goldlink Insurance Plc ("the Company") as at 31 December 2015, and of its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, 1990, the Insurance Act of Nigeria, 2003, relevant National Insurance Commission (NAICOM) guidelines and circulars and the Financial Reporting Council of Nigeria Act, 2011.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 39 to these financial statements which indicates that the Company recorded a loss after taxation of ₦ 350,206,000 for the year ended 31 December 2015 and as of that date, the Company's total liabilities exceeded its total assets by ₦4,245,710,000. The Company's negative shareholders' fund of ₦4,245,710,000 as at 31 December 2015 was significantly below the minimum regulatory capital of ₦5,000,000,000 required for composite insurance business and a shortfall in solvency margin of ₦9,218,044,000 as at 31 December 2015 for the composite insurance business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦3,149,995,000 as at 31 December 2015 for the general and life insurance businesses. These conditions, as set forth in Note 38, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

KPMG

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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

Signed:

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
12-Jun-17
Lagos, Nigeria

1.1 CORPORATE INFORMATION

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

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

The financial statements for the year ended 31 December 2015 were approved for issue by the Board of Directors on 2 February 2017.

1.2 Basis of presentation

(a) *Statement of compliance*

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

(b) *Basis of measurement*

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

- Available for sale financial instruments are measured at fair value;
- Retirement benefit obligations measured using the projected credit unit valuation method;
- Land and buildings are measured using the revaluation model;
- Insurance liabilities are based on actuarial valuations;

The directors are of the opinion that the Company will continue as a going concern for the foreseeable future. See Note 41 to the financial statements.

(c) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the ‘functional currency’). The financial statements are presented in thousands of Naira (₦), which is the Company’s functional currency.

(d) *Use of estimates and judgement*

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

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

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

(e) *Regulatory authority and financial reporting*

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

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

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

(iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 2.2.17(b) to cover fluctuations in securities and variation in statistical estimates;

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

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

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

2 Accounting policies

2.1 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 2.2 to all periods presented in these financial statements.
The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

a. Employee Contributions (Amendments to IAS 19)

The nature and effect of the changes are explained below:

a. Disclosures - offsetting financial assets and financial liabilities (Amendment to IFRS 7)
As a result of the amendments to IFRS 7, the Group has expanded disclosure about offsetting financial assets and financial liabilities.

2.2 Significant accounting policies

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

2.2.1 Cash and cash equivalents

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

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

2.2.2 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the financial position date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange 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 finanacial assets are a component of the change in their entire fair value. For financial assets held for trading or a financial asset designated at fair value through profit or loss, unrealised exchange differences are recognized in profit or loss. For financial assets held as available for sale, unrealised exchange differences are recognized directly in equity until the asset is sold or becomes impaired.

2.2.3 Financial instruments

(a) Classification

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

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

The Company’s financial assets include cash and cash equivalents, trade receivables, reinsurance assets, other receivables, quoted and unquoted equity instruments.

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

(b) *Initial recognition*

Financial assets at fair value through profit or loss are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

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 placements with initial maturities of more than 90 days and are carried at amortised cost, using the effective interest rate method less any allowance for impairment.

(iv) *Other financial liabilities*

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

(d) _Fair value measurement_

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

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

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

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

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

(e) **_Amortised cost measurement_**

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

(f) _Impairment of financial asset_

(i) _Financial assets carried at amortised cost_

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

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company.

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

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

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

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

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

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

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

(g) *Offsetting financial instruments*

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

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

(h) *Derecognition of financial instruments*

Financial assets

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

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

Financial liabilities

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

2.2.4 Reinsurance assets

These are receivables that arise from reinsurance contracts. The details of recognition and measurement of reinsurance contracts have been set out under note 2.2.11(b)(iii).

2.2.5 Deferred acquisition costs

Deferred acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the conclusion of insurance contracts and/or investment contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred and amortized on a pro rata basis over the contract term.

2.2.6 Other receivables

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

2.2.7 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 annual reassessment.

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

2.2.8 Property and equipment

Recognition and measurement

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

Subsequent cost

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

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

Subsequent measurement

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

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

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

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

Depreciation

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

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. Freehold land is not depreciated. Depreciation on land, other than freehold land is done using the straight line method over their useful lives.
Residual values, useful lives and depreciation methods of property and equipment are required to be reviewed annually.

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

Leasehold Land - Not depreciated

Building- 50 years

Furniture & fittings - 5 years

Office equipment - 5 years

Computer equipment- 5 years

Motor vehicles - 4 years

Fair value of land and buildings

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

Derecognition

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

2.2.9 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.

2.2.10 Statutory deposit

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

2.2.11 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 classify insurance contracts into life and non-life insurance contracts

(i) *Non life insurance contract*

These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

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

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

(ii) *Life insurance contract*

These contracts insure events associated with human life (for example, death or survival) over a long duration.

(b) Insurance contracts- Recognition and measurement

(i) *Premiums*

Gross written premiums for general 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.

Premiums on coinsurance are included in gross written premiums

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.

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

(ii) *Unearned premiums*

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

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

(iii) *Reinsurance*

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

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

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

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

(iv) *Commission income*

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

(v) *Underwriting expenses*

Underwriting expenses are made up of acquisition and maintenance expenses.

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

(vi) *Claims incurred*

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

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

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

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

(vii) *Deferred acquisition costs*

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

(viii) *Salvage*

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

(ix) *Subrogation*

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

2.2.12 Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 2.2.11(b) of the accounting policies. Insurance contract liabilities are determined as follows:

(a) Non-life 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 unearned premium reserve.

(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 choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub–divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

● *Discounted inflation-adjusted basic chain ladder method*

Historical claims paid were grouped into 8 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 8 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 eight (8) 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

General reserve fund

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

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefrom are charged to the profit and 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; HR Nigeria Limited (FRC/NAS/00000000738). The liability adequacy test is carried out at every financial reporting year end.

2.2.13 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 2.2.3. The deposit liability recognized in the statement of financial position represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

2.2.14 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 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.

2.2.15 Income tax

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

(a) Current tax

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

(b) Deferred taxation

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

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

2.2.16 Leases

(a) Operating leases

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

2.2.17 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 revalaution surplus is recognised net of revaluation deficit for items of land and building.

(d) Available for sale reserves

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

(e) Treasury shares

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

(f) Earnings per share

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

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

2.2.18 Revenue recognition

(a) Insurance contracts:

See note 2.2.11(b)(i) & 2.2.11(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".

2.2.19 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.

(b) *Defined benefit gratuity scheme*

The Company also operates an unfunded gratuity scheme. The employees' entitlements to retirement benefits under the gratuity scheme depend on the individuals' years of service and terminal salary. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. All re-measurement gains and losses are recognised in other comprehensive income in the period in which they occur. The past service cost is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately following the introduction of, or changes to, a gratuity plan, the past service cost is recognised immediately.

The defined benefit gratuity scheme was discontinued as at 31 December 2015. As such, no actuarial valuation was carried out during the year.

(iii) Termination Benefits

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

(b) Other operating expenses

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

2.2.20 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 attibutable to a segment as well as those that can be allocated on a reasonable basis.

2.2.21 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these financial statements. The Company intends to adopt the standards below when they become effective.

New or amended standards	Summary of the requirements	Possible impact on financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised by the Company.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.	This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 31 December 2015 financial statements.

The following new or amended standards are not expected to have a significant impact on the Company's financial statements;
• IFRS 14 Regulatory Deferral Accounts.
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
• Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38).
• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
• Annual Improvements to IFRSs 2010 – 2012 Cycle.
• Annual Improvements to IFRSs 2011 – 2013 Cycle.
• Annual Improvements to IFRSs 2012 – 2014 Cycle.
• Disclosure Initiative (Amendments to IAS 1)
The Company will assess the impact once these standards have been finalised and become effective.

3 Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

Depreciation and carrying value of property, plant 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. No adjustment was made to the carrying value of property, plant and equipment.

Retirement benefits obligation

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

Valuation of Insurance and Investment contract liabilities

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

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

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

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

Impairment of available-for-sale equity financial assets

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

Impairment on receivables

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

Statement of Financial Position
As at 31 December

In thousands of Naira	Note	31-Dec-15	31-Dec-14
Assets			
Cash and cash equivalents	5	64,851	70,975
Other financial assets	6	54,597	55,008
Trade receivables	7	21,070	27,669
Reinsurance assets	8	203,974	376,180
Deferred acquisition cost	9	71,158	84,095
Other receivables and prepayments	10	39,731	95,279
Property, plant and equipment	11	894,544	939,038
Statutory deposits	12	500,000	500,000
Total assets		1,849,925	2,148,244
Liabilities			
Insurance contract liabilities	13	3,485,210	3,645,171
Investment contract liabilities	14	1,501,028	1,285,057
Trade payables	15	178,794	102,776
Other payables and accruals	16	583,195	256,509
Retirement benefit obligation	17	-	313,628
Current tax liabilities	18	306,060	290,901
Deferred tax liabilities	19	41,348	156,038
Total liabilities		6,095,635	6,050,080
Capital and reserves			
Issued and paid up share capital	20	1,600,699	2,274,974
Share premium	20.2	1,989,523	2,663,798
Contingency reserve	20.3	1,489,274	1,482,547
Retained earnings	20.4	(9,292,593)	(11,004,185)
Asset revaluation reserves	20.5	-	686,754
Available for sale reserve	20.6	12,602	19,367
Treasury shares	20.7	(47,350)	(47,350)
Actuarial reserves	20.8	-	22,259
Exchange gains reserves	20.9	2,135	-
Shareholders deficit		(4,245,710)	(3,901,836)
Total equity and liabilities		1,849,925	2,148,244

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 2 FEBRUARY 2017 BY

Alh. Mohammed Mustapha Bintube ______________ Chairman

Mrs. Olufunke Moore ______________ Acting Managing Director
FRC/2016/CIIN/00000014938

Additionally certified by:

Mr. Adeyinka Olutungase ______________ Chief Financial Officer
FRC/2014/ICAN/00000006910

The significant accounting policies on pages 16 to 30 and the notes on pages 36 to 79 are an integral part of these financial statements.

*The Chairman was granted a waiver by the Financial Reporting Council (FRC) to sign the 2015 annual report (which includes the financial statements) without a FRC number, pending when the Company regularizes his registration with the FRC.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

In thousands of Naira	Note	31-Dec-15	31-Dec-14
Gross premium written	21	2,405,185	3,113,179
Gross premium income	21	2,537,815	3,737,251
Gross premium income	21	2,537,815	3,737,251
Reinsurance expense	23	(472,094)	(395,509)
Net premium income		2,065,721	3,341,742
Fees and commission income	24	65,463	82,215
Net underwriting income		2,131,184	3,423,957
Claims expense	25	(1,061,271)	(1,775,166)
Underwriting expenses	26	(457,301)	(668,738)
Underwriting profit		612,612	980,053
Investment income	27(a)	41,325	48,781
Other operating income	28(a)	41,760	22,922
Net impairment (losses)/reversals	31	81,546	4,048
Management expenses	29(b)	(1,096,477)	(1,396,451)
Loss on life investment contract	14(b)	(90,217)	(74,005)
Loss before tax		(409,451)	(414,652)
Income taxes	32	59,245	(114,555)
Loss after taxation		(350,206)	(529,207)
Other comprehensive income, net of tax			
Items within other comprehensive income that may be reclassified to profit or loss			
Exchange gains on available for sale financial assets	6(a)(i)	3,050	-
Income tax effect	12(b)	(915)	(4,685)
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value gain/(loss) on available for sale financial assets	6(a)(i)	(6,765)	(7,973)
Fair value changes on property & equipment	12	-	15,616
Actuarial gains in defined benefit obligation liability			
-Due to assumption	18(b)	-	29,631
-Due to experience	18(b)	-	21,268
-Income tax effect	18(b)	-	(15,270)
Reversal of deferred tax on asset revaluation reserve	20	10,962	-
Total other comprehensive income for the year		6,332	38,587
Total comprehensive loss for the year		(343,874)	(490,620)
Loss per share - Basic (Kobo)	33	(11)	(12)
Loss per share - Diluted (Kobo)	34	(11)	(12)

The significant accounting policies on pages 16 to 30 and the notes on pages 36 to 79 are an integral part of these financial statements.

