GOLDLINK INSURANCE PLC

FINANCIAL STATEMENTS TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORT

31 DECEMBER 2012

Draft for NAICOM discussion purposes only

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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

Directors

Former Board of Directors

Gbenga Afolayan *	Chairman
Femi Okunniyi*	Managing Director
Tony Efegherimoni*	Executive Director, Chief Financial Officer
Mr Samuel Idowu*	Director
Chief K.O Olufeko*	Director
Rt Rev Ranti Odubogun*	Director
Mr. Oraka Uchenna (Rep. SPDC West Cooperative Ltd)*	Director
Malam Mijinyawa S.Abubakar**	Independent Director (initially appointed in February 2012)

* Directors resigned in October 2012 following a directive from the National Insurance Commission.
**The Independent Director was reappointed into the interim board on 1 November 2012.

Interim board of directors and management

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

Bankers and other professional advisors

Mr Bode Sojobi	Company Secretary/Head Legal (resigned on 30 April 2013)
Tobi Olaleye	Company Secretary / Head Legal (appointed on15 April 2013)
Registered Office:	6, Emmanuel Street Maryland Lagos
Auditors:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos
Bankers:	Sterling Bank PLC Ecobank PLC Zenith bank PLC Guaranty Trust Bank PLC Access Bank PLC First Bank PLC
Reinsurers	African Reinsurance Corporation Continental Reinsurance Plc Munich Reinsurance of Africa Limited WAICA Reinsurance Corporation Nigeria Reinsurance Corporation Kenya reinsurance CICA Reinsurance Company Limited Aveni Reinsurance Corporation
Actuaries	HR Nigeria Limited FRC/NAS/00000000738

Directors' Report
For the year ended 31 December 2012

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 2012.

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 NSE by way of introduction on 12 February 2008.

The Company's principal activity continues to be 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 2012:

In thousands of Naira	**Company 2012**	**Company 2011**
Gross premium written	5,403,884	3,937,670
Profit/(loss) before income tax	(776,935)	(2,045,610)
Taxation	(47,338)	(257,167)
Profit/(loss) after taxation	(824,273)	(2,302,777)
Profit/(loss) attributable to equity holders	(824,273)	(2,302,777)
Transfer to statutory contingency reserve	(152,502)	(96,170)
Transfer to asset replacement reserve	-	-
Transfer to retained earnings	(976,776)	(2,398,947)
Shareholders' deficit	(2,938,319)	(2,090,859)
Earnings per share (k) – Basic	(18)	(51)
Earnings per share (k) – Diluted	(18)	(51)

Dividends

Proposed dividends:

No dividend was proposed for the year ended 31 December 2012.

Directors and their interest

The directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

		2012 Direct	2012 Indirect	2011 Direct	2011 Indirect
Mr Gbenga Afolayan**	Chairman	284,486,025	313,276,372	284,486,025	307,276,372
Mr Femi Okunniyi**	Managing Director	274,335,882	438,535,183	274,335,882	563,397,535
Mr Tony Efegherimoni**	Executive Director	27,686,456	151,999	27,686,456	899,999
Chief Kingsley Olanrewaju Olufeko*	Non Executive	8,978,860		8,978,860	896,957
Rt Rev Ranti Odubogun**	Non Executive	24,552,457	-	24,552,457	-
Mr Samuel Ebun Idowu**	Non Executive	14,569,667	-	32,569,667	-
Mr Oraka Uchenna (Rep of SPDC West Coop Society Ltd)*	Non Executive	40,569,667	-	40,569,667	-
Malam Mijinyawa.S.Abubakar***	Independent Director	-	-	-	-

Retirement and appointment of Directors

The Board of directors who served during the year under review resigned following misstatements observed in the audited financial statements of the Company as at 31 December 2011. This led to the appointment of an Interim Board of directors by the National Insurance Commission (NAICOM).The interim Board of directors was charged with the responsibility of carrying out full investigation on the draft financial reports and corporate governance failures observed by NAICOM in the course of reviewing the draft financial statements for the year ended 31 December 2011. Further to this, the Interim Board appointed KPMG to re-perform the audit of the statutory financial statements as at 31 December 2011 and to perform the audit of the Company as at 31 December 2012

Following the investigation by the Interim Board of directors, subsequent to the reporting period as disclosed in Note 42 to these financial statements, certain directors and shareholders of the Company acquired 2,548,774,014 shares without valuable consideration. The investigation also revealed that 1,058,187,422 units were issued to the serving directors and the Directors have surrendered 681,193,992 units as at date as shown below:

		Shares acquired	**Shares surrendered**
		Units	**Units**
Mr Gbenga Afolayan **	Chairman	520,333,972	335,993,529
Mr Femi Okunniyi **	Managing Director	426,320,969	278,391,883
Mr Tony Efegherimoni **	Executive Director	13,082,092	27,686,456
Rt Rev Ranti Odubogun **	Director	32,346,909	24,552,457
Mr Samuel Ebun Idowu **	Director	66,103,480	14,569,667
		1,058,187,422	**681,193,992**

* The directors resigned in October 2012.
**The directors resigned in October 2012 and they had shares issued without consideration as at 31 December 2012.
***The director was re-appointed into the interim board on 1 November 2012.
The interim Board of Directors and management that assumed duty on November 1, 2012 comprise the following:

Mr. James O. Ayo	Chairman
Mr. Gbolahan Olutayo	Managing Director
Mr. Adeyinka Olutungase	Executive Director
Professor Chioma Agomo	Director
Alhaji Sashe Ibrahim Dabana	Director
Malam Abubakar Sadiq Mijinyawa	Director
Ambassador Umaru Iliya Damagum	Director

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 2012:

	Interest	No. of Shares	% Holding
Unity Kapital Assurance Plc		1,254,073,219	27.56%
Osayameh R.K.O	Direct	100,000,001	2.20%
	Indirect	350,771,884	7.71%
Mr Gbenga Afolayan	Direct	284,486,025	6.25%
	Indirect	313,276,372	6.89%
Mr Femi Okunniyi	Direct	274,335,882	6.03%
	Indirect	438,535,183	9.64%

Analysis of shareholding

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

	2012	
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%

Share range	2011 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 N2,533,285 (2011: N3,915,000) during the year as follows:

Organisations:	**2012**
	₦
1 Chartered Insurance Institute of Nigeria	1,063,285
2 Foursquare Gospel Church	250,000
3 Faith in Christ Bible Church International	200,000
4 Nigerian Insurers Association	190,000
5 Lagos State Old People's Home	100,000
6 Institute of Human Virology	150,000
7 African Insurance Organisation	480,000
8 NAICOM	100,000
	2,533,285

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 31st December 2012 (31 December 2011: Nil), no disabled persons were in the employment of the Company.

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.

Acquisition of own shares

The Company reacquired its own shares during the year under review. The carrying amount of the shares as at year end was N39,045,000 (2011:805,000).

Post-balance sheet events

There were no post balance sheet events which could have had material effect on the financial position of the Company as at 31 December 2011 and the loss for the year then ended which have not been adequately provided for or disclosed.

Auditors

KPMG Professional Services have indicated their willingness to continue in office as auditors. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria, a resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

Tobi Olaleye
FRC/2014/NBA/000000008450
Company Secretary
6, Emmanuel Street Maryland Lagos
10 October 2014

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2012

The directors accept responsibility for the preparation of the annual financial statements set out on pages 31 to 107 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and National Insurance Commission (NAICOM) 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 reasons that the Company will not remain a going concern in the year ahead other than as disclosed in Note 43 to the financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mr. James Olatunde Ayo - Chairman
FRC/2014/CIIN/000000008352
10 October 2014

Mr. Gbolahan Olutayo - Managing Director
FRC/2014/IMN/00000007106
10 October 2014

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 and application 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 the various applicable Codes of Corporate Governance such as the SEC Code of Corporate Governance and the NAICOM Code of Corporate Governance with particular reference to compliance, disclosures and structure.

NAICOM's Code of Corporate Governance requires that an annual board appraisal be conducted by an Independent Consultant appointed by the Company, be submitted to NAICOM and presented to shareholders at the Annual General Meeting of the Company. The annual Board appraisal was not performed by the Company during the year under review. Also, the observed corporate governance failures noted in the Company led to the intervention of NAICOM during the year under review.

Governance Structure

The governance of the Company resides with the Board of Directors who are accountable to shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is responsible for the efficient operation of the Company and to ensure 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 Board comprised of eight (8) members, including the Chairman, two (2) Executive Directors, four (4) Non-Executive Directors, including one (1) Independent Director appointed based on the criteria laid down by NAICOM for the appointment of Independent Director(s). The Independent Director had no significant shareholding interest or any special business relationship with the Company. The Board meets quarterly and additional meetings are convened as and when required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Company. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met five (5) times during the year ended December 31, 2012.

The Board of directors who served during the year under review resigned following misstatements observed in the audited financial statements of the Company as at 31 December 2011. This led to the appointment of an interim Board of directors by the National Insurance Commission (NAICOM).The interim Board of directors was charged with the responsibility of carrying out full investigation on the draft financial reports and corporate governance failures observed by NAICOM in the course of reviewing the draft financial statements for the year ended 31 December 2011. Further to this, the Interim Board appointed KPMG to re-perform the audit of the statutory financial statements as at 31 December 2011 as well as the year under review.

The Interim Board comprises seven (7) members, including the Chairman, two (2) Executive Directors, and four (4) Non-Executive Directors. The effectiveness of the interim board and management derives from the appropriate balance and mix of skills and experience of the Directors, both Executive and Non-Executive. 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.

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
- 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 former Chairman who was relieved of his post along with the former Board functioned in the capacity of an Executive which is a contravention of the of Code the Corporate Governance.

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.

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 and SEC Codes of corporate governance which stipulate that Executive Directors' remuneration should be limited to Directors' fees and reimbursable travel and hotel expenses.
Director's fees and sitting allowance was paid to only Non-executive directors as recommended by the Board Governance, Remuneration, and Establishment & General Purpose Committee.

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 (4) Committees, namely; Board Audit & Compliance Committee, Board Investment & Finance Committee, Board Risk Management and Technical Committee and the Board Governance, Remuneration, Establishment & General Purpose 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.

The Former Board and Corporate Governance Failure

According to the records obtained by the interim board and management from the Company's secretariat, only the Statutory Audit Committee of the former Board met regularly as recommended by the Code of Corporate Governance.

The Interim Board and Management

Immediately after appointment, the interim board and management reconstituted the Statutory Audit Committee and constituted other board committees as required by both NAICOM and SEC Code of Corporate Governance. The Committees make recommendations to the Board, which retains responsibility for final decision making. All Committees in the exercise of their powers as delegated conform to the regulations laid down by the Board, with well-defined terms of reference contained in their respective charters. The Committees render reports to the Board at the Board's quarterly meetings.

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 provides oversight functions with regards to both the Company's financial statements and 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:

The Former Committee

1	Mr Femi Okunniyi	Member (Managing Director)
2	Mr S. E. Idowu	Member (Director)
3	Chief K. O. Olufeko	Member (Director)

The Current Committee

1	Mallam Abubakar Mijinyawa	Member (Director)
2	Ambassador Iliya Umar Damagum	Member (Director)
3	Professor Chioma Agomo	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 shall be to approve all investment 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 will have 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 shall be 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 (Non – Executive Director)
2	Mr Gbolahan Olutayo	- Member (Managing Director)
3	Mr. Adeyinka Olutungase	- Member (Executive Director)

(iv) Board Governance, Remuneration and Establishment Committee

The Committee shall have supervisory functions over the whole Company, recruitment and ensuring corporate governance compliance. The main functions of the Committee shall be 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 Iliya Umar Damagum	Member (Director)

Attendance of Board and Board Committee Meeting

During 2012, only the Audit Committee of the former Board met in compliance with the required corporate governance standard of the Company while the other Committees of the Interim Board & Management were inaugurated in December 2012.

The table below shows the frequency of meetings of the Board of Directors, as well as Members' attendance for the year ended December 31, 2012.