Statement of changes in Equity
For the year ended 31 December, 2015

In thousands of Naira

		Share capital	Share premium	Asset revaluation reserves	Available for sale reserve	Treasury shares	Exchange gains reserve	Contingency reserve	Actuarial reserves	Retained earnings	Total equity
As at 1 January, 2015		2,274,974	2,663,798	686,754	19,367	(47,350)	-	1,482,547	22,259	(11,004,185)	(3,901,836)
Loss for the year		-	-	-	-	-	-	-	-	(350,206)	(350,206)
Other comprehensive income											
Fair value changes of available for sale financial assets		-	-	-	(6,765)	-	-	-	-	-	(6,765)
Exchange gains on available for sale financial assets		-	-	-	-	-	3,050	-	-	-	3,050
Remeasurement of defined benefit liability		-	-	-	-	-	-	-	-	-	-
Reversal of deferred tax on asset revaluation reserve		-	-	10,962	-	-	-	-			10,962
Fair value changes on property & equipment		-	-		-	-	-	-		-	-
Income tax impact		-	-	-	-	-	(915)	-	-	-	(915)
Total comprehensive income for the year		-	-	10,962	(6,765)	-	2,135	-	-	(350,206)	(343,874)
Transfers within equity											
Transfer to statutory contingency reserve	20.3	-	-	-	-	-	-	6,727	-	(6,727)	-
Shares surrendered/forefeited		(674,275)	(674,275)	-	-	-	-	-	-	1,348,550	-
Transfer into retained earnings		-	-	(697,716)	-	-	-	-	-	697,716	
Acquistion of treasury shares	20.7	-	-	-	-	-	-	-	-	-	-
Transfers into retained earnings upon termination of defined benefit obligation scheme	21.8	-	-	-	-	-		-	(22,259)	22,259	-
Total transactions with owners		(674,275)	(674,275)	(697,716)	-	-	-	6,727	(22,259)	2,061,798	-
As at 31 December 2015		1,600,699	1,989,523	-	12,602	(47,350)	2,135	1,489,274	-	(9,292,593)	(4,245,710)

In thousands of Naira		Share capital	Share premium	Asset revaluation reserves	Available for sale reserve	Treasury shares	Contingency reserve	Actuarial reserves	Retained earnings	Total equity
As at 1 January, 2014		2,274,974	2,663,798	675,823	27,340	(47,350)	1,404,000	(28,640)	(10,396,431)	(3,426,486)
Profit for the year		-	-	-	-	-	-	-	(529,207)	(529,207)
Other comprehensive income										
Fair value changes of available for sale financial assets		-	-	-	(7,973)	-	-	-	-	(7,973)
Remeasurement of defined benefit liability		-	-	-	-	-	-	50,899	-	50,899
Fair value changes on property & equipment		-	-	15,616	-	-	-		-	15,616
Income tax impact		-	-	(4,685)	-	-	-	-	-	(4,685)
Total comprehensive income for the year		-	-	10,931	(7,973)	-	-	50,899	(529,207)	(475,350)
Transfers within equity										
Transfer to statutory contingency reserve	20.3	-	-	-	-		78,547	-	(78,547)	-
Total transactions with owners		-	-	-	-	-	78,547	-	(78,547)	-
As at 31 December 2014		2,274,974	2,663,798	686,754	19,367	(47,350)	1,482,547	22,259	(11,004,185)	(3,901,836)

Statement of Cash Flows
for the year ended 31 December 2015

	Note	31-Dec-2015 N'000	31-Dec-2014 Restated* N'000
Cash flows from operating activities:			
Premium received from policy holders		2,530,247	3,139,311
Re-insurance receipt in respect of claims/reinsurance		125,666	174,833
Investment contract liabilities (Deposit received less withdrawals)		124,395	122,413
Cash paid to and on behalf of employees		(563,146)	(660,336)
Reinsurance premium paid	23	(472,094)	(395,509)
Commission received	24	65,463	82,215
Interest on investment		47,834	60,909
Other income received		13,771	23,011
Claims paid	25	(1,150,897)	(1,377,766)
Other operating cash payments		(343,642)	(867,371)
Commission paid	26	(355,412)	(452,271)
Taxes paid	18	(30,239)	(114,800)
Unclaimed dividends returned during the year		31,956	-
		23,901	**(265,360)**
Cash flows from investing activities:			
Purchases of property and equipment	11	(14,635)	(14,523)
Purchase of intangible assets		-	(130)
Purchase of available for sale financial assets		(17,599)	-
Proceeds from sale of property and equipment		1,535	352
Dividend received		675	971
Net cash used in investing activities		**(30,025)**	**(13,330)**
Cash flows from financing activities:			
Dividend paid to share holders		-	-
Net cash used in financing activities		**-**	**-**
Net increase in cash and cash equivalents		(6,124)	(278,690)
Cash and cash equivalents at beginning of year		70,975	349,665
Effect of exchange rate movement in cash held		-	-
Cash and cash equivalents at end of year		**64,851**	**70,975**

Notes to the financial statements

5 Cash and cash equivalents

In thousands of Naira	31-Dec-15	31-Dec-14
Cash in hand	497	455
Cash at bank	51,692	53,833
Short term bank deposits (see (a) below)	12,662	16,687
	64,851	70,975

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

6 Other financial assets

In thousands of Naira	31-Dec-15	31-Dec-13
Available for sale financial assets (see (a) below)	54,597	55,008
	54,597	55,008

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

In thousands of Naira	31-Dec-15	31-Dec-14
Quoted equity securities measured at fair value (see (i) below)	34,947	40,713
Unquoted equity securities measured at cost (see (ii) below)	-	14,295
Unquoted equity securities measured at fair value (see (iv) below)	19,650	-
	54,597	55,008

(i) **Quoted equities**

Quoted equities	43,974	43,974
Additions during the year	999	-
Fair value loss	(10,026)	(3,261)
Closing balance	34,947	40,713

(ii) **Unquoted equities at cost**

Unquoted equities (cost)	1,083,589	1,083,589
Impairment loss (see (iii) below)	(1,083,589)	(1,069,294)
Closing balance	-	14,295

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

Opening balance	1,069,294	1,069,294
Impairment charge during the year (see note 31)	14,295	-
Closing balance	1,083,589	1,069,294

(iv) **Unquoted equities at fair value**

Opening balance	-	-
Additions during the year	16,600	-
Unrealised exchange gain (see note 20.9)	3,050	-
Closing balance	19,650	-

7 Trade receivables

(a) Trade receivables comprise the following:

In thousands of Naira	31-Dec-15	31-Dec-14
Due from brokers	559,413	641,415
Due from insurance companies	-	43,060
	559,413	684,475
Allowance for impairment losses (see (c) below)	(538,343)	(656,806)
	21,070	27,669

Trade receivables represent balances subsequently collected by the Company as at the date of approval of the financial statements.

In thousands of Naira	31-Dec-15	31-Dec-13
Current	21,070	27,669
Non-current	-	-
	21,070	27,669

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

In thousands of Naira	31-Dec-15	31-Dec-14
Analysis of insurance receivables in days		

0-90 days	21,070	27,669
91-180 days	-	-
181days and above	538,343	656,806
	559,413	684,475

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

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	656,806	660,853
Reversals during the year (see note 31)	(118,463)	(4,048)
Balance, end of year	538,343	656,806

8 Reinsurance assets

In thousands of Naira	31-Dec-15	31-Dec-14
Prepaid re-insurance	88,508	256,883
Claims recoverable (see note 8.1)	115,466	119,297
	203,974	376,180

8.1 Claims recoverable are analysed as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
Recoverable on claims paid	6,134	6,134
Recoverable on outstanding claims	98,932	65,495
Recoverable on IBNR	10,400	47,668
	115,466	119,297

In thousands of Naira	31-Dec-15	31-Dec-14
Current	203,974	376,180
Non-current	-	-
	203,974	376,180

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

9 Deferred acquisition cost

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

In thousands of Naira	31-Dec-15	31-Dec-14
Motor	31,249	45,517
Fire	7,457	11,216
General accident	14,471	17,509
Marine	11,291	1,102
Aviation	-	427
Bond & Indemnity	4,108	4,644
Engineering	2,582	3,680
Oil & Gas	-	-
	71,158	84,095

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

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	84,095	107,036
Movement during the year (see note 26.1)	(12,937)	(22,941)
Balance, end of year	71,158	84,095

In thousands of Naira	31-Dec-15	31-Dec-14
Current	71,158	84,095
Non Current	-	-
	71,158	84,095

10 Other receivables and prepayments

In thousands of Naira	31-Dec-15	31-Dec-14
Loans (see note (a) below)	26,049	51,980
Other receivables (see note (b) below)	6,947	35,228
	32,996	87,208
Prepaid rent	6,735	8,071
	39,731	95,279

In thousands of Naira	31-Dec-15	31-Dec-14
Current	39,731	95,279
Non Current	-	-
	39,731	95,279

(a) Loans

In thousands of Naira	31-Dec-15	31-Dec-14
Staff loans	131,293	155,473
Loan to policy holders	19,270	15,294
	150,563	170,767
Impairment allowance (see note 10(a)(i) below)	(124,514)	(118,787)
	26,049	51,980

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) Impairment allowance on loans can be analysed as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
Impairment on staff loans	118,787	118,787
Impairment of loans to policy holders (see note 31)	5,727	-
	124,514	118,787

(ii) Impairment on staff loans represent provisions on loans granted to former executives who were removed by the Industry regulator - NAICOM due to corporate and financial governance lapses in 2012.
These loans were fully provided for as they have been deemed doubtful of recovery by management.

(iii) 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.

(b) Other receivables

In thousands of Naira	31-Dec-15	31-Dec-14
Other assets	175,372	186,758
Impairment allowance (see (i) below)	(168,425)	(151,530)
	6,947	35,228

Other receivables comprises receivables that have been fully impaired over the years.

(i) Movement in the allowances for other receivables are as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	151,530	151,530
Charge for the year (see note 31)	16,895	-
Balance, end of year	168,425	151,530

11 Property, plant and equipment	Land	Building	Motor vehicles	Computer Equipment	Office Equipment	Furniture & fittings	Total
In thousands of Naira							
Cost/valuation							
31-Dec-15							
Balance, beginning of year	319,000	519,770	321,184	48,251	33,936	41,423	1,283,564
Additions	-	-	11,194	483	1,681	1,277	14,635
Disposals	-	-	(27,283)	-	(994)	(131)	(28,408)
Balance, end of year	319,000	519,770	305,095	48,734	34,623	42,570	1,269,792
Accumulated depreciation							
31-Dec-15							
Balance, beginning of year	-	2,016	257,627	32,432	21,354	31,098	344,527
Additions	-	12,589	33,166	5,894	4,176	3,304	59,129
Disposals	-	-	(27,283)	-	(994)	(131)	(28,408)
Balance, end of year	-	14,605	263,510	38,326	24,536	34,271	375,248
Net Book Value							
Net book value 31 December 2015	319,000	505,165	41,585	10,408	10,087	8,299	894,544
Net book value 31 December 2014	319,000	517,753	63,557	15,922	12,582	10,223	939,038

(i) The land and buildings were revalued by Foluke Ismail of Foluke Ismail & Associates - FRC/2013/NIESV/00000001701, (Estate Surveyors and Valuers) on 18 December 2014 using direct market comparison method, depreciated replacement cost method and investment valuation method to arrive at the open market value.
Management has assessed that the market value of property and equipment has not changed significantly from the last valuation date.
Under the cost model, the carrying amount of land and building is ₦1,539,408,099 (31 December 2014: ₦1,577,684,000)

(ii) The Company had no restrictions to the use of its property, plant and equipment as at the balance sheet date.
(iii) No leased assets are included in the property, plant and equipment (31 December 2014: Nil)
(iv) The Company had no capital commitments as at the balance sheet date (31 December 2014: Nil)
(v) The income tax impact of the fair value changes on property and equipment recognised in other comprehensive income is nil (31 December 2014: ₦4,376,000)
(vi) A listing of the Company's land and buildings with their values and locations as at year end is as shown below:

Asset description	Location	Value (₦'000)
- Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos	150,000
Building	No 6, Emmanuel street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos	400,000
- Land	No 2, Harare street, off Rabat street, Wuse Zone 6, Abuja	150,000
- Building	No 2, Harare street, off Rabat street, Wuse Zone 6, Abuja	100,000
- Land	Mowe	19,000
- Building	D 27, Ikota shopping complex	16,000
- Land-perfection of title document	Lagos & Abuja	1,916
- Building-renovation and partitioning	Lagos & Abuja	1,854
		838,770

11 **Property, plant and equipment**	**Land and Building**	**Motor vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & fittings**	**Total**
In thousands of Naira						
Cost/valuation						
31-Dec-14						
Balance, beginning of year	838,770	326,116	41,442	30,693	37,638	1,274,659
Additions	-	-	6,809	3,884	3,830	14,523
Disposals	-	(4,932)	-	(640)	(45)	(5,617)
Balance, end of year	838,770	321,184	48,251	33,937	41,423	1,283,565
Accumulated depreciation						
31-Dec-14						
Balance, beginning of year	1,721	225,597	26,180	17,505	27,307	298,311
Additions	15,911	36,725	6,149	4,488	3,938	67,211
Reversal of accumulated depreciation on revaluation	(15,616)	-	-	-	-	(15,616)
Disposals	-	(4,695)	-	(640)	(45)	(5,380)
Balance, end of year	2,016	257,627	32,329	21,353	31,200	344,525
Net Book Value						
Net book value 31 December 2014	836,754	63,557	15,922	12,583	10,223	939,039
Net book value 31 December 2013	837,049	100,519	15,262	13,187	10,331	976,349

(i) The land and buildings were revalued by Foluke Ismail of Foluke Ismail & Associates - FRC/2013/NIESV/00000001701, (Estate Surveyors and Valuers) on 18 December 2014 using direct market comparison method, depreciated replacement cost method and investment valuation method to arrive at the open market value.
Under the cost model, the carrying amount of land and building is ₦1,577,684,000 (31 December 2013: N1,611,829,000)

(ii) The Company had no restrictions to the use of its property, plant and equipment as at the balance sheet date.