The Former Board

S/N	NAME OF DIRECTOR	TITLE	NUMBER OF BOARD MEETINGS ATTENDED	DATE	DATE	DATE	DATE	DATE
1	Mr Gbenga Afolayan	Chairman	5	24-Feb-12	29-Aug-12	28-Sep-12	3-Oct-12	19-Oct-12
2	Chief Kingsley Olarenwaju Olufeko	Director	5	24-Feb-12	29-Aug-12	28-Sep-12	3-Oct-12	19-Oct-12
3	Rt Rev Ranti Odubogun	Director	5	24-Feb-12	29-Aug-12	28-Sep-12	3-Oct-12	19-Oct-12
4	Mr Samuel Ebun Idowu	Director	5	24-Feb-12	29-Aug-12	28-Sep-12	3-Oct-12	19-Oct-12
5	Mr Oraka Uchenna SPDC West Co-op Ltd	Director	-	-	-	-	-	-
6	Alhaji Abubakar Mijinyawa	Independent Director	5	24-Feb-12	29-Aug-12	28-Sep-12	3-Oct-12	19-Oct-12

The Interim Board and Management

S/N	NAME OF DIRECTOR	TITLE	NUMBER OF BOARD MEETINGS ATTENDED	DATE	DATE
1	Mr. James Ayo	Chairman	2	1-Nov-12	15-Dec-12
2	Mr. Gbolahan Olutayo	Managing Director	2	1-Nov-12	15-Dec-12
3	Mr. Adeyinka Olutungase	Finance Director	2	1-Nov-12	15-Dec-12
4	Alh. Sashe Dabana	Director	2	1-Nov-12	15-Dec-12
5	Professor Chioma Agomo	Director	2	1-Nov-12	15-Dec-12
6	Alhaji Abubakar Mijinyawa	Director	2	1-Nov-12	15-Dec-12
7	Amb. Iliya Umar Damagum	Director	2	1-Nov-12	15-Dec-12

Details of Board Committee Meetings and Attendance:

Board Audit & Compliance Committee

The Committee met 2 times during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	DATE	DATE
Elder (Dr.) A K Oniwinde	Chairman	2	24-Jan-12	12-Sep-12
Prince M O Oyedele	Member	2	24-Jan-12	12-Sep-12
Mr. Francis Okoro	Member	2	24-Jan-12	12-Sep-12
Mr. S E Idowu	Member	2	24-Jan-12	12-Sep-12
Mr. Femi Okunniyi	Member	2	24-Jan-12	12-Sep-12
Chief K O Olufeko	Member	2	24-Jan-12	12-Sep-12

Board Investment & Finance Committee:

The Committee was constituted by the Interim Board after their appointment in December 2012. Hence no Committee meetings were held.

Board Risk Management & Technical Committee

The Committee was constituted by the Interim Board after their appointment in December 2012. Hence no Committee meetings were held.

Board Governance, Remuneration, Establishment & General Purpose Committee

The Committee was constituted by the Interim Board after their appointment in December 2012. Hence no Committee meetings were held.

Annual Board Appraisal

The Code of Corporate Governance for the Insurance Industry recognizes the fact that a good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal covers all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in the Board performance, as well as the Company's compliance status with the provisions of NAICOM.

The annual Board appraisal was not conducted during the year to evaluate the performance of the Board and rate the performance of each individual Director in compliance with the requirements of NAICOM Code of Corporate Governance.

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 and SEC.
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 only 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

(i) **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 certifies each year to NAICOM/SEC that they are not aware of any other violation of the Corporate Governance Code, other than as disclosed during the course of the year.

Internal Management Structure: The Group 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 2012

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 2012 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.

Elder (Dr) A. K. Oniwinde
Chairman, Audit Committee
FRC/2013/CIIN/00000002850
10 October 2014
Members of the Audit Committee are:

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

In attendance:

Tobi Olaleye	Company Secretary

FRC/2014/NBA/000000008450
10 October 2014

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, 2012, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 107.

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 the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, 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 and fair presentation 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 2012, and of its financial performance and cash flows for the year ended in accordance with Statement of Accounting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, 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 43 to these financial statements which indicates that the Company recorded a loss after taxation of ₦ 824,273,000 for the year ended 31 December 2012 and as of that date, the Company's total liabilities exceeded its total assets by ₦ 2,938,319,000. The Company also had a negative shareholders' fund of ₦ 2,938,319,000 as at 31 December 2012 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 ₦4,647,663,000 as at 31 December 2012 for the general insurance business. These conditions, along with other matters as set forth in Note 43, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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 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
10 October 2014
Lagos, Nigeria

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 NSE by way of introduction on 12 February 2008.

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.

2.1 Basis of presentation

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as issued by the International Accounting Standards Board) 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 requirement of IFRS. These are the Company's first financial statements prepared in accordance with IFRS as issued by IASB, and IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRS has affected the reported financial position and financial performance is provided in notes to the accounts. The note includes reconciliations of equity and profit or loss for comparative periods reported under the Nigerian GAAP (previous GAAP) to those reported under IFRS as well as IFRS election options adopted by the Company.

The financial statements for the year ended 31 December 2012 were approved for issue by the Board of Directors on 10 October 2014.

(b) *Basis of measurement*

Subject to certain transition elections and exceptions disclosed in note 50, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS financial statements as at 1 January 2012 throughout all periods presented, as if these policies had always been in effect.

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;
- Financial assets are measured at fair value through profit or loss;
- Assets and liabilities held to maturity are measured at amortized cost;
- Loans and receivables are measured at amortized cost.

The directors are of the opinion that the Company will continue as a going concern for the foreseeable future other than as disclosed in note 43 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 (N), which is the Company’s presentation 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 2.2.18(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.

(vii) Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See Note 48 for assets allocation that covers policy holders' funds.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the National financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

i) Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 2.2.12(a)(ii) on accounting policy for outstanding claims.

ii) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 2.2.12(a)(i) on accounting for unearned premium and unexpired risk.

2.2 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and in preparing an opening IFRS statement of financial position at 1 January 2011 for purposes of the transition to IFRS.

2.2.1 Cash and cash equivalents

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within "other operating income".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in other comprehensive income.

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:

- financial assets at fair value through profit or loss;
- 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 provision for outstanding claims, investment contract liabilities, borrowings, trade payables and other payables.

(b) *Initial recognition*

Financial assets and liabilities 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 and liabilities 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) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading or assets designated as such on initial recognition. Financial assets classified as trading are acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss are investments the Company manages and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy.

These investments are initially recorded at fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in the profit or loss in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

(ii) *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. Fair values are determined in the same manner as for investments at fair value through profit or loss. 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.

(iii) *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. These are managed in accordance with a documented policy.

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.

(iv) *Held-to-maturity*

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.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs and are subsequently carried at amortised cost, using the effective interest method, less any accumulated impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying financial assets as held-to-maturity for the current and the following two financial years.

(v) *Other financial liabilities*

Financial liabilities which include insurance contract liabilities, investment contract liabilities, borrowings, trade payables 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.

(d) *Fair value measurement*

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm’s length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management’s best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the statement of financial position date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

(e) *Impairment of financial asset*

(i) *Financial assets carried at amortised cost*

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

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

For financial assets measured at the amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or 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 the income statement. 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 12 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.

(iii) *Trade receivables*

Trade receivables are initially recognised at fair value and subsequently measured at cost less provision for 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 the 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.

(f) *Offsetting financial instruments*

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

(g) *Derecognition of financial instruments*

Financial assets

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

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

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

2.2.7 Intangible assets

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and 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.

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 subsequent accumulated depreciation and impairment losses, if any.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the profit or loss.

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.
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:

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 estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. 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 within three years 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 Classification of 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 Comapny 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 as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

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. Guaranteed 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 premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognised gross of commission expense.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

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

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.

(ii) *Unearned premiums*

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(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, claims reimbursed and commission recovered 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 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) *Salvages*

Some non-life insurance contracts permit the Company to sell (usually damaged) property 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 net 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.

a. *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 two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. 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.

b. *Discounted inflation-adjusted basic chain ladder method*

Historical claims paid were grouped into 5 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 5 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 paid claims 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 paid claims till date minus claims outstanding.

c. *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 used to calculate the expected cumulative payments for the future development periods.
- The run off period is five (5) years and hence the method assumes no more claims will be paid subsequently.
- That weighted past average inflation will remain unchanged into the future.

d. *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 assuming loss ratio of 20% and 30% for Oil and gas and aviation business respectively, where loss ratio is defined as claims incurred divided by earned premiums. 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 annual 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 annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

2.2.15 Employment benefits

(a) 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 balance sheet 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.

(b) Post employment benefit

(i) *Defined contribution pension scheme*

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Company pays fixed contributions of 7.5% to a separate entity – Pension Fund Administrators; employees also pay the same fixed percentage to the same entity. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit or loss.

(ii) *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 liability recognised in the statement of financial position in respect of the unfunded defined benefit gratuity scheme is the present value of defined benefit obligation at the reporting date.

(c) Termination benefit

These refers to benefits paid to an employee when the employment is terminated before the expected retirement period.

Termination benefit is recognised at the earlier of when the offers cannot be withdrawn or as required under IAS 37 (provisions, contingent assets and liabilities).

2.2.16 Income tax

Income tax comprises current and deferred taxes. Income tax expense is recognised in the income statement 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 the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2.2.17 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.

(b) Finance leases

Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the outstanding balance of the liability.

The corresponding lease obligations, net of finance charges, are included in liabilities. The finance cost is charged to the income statement over the lease period according to the effective interest method. The equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term, if ownership does not pass at the end of the lease term. Leased assets under finance leases are treated in the same manner as property and equipment.

2.2.18 Share capital and reserves

(a) Share capital and premium

The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets. 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.

(c) Revaluation reserves

Assets revaluation reserves warehouses the fair value differences on the revaluation of items of property and equipment as at the statement of financial position date.

(d) Available for sale reserves

Available for sale reserves warehouses the fair value gains or losses on valuation of financial assets measured at fair value through equity.

(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.

2.2.19 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, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, 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".

2.2.20 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

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Company pays fixed contributions of 7.5% to a separate entity – Pension Fund Administrators; employees also pay (through deduction from payroll) the same fixed percentage 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.

(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 expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

2.2.21 Borrowings

Borrowings by way of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.
Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to profit or loss as incurred, except those that relate to qualifying assets. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

2.2.22 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, whose operating results are reviewed regularly by the Board of Directors (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available. Segment results include items directly attibutable to a segment as well as those that can be allocated on a reasonable basis.

2.2.23 New standards and interpretations not yet adopted

As at 31 December 2012, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these financial statements. The most significant new standards are addressed below:

(i) ***IFRS 9: Financial Instrument: Classification and Measurement***

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The standard is effective for annual years beginning on or after 1 January 2018.

The Company has commenced the process of evaluation the potential effect of this standard but is awaiting finalization of the limited amendments before the evaluation can be completed. Given the nature of the Company’s operations, this standard is not expected to have a significant impact on the Company’s financial statements.

(ii) ***IFRS 10: Financial Statements***

IFRS 10 replaces all of the consolidation guidance of IAS 27 and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IFRS 10 is effective for annual years beginning on or after 1 January 2013. This is not expected to have any impact on the Company because the Company does not have interest in investees companies that requires consolidation consideration.

(iii) ***IFRS 11 Joint Arrangements***

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly controlled entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual years beginning on or after 1 January 2013. This standard has no impact on the Company as it has no jointly controlled entity.

(iv) ***IFRS 12 Disclosure of Interests in Other Entities***

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual years beginning on or after 1 January 2013. This standard does not apply to the Company's current circumstances because the Company maintains a simple ownership structure.

(v) ***IFRS 13: Fair Value Measurement***

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Company is currently reviewing its methodologies for determining fair values. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Company to provide additional disclosures. These include fair value heirachy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Company has not early adopted IFRS 13.

(vi) ***Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)***

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Company will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar arrangements. The Company's reinsurance assets can be recovered through setting off or payments to the reinsurance companies. Thus the Company will provide information about the amounts netted off in the financial statements.

(vii) ***IAS 1: Presentation of Financial Statements***

IAS 1 addresses changes in the presentation of other Comprehensive Income. The amended standard emphasizes that profit or loss and other comprehensive income should be grouped together, i.e. either as a single "statement of profit or loss and comprehensive income", or as a separate "statement of profit or loss" and a "statement of comprehensive income". The former option is the existing practice of the Company. The Company will continue this practice and convert to the other option included in the amended IAS 1. This standard is applicable for annual years beginning on or after 1 July 2012, with early adoption permitted.

(viii) ***IAS 12 Income Taxes***

The amendments to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40; Investment Property. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This standard is applicable for annual years beginning on or after 1 January 2013, with early adoption permitted. This amendment has no impact on the Company's financial statements as the Company currently does not have investment properties.

(ix) ***IAS 19: Employee Benefits***

The amended IAS 19 states that changes in the defined benefit obligations and fair value of plan assets are recognized in the year as they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognized past service costs are recognized directly in other comprehensive income. Because actuarial gains and losses are longer deferred, affecting both the net defined benefit liability/asset and the amounts recognized in profit or loss are affected. The amended standard splits changes in defined benefit liabilities/ assets in:

- Service cost (including past service costs, curtailments and settlements)- in profit or loss:
- Net interest costs (i.e. net interest on the net defined benefit liability) - in profit or loss:
- Remeasurement of the defined benefit liability/asset -in other comprehensive income.

The Amended IAS 19 is effective for years beginning on or after 1 January 2013. The Company does not use corridor approach in the recognition of its liability on retirement benefit plans and thus, this standard has no impact on the Company's profit or loss.