(iii) No leased assets are included in the property, plant and equipment (31 December 2013: Nil)

(iv) The Company had no capital commitments as at the balance sheet date (31 December 2013: Nil)

(v) A listing of the Company's land and buildings with their values and locations as at year end is as shown below:

Asset description	**Location**	**Value (₦'000)**
- Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony way,	550,000
- Land & building	No 2, Harare street, off Rabat street, Wuse Zone 6, Abuja	250,000
- Land	Mowe	19,000
- Building	D 27, Ikota shopping complex	16,000
- Land-perfection of title document	Lagos & Abuja	1,916
- Building-renovation and partitioning	Lagos & Abuja	1,854
		838,770

12 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria at 31 December 2015, in compliance with the Insurance Act, CAP 117 LFN 2004 and comprise:

In thousands of Naira	31-Dec-15	31-Dec-14
General business	300,000	300,000
Life business	200,000	200,000
	500,000	500,000

In thousands of Naira	31-Dec-15	31-Dec-14
Current	-	-
Non-current	500,000	500,000
	500,000	500,000

13 Insurance contract liabilities

In thousands of Naira	31-Dec-15	31-Dec-14
General insurance		
Outstanding claims	1,566,087	1,329,017
Claims incurred but not reported	95,321	518,877
Outstanding claims provision (see 13.1)	1,661,408	1,847,894
Provision for unearned premium (see 13.3)	554,961	724,435
	2,216,369	2,572,329
Life insurance		
Individual life insurance fund	57,994	51,297
Group life-Unexpired premium reserve (UPR)	193,363	138,638
Group life-Additional unexpired risk reserve (AURR)	1,036	25,617
Life insurance contract liability (see 13.4)	252,394	215,551
Group life-Incurred but not reported claims (IBNR)	309,076	381,067
Outstanding claims	707,371	476,224
Provision for outstanding claims (see 13.2)	1,016,447	857,291
	1,268,841	1,072,842
	3,485,210	3,645,171

In thousands of Naira	31-Dec-15	31-Dec-14
Current	2,273,458	1,805,241
Non-current	1,211,752	1,839,930
	3,485,210	3,645,171

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test outstanding claims liability as at 31 December 2015 and the comparative period was performed by Olurotimi O. Okpaise of HR Nigeria Limited (FRC/NAS/00000000738).

13.1 **Outstanding claims provision-General business**

(i) Movement in outstanding claims provision inclusive of IBNR:

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	1,847,894	1,806,222
Claims incurred during the year	402,778	818,821
Claims paid during the year (see note 25)	(589,264)	(777,149)
Balance, end of year	1,661,408	1,847,894

(ii) Movement in outstanding claims provision inclusive of IBNR:

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	1,847,894	1,806,222
Movement during the year (see note 25)	(186,486)	41,672
Balance, end of year	1,661,408	1,847,894

13.2 **Outstanding claims provision-Life business**

In thousands of Naira	31-Dec-15	31-Dec-14
Outstanding claims	707,371	476,224
IBNR	309,076	381,067
	1,016,447	857,291

(i) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	857,291	481,643
Claims incurred during the year	720,789	976,265
Claims paid during the year (see note 25)	(561,633)	(600,617)
Balance, end of year	1,016,447	857,291

(ii) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	857,291	481,643
Movement during the year (see note 25)	218,695	375,648
Balance, end of year	1,016,447	857,291

13.3 **Provision for unearned premium**

Movement in provision for unearned premium

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	724,435	999,898
Movement during the year (see note 22)	(169,473)	(275,463)
Balance, end of year	554,961	724,435

13.4 **Life insurance contract liability**

Movement in life insurance contract liability

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	215,551	564,160
Movement during the year (see note 22)	36,843	(348,609)
Balance, end of year	252,394	215,551

14 **Investment contract liabilities**

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	1,285,057	1,082,794
Deposits received	237,007	316,830
Guaranteed interest	91,576	79,850
	1,613,640	1,479,474
Less: withdrawals	(112,612)	(194,417)
Balance, end of year	1,501,028	1,285,057

In thousands of Naira	31-Dec-15	31-Dec-14
Current	1,285,057	1,082,794
Non current	215,971	202,263
	1,501,028	1,285,057

14(b) Loss on life investment contract

In thousands of Naira	31-Dec-15	31-Dec-14
Investment income	7,671	13,188
Guaranteed interest	(91,576)	(79,850)
Management expenses (see note 29(b))	(6,313)	(7,343)
	(90,217)	(74,005)

15 Trade payables

In thousands of Naira	31-Dec-15	31-Dec-14
Due to reinsurers	148,728	94,051
Trade creditors	-	8,725
Premium received in advance	30,066	-
	178,794	102,776

In thousands of Naira	31-Dec-15	31-Dec-14
Current	178,794	102,776
Non current	-	-
	178,794	102,776

16 Other payables and accruals

In thousands of Naira	31-Dec-15	31-Dec-14
Other payables (see (a) below)	32,229	33,136
Sundry creditors (see (b) below)	91,501	36,216
Unclaimed dividends	31,956	-
Pension payable	30,400	7,586
Premium received in advance	-	62,642
Gratuity payable (see (c) below)	306,253	-
	492,339	139,581
Accrued expenses (see (d) below)	90,856	116,928
	583,195	256,509

(a) Other payables comprises VAT payable, WHT payable and stale cheques suspense account.
(b) Sundry creditors comprises sundry expenses incurred but not yet paid for during the year.

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

In thousands of Naira	31-Dec-15	31-Dec-14
At 1 January	-	-
Transfer from retirement benefit obligations (see note 17(b))	313,628	-
Payments made during the year	(7,375)	-
At 31 December	306,253	-

(d) Accrued expenses comprises NAICOM levy, AGM expenses, actuarial valuation fees (payable to HR Nigeria Limited), audit fees (payable to KPMG Professional Services) and salaries accrued as at 31 December 2015.

In thousands of Naira	31-Dec-15	31-Dec-14
Current	583,195	256,509
Non current	-	-
	583,195	256,509

17 Retirement benefit obligation

The defined benefit obligation was discontinued effective 1 January 2015, hence the liability was not actuarially determined as at year end. At the time of discontinuation, the actuarial valuation was done using the "Projected Unit Credit" otherwise known as accrued benefit method. Gains and losses on experience adjustments and changes in actuarial assumptions are charged to other comprehensive income. The defined benefit obligation was actuarially determined by HR Nigeria Limited (FRC/NAS/00000000738) as at 31 December 2014. There were no explicit/physical assets held to fund gratuities. Gratuity payments are met by the Company on a pay-as-you-go basis.
The liability at the termination date was transferred to a payable account. No further benefits accrued as at 31 December 2015.

(a) The details of the defined benefit plans are as below:

In thousands of Naira	31-Dec-15	31-Dec-14
Fair value of planned asset	-	-
Present value of defined benefit obligation	-	313,628
Deficit in the plan	-	313,628

(b) Present value of defined benefit obligation

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	313,628	346,303
Included in profit or loss:		
Current service cost	-	32,765
Interest cost	-	45,923
Total recognised to profit or loss (see note 30)	-	78,688
Benefit paid by the employer	-	(60,464)
Included in OCI:	-	
Actuarial gains - change in assumption	-	(29,631)
Actuarial (gains)/losses - experience adjustment	-	(21,268)
Total recognised to OCI	-	(50,899)
Income tax effect	-	(15,270)
	313,628	313,628
Transferred to gratuity payable (see note 16)	(313,628)	
Balance, end of year	-	313,628

In thousands of Naira	31-Dec-15	31-Dec-14
Current	-	-
Non-current	-	313,628
	-	313,628

(d) Actuarial assumptions
The following are the principal actuarial assumptions at the reporting date

	31-Dec-15	31-Dec-14
Discount rate	-	15%
Rate of inflation	-	9%
Rate of salary increase	-	12%
Mortality rate	-	A67/70 ultimate tables
Retirement age	-	55years

(e) Sensitivity analysis for actuarial assumptions

	General Business		Life Business	
	Changes in variables	Impact on accrued Liability	Changes in variables	Impact on accrued liability
In thousands of Naira				
Base		263,243		50,385
Discount rate	+1%	247,817	+1%	48,354
	-1%	280,284	-1%	52,596
Salary increase	+1%	281,799	+1%	52,871
	-1%	246,235	-1%	48,068
Life expectancy	-1 year	263,272	-1 year	50,384
	1 year	263,216	1 year	50,385

18 Current tax liabilities

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

In thousands of Naira	31-Dec-15	31-Dec-14
Balance, beginning of year	290,901	291,146
Charge for the year	45,398	10,649
Tax paid during the year	(30,239)	(10,894)
Balance, end of year	306,060	290,901

Current tax liabilities can be analysed as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
Company Income tax	300,959	290,901
Education tax	5,101	-
Balance, end of year	306,060	290,901

19 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-15	31-Dec-14
Balance, beginning of year	156,038	47,516
(Credit)/Charge to profit and loss account for the year	(104,643)	103,906
Recognised in OCI		
Tax impact on exchange gain reserves (see note 20.9)	915	-
Tax impact on asset revaluation reserve (see note 20.5)	(10,962)	4,616
Balance, end of year	41,348	156,038

At year end, deferred tax asset of ₦308 million (31 December 2014: ₦485 million) had not been recognised because the directors have determined that it is currently uncertain that there will be future taxable profit against which the tax assets can be utilised.

The analysis of unrecognised deferred tax asset is as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
Retirement benefit obligation	-	(78,818)
Unrelieved losses	(308,323)	(406,584)
	(308,323)	(485,402)

Recognised deferred tax (assets) and liabilities are attributable to :

In thousands of Naira	31-Dec-15	31-Dec-14
Property and equipment	40,433	171,308
Retirement benefit obligation	-	(15,270)
Unrealised exchange gains	915	-
	41,348	156,038

20 Capital and reserves

20.1 Share capital

Share capital comprises:

	31-Dec-15	31-Dec-14
In thousands of Naira		
(a) **Authorised:**		
Ordinary shares of 50k each:		
9,100,000,000 units (2014: 9,100,000,000 units)	4,550,000	4,550,000
(b) **Issued and fully paid**		
Ordinary shares of 50k each:		
General business 1,653,450,780 units (2014: 2,349,947,000 units) (see (i) below)	826,725	1,174,974
Life business 1,547,946,280 units (2014: 2,200,000,000 units) (see (ii) below)	773,973	1,100,000
3,201,034,694 units (2014: 4,549,947,000 units)	1,600,699	2,274,974

(i) *General business*		
Ordinary shares of 50k each:		
At 1 January (2,349,947,000 units)	1,174,974	1,174,974
Surrender/Forefeiture (696,496,220 units) (see (iii) below)	(348,248)	-
At 31 December (1,653,450,780 units)	826,725	1,174,974
(ii) *Life business*		
Ordinary shares of 50k each:		
At 1 January (2,200,000,000 units)	1,100,000	1,100,000
Surrender/Forefeiture (652,053,720 units) (see iii below)	(326,027)	-
At 31 December (1,548,826,098 units)	773,973	1,100,000

(iii) During the year, the interim Board obtained approval from the Securities and Exchange Commission to cancel shares surrendered and forfeited; by the Company's shareholders who acquired shares without consideration between 1995 and 2006. The shares were surrendered and forfeited between 2014 and 2015. The analysis of the shares are shown below:

	Units	Nominal value at 50kobo each
Total non-cash shares	2,548,774,014	1,274,387,007
Total shares surrendered	(1,214,604,485)	(607,302,243)
Total shares forefeited	(133,945,456)	(66,972,728)
	(1,348,549,941)	(674,274,971)
Outstanding shares	**1,200,224,073**	**600,112,037**
General business		348,248,110
Life business		326,026,860
		674,274,971

20.2 **Share premium**

The movement in share premium can be analysed as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
At 1 January	2,663,798	2,663,798
Surrender/forefeiture	(674,275)	-
At 31 December	1,989,523	2,663,798

20.3 **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.
No transfer was made to contingency reserves for General business during the year as the reserves had reached the regulatory cap (minimum paid-up share capital) in line with the Insurance Act.

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

In thousands of Naira	31-Dec-15	31-Dec-14
At 1 January	1,482,547	1,404,000
Transfer during the year	6,727	78,547
At 31 December	1,489,274	1,482,547

20.4 **Retained earnings**

The movement in retained earnings can be analysed as follows:

In thousands of Naira	31-Dec-15	31-Dec-14
At 1 January	(11,004,185)	(10,396,431)
Loss for the year	(350,206)	(529,207)
Transfer to contingency reserves	(6,727)	(78,547)
Surrender/forefeiture	1,348,550	-
Transfer from actuarial valuation reserves (see note 20.8 below)	22,259	-
Transfer from asset revaluation reserves (see note 20.5)	697,716	-
At 31 December	(9,292,593)	(11,004,185)

20.5 **Asset revaluation reserves**

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

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

In thousands of Naira	31-Dec-15	31-Dec-14
At 1 January	686,754	675,823
Fair value gain on revalued land and building	-	15,616
Deferred tax reversal/(charge) (see note 20)	10,962	(4,685)
Transfer into retained earnings (see note 20.4 above)	(697,716)	-
At 31 December	-	686,754

The revaluation reserve reversed to retained earnings form part of the revaluation reserve initially recognized in 2005 when the Company's property and equipment were revalued and which was later used to inappropriately issue shares to shareholders and directors of the Company in 2005 and 2006.

The revaluation reserve was restated in the 2011 financial statements when the initial Interim Board and Management discovered that shares were previously issued to key shareholders and directors of the Company from unrealized revaluation surpluses on property and equipment. The revaluation reserve was further written down following subsequent revaluation of the Company's property in 2013 and 2014.

Having concluded the reconciliation of the shares issued without consideration and the historical revaluation reserve on property and equipment, the outstanding revaluation reserve of N 686,754 ,000 is now being reversed with the resultant effect on the retained earnings of the Company

20.6 **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-15	31-Dec-14
In thousands of Naira		
At 1 January	19,367	27,340
Fair value loss (see note 6(a)(i))	(6,765)	(7,973)
At 31 December	12,602	19,367

20.7 **Treasury shares**

The Company held its own shares in as at the year end. The carrying amount of the shares as at year end was ₦47,350,000 (2014: ₦47,350,000).

20.8 **Actuarial reserves**

This reserve represents net actuarial gain/(loss) on defined benefit obligation. See statement of changes in equity for movement in actuarial reserves.

Movement in actuarial reserves can be analysed as follows

	31-Dec-15	31-Dec-14
In thousands of Naira		
At 1 January	22,259	(28,640)
Remeasurment of defined benefit obligatior	-	50,899
Transfer to retained earnings upon termination of defined benefit obligation scheme (see note 20.4)	(22,259)	-
At 31 December	-	22,259

20.9 **Exchange gains reserve**

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

Movement in exchange gains reserve is analysed below

	31-Dec-15	31-Dec-14
In thousands of Naira		
At 1 January	-	-
Exchange gains on available for sale financial assets (see note 6(a)(i))	3,050	-
Deferred tax	(915)	-
At 31 December	2,135	-

21 Gross premium written

In thousands of Naira	31-Dec-15	31-Dec-14
Gross premium arising from insurance contracts issued	2,405,185	3,113,179
Decrease/(increase) in unearned premium	132,630	624,072
	2,537,815	3,737,251

22 Changes in unearned premium provision

In thousands of Naira	31-Dec-15	31-Dec-14
General business:		
(Increase)/decrease		
Motor	127,872	24,103
Fire	20,976	40,134
General accident	21,289	42,527
Bond	3,055	744
Marine	(51,042)	20,800
Engineering	2,635	9,646
Oil & Gas	40,578	136,182
Aviation	4,110	1,327
	169,473	275,463
Life business:		
In thousands of Naira		
Changes in individual life	(6,698)	50,557
Changes in group life	(30,145)	298,052
	(36,843)	348,609
	132,630	624,072

23 Reinsurance expenses

In thousands of Naira	31-Dec-15	31-Dec-14
Reinsurance premium paid	640,079	480,040
Increase in unexpired reinsurance cost	(167,985)	(84,531)
	472,094	395,509

24 Fees and commissions

In thousands of Naira	31-Dec-15	31-Dec-14
Commissions earned on insurance contract	65,463	82,215
	65,463	82,215

25 Claims expenses

In thousands of Naira	31-Dec-15	31-Dec-14
Net benefit and claims incurred	1,061,271	1,775,166

	31-Dec-15	31-Dec-14
General business		
Gross claims paid (see note 13.1(i))	589,264	777,149
Claim recoveries	(90,256)	(27,202)
Gross change in insurance contract liabilities (see note 13.1(ii))	(186,486)	41,672
	312,522	791,619

Life business		
Gross claims paid (see note 13.2(i))	561,633	600,617
Claim recoveries	(31,579)	7,282
Gross change in insurance contract liabilities (see note 13.2(ii))	218,695	375,648
	748,749	983,547
	1,061,271	1,775,166

26 Underwriting expenses

	31-Dec-15	31-Dec-14
In thousands of Naira		
Acquisition expenses	342,475	429,330
Maintenance expenses	114,826	239,408
	457,301	668,738

26.1 Acquisition expenses

	31-Dec-15	31-Dec-14
In thousands of Naira		
General business:		
Commission paid	261,997	365,165
Movement in deferred acquisition cost (see note 9(b))	(12,937)	(22,941)
	249,060	342,224
Life business:		
Individual life	18,161	12,382
Group life	70,811	64,892
Investment contract liability	4,443	9,832
	93,415	87,106
	342,475	429,330

26.2 Maintenance expenses

	31-Dec-15	31-Dec-14
In thousands of Naira		
General business:		
Handling charges	574	89,169
Marketing expenses	65,420	88,137
Other maintenance expenses	33,322	33,064
	99,316	210,370
Life business:		
Marketing expenses	8,932	17,533
Handling charges	6,578	11,505
	15,510	29,038
	114,826	239,408

27 Investment income

	31-Dec-15	31-Dec-14
In thousands of Naira		
Investment income on fixed deposit	12,592	1,720
Dividend income	675	971
Interest income	35,242	59,189
	48,509	61,880

(a) Investment income is analysed below:

In thousands of Naira	31-Dec-15	31-Dec-14
General business (see (i) below)	35,447	38,064
Life business(see (ii)(b) below)	5,878	10,717
	41,325	48,781
-Life investment contract (see (ii)(b) below)	7,184	13,099
	48,509	61,880

i General business:		
Interest income	35,447	37,589
Dividend income	-	475
	35,447	38,064

ii Life business:		
(a) Investment income		
Interest income	12,387	23,320
Dividend income	675	496
	13,062	23,816
(b) -Life business	5,878	10,717
-Life investment contract	7,184	13,099
	13,062	23,816

28 Other operating income

In thousands of Naira	31-Dec-15	31-Dec-14
Foreign exchange gain	11,269	-
Other operating income (see (a) below)	13,771	23,011
Provision no longer required (see (b) below)	16,720	-
	41,760	23,011

(a) Other operating income is analysed below:

In thousands of Naira	31-Dec-15	31-Dec-14
-General business	13,372	22,849
-Life business	399	73
	13,771	22,922
-Life investment contract	487	89
	14,258	23,011

Included in other operating income is gain on disposal of property and equipment of N1,535,000.00 (2014: N352,000.00)

(b) Provision no longer required relates to the reversal of the excess provision made over the years for the Annual General Meeting (AGM)

29 Management expenses

(a) Management expenses comprise:

In thousands of Naira	31-Dec-15	31-Dec-14
Employee benefit costs (note 30)	625,204	745,636
Depreciation of property, plant and equipment	59,129	67,439
Amortisation of intangible assets	-	684
Travelling & tours	26,009	40,494
Audit fees	15,000	18,500
Telecommunication	4,262	5,278
Professional fees	81,077	68,958
Training expense	19,017	35,599
Advertisement	24,605	14,514
Marketing expenses	-	80,618
NAICOM levy	17,423	23,748
Bank charges	7,810	14,134
Foreign exchange loss	-	8,591
Other management expenses (see c)	223,254	279,601
	1,102,790	1,403,794

(b) Management expenses is analysed below:

In thousands of Naira	31-Dec-15	31-Dec-14
Profit and loss accounts:		
-General business	976,528	1,256,925
-Life business	119,949	139,526
	1,096,477	1,396,451
-Life investment contract (see note 14(b))	6,313	7,343
	1,102,790	1,403,794

(c) Other management expenses is analysed below:

-General business: *In thousands of Naira*	31-Dec-15	31-Dec-14
Cleaning	4,600	4,206
Postage expenses	3,603	4,871
Printing & stationeries	7,474	8,720
Staff uniform	-	193
Subscriptions & Donations	8,396	10,539
Security	1,980	2,712
Motor running	15,030	29,829
Medical expenses	274	379
Insurance & licensing	10,665	11,668
Local transportation	2,009	2,056
Office provision	4,168	5,381
Newspaper & magazine	957	1,064
Computer & other consumable	13,610	13,747
Repairs & maintenance	11,987	10,575
Government levy	7,875	4,114
Penalties and fines	500	-
General expenses	12,704	53,823
Miscellaneous expenses	1,453	10,638
Fuel & oil	34,065	22,193
Entertainment	2,972	4,394
Electricity & water rate	3,856	4,534
Rent	10,547	9,719
Printing	-	230
Survey fee	-	896
Technology costs	43,081	36,886
	201,806	253,367

-Life business: *In thousands of Naira*	31-Dec-15	31-Dec-14
Cleaning	412	406
Postages	41	71
Stationeries	360	308
Motor running	2,152	4,045
Medical expenses	109	263
Insurance & licensing	80	806
Local transportation	678	1,293
Office provision	749	891
Newspaper & magazine	92	101
Computer & other consumables	626	1,164
Repairs & maintenance	258	469
General expenses	7,384	6,288
Fuel & oil	1,215	1,874
Entertainment	278	496
Electricity & water rate	438	488
Rent	5,398	3,926
Printing	618	1,320
Donations & subscriptions	560	2,025
	21,448	26,234
	223,254	279,601

30 Employee benefit costs

In thousands of Naira	31-Dec-15	31-Dec-14
Staff salaries & directors cost	588,895	599,872
Gratuity (see note 17)	-	78,688
Other staff benefit	13,866	42,842
Director's expenses	22,443	24,234
	625,204	745,636

(a) Staff information

Employees earning more than₦100,000 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-15 Numbers	31-Dec-14 Numbers
₦101,001 - ₦500,000	-	-
₦500,001 - ₦750,000	-	-
₦750,000 - ₦1,000,000	30	33
₦1,000,000 - ₦2,000,000	98	77
₦2,000,000 - ₦3,000,000	22	38
Over ₦3,000,000	47	41
	197	189

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

	31-Dec-15 Numbers	31-Dec-14 Numbers
Management staff	7	11
Non-management staff	190	178
	197	189

(c) Directors remuneration
In thousands of Naira

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

In thousands of Naira	31-Dec-15	31-Dec-14
Directors' fees	5,500	5,500
Other emoluments	28,327	51,418
	33,827	56,918

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

	31-Dec-15	31-Dec-14
Highest paid director (Managing Director)	19,489	19,489
	19,489	19,489

31 Net impairment (reversals)/losses

In thousands of Naira	31-Dec-15	31-Dec-14
Impairment loss/(reversal) on trade receivables (see 7(c))	(118,463)	(4,048)
Impairment loss/(reversal) on available for sale financial assets (see note 6(b))	14,295	-
Impairment charge/(reversal) on loans to policy holders (see note 10(a)(i))	5,727	-
Impairment charge/(reversal) on other receivables (see note 10(b)(i))	16,895	-
	(81,546)	(4,048)