(x) *Improvements to IFRSs*

In May 2012, the IASB issued improvements to IFRSs, an omnibus of amendments to its IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. These amendments do not have any material impact on the accounting policies, financial position or performance of the Company during the financial year. The amendments are listed below:

- IAS 1 Presentation of Financial Statements;
- IAS 16 Property, Plant and Equipment;
- IAS 28 Investments in Associates and Joint Ventures (2011);
- IAS 32 Financial Instruments: Presentation;
- IAS 34 Interim Financial Reporting.

2.3 First-time adoption of IFRS

These financial statements, for the year ended 31 December, 2012, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December, 2011, the Company prepared its financial statements in accordance with Nigerian Generally Accepted Accounting Practice (NGAAP). Accordingly, the Company has prepared financial statements which comply with IFRSs applicable for periods ending on or after 31 December, 2012, together with the comparative period data for the year ended 31 December, 2011. In preparing these financial statements, the Company’s opening statement of financial position was prepared as at 1 January, 2011, the Company’s date of transition to IFRS. Note 50 explains the principal adjustments made by the Company in restating its Nigerian GAAP statement of financial position as at 1 January, 2011 and its previous Nigerian GAAP financial statements for the year ended 31 December, 2011.

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. The carrying value of property, plant & equipment as at 31 December 2012 was N1,733,564,000 (2011: N1,756,619,000).

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 impairment 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 determined 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 evaluated 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 12 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 required the use of estimates based on passage of time and probability of recovery.

Statement of Financial Position

For the year ended 31 December, 2012

In thousands of Naira	Note	**31-Dec-12**	**31-Dec-11**	**1-Jan-11**
Assets				
Cash and cash equivalents	5	308,783	415,854	306,797
Financial assets	6	57,294	43,960	923,923
Trade receivables	7	103,685	128,135	524,571
Reinsurance assets	8	583,149	632,347	501,218
Deferred acquisition cost	9	138,169	256,531	237,361
Other receivables and prepayments	10	89,888	47,594	223,446
Intangible assets	11	10,129	19,654	29,908
Property, plant and equipment	12	1,733,564	1,756,619	1,819,591
Statutory deposits	13	500,000	500,000	500,000
Total Assets		3,524,661	3,800,694	5,066,815
Liabilities				
Insurance contract liabilities	14	3,944,869	3,760,838	3,349,892
Investment contract liabilities	15	930,960	784,383	619,141
Trade payables	16	191,703	112,107	44,493
Other payables and accruals	17	207,315	82,820	149,160
Borrowings	18	351,878	330,402	156,225
Retirement benefit obligation	19	255,169	247,337	211,020
Current tax liabilities	20	322,315	314,897	34,417
Deferred tax liabilities	21	258,769	258,769	306,019
Total Liabilities		6,462,978	5,891,553	4,870,367
Capital and reserves				
Issued and paid up share capital	22	2,274,974	2,274,974	2,274,974
Share premium	22.2	2,663,798	2,663,798	2,663,798
Contingency reserve	22.3	1,288,369	1,135,867	1,039,697
Retained earnings	22.4	(10,349,309)	(9,372,533)	(6,973,586)
Revaluation reserves	22.5	1,202,044	1,202,044	1,202,044
Available for sale reserve	22.6	21,654	5,796	(10,478)
Treasury shares	22.7	(39,850)	(805)	-
Shareholders funds/(deficit)		(2,938,319)	(2,090,859)	196,448
Total equity and liabilities		3,524,661	3,800,694	5,066,815

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 10 OCTOBER 2014 BY:

Mr. James Olatunde Ayo ______________________ Chairman
FRC/2014/CIIN/000000008352

Mr. Gbolahan Olutayo ______________________ Managing Director
FRC/2014/IMN/00000007106

Additionally certified by:

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

The significant accounting policies on pages 14 to 30 and the notes on pages 36 to 99 are an integral part of these financial statements.

Statement of Profit or loss and other comprehensive income

For the year ended 31 December 2012

In thousands of Naira	Note	31-Dec-12	31-Dec-11
Gross premium written	23	5,403,884	3,937,670
Gross premium income	23	5,565,913	4,509,114
Gross premium income	23	5,565,913	4,509,114
Reinsurance expense	25	(944,989)	(581,499)
Net premium income		4,620,924	3,927,615
Fees and commission income	26	79,625	78,678
Net underwriting income		4,700,549	4,006,293
Claims expense	27	(1,863,413)	(2,162,979)
Underwriting expenses	28	(1,764,712)	(693,146)
Underwriting profit		1,072,424	1,150,168
Investment income	29(b)	69,400	27,082
Other operating income	30	(18,320)	3,752
Impairment losses	34	(805,119)	(1,188,951)
Management expenses	31(b)	(1,061,989)	(1,984,526)
Loss on investment contract	15(b)	(33,330)	(53,135)
Profit/(loss) before tax		(776,935)	(2,045,610)
Income taxes	35	(47,338)	(257,167)
Profit/(loss) after taxation		(824,273)	(2,302,777)
Other comprehensive income, net of tax			
Items within other comprehensive income that may be reclassified to profit or loss			
Fair value changes of available for sale financial assets		15,858	8,161
Transfer to profit or loss for impairment of available for sale financial assets		-	8,113
Income tax effect		-	-
Items within other comprehensive income that will not be reclassified to profit or loss			
Actuarial gains/(losses) in defined benefit obligation		-	-
Income tax effect		-	-
Total other comprehensive income for the year		15,858	16,274
Total comprehensive income for the year		(808,415)	(2,286,503)
Earnings per share - Basic (Kobo)	36	(18)	(51)
Earnings per share - Diluted (Kobo)	37	(18)	(51)

The significant accounting policies on pages 14 to 30 and the notes on pages 36 to 99 are an integral part of these financial statements.

Statement of changes in Equity

For the year ended 31 December, 2012

In thousands of Naira		**Share capital**	**Share premium**	**Asset revaluation reserves**	**Available for sale reserve**	**Treasury shares**	**Contingency reserve**	**Retained earnings**	**Total**
As at 1 January, 2012	22.7	2,274,974	2,663,798	1,202,044	5,796	(805)	1,135,867	(9,372,533)	(2,090,859)
									-
Loss for the year		-	-	-	-	-	-	(824,273)	(824,273)
Other comprehensive income									
Fair value changes of available for sale financial assets		-	-	-	15,858	-	-	-	15,858
Transfer to statutory contingency reserve		-	-	-	-		152,502	(152,502)	-
Acquistion of treasury shares	22.7	-	-	-	-	(39,045)	-	-	(39,045)
									-
Total comprehensive income for the year		2,274,974	2,663,798	1,202,044	21,654	(39,850)	1,288,369	(10,349,309)	(2,938,319)
Transaction with owners:									
Bonus issue		-	-	-	-	-	-	-	-
Final dividend declared		-	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-	-	-
As at 31 December 2012		2,274,974	2,663,798	1,202,044	21,654	(39,850)	1,288,369	(10,349,309)	(2,938,319)

In thousands of Naira	**Share capital**	**Share premium**	**Asset revaluation reserves**	**Available for sale reserve**	**Treasury shares**	**Contingency reserve**	**Retained earnings**	**Total**
As at 1 January, 2011	2,274,974	2,663,798	1,202,044	(10,478)	-	1,039,697	(6,973,586)	196,448
Loss for the year	-	-	-	-	-	-	(2,302,777)	(2,302,777)
Other comprehensive income								
Fair value changes of available for sale financial assets	-	-	-	8,161	-	-	-	8,161
Recycling to profit or loss for impairment of available for sale financial assets	-	-	-	8,113	-	-	-	8,113
Transfer to statutory contingency reserve	-	-	-	-	-	96,170	(96,170)	-
Acquistion of treasury shares	-	-	-	-	(805)	-	-	(805)
Total comprehensive income for the year	2,274,974	2,663,798	1,202,044	5,796	(805)	1,135,867	(9,372,533)	(2,090,859)
Transaction with owners:								
Bonus issue	-	-	-	-	-	-	-	-
Final dividend declared	-	-	-	-	-	-	-	-
Deferred tax								
Total transactions with owners	-	-	-	-	-	-	-	-
As at 31 December 2011	2,274,974	2,663,798	1,202,044	5,796	(805)	1,135,867	(9,372,533)	(2,090,859)

Statement of cash flows

for the year ended 31 December 2012

In thousands of Naira	Note	**31-Dec-12**	**31-Dec-11**
Net cashflow from operating activities before changes in operating assets:	38	92,861	(779,279)
Changes in working capital			
Changes in trade receivables		(300,054)	143,257
Changes in reinsurance assets		49,198	(131,129)
Changes in other receivables and prepayments		(613,772)	20,640
Changes in deferred acquisition cost		118,362	(19,170)
Changes in trade payables		79,596	67,614
Changes in other payables and accruals		124,871	(67,379)
Changes in investment contract liabilities		146,577	165,242
Changes in insurance contract liabilities		184,031	410,946
Tax paid	20	(39,920)	(23,937)
VAT paid		(377)	(9,215)
Net cash flow from operating activities		(158,627)	(212,156)
Investing activities			
Acquisition of property and equipment	12	(56,360)	(38,713)
Acquisition of intangible assets	11	(875)	-
Purchase of available for sale financial assets	6.2	49,611	-
Proceeds from sale of available for sale financial assets		-	146,260
Dividend received	29	268	2,047
Interest received	29	76,480	38,247
Net cash flow from investing activities		69,124	147,841
Financing activities			
Acquisition of treasury shares		(39,045)	(805)
Increase in borrowings		21,476	174,177
Net cash (used)/flow from financing activities		(17,569)	173,372
Net increase/(decrease) in cash and cash equivalents		(107,073)	109,057
Cash and cash equivalents at beginning of year		415,854	306,797
Cash and cash equivalents at end of year	5	308,783	415,854

Notes to the financial statements

5 Cash and cash equivalents

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Cash in hand	2,563	596	301
Cash at bank	231,277	306,894	181,944
Short term bank deposits (see note (a) below)	71,943	108,364	124,552
Treasury bills	3,000	-	-
	308,783	415,854	306,797

(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 approximate fair value at the reporting date.

6 Financial assets

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Available for sale financial assets (see (a) below)	57,294	43,960	923,923
	57,294	43,960	923,923
Current	57,294	44,765	923,923
Non Current	-	-	-
	57,294	44,765	923,923

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Equity securities			
Quoted equities	28,771	53,371	150,029
Fair value gain/(loss) on quoted equities	10,556	16,274	-
	39,327	69,645	150,029
Unquoted at cost	1,083,589	1,083,588	1,134,589
Less: allowance for impairment loss	(1,065,622)	(1,109,273)	(360,695)
	17,967	(25,685)	773,894
	57,294	43,960	923,923
Current	57,294	43,960	923,923
Non Current	-	-	-
	57,294	43,960	923,923

(b) The movement in allowance for impairment losses on available for sale equities is as follows:

In thousands of Naira	31-Dec-12	31-Dec-11
Balance, beginning of year	1,109,273	360,695
(Reversal)/addition during the year (see note 34)	(43,651)	748,578
Balance, end of year	1,065,622	1,109,273

7 Trade Receivables

(a) Trade receivables comprise the following:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Due from contract holders	-	8,556	336,997
Due from brokers	480,442	518,910	379,358
Due from insurance companies	403,352	93,705	48,071
	883,794	621,170	764,426
Allowance for impairment losses (see (b) below)	(780,110)	(493,035)	(239,855)
	103,685	128,135	524,571

Trade receivables represent subsequent amounts collected by the Company as at the date of approval of the financial statements.

Current	883,794	621,170	764,426
Non-current	-	-	-
	883,794	621,170	764,426

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Analysis of insurance receivables in days			
0-90 days	103,685	127,337	800
91-180 days	-	1,598	492,235
181days and above	780,109	492,235	271,391
	883,794	621,170	764,426

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	493,034	239,855	-
Addition during the year (see note 34)	287,076	253,179	239,855
Balance, end of year	780,110	493,034	239,855

8 Reinsurance assets

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Prepaid re-insurance	152,299	160,631	105,784
Claims recoverable (see note 8.1)	430,850	471,716	395,434
	583,149	632,347	501,218
Allowance for impairment losses	-	-	-
	583,149	632,347	501,218

8.1 Claims recoverable are analysed as follows:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Recoverable on claims paid	11,184	184,481	205,130
Recoverable on outstanding claims	419,666	287,236	190,304
	430,850	471,716	395,434

	31-Dec-12	31-Dec-11	1-Jan-11
Current	583,149	632,347	501,218
Non-current	-	-	-
	583,149	632,347	501,218

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

(b) Reinsurance assets are not impaired as balances are set-off against payables from retrocession at the end of every quarter.

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-12	31-Dec-11	1-Jan-11
Motor	43,262	80,399	81,542
Fire	16,023	20,473	13,441
General accident	37,687	60,905	52,069
Marine	21,372	24,766	32,301
Aviation	1,960	765	82
Bond & Indemnity	2,665	3,015	10,168
Engineering	15,200	13,097	12,978
Oil & Gas	-	53,111	34,780
	138,169	256,531	237,361

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	256,531	237,361	91,638
Movement during the year (see note 28.1)	(118,362)	19,170	145,723
Balance, end of year	138,169	256,531	237,361

10 Other receivables and prepayments

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Loans	44,644	33,235	86,042
Prepaid rent	3,863	6,487	21,780
Other receivables	41,381	7,872	115,624
	89,888	47,594	223,446

10.1 Loans

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Staff loans	214,742	218,273	178,165
Loan to policy holders	10,773	5,619	-
	225,515	223,892	178,165
Impairment allowance	(180,871)	(190,657)	(92,123)
	44,644	33,235	86,042
Current	44,644	33,235	86,042
Non Current	-	-	-
	44,644	33,235	86,042

Loans to policy holders are not impaired as they are secured by the surrender value of policies in force as at the reporting period. They are repayable on demand and the carrying value approximates fair value

Included in staff loans is an amount of N 49.4 million (2011: N 49.4 million) availed to former directors. The amount has been fully provided for. However, the interim management is taking steps to ensure that the amounts are recovered from the entitlements of the former directors.

10.2 Movement in the allowances for impairment of staff loans are as follows:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	190,657	123,806	-
Additions during the year (see note 34)	-	66,851	92,123
Provision no longer required (see note 34)	(9,786)	-	-
Balance, end of year	180,871	190,657	92,123

11 Intangible assets

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Cost			
Balance, beginning of year	51,271	51,271	-
Additions	875	-	-
Disposals	-	-	-
Balance, end of year	52,146	51,271	51,271
Accumulated Amortisation			
Balance, beginning of year	31,617	21,363	-
Charge for the year	10,400	10,254	-
Disposal	-	-	-
Balance, end of year	42,017	31,617	21,363
Carrying value	10,129	19,654	29,908

The intangible assets of the Company comprise purchased computer software. They are measured at cost less accumulated amortisation and accumulated impairment in accordance with IAS 38 on intangible assets. These assets were tested for impairment and no impairments were required in respect of these intangible assets.

12 **Property and Equipment**	**Land and Building**	**Motor vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & fittings**	**Total**
In thousands of Naira						
Cost/valuation						
31-Dec-12						
Balance, beginning of year	1,911,076	216,035	33,415	18,877	27,706	2,207,109
Additions	19,314	28,620	1,493	4,043	2,890	56,360
Disposal	-	-	-	-	-	-
Balance, end of year	1,930,390	244,655	34,908	22,920	30,596	2,263,469
31-Dec-11						
Balance, beginning of year	1,911,076	197,355	19,150	15,275	25,540	2,168,396
Additions		18,680	14,265	3,602	2,166	38,713
Disposals	-	-	-	-	-	-
Balance, end of year	1,911,076	216,035	33,415	18,877	27,706	2,207,109
Accumulated depreciation						
31-Dec-12						
Balance, beginning of year	240,519	170,185	12,920	9,822	17,044	450,490
Additions	38,203	25,371	6,503	3,861	5,477	79,415
Disposals	-	-	-	-	-	-
Balance, end of year	278,722	195,556	19,423	13,683	22,521	529,905
31-Dec-11						
Balance, beginning of year	202,677	120,313	7,529	6,509	11,777	348,805
Additions	37,842	49,872	5,391	3,313	5,267	101,685
Disposals	-	-	-	-	-	-
Balance, end of year	240,519	170,185	12,920	9,822	17,044	450,490
Net Book Value						
Net book value 31 December 2012	1,651,668	49,099	15,485	9,237	8,075	1,733,564
Net book value 31 December 2011	1,670,557	45,850	20,495	9,055	10,662	1,756,619
Net book value 1 January 2011	1,708,399	77,042	11,621	8,766	13,763	1,819,591

(i) The land and buildings were revalued by Wole Ogungbola & Co., (Estate Surveyors and Valuers) on 13 May 2005 using Direct market comparison and depreciated replacement cost methods of valuation to arrive at the open market value.
(ii) Included in land and buildings is the Company's Head Office Building (N1.58billion), which was used to secure an overdraft facility with Sterling Bank
(iii) No leased assets are included in the fixed assets (31 December 2011: Nil)
(iv) The Company had no capital commitments as at the balance sheet date (31 December 2011: Nil)

13 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria at 31 December 2012, in compliance with the Insurance Act, CAP 117 LFN 2004 and comprise:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
General business	300,000	300,000	300,000
Life business	200,000	200,000	200,000
	500,000	500,000	500,000
Current	-	-	-
Non-current	500,000	500,000	500,000
	500,000	500,000	500,000

14 Insurance contract liabilities

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Notified claims	1,262,363	1,337,697	632,545
Claims incurred but not reported	641,367	360,793	614,472
Outstanding claims provision (see 14.1)	1,903,730	1,698,490	1,247,017
Provision for unearned premium (see 14.3)	1,038,339	1,237,992	1,440,302
	2,942,069	2,936,482	2,687,319
Life insurance contract liability (see 14.4)	146,291	108,667	477,801
Provision for outstanding claims (see 14.2)	856,509	715,689	184,772
	3,944,869	3,760,838	3,349,892
Current	1,262,363	1,337,697	632,545
Non-current	2,682,506	2,423,141	2,717,347
	3,944,869	3,760,838	3,349,892

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test for outstanding claims liability as at 31 December 2012 and the comparative period was done by HR Nigeria Limited (FRC/NAS/00000000738) while Alexander Forbes and HR Nigeria Limited performed liability adequacy test for life and non-life business respectively as at the transition date.

14.1 **Outstanding claims provision-General business**

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	1,698,490	1,247,017	
Claims incurred during the year	1,297,082	1,259,630	
Claims paid during the year (see note 27)	(1,091,842)	(808,157)	
Balance, end of year	1,903,730	1,698,490	1,247,017

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	1,698,490	1,247,017	
Movement during the year (see note 27)	205,240	451,473	
Balance, end of year	1,903,730	1,698,490	1,247,017

14.2 **Outstanding claims provision-Life business**

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Outstanding claims	193,724	238,419	184,772
IBNR	662,785	477,270	-
	856,509	715,689	184,772

(i) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	715,689	184,772	
Claims incurred during the year	734,354	1,074,549	
Claims paid during the year (see note 27)	(593,534)	(543,632)	
Balance, end of year	856,509	715,689	184,772

(ii) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	715,689	184,772	
Movement during the year (see note 27)	140,820	530,917	
Balance, end of year	856,509	715,689	184,772

14.3 **Provision for unearned premium**

Movement in provision for unearned premium

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	1,237,992	1,440,302	
Movement during the year (see note 24)	(199,653)	(202,309)	
Balance, end of year	1,038,339	1,237,992	1,440,302

14.4 **Life insurance contract liability**

Movement in life insurance contract liability

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	108,667	477,801	
Movement during the year	37,624	(369,134)	
Balance, end of year	146,291	108,667	477,801

15 Investment contract liabilities

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	784,383	619,141	585,288
Deposits received	228,593	279,218	229,551
Guaranteed interest (see note 33)	58,396	36,856	28,725
	1,071,372	935,215	843,564
Less: withdrawals	(140,412)	(150,832)	(224,423)
Balance, end of year	930,960	784,383	619,141
Current	784,383	619,141	684,561
Non current	146,577	165,242	(65,420)
	930,960	784,383	619,141

The balance of investment contract liabilities as at transition date has been adjusted with the impact of prior year errors noted as at December 2011.

15(b) Profit or loss on life investment contract

In thousands of Naira	31-Dec-12	31-Dec-11
Investment income	31,033	19,507
Guaranteed interest	(58,396)	(36,856)
Management expenses	(5,967)	(35,786)
Loss on life investment contract	(33,330)	(53,135)

16 Trade payables

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Due to Reinsurers	160,500	112,107	44,493
Trade creditors	31,203	-	-
	191,703	112,107	44,493
Current	191,703	112,107	44,493
Non current	-	-	-
	191,703	112,107	44,493

17 Other payables and accruals

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Other payables	136,339	12,683	119,150
Accruals	70,976	70,137	30,010
	207,315	82,820	149,160
Current	207,315	82,820	149,160
Non current	-	-	-
	207,315	82,820	149,160

18 Borrowings

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Overdraft facility	351,878	330,402	156,225
	351,878	330,402	156,225
Current	351,878	330,402	156,225
Non current	-	-	-
	351,878	330,402	156,225

This represents the outstanding overdraft facility obtained from Sterling Bank at an interest rate of 19%. The Company's head office building (N1.58billion) was used to secure the facility. The overdraft has a tenor of six (6) months and is rolled over on maturity; March 2013.

19 Retirement benefit obligation

The defined benefit obligation was actuarially determined at year end. The actuarial valuation was done using the "Projected Unit Credit" otherwise known as accrued benefit method. Gains and losses of changed actuarial assumptions are charged to the profit or loss. The defined benefit obligation was actuarially determined by HR Nigeria Limited as at 31 December 2012, 31 December 2011 and 1 January 2011.

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Fair value of planned asset	-	-	-
Present value of defined benefit obligation	255,169	247,337	211,020
Deficit in the plan	255,169	247,337	211,020

(b) Present value of defined benefit obligation

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	247,337	211,020	
Current service cost	21,795	19,145	
Interest cost	30,541	25,097	
Benefit paid by the employer	(24,066)	-	
Actuarial losses - change in assumption	-	1,005	
Actuarial gains - experience adjustment	(20,438)	(8,930)	
Balance, end of year	255,169	247,337	211,020
Current	-	-	-
Non-current	255,169	247,337	211,020
	255,169	247,337	211,020

(c) Movement in the fair value of plan assets

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Fair value of plan asset, beginning of year			
Employer contribution made during the year	24,066	-	-
Benefit paid by the employer	(24,066)	-	-
Expected return on plan assets	-	-	-
Actuarial gains/(losses) on plan assets	-	-	-
Closing fair value of plan asset	-	-	-

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

	31-Dec-12	31-Dec-11	1-Jan-11
Discount rate	13%	13%	12%
Rate of inflation	10%	10%	10%
Rate of salary increase	12%	12%	10%
Mortality rate	A67/70 ultimate tables	A67/70 ultimate tables	A67/70 ultimate tables
Retirement age	55years	55years	55years

20 Current tax liabilities

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

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
Balance, beginning of year	314,897	34,417	
Prior year under provision	-	190,066	
Charge for the year	47,338	114,351	
Tax paid during the year	(39,920)	(23,937)	
Balance, end of year	322,315	314,897	34,417

21 Deferred tax liabilities

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 thedeferred 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-12	31-Dec-11	1-Jan-11
Balance, beginning of year	258,769	306,019	43,767
(Credit)/charge to profit and loss account for the year	-	(47,250)	262,252
Balance, end of year	258,769	258,769	306,019

At year end, deferred tax asset of N 447 million (31 December 2011: N382 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-12	31-Dec-11
Property and equipment	-	-
Retirement benefit obligation	(14,732)	-
Unrelieved losses	(432,297)	(382,757)
	(447,029)	(382,757)

Recognised deferred tax assets and liabilities are attributable to :

In thousands of Naira	31-Dec-12	31-Dec-11
Property and equipment	320,588	320,588
Retirement benefit obligation	(61,819)	(61,819)
Unrelieved losses	-	-
	258,769	258,769

22 Capital and reserves

22.1 Share capital

Share capital comprises:

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
(a) **Authorised:**			
Ordinary shares of 50k each:			
9,100,000,000 units (2011:9,100,000,000 units)	4,550,000	4,550,000	4,550,000
(b) **Issued and fully paid**			
Ordinary shares of 50k each:			
General business 2,349,947,000 units (2011:2,349,947,000)	1,174,974	1,174,974	1,174,974
Life business 2,200,000,000 units (2011:2,200,000,000)	1,100,000	1,100,000	1,100,000
	2,274,974	2,274,974	2,274,974

22.2 **Share premium**

In thousands of Naira	31-Dec-12	31-Dec-11	1-Jan-11
	2,663,798	2,663,798	2,663,798

22.3 **Contingency reserve**

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

	31-Dec-12	31-Dec-11
Balance, beginning of year	1,135,867	1,039,697
Transfer during the year	152,502	96,170
Balance, end of year	1,288,369	1,135,867

22.4 **Retained earnings**

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equities for movement in retained earnings.

22.5 **Assets revaluation reserves**

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

22.6 **Fair value reserves**

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognised or impaired. See statement of changes in equity for movement in fair value reserve.

22.7 **Treasury shares**

The Company reacquired its own shares during the year under review. The carrying amount of the shares as at year end was N39,045,000 (2011:805,000).