(a) Analysis of net impairment losses

	31-Dec-15	31-Dec-14
i *General Business*		
Impairment loss/(reversals) on trade receivables	(24,001)	62,945
Impairment loss/(reversal) on available for sale financial assets	8,577	-
Impairment charge/(reversal) on other receivables	14,642	-
	(782)	62,945
ii *Life Business*		
Impairment loss/(reversals) on trade receivables	(94,462)	(66,993)
Impairment loss/(reversal) on available for sale financial assets	5,718	-
Impairment charge/(reversal) on staff loans and loans to policy holders	5,727	-
Impairment charge/(reversals) on other receivables	2,253	-
	(80,764)	(66,993)

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

32 Income tax expenses

In thousands of Naira	31-Dec-15	31-Dec-14
Company income tax	-	-
Minimum tax	40,297	10,649
Education tax	5,101	-
	45,398	10,649
Deferred tax charge/(credit) (see note 19)	(104,643)	103,906
	(59,245)	114,555

32.1 **Reconciliation of effective tax rate**	Rate	31-Dec-15	Rate	31-Dec-14
Loss before tax		(409,451)		(414,652)
Income tax using the domestic corporation tax rate	30%	(122,835)	-25%	103,906
Minimum tax	-10%	40,297	-3%	10,649
Education tax	-1%	5,101	0%	-
NITDA	0%	-	0%	-
Tax exempt income	0.2%	(895)	0%	(1,825)
Non-deductible expenses	-27%	111,583	-36%	147,325
Tax losses	0%	-	0%	-
Unrecognised deferred taxes	23%	(92,497)	35%	(145,500)
	14%	(59,245)	-28%	114,555

33 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 of ₦3,201,034,694 units (2014: ₦4,549,947,000 units). 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-15	31-Dec-14
Profit attributable to equity holders	(350,206)	(529,207)
Weighted average number of shares	3,201,397	4,549,947
Earnings per share - Basic (kobo)	(11)	(12)
Earnings per share - Diluted (kobo)	(11)	(12)

34 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 30c).

(b) Transactions with Key mangagement personnel

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

Director's remuneration

In thousands of Naira	**31-Dec-15**	**31-Dec-14**
Director's fees	5,500	5,500
Other emoluments	28,327	51,418
	33,827	**56,918**

35 Contingent liabilities, litigations and claims

The company, in its ordinary course of business, is presently involved in 1 case (2014:2) as a defendant. Litigation claims against the Company as at 31 December 2015 amounted to ₦16million (2014: ₦71 million). These litigations arose in the normal course of business and are being contested by the Company. The directors, having sought advice of professional counsel are of the opinion that no significant liability will crystallise from these claims. Accordingly, no provisions have been made in these financial statements.

36 Contravention of laws and regulations

The Company contravened certain laws and regulations during the year and paid a total penalty of ₦500,000 (2014: ₦1,075,000). This is analysed below:

Description	**31-Dec-15**	**31-Dec-14**
	N'000	N'000
Late submission of 2014 half-year returns	-	1,075
Late submission of 3rd and 4th quarter returns to the Securities and Exchange Commission	500	-
	500	1,075

37 Events after reporting date

The Interim Board of Directors was changed subsequent to year end. The Company continues to carry on its recapitalisation plan and is in discussions with potential investors.

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

38 Going concern

The Company made a loss after tax of ₦350,206,000 for the year ended 31 December 2015 (2014: ₦529,207,000) and as of that date, its total liabilities exceeded total assets by ₦4,245,710,000 (2014: ₦3,901,836,000). The operating losses mainly resulted from decreased premiums due to reduced business activities during the year.

The minimum regulatory capital required by the National Insurance Commission (NAICOM) for composite insurance business is ₦5 billion. The Company, with a negative shareholders' fund of ₦4,245,710,000 (2014: ₦3,901,836,000), is significantly below the minimum regulatory capital by ₦9,245,710,000 (2014: ₦8,901,836,000). 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 ₦6,191,612,000 as at 31 December 2015 (2014: ₦6,125,119,000) for the general insurance business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦4,643,812,000 as at 31 December 2015 (2014: ₦4,403,944,000) for the general and life insurance businesses.

The National Insurance Commission (NAICOM) has intervened with the appointment of the three man interim board in February 2016. The three man interim board has been charged with the responsibility of overseeing the affairs of the Company, recapitalizing and repositioning the Company. NAICOM also currently recognizes the Company as one of the operators in the insurance industry.

The three man interim Board has commenced plans to revive the Company. In the event that the Company does not succeed in recapitalizing, these conditions 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 or realize its assets and settle its liabilities in the normal course of business. The continuation of the Company's operations is dependent upon future profitability 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.

To address the going concern issue, the Company has taken steps to improve its operations by renewing its insurance permit to restore its market share in the Oil and gas businesses to significantly grow the Company's premiums. The Company also plans to raise additional capital in July 2017 through a recapitalization exercise. The Company is receiving continued support from NAICOM to retain its operating license as an insurer; within the next three years to enable it conclude the recapitalization exercise and continue in business.

Based on the abovc, the Directors expect the Company to be able to realise its assets and settle its obligations in the normal course of business.

39 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:

- 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, with a negative shareholders’ fund of ₦4,245,710,000 (2014: ₦3,901,836,000), is significantly below the minimum regulatory capital by ₦9,245,710,000 (2014: ₦8,901,836,000). 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 ₦6,191,612,000 as at 31 December 2015 (2014: ₦6,125,119,000) for the general insurance business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦4,643,812,000 as at 31 December 2015 (2014: ₦4,403,944,000) for the general and life insurance businesses . These constitute non-compliance with the regulatory capital requirements, which could lead to the withdrawal of the Company’s operating license. Also, the inadequate capital threatens the Company’s ability to carry out its normal operations. The continuation of the Company's operations is dependent upon future profitability and the ability of the Company to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligations as they fall due.

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

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

(i) **Solvency margin**

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

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

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

The solvency margin for composite business as at 31 December 2015 is as follows:

In thousands of Naira

			31-Dec-15	31-Dec-15	31-Dec-14*
	Admissible Assets:	**Total**	Inadmissible	Admissible	
	Cash and cash equivalents	64,851	-	64,851	59,974
	Financial assets	54,597	-	54,597	29,983
	Trade receivables	21,070	-	21,070	18,274
	Reinsurance assets	203,974	-	203,974	366,884
	Deferred acquisition cost	71,158	-	71,158	84,095
	Other receivables and prepayments	39,731	13,682	26,049	27,973
	Property and equipment	894,544	-	894,544	691,738
	Statutory deposits	500,000	-	500,000	300,000
	Total admissible assets	1,849,925	13,682	1,836,243	1,578,921
Less:	Total liabilities				
	Insurance contract liabilities	3,485,210	-	3,485,210	2,572,329
	Investment contract liabilities	1,501,028		1,501,028	
	Trade payables	178,794	-	178,794	77,849
	Other payables and accruals	583,195	-	583,195	1,544,871
	Retirement benefit obligations	-	-	-	263,243
	Current tax liabilities	306,060	-	306,060	245,748
	Deferred tax liabilities	41,348	41,348	-	-
(B)	Total liabilities	6,095,635	(41,348)	(6,054,287)	(4,704,040)

TEST OF SOLVENCY:

In thousands of Naira

		31-Dec-15	31-Dec-14
Excess of admissible assets over liabilities-solvency margin		(4,218,044)	(3,125,119)
TEST I	Gross premium income	2,537,815	2,646,227
	Less: Reinsurances	(472,094)	(390,576)
	Net Premium	2,065,721	2,255,651
	15% thereof	309,858	338,348
TEST II	Minimum paid up capital	5,000,000	3,000,000
	The highest thereof:	5,000,000	3,000,000
	Deficit of solvency	(9,218,044)	(6,125,119)
	Solvency Ratio	-84%	-104%

*The composite solvency margin computation for the year ended 31 December 2015 is not comparable with the solvency computation for the year 2014 because the prior year computation was for general business only.

The Company had a negative shareholders' fund of ₦4,245,710,000 as at 31 December 2015 (31 December 2014: ₦3,901,836,000) which was significantly below the minimum regulatory capital of ₦5,000,000,000 required for composite insurance business and a shortfall in solvency margin of ₦9,218,044,000 as at 31 December 2015.

See note 38 for the consequencies of non-compliance and efforts made by the Company to ensure compliance.

(c) **Operational Risks**

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

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

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

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

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

(d) **Financial risks**

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

Credit risks
Liquidity risks
Market risks

(e) **Credit risks**

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

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

The Company's credit risk appetite includes the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In thousands of Naira	**31-Dec-15**	**31-Dec-14**
Financial instruments		
Other receivables*	32,996	87,208
Reinsurance assets	203,974	376,180
Trade receivables	21,070	27,669
Cash and cash equivalents	64,851	70,975
	322,891	562,032

* Other receivables included here is net of prepayments.

Trade receivables

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

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

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

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

In thousands of Naira	31-Dec-15	31-Dec-14
Gross Amount		
Neither past due nor impaired	-	-
Past due but not impaired	21,070	27,669
Impaired	538,343	656,806
Total	559,413	684,475
Impairment		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	538,343	656,806
Total	538,343	656,806
Carrying Amount	**21,070**	**27,669**

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 in 2014.

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 as at the Company's reporting date.

Neither past due nor impaired

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

Allowances for impairment

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

Reinsurance

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

Money market investments

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

Other receivables

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

(f) **Liquidity risk**

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

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

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

Maturity profiles

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

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

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

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

Residual contractual maturity of financial assets and liabilities
As at 31 December 2015

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	64,851	64,851	64,851	-	-	-	64,851
Available for sale financial assets:								
Quoted equity securities	6(a)	34,947	34,947	-	-		34,947	34,947
Unquoted equity securities	6(a)	19,650	19,650	-	-	-	19,650	19,650
Trade receivables	7	21,070	21,070	21,070	-	-	-	21,070
Other receivables*	10	32,996	32,996	-	-	32,996	-	32,996
Reinsurance assets	8	203,974	203,974	203,974	-	-	-	203,974
		377,488	377,488	289,895	-	32,996	54,597	377,488
Liabilities								
Insurance contract liabilities	13	1,661,408	1,661,408	1,566,087	-	95,321	-	1,661,408
Investment contract liabilities	14	1,501,028	1,501,028	-	-	1,285,057	215,971	1,501,028
Trade payables	15	178,794	178,794	178,794	-	-	-	178,794
Other payables and accruals**	16	492,339	492,339	492,339	-	-	-	492,339
		3,833,569	3,833,569	2,237,220	-	1,380,378	215,971	3,833,569
Gap (assets-liabilities)		(3,456,081)	(3,456,081)	(1,947,325)	-	(1,347,382)	(161,374)	(3,456,081)

* Other receivables included here is net of prepayments
**Other payables included here is net of accruals

Residual contractual maturity of financial assets and liabilities
As at 31 December 2014

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	70,975	70,975	70,975	-	-	-	70,975
Available for sale financial assets:								
Quoted equity securities	6(a)	40,713	40,713	-	-		40,713	40,713
Unquoted equity securities	6(a)	14,295	14,295	-	-	-	14,295	14,295
Trade receivables	7	27,669	684,475	27,669	-	-	-	27,669
Other receivables*	10	87,208	357,525	-	-	87,208	270,317	357,525
Reinsurance assets	8	376,180	376,180	376,180	-	-	-	376,180
		617,040	1,544,163	474,824	-	87,208	325,325	887,357
Liabilities								
Insurance contract liabilities	14	1,847,894	1,847,894	1,329,017	-	518,877	-	1,847,894
Investment contract liabilities	15	1,285,057	1,285,057	-	-	1,082,794	202,263	1,285,057
Trade payables	16	102,776	102,776	102,776	-	-	-	102,776
Other payables and accruals**	17	33,136	256,509	256,509	-	-	-	256,509
		3,268,863	3,492,236	1,688,302	-	1,601,671	202,263	3,492,236
Gap (assets-liabilities)		(2,651,823)	(1,948,073)	(1,213,478)	-	(1,514,463)	123,062	(2,604,879)

* Other receivables included here is net of prepayments

**Other payables included here is net of accruals

(g) Market risks

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

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

(h) Currency risk

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

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

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

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

31 December 2015 *In thousands of Naira*	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents		54,849	9,033	583	386	-	64,851
Available for sale:							
Quoted equity securities	6(a)	34,947	-	-	-	-	34,947
Unquoted equity securities	6(a)	-	19,650	-	-	-	19,650
Other receivables		32,996	-	-	-	-	32,996
Trade receivables	7	21,070	-	-	-	-	21,070
Reinsurance assets	8	203,974	-	-	-	-	203,974
Total		347,836	28,683	583	386	-	377,488
Liabilities							
Insurance contract liabilities	13	1,661,408	-	-	-	-	1,661,408
Investment contract liabilities	15	1,501,028	-	-	-	-	1,501,028
Trade payables	16	178,794	-	-	-	-	178,794
Other payables and accruals	17	583,195	-	-	-	-	583,195
Total		3,924,425	-	-	-	-	3,924,425

Financial assets and liabilities by major currencies:

31 December 2014 *In thousands of Naira*		**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents		55,882	15,093	-	-	-	70,975
Available for sale:							
Quoted equity securities	6(a)	40,713	-	-	-	-	40,713
Unquoted equity securities	6(a)	14,295	-	-	-	-	14,295
Other receivables		87,208	-	-	-	-	87,208
Trade receivables	7	27,669	-	-	-	-	27,669
Reinsurance assets	8	376,180	-	-	-	-	376,180
Total		601,947	15,093	-	-	-	617,040
Liabilities							
Insurance contract liabilities	14	1,847,894	-	-	-	-	1,847,894
Investment contract liabilities	15	1,285,057	-	-	-	-	1,285,057
Trade payables	16	102,776	-	-	-	-	102,776
Other payables and accruals	17	256,509	-	-	-	-	256,509
Borrowings	18	-	-	-	-	-	-
Total		3,492,236	-	-	-	-	3,492,236

(i) **Interest rate risks**

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

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).
The Company monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed.