23 Gross premium written

In thousands of Naira	31-Dec-12	31-Dec-11
Gross premium arising from insurance contracts issued	5,447,261	3,988,487
Unbundling of investment contracts	(43,377)	(50,817)
	5,403,884	3,937,670
Less: (increase)/decrease in unearned premium	162,029	571,443
	5,565,913	4,509,114

24 Changes in unearned premium provision

In thousands of Naira	31-Dec-12	31-Dec-11
General business:		
(Increase)/decrease		
Motor	161,432	154,456
Fire	23,822	(5,084)
General accident	75,076	32,860
Bond	(3,855)	40,173
Marine	(21,278)	67,579
Engineering	(10,938)	4,040
Oil & Gas	(21,595)	(90,181)
Aviation	(3,010)	(1,534)
	199,653	202,309
Life business:		
In thousands of Naira		
Changes in individual life	41,677	-
Changes in group life	(79,301)	369,134
Changes in investment contract liabilities (see note 15)	-	-
	(37,624)	369,134
	162,029	571,443

25 Reinsurance expenses

In thousands of Naira	31-Dec-12	31-Dec-11
Reinsurance premium paid	938,054	635,094
Less: Increase in unexpired reinsurance cost	8,584	(54,847)
Reinsurance recoveries	(1,649)	1,251
	944,989	581,498

26 Fees and commissions

In thousands of Naira	31-Dec-12	31-Dec-11
Commissions earned on Insurance contract	79,625	78,678
	79,625	78,678

27 Claims expenses

In thousands of Naira	31-Dec-12	31-Dec-11
Net benefit and claims incurred	1,863,413	2,162,979

	31-Dec-12	31-Dec-11
General business		
Gross premium and claims paid (see note 14.1(i))	1,091,842	808,157
Claims ceded to reinsurance	(161,468)	(134,754)
Gross change in contract liabilities (see note 14.1(ii))	205,240	451,473
	1,135,614	1,124,876
Life business		
Gross premium and claims paid (see note 14.2(i))	593,534	543,632
Claims ceded to reinsurance	(6,555)	(36,446)
Gross change in contract liabilities (see note 14.2(ii))	140,820	530,917
	727,799	1,038,103
	1,863,413	2,162,979

28 Underwriting expenses

In thousands of Naira	31-Dec-12	31-Dec-11
Acquisition expenses	760,586	491,548
Maintenance expenses	1,004,126	201,598
	1,764,712	693,146

28.1 Acquisition expenses

In thousands of Naira	31-Dec-12	31-Dec-11
General:		
Commission paid	728,640	361,685
Acquisition expenses	11,006	-
Movement in deferred acquisition cost (see note 9(b))	(118,362)	19,170
	621,284	380,855
Life:	-	-
Individual life	3,652	2,094
Group life	129,877	108,599
Investment contract liability	5,773	-
	139,302	110,693
	760,586	491,548

28.2 Maintenance expenses

In thousands of Naira	31-Dec-12	31-Dec-11
General business:		
Handling charges	505,350	42,513
Marketing expenses	320,532	19,389
Other maintenance expenses	-	77,617
	825,882	139,519
Life business:		
Marketing expenses	23,439	45,475
Handling charges	154,805	-
Other maintenance expenses	-	16,604
	178,244	62,079
	1,004,126	201,598

29 Investment income

In thousands of Naira	31-Dec-12	31-Dec-11
Investment income	3,436	-
Dividend income	268	2,047
Interest income	76,480	38,247
	80,184	40,294

(b) Investment income is analysed below:

In thousands of Naira	31-Dec-12	31-Dec-11
-General business	60,576	16,272
-Life business	8,824	10,810
	69,400	27,082
-Life investment contract	10,784	13,212
	80,184	40,294

30 Other operating income

In thousands of Naira	31-Dec-12	31-Dec-11
Foreign exchange gain/(loss)	(37,429)	(1,399)
Other sundry income	39,357	11,445
	1,928	10,046

(b) Other operating income is analysed below:

In thousands of Naira	31-Dec-12	31-Dec-11
-General business	(34,887)	(1,399)
-Life business	16,567	5,150
	(18,320)	3,751
-Life investment contract	20,248	6,295
	1,928	10,046

31 Management expenses

In thousands of Naira	31-Dec-12	31-Dec-11
Employee Benefit (note 32)	424,792	399,021
Depreciation of property, plant and equipment	79,413	101,685
Amortisation of intangible assets	10,400	10,254
Travelling & tours	13,392	14,015
Telecommunication	10,400	14,813
Professional fees	22,474	4,000
Training expense	22,719	16,710
Advertisement	12,279	9,230
NAICOM levy	40,291	-
Other management expenses	431,796	562,979
Investments written off	-	887,604
	1,067,956	2,020,311

31(b) Management expenses is analysed below:

In thousands of Naira	31-Dec-12	31-Dec-11
Profit and loss accounts:		
-General business	948,621	1,304,599
-Life business	113,368	679,926
	1,061,989	1,984,525
-Life investment contract	5,967	35,786
	1,067,956	2,020,311

32 Employee benefit costs

In thousands of Naira	31-Dec-12	31-Dec-11
Staff salaries & directors cost	374,698	330,996
Gratuity	7,832	36,317
Other staff benefit	35,285	23,273
Director's expenses	6,977	8,435
	424,792	399,021

(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-12 Numbers	31-Dec-11 Numbers
₦101,001 - ₦500,000	3	9
₦500,001 - ₦750,000	38	48
₦750,000 - N1,000,000	25	12
₦1,000,000 - N2,000,000	48	54
₦2,000,000 - N3,000,000	26	13
Over N3,000,000	18	25
	158	161

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

	31-Dec-12 Numbers	31-Dec-11 Numbers
Management staff	7	12
Non-management staff	151	149
	158	161

(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-12	31-Dec-11
Directors' fees	11,714	8,435
Other emoluments	59,284	38,949
	70,998	47,384

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

In thousands of Naira	31-Dec-12	31-Dec-11
Highest paid director (Chairman)	16,278	13,693

33 Investment contract cost

Investment contract costs represent guaranteed interest which accrues to the account of investment contract holders. The investment contracts which gave rise to the costs are designated at other financial liablities and are measured at amortised cost.

34 Net Impairment losses

In thousands of Naira	31-Dec-12	31-Dec-11
Impairment charge on trade receivables (see note 7(c))	287,076	253,179
Impairment loss/(reversal) on AFS financial assets (see note 6(b))	(43,651)	748,578
Impairment charge/(reversal) on staff loans (see note 10.2)	(9,786)	66,851
Impairment charge on other receivables	571,480	155,213
Bad debts recovered on trade receivables	-	(34,870)
	805,119	1,188,951

(a) The market prices of the Company's quoted equities witnessed appreciation during the year and this led to a recognition of fair value gain on quoted equities.

(b) A reversal of impairment on staff loans amounting to N9,786,000 was made during the year under review as the staff loan balances were substantiated during the year.

35 Income tax expenses

In thousands of Naira	31-Dec-12	31-Dec-11
Company income tax	-	-
Minimum tax	47,338	114,351
Education tax	-	-
NITDA	-	-
Prior year under-provision	-	190,066
Education tax		-
	47,338	304,417
Deferred tax (credit)/charge (see note 21)	-	(47,250)
	47,338	257,167

35.1 Reconciliation of effective tax rate	Rate	31-Dec-12	Rate	31-Dec-11
Profit before tax		(776,935)		(2,045,610)
Income tax using the domestic corporation tax rate	6%	(44,483)	26%	(536,395)
Minimum tax	0%	-	0%	-
Tax exempt income	2%	(13,926)	0%	(2,047)
Non-deductible expenses	-30%	229,620	-13%	263,158
Tax losses	0%	-	0%	-
Unrecognised deferred taxes	16%	(123,873)	-19%	381,844
	-6%	47,338	-5%	106,561

36 Earnings per share

Basic earnings per share have 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 4,549,947,000 (2011: 4,549,947,000). 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-12	31-Dec-11
Loss attributable to equity holders	(824,273)	(2,302,777)
Weighted average number of shares	4,550,000	4,550,000
Loss per share - Basic (kobo)	(18)	(51)
Loss per share - Diluted (kobo)	(18)	(51)

37 Components of other comprehensive income

In thousands of Naira	31-Dec-12	31-Dec-11
Fair value gains on available for sale financial assets during the year	15,858	8,161
Recycling to profit or loss for impairment of available for sale financial assets	-	8,113
	15,858	16,274

38 Net cash flow from operating activities before changes in operating assets

In thousands of Naira		31-Dec-12	31-Dec-11
Loss after taxation		(824,273)	(2,302,777)
Taxation		47,338	257,167
Operating loss		(776,935)	(2,045,610)
Adjustment to reconcile profit before taxation to net cash flow from operations:			
Depreciation on property, plant and equipment	12	79,415	101,685
Amortisation of intangible assets	11	10,400	10,254
Provision for retirement benefit obligation	32	7,832	36,317
Impairment loss on trade receivables	34	287,076	253,179
Impairment loss on AFS financial asset	34	(43,651)	748,578
Impairment of other receivables	34	571,480	155,213
Interest income	29	(76,480)	(38,247)
Investment income	29	(3,436)	-
Dividend income	29	(268)	(2,047)
Foreign exchange (gain)/loss	30	37,429	1,399
		92,861	(779,279)

39 Related party transactions

The Company entered into transactions with related parties during the year under review:

(a) Related parties to the Company and transactions are as follows:

(i) Financial assets:

An aggregate of N855,404,226 was held as financial assets in related companies of which N842,502,537 has been impaired.

Name of related party	Relationship	Nature of related party transactions	Cost 2012 N	Impairment	Carrying amount
Alangrange Securities Ltd	Former Managing Director (Femi Okunniyi) is a director and shareholder. Also, former Chairman (Gbenga Afolayan) is a shareholder.	Gold link Insurance Plc holds unquoted investments in Alangrange Securities Limited.	57,297,875	44,502,852	12,795,023
GICO Investments Co Ltd	Former Chairman and former MD are shareholders in GICO Investments Co. Ltd.	Gold link Insurance Plc holds unquoted investments in GICO Investments Co Limited.	100,000,000	100,000,000	-
AT&T Equip Nig Ltd	Gbenga Afolayan (Former Chairman) is a Director and shareholder.	Gold link Insurance Plc holds unquoted investments in AT&T Equip Nig. Limited.	239,163,685	239,163,685	-
Fodatek Ventures Limited	Femi Okunniyi (Former Managing director) is a Director and shareholder in Fodatek Ventures Limited.	Gold link Insurance Plc holds unquoted investments in Fodatek Ventures Limited.	101,730,000	101,730,000	-
Betty Pride Nigeria Limited	Ralph Oluwole Osayameh (one of the top 5 shareholders of Goldlink Insurance plc with 100,000,001 units (direct shares) and 350,771,884 units (indirect shares) is the Chairman/CEO of Betty Pride Nigeria Ltd. Also his wife Beatrice Olateju Osayameh (shareholder in Goldlink Insurance holding 17,124,550 units of shares) is the Managing Director of Betty Pride Nig. Ltd.	Gold link Insurance Plc holds unquoted investments in Betty Pride Nig. Limited.	210,000,000	210,000,000	-
Owonikoko Farms	Samuel Ebun Idowu, is a non-executive director and shareholder in Goldlink Insurance Plc. Also, the Chairman of Owonikoko Farms.	Gold link Insurance Plc holds unquoted investments in Owonikoko Farms.	147,106,000	147,106,000	-
Unity Kapital Assurance Plc	Major shareholder of Goldlink Insurance	Goldlink Insurance holds quoted investments of 100,000 units of 50k each in Unity Kapital Assurance Plc.	106,666	-	106,666
			855,404,226	**842,502,537**	**12,901,689**

(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-12	31-Dec-11
Director's fees	11,714	8,435
Other emoluments	59,284	38,949
	70,998	**47,384**

40 Contingent liabilities, litigations and claims

There are litigation claims against the Company as at 31 December 2012 amounting to N 113.54 million (2011:N 78.82 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. No provisions have been made in these financial statements. The number of pending cases as at 31 December 2012 is 4 (2011:3).

41 **Contravention of laws and regulations**

The Company did not pay any penalty in respect of law or regulation during the year.

42 **Events after reporting date**

During 2012, the National Insurance Commission intervened in the management of the Company leading to the resignation of the former Board of directors in October 2012. NAICOM's action followed observed financial misstatements in the Company's 2011 accounts and corporate governance failures.

An interim Board and management comprising seven members was constituted on 2 November, 2012. The interim Board and management was charged with the following responsibilities:

- Perform forensic investigation of all transactions from 1 January 2011 to 30 October 2012, re-audit the 2011 "audited" financial reports and subsequent accounts as applicable.
- Rectify the corporate governance failures observed by NAICOM in the course of reviewing the Company's financial statements for the year ended 31 December 2011 and other activities as necessary.

Consequently, the following events took place after the year ended 31 December 2012.

(a) **Forensic investigation**

The interim Board and management conducted a forensic investigation of transactions from 1 January 2011 to 30 October 2012. The report with the interim Board's recommendation was submitted to NAICOM for further decisions and directives.