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

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.
The Company's exposure to interest rate risk is moderately low. This has been made possible through its conservative investment approach with investment in money market instruments. The carrying amount of these financial instrument is a reasonable approximation of their fair value.

(j) **Sensitivity analysis on financial assets**

As part of the Company’s investment strategy, in order to reduce both insurance and financial risk, the Company matches its investments to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit before tax and changes in fair value of financial assets whose fair values are recorded in the statement of changes in equity).

The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

		31-Dec-15	**31-Dec-14**
	Change in variables	Impact on profit before tax	Impact on profit before tax
		N’000	N’000
Exchange rate	10%	1,000	1,509
Interest yield curve	+100 basis point	485	619
Exchange rate	-10%	(1,000)	(1,509)
Interest yield curve	+100 basis point	(485)	(619)

(k) **Other market price risk**

The Company is exposed to equity price risk, which arises from available-for-sale equity securities. The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices. Material investment within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management committee. The primary goal of the Company's investment strategy is to maximize investment returns.

Equity price risk sensitivity

31-Dec-15			
	Increased by 1%	Increased by 4%	Decreased by 4%
Impact on profit	349	1,398	(1,398)
31-Dec-14			
	Increased by 1%	Increased by 4%	Decreased by 4%
Impact on profit	407	1,629	(1,629)

40 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-15
In thousands of Naira

	Notes	At fair value through P/L	Loans and receivables	Available for sale	Held to maturity	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	5	-	64,851	-	-	-	64,851	64,851
Financial assets	6	-	-	34,947	-	-	34,947	34,947
Trade receivables	7	-	21,070	-	-	-	21,070	21,070
Reinsurance assets	8	-	203,974	-	-	-	203,974	203,974
Other receivables*		-	32,996	-	-	-	32,996	32,996
Total		-	322,891	34,947	-	-	357,838	357,838
Liabilities								
Insurance contract liabilities	13	-	-	-	-	1,661,408	1,661,408	1,661,408
Investment contract liabilities	14	-	-	-	-	1,501,028	1,501,028	1,501,028
Trade payables	15	-	-	-	-	178,794	178,794	178,794
Other payables and accruals**	16	-	-	-	-	492,339	492,339	492,339
Total		-	-	-	-	3,833,569	3,833,569	3,833,569

*Other receivables is net of prepayments
**Other payables and accruals is net of accruals

31-Dec-14
In thousands of Naira

	Notes	At fair value through P/L	Loans and receivables	Available for sale	Held to maturity	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Assets:								
Cash and cash equivalents	5	-	70,975	-	-	-	70,975	70,975
Financial assets	6	-	-	40,713	-	-	40,713	40,713
Trade receivables	7	-	27,669	-	-	-	27,669	27,669
Reinsurance assets	8	-	376,180	-	-	-	376,180	376,180
Other receivables		-	87,208	-	-	-	87,208	87,208
Total		-	562,032	40,713	-	-	602,745	602,745
Liabilities								
Insurance contract liabilities	14		-	-	-	1,847,894	1,847,894	1,847,894
Investment contract liabilities	15		-	-	-	1,285,057	1,285,057	1,285,057
Trade payables	16		-	-	-	102,776	102,776	102,776
Other payables and accruals	17		-	-	-	33,136	33,136	33,136
Total		-	-	-	-	3,268,863	3,268,863	3,268,863

*Other receivables is net of prepayments
**Other payables and accruals is net of accruals

This does not include the Company's unquoted equity securities with a carrying amount of ₦19,650,000 (2014:₦14,295,000). Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

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

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

Determination of fair value and fair value hierarchy

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

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

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

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

31 December 2015
(in thousands of Naira)

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	-	-	-	-
Equities securities- Available for sale	34,947	-	-	34,947
Other financial assets designated at fair value	-	-	-	-
Total	**34,947**	**-**	**-**	**34,947**

31 December 2014
(in thousands of naira)

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	-	-	-	-
Equities securities- Available for sale	40,713	-	-	40,713
Other financial assets designated at fair value	-	-	-	-
Total	**40,713**	**-**	**-**	**40,713**

Determination of fair value for instruments not measured at fair value

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

Fair value of unquoted equity financial instruments

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

42 Insurance Risk

The claims development history of the Company as at 31 December 2015 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
2007	-	126,632	3,769	1,684	460	-	7	-	-
2008	202,442	125,376	6,963	6,782	4,886	28	3,164	-	
2009	217,503	126,174	9,793	3,528	218	-	-	-	
2010	223,690	166,728	19,978	1,967	21	-	-	-	
2011	197,034	126,498	6,786	1,884	1,893	-	-	-	
2012	240,225	124,243	9,614	945	-	-	-	-	
2013	170,497	86,654	10,161	-	-	-	-	-	
2014	143,983	80,530	-	-	-	-	-	-	
2015	112,559								

Table illustrates how claims paid relates to business written in each accident year.

Marine

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	31,617	3,463	1,075	844	-	-	-	-
2008	2,986	12,882	4,494	235	-	-	-	-	-
2009	1,953	19,693	1,132	1,367	-	-	575	-	-
2010	9,627	16,781	1,139	2,694	-	-	-	-	-
2011	9,640	13,644	6,560	635	20	-	-	-	-
2012	2,244	13,216	1,781	-	-	-	-	-	-
2013	10,922	7,676	635	-	-	-	-	-	-
2014	19,229	17,135	-	-	-	-	-	-	-
2015	11,839		-	-	-	-	-	-	-

General Accident

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	51,466	34,969	7,463	4,154	987	1,407	871	
2008	25,496	75,014	27,671	9,101	4,733	141	524	924	
2009	34,297	66,859	39,157	14,579	1,232	534	1,754	-	
2010	21,201	62,920	27,718	12,680	4,755	1,069	-	-	
2011	46,401	87,165	21,589	4,447	2,886	-	-	-	
2012	41,489	92,786	37,386	4,891	-	-	-	-	
2013	48,608	74,015	10,912	-	-	-	-	-	
2014	36,422	41,285	-	-	-	-	-	-	
2015	26,786								

Fire

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	52,457	10,354	32	335	649	-	-	
2008	30,837	21,003	9,507	109	525	-	-	-	
2009	12,040	33,803	12,574	309	9,623	-	-	-	
2010	19,835	20,587	3,426	599	316	-	-	-	
2011	19,069	51,601	8,891	506	279	-	-	-	
2012	21,140	41,565	5,059	15,023	-	-	-	-	
2013	45,627	54,823	1,664	-	-	-	-	-	
2014	25,987	39,876	-	-	-	-	-	-	
2015	18,458								

Engineering

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	1,492	252	58	22	-	-	-	
2008	3,308	10,964	1,161	11,665	23	-	-	-	
2009	1,090	4,562	288	82	6	342	-	-	
2010	3,663	6,877	6,245	763	508	-	-	-	
2011	1,286	6,832	3,342	641	-	-	-	-	
2012	6,977	18,637	2,296	2,650	-	-	-	-	
2013	1,732	1,226	388	-	-	-	-	-	
2014	5,168	16,561	-	-	-	-	-	-	
2015	4,159								

(b) **Cummulative Claims Development Pattern (Yearly Projections) (N)**

Motor

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	126,632	130,402	132,086	132,546	132,546	132,553	132,553	132,553
2008	202,442	327,818	334,781	341,564	346,449	346,477	349,642	349,642	349,642
2009	217,503	343,677	353,470	356,998	357,216	357,216	357,216	357,216	357,216
2010	223,690	390,417	410,396	412,362	412,384	412,384	412,409	412,409	412,409
2011	197,034	323,532	330,319	332,202	334,095	334,350	334,350	334,350	334,350
2012	240,225	364,468	374,082	375,027	375,340	375,347	375,347	375,347	375,347
2013	170,497	257,151	267,312	267,858	269,152	269,157	269,157	269,157	269,157
2014	143,983	224,513	231,652	233,821	234,950	234,955	234,955	234,955	234,955
2015	112,559	179,637	185,220	186,954	187,857	187,861	187,861	187,861	187,861

For instance; In 2008 the ultimate amount of claims incurred is N329.07 million

Marine

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	31,617	35,080	36,155	36,999	36,999	36,999	36,999	36,999
2008	2,986	15,869	20,362	20,597	20,597	20,597	20,597	20,597	20,597
2009	1,953	21,646	22,778	24,146	24,146	24,146	24,721	24,721	24,721
2010	9,627	26,408	27,547	30,241	30,241	30,241	30,241	30,241	30,241
2011	9,640	23,284	29,845	30,480	30,500	31,320	31,320	31,320	31,320
2012	2,244	15,460	17,242	17,242	20,383	20,383	20,383	20,383	20,383
2013	10,922	18,598	19,233	26,206	26,332	26,332	26,332	26,332	26,332
2014	19,229	36,364	40,194	41,726	41,926	41,926	41,926	41,926	41,926
2015	11,839	37,038	40,939	42,500	42,704	42,704	42,704	42,704	42,704

General Accident

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	51,466	86,434	93,897	98,051	99,039	100,446	101,317	101,317
2008	25,496	100,510	128,181	137,282	142,015	142,156	142,680	143,605	143,605
2009	34,297	101,156	140,313	154,892	156,124	156,659	158,412	160,660	160,660
2010	21,201	84,121	111,839	124,519	129,274	130,343	130,810	130,810	130,810
2011	46,401	133,566	155,155	159,602	162,489	167,900	168,518	168,518	168,518
2012	41,489	134,275	171,662	176,552	186,827	188,372	189,066	189,066	189,066
2013	48,608	122,623	133,535	165,418	170,147	171,554	172,186	172,186	172,186
2014	36,422	77,708	101,299	108,589	111,693	112,616	113,031	113,031	113,031
2015	26,786	82,714	108,715	116,538	119,870	120,861	121,306	121,306	121,306

Fire

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	52,457	62,811	62,842	63,177	63,826	63,826	63,826	63,826
2008	30,837	51,840	61,346	61,455	61,981	61,981	61,981	61,981	62,031
2009	12,040	45,844	58,417	58,727	68,350	68,350	68,350	69,298	69,298
2010	19,835	40,422	43,849	44,448	44,764	44,764	50,541	50,541	50,541
2011	19,069	70,670	79,561	80,066	80,345	96,803	96,803	96,803	96,803
2012	21,140	62,705	67,764	82,787	105,746	106,017	106,017	106,017	106,017
2013	45,627	100,450	102,114	115,520	119,872	120,179	120,179	120,179	120,179
2014	25,987	65,863	76,909	80,105	83,122	83,336	83,336	83,336	83,336
2015	18,458	49,929	56,796	59,156	61,385	61,542	61,542	61,542	61,542

Engineering

Accident Year	1	2	3	4	5	6	7	8	9
2007	-	1,492	1,744	1,802	1,824	1,824	1,824	1,824	1,824
2008	3,308	14,272	15,433	27,098	27,121	27,121	27,121	27,121	27,120
2009	1,090	5,652	5,940	6,022	6,028	6,369	6,369	6,368	6,368
2010	3,663	10,539	16,964	17,727	18,235	18,235	30,808	30,808	30,808
2011	1,286	8,118	11,460	12,100	12,100	15,519	15,519	15,519	15,519
2012	6,977	25,614	27,910	30,561	38,513	38,513	38,513	38,513	38,513
2013	1,732	2,958	3,346	5,257	5,302	5,302	5,302	5,302	5,302
2014	5,168	21,728	26,567	30,988	31,253	31,253	31,253	31,253	31,253
2015	4,159	16,798	20,501	23,913	24,118	24,118	24,118	24,118	24,118