(b) **Appointment of KPMG as new External Auditors**

Prior to the appointment of the interim Board and management, the appointment of former external auditors was determined and the interim Board and management was mandated to appoint a reputable firm of external auditors as auditors to the Company. Consequently, Messrs KPMG professional services was appointed as the new external auditors to Goldlink Insurance Plc.

The investigation further revealed that 1,497,358,861 units of the 2,548,774,014 units of shares (of 50 kobo each), have been sold by the

(c) **Share capital audit**

As part of its mandate, the interim Board and management carried out a share capital audit of the Company's capital build-up from 1993 to 2008 (when it became publicly listed) with a view to understand the ownership structure of the Company and ascertain inflow of cash from issue of shares.

The share capital audit revealed that 2,548,774,014 units of shares with par value of ₦ 2,548,774,014 were issued to some key shareholders (1,490,586,592 units) and directors (1,058,187,422 units) without cash inflow into the Company between 1995 and 2006. The shares were filed with the Corporate Affairs Commission (CAC) as part of the issued share capital of the Company. The investigation also revealed that the 2,548,774,014 (of ₦ 1 each) shares issued without consideration, were reduced to ₦ 1,274,387,007 being nominal value of 2,548,774,014 shares (of 50 kobo each) in 2009 after a capital reconstruction of 2 for 1 share (of 50 kobo each) while the balance of ₦ 1,274,387,007 was transfered to the share premium account. The affected shareholders agreed to surrender these shares to the Company.

The IMB recovered 888,332,593 units of these shares and in the process to recover the outstanding shares and associated dividends.

The investigation further revealed that 1,497,358,861 units of the 2,548,774,014 units of shares (of 50 kobo each), have been sold by the concerned shareholders leaving 1,051,415,153 units as unsold. The interim Board and Management have taken steps to recover these outstanding shares of 1,051,415,153 units. As at the date of approval of the financial statements, a total of 888,332,593 units of shares (of 50 kobo each) have been surrendered to the Company. The interim Board and Management is taking steps to recover the balance of the unsold shares of 163,082,560 units. The interim Board & Management plans to cancel the 1,051,415,153 unsold shares with par value of 50 kobo per share; ₦ 525,707,577 based on the directive of the Securities and Exchange Commission (SEC). It also plans to recover the proceeds of the 1,497,358,861 shares from the respective shareholders and expects that the exercise will be concluded by the end of December 2014.

The share cancellation will be effected based on the requirements of the Companies and Allied Matters Act after obtaining the relevant regulatory approval. No adjustment has been reflected in these financial statements in respect of the share cancellation .

Dividends of ₦ 111,308,833 and =N=44,523,533 were paid in 2007 and 2009 respectively on the 2,548,774,014 shares. The Interim Board and Management have also issued a demand for the refund of these dividends. The receipt of the dividend refunds will be credited to the revenue reserves.

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

(d) **Repayment of N 350million overdraft**

The interim Board and management inherited the sum of N 350m as overdraft facility from Sterling Bank Plc. The facility was serviced with about N 100m in 2013 but was fully repaid on 31 December 2013 by the Company

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

43 **Going concern**

The Company made a loss after tax of ₦ 824,273,000 for the year ended 31 December 2012 (2011: ₦ 2,302,777,000) and as of that date, its total liabilities exceeded total assets by ₦ 2,938,319,000. These operating losses resulted from certain unsubstantiated expenses and huge write offs or allowance for investments, bad and doubtful receivable and other unsubstantiated balances.

In addition, the minimum regulatory capital required by the National Insurance Commission (NAICOM) for companies in the composite insurance business where the Company operates is ₦ 5 billion. Therefore the Company's negative shareholders' fund of ₦ 2,938,319,000 (2011: ₦ 2,090,859,000) is significantly below the minimum regulatory capital by ₦ 7,938,319,000. The Company also had a shortfall in solvency margin of ₦ 4,647,663,000 as at 31 December 2012 for the general insurance business. This is below the Company's required minimum solvency margin of ₦ 3 billion based on the most recent regulatory guidelines. These constitute non-compliance with the regulatory capital requirements which could lead to the withdrawal of the Company's operating license. Similarly, 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 obligation as they fall due.

As a result of the negative shareholders' funds of ₦ 2,938,319,000 (2011: ₦ 2,090,859,000) recorded by the Company as at year end, the interim management and board also seeks to embark on a recapitalisation of the Company through a private placement of not less than ₦ 5 billion and also capitalise future operating profit. This will contribute toward meeting the minimum share capital requirement of ₦ 5 billion for companies in the composite insurance business as stipulated by NAICOM.

In addition, the interim board and management is taking steps to resolve the shares of 2,548,774,014 units issued without consideration as part of the plans to resolve the going concern issue. The board expects that the exercise will be concluded by the end of December 2014.

The recapitalisation process described above is expected to commence after conclusion of the share recovery exercise.

Further, Management intends to turn around the company's operations and profitability by broadening its operational strategies, intensifying 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 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.

44 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 using the guidelines of the Committee of Sponsoring Organisations of the Tread way Commission (COSO). 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.

44.1 Capital management objectives, policies and approach

(a) 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. Our 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 our 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. The Company ensures the availability personnel with capabilities to prepare the forecast of regulatory capital.

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 Company is expected to maintain a capital requirement of N5 billion for the composite insurance comprising N3 billion for the general insurance business and N2 billion for the life insurance business.

(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 solvency margin for General business as at 31 December 2012 is as follows:

In thousands of Naira		31-Dec-12		31-Dec-11	
Excess of admissible assets over liabilities-solvency margin			(1,647,663)		(1,000,443)
TEST I	Gross premium income	4,033,254		2,814,276	
	Less: Reinsurances	(933,485)		(603,174)	
	Net Premium	3,099,769		2,211,102	
	15% thereof	464,965		331,665	
TEST II	Minimum paid up capital	3,000,000		3,000,000	
	The highest thereof:		3,000,000		3,000,000
	Deficit of solvency		(4,647,663)		(4,000,443)
	Solvency Ratio		-55%		-33%

The Company had a negative shareholders' fund of ₦2,938,319,000 as at 31 December 2012 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 ₦4,647,663,000 as at 31 December 2012 for the general insurance business. See note 43 for the consequencies of non-compliance and efforts made by the Company to ensure compliance.

The negative shareholders fund for the life insurance business is ₦ 1,290,543,000 (31 December 2011: ₦ 859,310,000). See Note 43 for the Directors' plan to resolve the capital adequacy of the Company.

(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 and processes and structure for the management of 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 appetite/tolerance limits, 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 tolerance 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 tolerance 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 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 (e.g. guarantees, and equitable and legal mortgages).

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 ageing report, credit portfolio quality and delinquency management.

A 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 and for pertinence 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 or contributions will only persist during the grace period specified in the policy document or trust deed 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 Company's investment portfolio is exposed to credit risk through its money market instruments, equity instruments and trade receivables. The contribution of the money market instruments, equity instruments and trade receivables to the Company's investment is as follows:

As at 31 December 2012
In thousands of Naira

Category	Amount	%
Money market instruments	74,943	32
Equities (see note 6)	57,294	24
Trade receivables (see note 7)	103,685	44
Total	235,922	100

As at 31 December 2011
In thousands of Naira

Category	Amount	%
Money market instruments	108,364	39
Equities (see note 6)	43,960	16
Trade receivables (see note 7)	128,135	46
Total	280,459	100

As at 1 January 2011
In thousands of Naira

Category	Amount	%
Money market instruments	124,552	8
Equities (see note 6)	923,923	59
Trade receivables (see note 7)	524,571	33
Total	1,573,046	100

(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 2012

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	308,783	308,783	308,783	-	-	-	308,783
Available for sale financial assets:								
Quoted equity securities	6.1	42,999	-	-	-	42,999	-	42,999
Unquoted equity securities	6.1	14,295	-	-	-	14,295	-	14,295
Trade receivables	7	103,685	103,685	103,685	-	-	-	103,685
Other receivables	10	86,025	86,025	86,025	-	-	-	86,025
Reinsurance assets	8	583,149	583,149	583,149	-	-	-	583,149
		1,138,936	1,081,642	1,081,642	-	57,294	-	1,138,936
Liabilities								
Insurance contract liabilities		1,903,730	1,903,730	1,903,730	-	-	-	1,903,730
Investment contract liabilities	15	930,960	930,960	-	-	784,939	146,021	930,960
Borrowings	18	351,878	351,878	351,878	-	-	-	351,878
Trade payables	16	191,703	191,703	191,703	-	-	-	191,703
Other payables and accruals	17	207,315	207,315	207,315	-	-	-	207,315
		3,585,586	3,585,586	2,654,626	-	784,939	146,021	3,585,586
Gap (assets-liabilities)		(2,446,650)	(2,503,944)	(1,572,984)	-	(727,645)	(146,021)	(2,446,650)

Residual contractual maturity of financial assets and liabilities
As at 31 December 2011

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	415,854	415,854	415,854	-	-	-	415,854
Available for sale financial assets:								
Quoted equity securities	6.1	29,665	-	-	-	29,665	-	29,665
Unquoted equity securities	6.1	14,295	-	-	-	14,295	-	14,295
Trade receivables	7	128,135	128,135	128,135	-		-	128,135
Other receivables	10	41,107	41,107	41,107	-	-	-	41,107
Reinsurance assets	8	632,347	632,347	632,347	-	-	-	632,347
		1,261,403	1,217,443	1,217,443	-	43,960	-	1,261,403
Liabilities								
Insurance contract liabilities		1,698,490	1,698,490	1,698,490	-	-	-	1,698,490
Investment contract liabilities	15	784,383	784,383	-	-	618,585	165,798	784,383
Borrowings	18	330,402	330,402	330,402	-	-	-	330,402
Trade payables	16	112,107	112,107	112,107	-	-	-	112,107
Other payables and accruals	17	82,820	82,820	82,820	-	-	-	82,820
		3,008,202	3,008,202	2,223,819	-	618,585	165,798	3,008,202
Gap (assets-liabilities)		(1,746,799)	(1,790,759)	(1,006,376)	-	(574,625)	(165,798)	(1,746,799)

Residual contractual maturity of financial assets and liabilities
As at 1 January 2011

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	306,797	306,797	306,797	-	-	-	306,797
Available for sale financial assets:								
Quoted equity securities	6.1	130,961	-	-	-	130,961	-	130,961
Unquoted equity securities	6.1	792,962	-	-	-	792,962	-	792,962
Trade receivables	7	524,571	524,571	524,571	-		-	524,571
Other receivables	10	201,666	201,666	201,666	-	-	-	201,666
Reinsurance assets	8	501,218	501,218	501,218	-	-	-	501,218
		2,458,175	1,534,252	1,534,252	-	923,923	-	2,458,175
Liabilities								
Insurance contract liabilities		1,247,017	1,247,017	1,247,017	-	-	-	1,247,017
Investment contract liabilities	15	619,141	619,141	-	619,141	-	-	619,141
Borrowings	18	156,225	156,225	156,225	-	-	-	156,225
Trade payables	16	44,493	44,493	44,493	-	-	-	44,493
Other payables and accruals	17	149,160	149,160	149,160	-	-	-	149,160
		2,216,036	2,216,036	1,596,895	619,141	-	-	2,216,036
Gap (assets-liabilities)		242,139	(681,784)	(62,643)	(619,141)	923,923	-	242,139

(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 2012 *In thousands of Naira*	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents		211,152	97,629	-	-	-	308,781
Available for sale:							
Quoted equity securities		42,999	-	-	-	-	42,999
Unquoted equity securities		14,295	-	-	-	-	14,295
Other receivables		86,025	-	-	-	-	86,025
Trade receivables	7	103,685	-	-	-	-	103,685
Reinsurance assets	8	583,149	-	-	-	-	583,149
Total		1,041,305	97,629	-	-	-	1,138,934
Liabilities							
Insurance contract liabilities		1,903,730	-	-	-	-	1,903,730
Investment contract liabilities	15	930,960	-	-	-	-	930,960
Trade payables	16	191,703	-	-	-	-	191,703
Other payables and accruals	17	207,315	-	-	-	-	207,315
Borrowings	18	351,878	-	-	-	-	351,878
Total		3,585,586	-	-	-	-	3,585,586

Financial assets and liabilities by major currencies:

31 December 2011 *In thousands of Naira*		**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents		197,975	217,879	-	-	-	415,854
Available for sale:							
Quoted equity securities		30,471	-	-	-	-	30,471
Unquoted equity securities		14,295	-	-	-	-	14,295
Other receivables		41,107	-	-	-	-	41,107
Trade receivables	7	128,135	-	-	-	-	128,135
Reinsurance assets	8	632,347	-	-	-	-	632,347
Total		1,044,330	217,879	-	-	-	1,262,209
Liabilities							
Insurance contract liabilities		1,698,490	-	-	-	-	1,698,490
Investment contract liabilities	15	784,383	-	-	-	-	784,383
Trade payables	16	112,107	-	-	-	-	112,107
Other payables and accruals	17	82,820	-	-	-	-	82,820
Borrowings	18	330,402	-	-	-	-	330,402
Total		3,008,202	-	-	-	-	3,008,202

Financial assets and liabilities by major currencies:

1 January 2011 *In thousands of Naira*		**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents		287,057	19,740	-	-	-	306,797
Available for sale							
Quoted equity securities		130,961	-	-	-	-	130,961
Unquoted equity securities		792,962	-	-	-	-	792,962
Other receivables		201,666	-	-	-	-	201,666
Trade receivables	7	524,571	-	-	-	-	524,571
Reinsurance assets	8	501,218	-	-	-	-	501,218
Total		2,438,435	19,740	-	-	-	2,458,175
Liabilities							
Insurance contract liabilities		1,247,017	-	-	-	-	1,247,017
Investment contract liabilities	15	619,141	-	-	-	-	619,141
Trade payables	16	44,493	-	-	-	-	44,493
Other payables and accruals	17	149,160	-	-	-	-	149,160
Borrowings	18	156,225	-	-	-	-	156,225
Total		2,216,036	-	-	-	-	2,216,036

(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.