42.1 Life Insurance Contracts
Sensitivity analysis report for life insurance liabilities

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Individual Traditional	58,201	54,206	63,872	63,502	54,065	68,345	51,474	59,918	57,562
Individual DA	165,790	165,790	165,790	165,790	165,790	165,790	165,790	165,790	165,790
Group DA	1,335,237	1,335,237	1,335,237	1,335,237	1,335,237	1,335,237	1,335,237	1,335,237	1,335,237
Group Life - UPR	193,363	193,363	193,363	193,363	193,363	193,363	193,363	193,363	193,363
Group Life - AURR	309,076	309,076	309,076	309,076	309,076	309,076	309,076	309,076	309,076
Group Life - IBNR	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Additional Reserves	-	-	-	-	-	-	-	-	-
Reinsurance	(17,660)	(17,660)	(17,660)	(17,660)	(17,660)	(17,660)	(17,660)	(17,660)	(17,660)
Net liability	**2,045,043**	**2,041,048**	**2,050,714**	**2,050,344**	**2,040,907**	**2,055,187**	**2,038,316**	**2,046,760**	**2,044,404**
% Change in net liability		**-0.20%**	**0.28%**	**0.26%**	**-0.20%**	**0.50%**	**-0.33%**	**0.08%**	**-0.03%**

Summary	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Individual	223,991	219,997	229,662	229,292	219,855	234,136	217,264	225,709	223,353
Group	1,821,052	1,821,052	1,821,052	1,821,052	1,821,052	1,821,052	1,821,052	1,821,052	1,821,052
Net liability	**2,045,043**	**2,041,049**	**2,050,714**	**2,050,344**	**2,040,907**	**2,055,188**	**2,038,316**	**2,046,761**	**2,044,405**
% change in liability	**-**	**-0.20%**	**0.28%**	**0.26%**	**-0.20%**	**0.50%**	**-0.33%**	**0.08%**	**-0.03%**

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.

42.2 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

Non life reserve sensitivity analysis

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Inflation Rate	(-1)% Inflation Rate	1% Discount Rate	(-1)% Discount Rate
General Accident	199,432,628	234,231,704	173,636,058	201,579,779	197,299,575	197,957,859	200,939,268
Engineering*	54,720,420	57,040,565	52,093,839	55,336,182	54,107,449	54,358,303	55,089,646
Fire	265,617,052	309,791,493	224,712,410	267,527,638	263,722,931	263,968,632	267,297,848
Marine	71,811,842	85,534,676	61,883,505	72,327,752	71,298,265	71,373,744	72,258,017
Motor	84,489,728	101,235,010	68,568,945	85,366,434	83,616,395	83,987,197	85,001,545
Bond*	51,574,714	53,114,220	49,298,722	51,574,714	51,574,714	51,083,697	52,076,822
Oil & Gas*	908,651,713	947,623,785	874,849,869	908,651,713	908,651,713	900,000,887	917,497,925
Aviation*	25,109,729	26,000,936	24,277,592	25,109,729	25,109,729	24,870,672	25,354,186
Total	**1,661,407,825**	**1,814,572,388**	**1,529,320,941**	**1,667,473,941**	**1,655,380,771**	**1,647,600,990**	**1,675,515,255**
Account Outstanding	1,558,849,975	1,558,849,975	1,558,849,975	1,558,849,975	1,558,849,975	1,558,849,975	1,558,849,975
IBNR	102,557,850	255,722,413	(29,529,034)	108,623,966	96,530,796	88,751,015	116,665,280
Percentage Change		**9.2%**	**-8.0%**	**0.4%**	**-0.4%**	**-0.8%**	**0.8%**

The key assumptions to which the estimation of liabilities is particularly sensitive to are as follows:

- Methods adopted assume the future claims follow a regression pattern from the historical data.

Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increase 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.

- An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.
- An assumption that gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claim expenses.
- The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
- An assumed loss ratio of 20% for Oil & Gas and 30% for Bond and Aviation respectively.

43 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.

43.1 Hypothecation

31-Dec-15

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents	5	-	12,697	52,154	64,851
Financial assets	6	54,597	-	-	54,597
Trade receivables	7	-	-	21,070	21,070
Reinsurance assets	8	203,974	-	-	203,974
Deferred acquisition cost	9	71,158		-	71,158
Other receivables and prepayments	10	-	-	39,731	39,731
Property and equipment	11	-	-	894,544	894,544
Statutory deposit	12	-	-	500,000	500,000
Total Assets		329,729	12,697	1,507,499	1,849,925
Liabilities					
Insurance contract liabilities	13	3,485,210	-	-	3,485,210
Investment contract liabilities	14	-	1,501,028	-	1,501,028
Trade payables	15	-	-	178,794	178,794
Other payables and accruals	16	-	-	583,195	583,195
Retirement benefit obligation	17	-	-	-	-
Current tax liabilities	18	-	-	306,060	306,060
Deferred tax liabilities	19	-	-	41,348	41,348
Total Liabilities		3,485,210	1,501,028	1,109,397	6,095,635
(Deficit)/surplus		(3,155,481)	(1,488,331)	398,102	(4,245,710)
Cummulative (deficit)/surplus		(3,155,481)	(4,643,812)	(4,245,710)	(4,245,710)

The Company is putting strategies in place to turnaround the deficit, via its recapitalisation plans.

43.2 Hypothecation
31-Dec-14

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents	5	-	11,001	59,974	70,975
Financial assets	6	55,008	-	-	55,008
Trade receivables	7	-	-	27,669	27,669
Reinsurance assets	8	376,180	-	-	376,180
Deferred acquisition cost	9	84,095		-	84,095
Other receivables and prepayments	10	-	-	95,279	95,279
Property and equipment	12	-	-	939,038	939,038
Statutory deposit	13	-	-	500,000	500,000
Total Assets		515,283	11,001	1,621,960	2,148,244
Liabilities					
Insurance contract liabilities	14	3,645,171	-	-	3,645,171
Investment contract liabilities	15	-	1,285,057	-	1,285,057
Trade payables	16	-	-	102,776	102,776
Other payables and accruals	17	-	-	256,509	256,509
Retirement benefit obligation	18	-	-	313,628	313,628
Current tax liabilities	19	-	-	290,901	290,901
Deferred tax liabilities	20	-	-	156,038	156,038
Total Liabilities		3,645,171	1,285,057	1,119,852	6,050,080
(Deficit)/surplus		(3,129,888)	(1,274,056)	502,108	(3,901,836)
Cummulative (deficit)/surplus		(3,129,888)	(4,403,944)	(3,901,836)	(3,901,836)

44 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, avaiation, Oil & gas, engineering, general accident and bond & indemnity insurance. These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damage as a result of policyholder’s accident.

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

Segment Profit or Loss and Other Comprehensive Income as at 31 December 2015

In thousands of Naira	General Insurance 2015	General Insurance 2014	Life Insurance 2015	Life Insurance 2014	Elimination of interbusiness transactions	Total 2015	Total 2014
Gross premium written	1,743,161	2,370,764	662,024	742,415	-	2,405,185	3,113,179
Gross premium income	1,912,635	2,646,227	625,180	1,091,024	-	2,537,815	3,737,251
Reinsurance expense	(456,723)	(390,576)	(15,371)	(4,933)	-	(472,094)	(395,509)
Net premium income	1,455,912	2,255,651	609,809	1,086,091	-	2,065,721	3,341,742
Fees and commission income	61,825	81,037	3,638	1,178	-	65,463	82,215
Net underwriting income	1,517,737	2,336,688	613,447	1,087,269	-	2,131,184	3,423,957
Claims expense	(312,522)	(791,619)	(748,749)	(983,547)	-	(1,061,271)	(1,775,166)
Underwriting expense	(348,376)	(552,594)	(108,925)	(116,144)	-	(457,301)	(668,738)
Underwriting profit/(loss)	856,839	992,475	(244,227)	(12,422)	-	612,612	980,053
Investment and other operating income	76,808	60,913	6,277	10,790	-	83,085	71,703
Impairment (losses)/reversals	782	(62,945)	80,764	66,993	-	81,546	4,048
Management expenses	(977,381)	(1,256,925)	(119,096)	(139,526)	-	(1,096,477)	(1,396,451)
Loss on life investment contract	-	-	(90,217)	(74,005)	-	(90,217)	(74,005)
Loss before tax	(42,952)	(266,482)	(366,499)	(148,169)	-	(409,451)	(414,652)
Income taxes	(43,805)	(117,851)	103,051	3,296	-	59,246	(114,555)
Loss after taxation	(86,757)	(384,333)	(263,448)	(144,873)	-	(350,205)	(529,207)
Other comprehensive income							
Items in other comprehensive income that may be reclassified subsequently to profit or loss							
assets	(4,660)	(7,973)	(2,105)	-	-	(6,765)	(7,973)
Exchange gains on available for sale financial assets	3,050	-	-	-	-	3,050	-
Fair value changes on property and equipment	-	10,786	-	5,102	-	-	15,888
Income tax effect	(915)	(3,236)	-	(1,531)	-	(915)	(4,767)
Items in other comprehensive income that will never be reclassified subsequently to profit or loss							
-Due to assumption	-	26,239	-	3,392	-	-	29,631
-Due to experience	-	14,806	-	6,462	-	-	21,268
-Income tax effect	-	(12,314)	-	(2,957)	-	-	(15,270)
Reversal of deferred tax on asset revaluation reserve	117,480	-	(106,519)	-	-	10,961	-
Total Comprehensive Income	28,198	(356,025)	(372,072)	(134,405)	-	(343,874)	(490,430)

Assets and liabilities *In thousands of Naira*	General Insurance 2015	General Insurance 2014	Life Insurance 2015	Life Insurance 2014	Elimination of interbusiness transactions	Total 2015	Total 2014
Tangible segment assets	1,318,285	1,605,519	1,910,805	1,865,890	(1,379,165)	1,849,925	3,471,409
Charged to other segments	-	-	-	-		-	-
Total assets	1,318,285	1,605,519	1,910,806	1,865,890	(1,379,165)	1,849,925	3,471,409
Segment liabilities	4,557,342	4,872,736	2,917,457	2,500,509	(1,379,165)	6,095,635	7,373,245
Charged to other segments	-	-	-	-		-	-
Total liabilities	4,557,342	4,872,736	2,917,458	2,500,509	(1,379,165)	6,095,635	7,373,245
Net assets	(3,239,057)	(3,267,217)	(1,006,653)	(634,620)	-	(4,245,710)	(3,901,837)

Other National Disclosures

Value Added Statement

(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-15	%	31-Dec-14	%
Gross premium income (Local)	2,537,815		3,737,251	
Investment income				
- Local	41,325		48,781	
- Foreign	-		-	
Other income				
- Local	41,760		23,011	
- Foreign	-		-	
Reinsurance, claims, commission & operating expenses				
- Local	(2,346,018)		(3,409,936)	
- Foreign	-		-	
Value added	**274,882**	**100**	**399,107**	**100**
Applied to pay:				
Employee benefit expense	625,204	227	745,636	187
Government as tax	(59,245)	-22	114,555	29
To providers of finance				-
To lenders	-		-	-
Retained in the business				-
Depreciation of property and equipment	59,129	22	67,439	17
Amortisation of intangible assets	-	0	684	0
To augment reserve	(350,206)	-127	(529,207)	(133)
Value added	**274,882**	**100**	**399,107**	**100**

Financial Summary

(All amounts in Naira thousands unless otherwise stated)

	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Cash & cash equivalents	64,851	70,975	349,665	308,783	415,854
Financial assets	54,597	55,008	62,982	57,294	43,960
Trade receivables	21,070	27,669	49,753	103,685	128,135
Reinsurance assets	203,974	376,180	446,172	583,149	632,347
Deferred acquisition cost	71,158	84,095	107,036	138,169	256,531
Other receivables and prepayments	39,731	95,279	116,930	89,888	47,594
Intangible assets	-	-	554	10,129	19,654
Property, plant and equipment	894,544	939,038	976,348	1,733,564	1,756,619
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	1,849,925	2,148,244	2,609,440	3,524,661	3,800,694
Liabilities					
Insurance contract liabilities	3,485,210	3,645,171	3,851,923	3,944,869	3,760,838
Investment contract liabilities	1,501,028	1,285,057	1,082,794	930,960	784,383
Trade payables	178,794	102,776	260,400	191,703	112,107
Other payables and accruals	583,195	256,509	155,844	207,315	82,820
Borrowings	-	-	-	351,878	330,402
Retirement benefit obligation	-	313,628	346,303	255,169	247,337
Current tax laibilities	306,060	290,901	291,146	322,315	314,897
Deferred tax liabilities	41,348	156,038	47,516	258,769	258,769
Total liabilities	6,095,635	6,050,080	6,035,926	6,462,978	5,891,554
Capital and reserves					
Issued and paid up share capital	1,600,699	2,274,974	2,274,974	2,274,974	2,274,974
Share premium	1,989,523	2,663,798	2,663,798	2,663,798	2,663,798
Contingency reserve	1,489,274	1,482,547	1,404,000	1,288,369	1,135,867
Retained earnings	(9,292,593)	(11,004,185)	(10,396,431)	(10,349,308)	(9,372,533)
Revaluation reserves	-	686,754	675,823	1,202,044	1,202,044
Available for sale reserve	12,602	19,367	27,340	21,654	5,796
Treasury shares	(47,350)	(47,350)	(47,350)	(39,850)	(805)
Actuarial reserves	-	22,259	(28,640)	-	-
Exchange gains reserves	2,135	-	-	-	-
Total Equity	(4,245,710)	(3,901,837)	(3,426,487)	(2,938,318)	(2,090,860)
Total equity and liabilities	1,849,925	2,148,244	2,609,440	3,524,661	3,800,694

STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Gross premium written	2,405,185	3,113,179	4,352,511	5,403,884	3,937,670
Premium earned	2,537,815	3,737,251	3,973,082	5,565,913	4,509,114
(Loss)/profit before taxation	(409,451)	(414,652)	180,094	(776,934)	(2,045,610)
Taxation	59,245	(114,555)	(111,586)	(47,338)	(257,167)
(Loss)/profit after taxation	(350,206)	(529,207)	68,508	(824,272)	(2,302,777)
Transfer to contingency reserve	6,727	78,547	115,631	152,502	96,170
Earnings per share (kobo)	(11)	(12)	2	(18)	(51)

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

General Business Statement of Financial Position

For the year ended 31 December, 2015

	Note	31-Dec-15	31-Dec-14
In thousands of Naira			
Assets			
Cash and cash equivalents		52,154	59,974
Other financial assets		37,395	29,983
Trade receivables		7,430	18,274
Reinsurance assets		180,179	366,884
Deferred acquisition cost	9	71,158	84,095
Other receivables and prepayments		19,117	54,571
Intangible assets		-	-
Property, plant and equipment		650,852	691,738
Statutory deposits	12	300,000	300,000
Total Assets		1,318,285	1,605,519
Liabilities			
Insurance contract liabilities	13	2,216,369	2,572,329
Trade payables		127,525	77,849
Other payables and accruals		1,902,002	1,544,871
Retirement benefit obligation		-	263,243
Current tax liabilities		254,245	245,748
Deferred tax liabilities		57,201	168,696
Total Liabilities		4,557,342	4,872,736
Capital and reserves			
Issued and paid up share capital	20.1	826,725	1,174,974
Share premium	20.2	1,254,500	1,679,666
Contingency reserve	20.3	1,373,474	1,373,474
Retained earnings	20.4	(6,651,062)	(8,043,603)
Revaluation reserves	20.5	-	562,567
Available for sale reserve	20.6	2,521	7,181
Treasury shares	20.7	(47,350)	(47,350)
Actuarial reserves	20.8	-	25,874
Exchange gain reserves	20.9	2,135	-
Shareholders funds		(3,239,057)	(3,267,217)
Total equity and liabilities		1,318,285	1,605,519

General Business Statement of Comprehensive Income

For the year ended 31 December 2015

In thousands of Naira	Note	31-Dec-15	31-Dec-14
Gross premium written		1,743,162	2,370,765
Gross premium income		1,912,635	2,646,227
Reinsurance expense		(456,723)	(390,576)
Net premium income		1,455,912	2,255,651
Fees and commission income		61,825	81,037
Net underwriting income		1,517,737	2,336,688
Claims expense	25	(312,522)	(791,619)
Underwriting expense		(348,376)	(552,594)
Underwriting profit		856,839	992,475
Investment and other operating income		76,808	60,913
Management expense	29(b)	(977,381)	(1,256,925)
Net impairment (losses)/reversals		782	(62,945)
Loss before taxation		(42,952)	(266,482)
Income taxes		(43,805)	(117,851)
Loss after taxation		(86,757)	(384,333)
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		(4,660)	(7,973)
Exchange gains on available for sale financial assets		3,050	
Income tax effect		(915)	(3,236)
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property & equipment		-	10,786
Actuarial gains/(losses) in defined benefit obligation liability			
-Due to assumption		-	26,239
-Due to experience		-	14,806
Income tax effect		-	(12,314)
Reversal of deferred tax on asset revaluation reserve		117,480	
Other comprehensive income for the year, net of tax		114,955	28,308
Total comprehensive income/(loss)		28,198	(356,025)

General Business Revenue Account

For the year ended 31 December 2015

In thousands of Naira	Notes	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	OIL & GAS	AVIATION	2015 TOTAL	2014 TOTAL
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
INCOME											
Direct Premium		767,438	156,345	312,438	141,111	63,578	50,137	234,101	11,683	1,736,831	2,351,663
Inward Reinsurance Premium		-	5,128	316	127	-	760	-	-	6,331	19,102
Gross Written Premium		767,438	161,473	312,754	141,238	63,578	50,897	234,101	11,683	1,743,162	2,370,765
Less: (Increase)/ decrease in unearned premium		127,872	20,976	21,289	(51,042)	3,055	2,635	40,578	4,110	169,473	275,463
Gross Premium income		895,310	182,449	334,043	90,196	66,633	53,532	274,679	15,793	1,912,635	2,646,228
Reinsurance Cost		(14,950)	(74,193)	(39,607)	(18,110)	(6,917)	(15,741)	(275,347)	(11,858)	(456,723)	(390,576)
Net Premium earned		880,360	108,256	294,436	72,086	59,716	37,791	(668)	3,935	1,455,912	2,255,652
Commissions earned		-	20,825	18,918	11,339	182	5,253	-	5,308	61,825	81,037
Total underwriting income		880,360	129,081	313,354	83,425	59,898	43,044	(668)	9,243	1,517,737	2,336,689
EXPENSES											
Gross Claims Paid	25	223,549	87,263	96,174	31,602	2,045	35,296	112,559	776	589,264	777,149
Increase/(decrease) in outstanding claims provision		(225,101)	(49,992)	(130,144)	(39,120)	(947)	5,417	229,351	24,050	(186,486)	41,672
Gross Claims incurred		(1,552)	37,271	(33,970)	(7,518)	1,098	40,713	341,910	24,826	402,778	818,821
Less: Reinsurance claims recoveries/recoverable	25	(25,644)	(12,599)	2,512	(36,461)	(497)	(16,783)	-	(784)	(90,256)	(27,205)
Net claims incurred		(27,196)	24,672	(31,458)	(43,979)	601	23,930	341,910	24,042	312,522	791,616
Add: Underwriting expenses:											
Acquisition expenses	26.1	106,907	42,198	64,504	12,776	11,586	10,445	(77)	721	249,060	342,224
Maintenance expenses: Handling charges	26.2	253	53	103	47	21	17	77	4	574	89,169
Marketing expenses	26.2	28,802	6,060	11,738	5,301	2,386	1,910	8,786	438	65,420	88,137
Other maintenance expenses	26.2	14,670	3,087	5,979	2,700	1,215	973	4,475	223	33,322	33,064
		150,631	51,398	82,323	20,823	15,208	13,344	13,261	1,387	348,376	552,594
Total expenses and claims incurred		123,435	76,070	50,865	(23,156)	15,809	37,274	355,170	25,429	660,898	1,344,210
Underwriting profit		756,925	53,011	262,489	106,581	44,089	5,770	(355,838)	(16,183)	856,839	992,475

Life Business Statement of Financial Position

For the year ended 31 December, 2015

	Note	31-Dec-15	31-Dec-14
In thousands of Naira			
Assets			
Cash and cash equivalents		12,697	11,001
Other financial assets		17,202	25,025
Trade receivables		13,639	9,395
Reinsurance assets		23,795	9,296
Other receivables and prepayments		1,383,927	1,351,213
Intangible assets		-	-
Property, plant and equipment		243,692	247,300
Deferred tax assets		15,853	12,659
Statutory deposits	12	200,000	200,000
Total Assets		1,910,805	1,865,890
Liabilities			
Insurance contract liabilities	13	1,268,841	1,072,842
Investment contract liabilities	14	1,501,028	1,285,057
Trade payables		21,203	24,927
Other payables and accruals		74,570	22,145
Retirement benefit obligation		-	50,385
Current tax liabilities		51,815	45,153
Deferred tax liabilities		-	-
Total Liabilities		2,917,457	2,500,509
Capital and reserves			
Issued and paid up share capital	20.1	773,973	1,100,000
Share premium	20.2	735,023	984,132
Contingency reserve	20.3	115,799	109,073
Retained earnings	20.4	(2,641,527)	(2,960,582)
Revaluation reserves	20.5	-	124,187
Available for sale reserve	20.6	10,080	12,186
Treasury shares	20.7	-	-
Actuarial reserves	22.8	-	(3,615)
Shareholders funds		(1,006,652)	(634,619)
Total equity and liabilities		1,910,805	1,865,890

Life Business Statement of Comprehensive Income

For the year ended 31 December 2015

In thousands of Naira	Note	31-Dec-15	31-Dec-14
Gross premium written		662,024	742,415
Gross premium income		625,180	1,091,024
Reinsurance expense		(15,371)	(4,933)
Net premium income		609,809	1,086,091
Fees and commission income		3,638	1,178
Net underwriting income		613,447	1,087,269
Claims expense	25	(748,749)	(983,547)
Underwriting expense		(108,925)	(116,144)
Underwriting profit		(244,227)	(12,422)
Investment and other operating income		6,277	10,790
Management expense	29(b)	(119,096)	(139,526)
Net impairment (losses)/reversals		80,764	66,993
Loss on investment contracts	14(b)	(90,217)	(74,005)
Loss before taxation		(366,499)	(148,169)
Income taxes		103,051	3,296
Loss after taxation		(263,448)	(144,873)
Items within other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income			
Fair value changes on available for sale financial assets		(2,105)	-
Income tax effect		-	(1,531)
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property & equipment		-	5,102
Actuarial gains/(losses) in defined benefit obligation liability			
-Due to assumption		-	3,392
-Due to experience		-	6,462
-Income tax effect		-	(2,956)
Reversal of deferred tax on asset revaluation reserve		(106,519)	
Other comprehensive income for the year, net of tax		(108,624)	10,468
Total comprehensive income		(372,072)	(134,405)

Other financial information

Life Business Revenue Account
For the year ended 31 December 2015

In thousands of Naira	Note	**Individual Life**	**Group Life**	**2015 Total**	**2014 Total**
Income					
Direct premiums		664,972	65,233	730,205	757,216
Less: (increase)/decrease in unearned premium		6,698	30,145	36,843	(348,609)
Gross premium income		658,274	35,088	693,362	1,105,825
Unbundling of life investment contracts		68,183	-	68,183	14,801
Reinsurance cost		820	14,551	15,371	4,933
Premium retained		657,454	20,537	609,808	1,086,091
Commission earned		-	3,638	3,638	1,178
Total underwriting income		657,454	24,175	613,446	1,087,269
Expenses					
Gross claims paid		-	527,802	527,802	588,033
Surrenders		4,282	-	4,282	6,432
Maturity claims		29,549	-	29,549	6,152
Increase/(decrease) in outstanding claims	25	-	290,686	218,695	375,648
Gross claims incurred		33,831	818,488	780,328	976,265
Reinsurance claims recoveries/recoverables	25	(26,027)	(5,552)	(31,579)	7,282
Net claims incurred	25	7,804	824,040	748,749	983,547
Acquisition expenses	26.1	22,604	70,811	93,414	87,106
Maintenance expenses: Handling expenses	26.2	588	5,990	8,932	17,533
Marketing expenses	26.2	798	8,134	6,578	11,505
Total expenses		31,794	908,975	857,673	1,099,691
Underwriting profit/(loss)		625,661	(884,800)	(244,227)	(12,422)