(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-12	**31-Dec-11**	**1-Jan-11**
	Change in variables	Impact on profit before tax	Impact on profit before tax	Impact on profit before tax
		N'000	N'000	N'000
Exchange rate	10%	9,763	21,788	1,974
Interest yield curve	+100 basis point	587	382	1,439
Exchange rate	-10%	(9,763)	(21,788)	1,974
Interest yield curve	+100 basis point	(587)	(382)	(1,439)

45 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-12
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	5	-	-	-	-	308,783	-	308,783	308,783
Financial assets	6	-	-	-	57,294	-	-	57,294	57,294
Trade receivables	7	-	-	103,685	-	-	-	103,685	103,685
Reinsurance assets	8	-	-	583,149	-	-	-	583,149	583,149
Other receivables		-	-	86,025	-	-	-	86,025	86,025
Total		-	-	772,859	57,294	308,783	-	1,138,936	1,138,936
Liabilities									
Insurance contract liabilities		-	-	-	-	-	1,903,730	1,903,730	1,903,730
Investment contract liabilities	15	-	-	-	-	-	930,960	930,960	930,960
Borrowings	18	-	-	-	-	-	351,878	351,878	351,878
Trade payables	16	-	-	-	-	-	191,703	191,703	191,703
Other payables and accruals	17	-	-	-	-	-	207,315	207,315	207,315
Total		-	-	-	-	-	3,585,586	3,585,586	3,585,586

31-Dec-11
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Assets:									
Cash and cash equivalents	5		-	-	-	415,854	-	415,854	415,854
Financial assets	6		-	-	43,960	-	-	43,960	43,960
Trade receivables	7		-	128,135	-	-	-	128,135	128,135
Reinsurance assets	8		-	632,347	-	-	-	632,347	632,347
Other receivables			-	41,107	-	-	-	41,107	41,107
Total		-	-	801,589	43,960	415,854	-	1,261,403	1,261,403
Liabilities									
Insurance contract liabilities		-	-	-	-	-	1,698,490	1,698,490	1,698,490
Investment contract liabilities	15	-	-	-	-	-	784,383	784,383	784,383
Borrowings	18	-	-	-	-	-	330,402	330,402	330,402
Trade payables	16	-	-	-	-	-	112,107	112,107	112,107
Other payables and accruals	17	-	-	-	-	-	82,820	82,820	82,820
Total		-	-	-	-	-	3,008,202	3,008,202	3,008,202

1-Jan-11
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	5	-	-	-	-	306,797	-	306,797	306,797
Financial assets	6	-	-	-	923,923	-	-	923,923	923,923
Trade receivables	7	-	-	524,571	-	-	-	524,571	524,571
Reinsurance assets	8	-	-	501,218	-	-	-	501,218	501,218
Other receivables		-	-	201,666	-	-	-	201,666	201,666
Total		-	-	1,227,455	923,923	306,797	-	2,458,175	2,458,175
Liabilities									
Insurance contract liabilities		-	-	-	-	-	1,247,017	1,247,017	1,247,017
Investment contract liabilities	15	-	-	-	-	-	619,141	619,141	619,141
Borrowings	18	-	-	-	-	-	156,225	156,225	156,225
Trade payables	16	-	-	-	-	-	44,493	44,493	44,493
Other payables and accruals	17	-	-	-	-	-	149,160	149,160	149,160
Total		-	-	-	-	-	2,216,036	2,216,036	2,216,036

46 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 to 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 1that 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.
(All figures are in thouisands of naira)

31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	-	-	-	-
Equities securities- Available for sale	42,999	-	14,295	57,294
Debt securities- At fair value through income	-	-	-	-
Other financial assets designated at fair value	-	-	-	-
Total	**42,999**	**-**	**14,295**	**57,294**

31 December 2011

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	-	-	-	-
Equities securities- Available for sale	30,471	-	13,489	43,960
Debt securities- At fair value through income	-	-	-	-
Other financial assets designated at fair value	-	-	-	-
Total	**30,471**	**-**	**13,489**	**43,960**

1 January 2011

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- At fair value through profit or loss	-	-	-	-
Equities securities- Available for sale	150,029	-	773,894	923,923
Debt securities- At fair value through income	-	-	-	-
Other financial assets designated at fair value	-	-	-	-
Total	**150,029**	**-**	**773,894**	**923,923**

47 Insurance Risk

The claims development history of the Company at the reporting date 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
2008	202,442	125,376	6,963	6,782	4,886
2009	228,033	126,174	9,793	3,528	-
2010	223,699	166,728	19,978	-	-
2011	197,034	126,498	-	-	-
2012	254,209	-	-	-	-

Table illustrates how claims paid relating to business written in each accident year. For instance with regards to 2009,
N202.44million was paid in 2008
N125.38million was paid in 2009

Marine

Accident Year	1	2	3	4	5
2008	2,986	31,688	13,631	235	-
2009	1,953	19,693	1,132	1,367	-
2010	9,627	32,535	1,139	-	-
2011	9,640	19,990	-	-	-
2012	11,260	-	-	-	-

General Accident

Accident Year	1	2	3	4	5
2008	25,496	75,014	27,671	9,101	4,733
2009	34,297	93,369	39,157	14,579	-
2010	20,563	74,920	37,906	-	-
2011	55,401	103,140	-	-	-
2012	61,683	-	-	-	-

Fire

Accident Year	1	2	3	4	5
2008	30,837	31,836	20,142	109	525
2009	12,040	77,803	12,574	309	-
2010	19,835	20,587	3,426	-	-
2011	39,992	51,601	-	-	-
2012	34,351	-	-	-	-

Engineering

Accident Year	1	2	3	4	5
2008	3,308	10,964	1,161	326	23
2009	1,090	4,562	288	82	-
2010	3,663	6,877	25,042	-	-
2011	1,286	6,832	-	-	-
2012	6,977	-	-	-	-

Cummulative Claims Development Pattern (Yearly Projections) (N)

Motor

Accident Year	1	2	3	4	5
2008	202,442	327,818	334,781	341,564	346,449
2009	228,033	354,207	364,000	367,528	372,785
2010	223,690	390,417	410,396	416,451	422,408
2011	197,034	323,532	334,614	339,551	344,408
2012	254,209	416,906	431,186	437,548	443,807

Illustrates the accumulation of claims leading to the ultimate amounts that will be paid for each accident year
For instance; In 2008 the ultimate amount of claims incurred is N346.46million

Marine

Accident Year	1	2	3	4	5
2008	2,986	34,675	48,306	48,541	48,541
2009	1,953	21,646	22,778	24,146	-
2010	9,627	42,162	43,301	-	-
2011	9,640	29,630	-	-	-
2012	11,260	-	-	-	-

General Accident

Accident Year	1	2	3	4	5
2008	25,496	100,510	128,181	137,282	142,015
2009	34,297	127,666	166,823	181,402	187,656
2010	20,563	95,483	133,389	144,095	149,063
2011	55,401	158,542	209,845	226,689	234,504
2012	61,683	219,094	289,991	313,268	324,069

Fire

Accident Year	1	2	3	4	5
2008	30,837	62,673	82,815	82,924	83,449
2009	12,040	89,844	102,417	102,727	102,727
2010	19,835	40,422	43,849	43,948	43,948
2011	39,992	91,593	108,750	108,996	108,996
2012	34,351	95,165	112,992	113,247	113,247

Engineering

Accident Year	1	2	3	4	5
2008	3,308	14,272	15,433	15,759	15,782
2009	1,090	5,652	5,940	6,022	6,031
2010	3,663	10,539	35,581	36,260	36,314
2011	1,286	8,118	15,177	15,467	15,490
2012	6,977	44,061	82,377	83,949	84,074

47.1 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	41,678	39,028	44,653	44,896	38,467	47,734	36,928	42,172	41,182
Individual DA	94,194	94,194	94,194	94,194	94,194	94,194	94,194	94,194	94,194
Group DA	962,910	962,910	962,910	962,910	962,910	962,910	962,910	962,910	962,910
Group Life - UPR	104,207	104,207	104,207	104,207	104,207	104,207	104,207	104,207	104,207
Group Life - IBNR	662,785	662,785	662,785	662,785	662,785	662,785	662,785	662,785	662,785
Additional Reserves	407	405	409	435	379	410	404	413	401
Reinsurance	(11,048)	(11,048)	(11,048)	(11,048)	(11,048)	(11,048)	(11,048)	(11,048)	(11,048)
Net liability	**1,855,132**	**1,852,480**	**1,858,110**	**1,858,379**	**1,851,894**	**1,861,192**	**1,850,380**	**1,855,633**	**1,854,630**
% Change in net liability		**-0.14%**	**0.16%**	**0.18%**	**-0.17%**	**0.33%**	**-0.26%**	**0.03%**	**-0.03%**

Summary	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Individual	136,278	133,626	139,256	139,525	133,040	142,338	131,526	136,779	135,777
Group	1,718,854	1,718,854	1,718,854	1,718,854	1,718,854	1,718,854	1,718,854	1,718,854	1,718,854
Net liability	**1,855,132**	**1,852,480**	**1,858,110**	**1,858,379**	**1,851,894**	**1,861,192**	**1,850,380**	**1,855,633**	**1,854,630**
% change in liability	**-**	**-0.14%**	**0.16%**	**0.18%**	**-0.17%**	**0.33%**	**-0.26%**	**0.03%**	**-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.

47.2 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 twelve months duration.

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

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

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

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

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.
The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

Non life reserve sensitivity analysis

Class of Business	Base	5% Loss Ratio Ratio	(-5)% Loss Ratio	1% Inflation Rate	(-1)% Inflation Rate	1% Discount Rate	(-1)% Discount Rate
Motor	212,675,448	283,815,951	196,548,610	215,072,507	210,048,441	210,070,936	215,095,694
Engineering	76,398,759	82,755,540	78,538,227	77,438,036	75,365,986	75,375,262	77,447,601
Fire	374,691,152	389,818,492	373,136,488	374,152,592	372,269,565	372,278,023	374,161,256
General Accident	338,681,866	369,113,673	316,752,832	333,149,128	324,080,776	324,121,287	333,191,074
Marine	65,174,220	72,243,669	63,579,391	64,916,778	63,423,014	63,429,710	64,923,663
Oil & Gas	757,706,389	767,167,879	748,244,899	757,706,389	757,706,389	757,706,389	757,706,389
Bond & Indeminity	71,220,500	71,613,125	70,827,875	71,220,500	71,220,500	71,220,500	71,220,500
Aviation	**7,182,105**	**7,500,165**	**6,864,045**	**7,182,105**	**7,182,105**	**7,182,105**	**7,182,105**
Total	**1,903,730,440**	**2,044,028,494**	**1,854,492,366**	**1,900,838,035**	**1,881,296,776**	**1,881,384,212**	**1,900,928,280**
Account Outstanding	1,262,363,153	1,262,363,153	1,262,363,153	1,262,363,153	1,262,363,153	1,262,363,153	1,262,363,153
Difference	641,367,287	781,665,341	592,129,213	638,474,882	618,933,623	619,021,059	638,565,127
Percentage Change	**0.0%**	**7.4%**	**-2.6%**	**-0.2%**	**-1.2%**	**-1.2%**	**-0.1%**

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,.

48 Asset and liability management

The principal technique of the Company's 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.

48.1 Hypothecation

31-Dec-12

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents	5	-	308,783	-	308,783
Financial assets	6	57,294	-	-	57,294
Trade receivables	7	103,685	-	-	103,685
Reinsurance assets	8	583,149	-	-	583,149
Deferred acquisition cost		15,990	122,179	-	138,169
Other receivables and prepayments*	10	10,773	-	79,115	89,888
Intangible assets	11	-	-	10,129	10,129
Property and equipment**	12	1,081,896	-	651,668	1,733,564
Statutory deposit	13	-	-	500,000	500,000
Total Assets		1,852,787	430,962	1,240,912	3,524,661
Liabilities					
Insurance contract liabilities	14	3,944,869	-	-	3,944,869
Investment contract liabilities	15	-	930,960	-	930,960
Trade payables	16	-	-	191,703	191,703
Other payables and accruals	17	-	-	207,315	207,315
Borrowings	18	-	-	351,878	351,878
Retirement benefit obligation	19	-	-	255,169	255,169
Current tax liabilities	20	-	-	322,315	322,315
Deferred tax liabilities	21	-	-	258,769	258,769
Total Liabilities		3,944,869	930,960	1,587,149	6,462,978

* Amount allocated to insurance contracts represent loans to policy holders as at the reporting period.

** Land and building allocated to insurance contract is restricted to N1 billion while the excess over N1 billion is allocated to shareholders as at the reporting period.

48.2 Hypothecation
31-Dec-11

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents		130,915	284,939	-	415,854
Financial assets	6	43,960	-	-	43,960
Trade receivables	7	128,135	-	-	128,135
Reinsurance assets	8	632,347	-	-	632,347
Deferred acquisition cost	9	256,531	-	-	256,531
Other receivables and prepayments*	10	5,619		41,975	47,594
Intangible assets	11	-	-	19,654	19,654
Property and equipment**	12	1,086,062	-	670,557	1,756,619
Statutory deposit	13	-	-	500,000	500,000
Total Assets		2,283,569	284,939	1,232,186	3,800,694
Liabilities					
Insurance contract liabilities	14	3,760,838	-	-	3,760,838
Investment contract liabilities	15	-	784,383	-	784,383
Trade payables	16	-	-	112,107	112,107
Other payables and accruals	17	-	-	82,820	82,820
Borrowings	18	-	-	330,402	330,402
Retirement benefit obligation	19	-	-	247,337	247,337
Current tax liabilities	20	-	-	314,897	314,897
Deferred tax liabilities	21	-	-	258,769	258,769
Total Liabilities		3,760,838	784,383	1,346,332	5,891,553

* Amount allocated to insurance contracts represent loans to policy holders as at 31 December 2011.
** Land and building allocated to insurance contract is restricted to N1 billion while the excess over N1 billion is allocated to shareholders as at 31 December 2011.

48.3 Hypothecation

1-Jan-11

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents		187,656	119,141	-	306,797
Financial assets	6	-	-	923,923	923,923
Trade receivables	7	300,430	-	224,141	524,571
Reinsurance assets	8	501,218	-	-	501,218
Deferred acquisition cost	9	237,361	-	-	237,361
Other receivables and prepayments*	10	53,200	-	170,246	223,446
Intangible assets	11	-	-	29,908	29,908
Property and equipment**	12	1,252,268	-	567,323	1,819,591
Statutory deposit	13	-	-	500,000	500,000
Total Assets		2,532,133	119,141	2,415,541	5,066,815
Liabilities					
Insurance contract liabilities	14	3,349,892	-	-	3,349,892
Investment contract liabilities	15	-	619,141	-	619,141
Trade payables	16	-	-	44,493	44,493
Other payables and accruals	17	-	-	149,160	149,160
Borrowings	18	-	-	156,225	156,225
Retirement benefit obligation	19	-	-	211,020	211,020
Current tax liabilities	20	-	-	34,417	34,417
Deferred tax liabilities	21	-	-	306,019	306,019
Total Liabilities		3,349,892	619,141	901,334	4,870,367

* Amount allocated to insurance contracts represent loans to policy holders as at the transition date.
** Land and building allocated to insurance contract is restricted to N1 billion while the excess over N1 billion is allocated to shareholders as at the transition date.

49 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:

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.

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.

No operating segments have been aggregated to form the above reportable operating segments.

No inter-segment transactions occurred in 2012 and 2011. If any transaction were to occur, transfer prices between operating segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

Segment Profit or Loss and Other Comprehensive Income as at 31 December 2012

In thousands of Naira	General Insurance	Life Insurance	Total
Gross premium written	4,033,254	1,414,007	5,447,261
Gross premium income	4,232,907	1,333,006	5,565,913
Reinsurance expense	(933,485)	(11,505)	(944,989)
Net premium income	3,299,423	1,321,501	4,620,924
Fees and commission income	79,625	-	79,625
Net underwriting income	3,379,048	1,321,501	4,700,549
Claims expense	(1,135,614)	(727,799)	(1,863,413)
Underwriting expense	(1,447,166)	(317,546)	(1,764,712)
Underwriting profit	796,268	276,156	1,072,424
Investment and other operating income	25,689	25,390	51,079
Impairment losses	(339,736)	(465,383)	(805,119)
Management expenses	(948,621)	(113,368)	(1,061,989)
Loss on life investment contract	-	(33,330)	(33,330)
Profit/(loss) before tax	(466,400)	(310,535)	(776,935)
Income taxes	(42,821)	(4,517)	(47,338)
Profit /(loss) after taxation	(509,221)	(315,052)	(824,273)
Other comprehensive income			
Items in other comprehensive income that may be reclassified subsequently to profit or loss			
Fair value changes of available for sale financial assets	10,551	5,307	15,858
Total Comprehensive Income	(498,670)	(309,745)	(808,415)

Assets and liabilities *In thousands of Naira*	General Insurance	Life Insurance	Total
Tangible segment assets	2,579,380	945,281	3,524,661
Charged to other segments	-	-	-
Total assets	2,579,380	945,281	3,524,661
Segment liabilities	4,227,154	2,235,824	6,462,978
Charged to other segments	-	-	-
Total liabilities	4,227,154	2,235,824	6,462,978
Net assets	(1,647,773)	(1,290,544)	(2,938,319)

50 Explanation of Transition to IFRSs

(a) Implementation of IFRS

As stated in note 2.1(b) on the basis of presentation, these are the Company's first financial statements prepared in accordance with IFRSs. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position and financial performance as at 1 January 2011 (the Company's date of transition).

In preparing the opening IFRS financial position, the Company has adjusted amounts previously in the financial statements, prepared in accordance with Nigerian GAAP

Transitional arrangements

The Company adopted IFRSs effective 1 January 2011. The key principle of IFRS 1 – First-time Adoption of International Financial Reporting Standards for reporting entities with adoption date subsequent to 1 January 2006 is a full retrospective application of IFRSs. The mandatory exceptions on estimates and derecognition of financial instruments has been applied in the preparation of the financial statements.
However, this statement provides exemption from retrospective application in certain instances due to costs and practical considerations. The Company's transitional elections in this regard are set out below:

S/N	Exemption Topic	Options		Option Adopted
1	Deemed cost - Initial recognition (on transition date) of property, plant & equipment, intangible assets (that meet the recognition and revaluation criteria in IAS 38) and investment properties (if cost model is elected)	A	Deemed cost as fair value on date of transition	Option A
		B	Deemed cost as fair value determined prior to date of transition	
		C	A previous GAAP revaluation based on depreciated cost	
2	Business combinations	A	Restate all business combinations prior to date of transition	Not applicable to Goldlink
		B	Restate business combinations after a certain date prior to date of transition	
		C	Do not restate	
3	Employee benefits - Recognition of actuarial gains or losses on defined benefit plans at transition date	A	"Corridor" Method: Method in which recognition of the actuarial gains or losses is deferred.	Option A(ii)
		(i)	Recognition of amount outside the “corridor“ over average remaining working life	
		(ii)	Immediate recognition of all amounts in profit or loss (faster method)	
		B	Immediate recognition in other comprehensive income (OCI)	
4	Cumulative translation differences of foreign operations	A	Apply IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to determine the cumulative translation difference (CTD) for each foreign operation	Not applicable to Goldlink
		B	Deem the cumulative translation differences to be zero at the date of transition, and reclassify any amounts recognised in accordance with previous GAAP at that date as retained earnings	

5	Borrowing cost	A	Application of IAS 23 to borrowing cost of qualifying assets whose commencement date for capitalisation is on or after the effective date (the later of 1 January 2009 or the transition date)	Not applicable to Goldlink
		B	Designation of a date before the effective date and apply IAS 23 to borrowing costs of qualifying assets whose commencement date for capitalisation is on or after that date	
6	Adoption of IFRS 9 (Classification and measurement of financial instruments)	A	Adopt IFRS 9 at mandatory date of 1 January 2015 *	Option A
		B	Early adopt IFRS	
		(i)	Restate comparatives in line with IFRS 9	
		(ii)	Do not restate comparatives in line with IFRS 9	
7	Measurement of assets and liabilities of subsidiary that adopts IFRS after the parent	A	Measured at the amounts included in the financial statements of the parent, based on the parent's date of transition, excluding effects of consolidation procedures.	Not applicable to Goldlink as it has no parent company
		B	Measured at the carrying amounts required by IFRS 1 based on the subsidiary's own date of transition.	

* Effective date has been extended to 1 January 2018 as at the date of approval of these financial statements.

RECONCILIATION OF EQUITY AS AT 1 JANUARY 2011

In thousands of Naira	Note	Nigerian GAAP	Reclassification	Measurement	Error	Total adjustments	IFRS
Assets					-		
Cash and bank balances	i (a)	182,245	(182,245)	-	-	(182,245)	-
Cash and cash equivalents	a (i,ii)	-	2,467,479	-	(2,160,682)	306,797	306,797
Short term investment	ii (a)	2,285,234	(2,285,234)	-	-	(2,285,234)	-
Financial assets	b (v)	-	923,923	-	-	923,923	923,923
Premium debtors	iii (c)	1,100,926	(1,100,926)	-	-	(1,100,926)	-
Trade receivables	c (iii)	-	1,100,926	-	(576,355)	524,571	524,571
Other receivables and prepayment	d (iv,g)	-	550,267	-	(326,820)	223,447	223,447
Reinsurance recoverables, other assets and loans	iv (d,e)	778,872	(778,872)	-	-	(778,872)	-
Reinsurance assets	e (iv)	-	255,412	245,806	-	501,218	501,218
Deferred acquisition cost	f	215,528	-	21,833	-	21,833	237,361
Long term investments	v (b,r)	923,923	(923,923)	-	-	(923,923)	-
Investment properties	g (d,i)	167,881	(167,881)	-	-	(167,881)	-
Statutory deposit		500,000	-	-	-	-	500,000
Intangible assets	h	29,908	-	-	-	-	29,908
Property and equipment	i (g)	2,730,441	141,076	-	(1,051,926)	(910,850)	1,819,591
Total assets		8,914,958	-	267,640	(4,115,783)	(3,848,141)	5,066,816
Liabilities							
Insurance contract liabilities	j (viii)	-	1,968,174	730,641	651,077	3,349,892	3,349,892
Investment contract liabilities	k (vii)	-	303,537	-	315,604	619,141	619,141
Creditors and accruals	vi (l,m)	67,400	(67,400)	-	-	(67,400)	-
Trade payables	l (vi)	-	37,389	-	7,104	44,493	44,493
Other payables and accruals	m (vi)	-	30,011	-	119,149	149,160	149,160
Current tax payable		34,417	-	-	-	-	34,417
Borrowings		156,225	-	-	-	-	156,225
Deferred tax liabilities	n	46,340	-	-	259,679	259,679	306,019
Retirement benefit obligation	o	-	-	46,605	164,415	211,020	211,020
Liability for deposit administration	vii (k)	303,537	(303,537)	-	-	(303,537)	-
Insurance fund	viii (j)	1,968,174	(1,968,174)	-	-	(1,968,174)	-
Total liabilities		2,576,093	-	777,246	1,517,028	2,294,274	4,870,367
Equity							
Issued share capital		2,274,974	-	-	-	-	2,274,974
Share premium		2,663,798	-	-	-	-	2,663,798
Contingency reserve		1,039,697	-	-	-	-	1,039,697
Revaluation reserves	p	-	-	-	1,202,044	1,202,044	1,202,044
General reserve	ix(q,s)	360,396	(360,396)	-	-	(360,396)	-
Retained earnings	q(ix,s)	-	370,874	(517,869)	(6,826,591)	(6,973,586)	(6,973,586)
Available for sale reserve	s(q)	-	(10,478)	-	-	(10,478)	(10,478)
Total equity		6,338,865	-	(517,869)	(5,624,547)	(6,142,416)	196,448
Total equity and liabilities		8,914,958	-	259,377	(4,107,519)	(3,848,142)	5,066,815

RECONCILIATION OF EQUITY AS AT 31 DECEMBER, 2011

In thousands of Naira	Note	Nigerian GAAP	Reclassification	Measurement	Total adjustments	IFRS
Assets						
Cash and bank balances	i (a)	307,490	(307,490)	-	(307,490)	-
Cash and cash equivalents	a (i,ii)	-	415,854	-	415,854	415,854
Short term investment	ii (a)	108,364	(108,364)	-	(108,364)	-
Financial assets	b (v)	-	43,960	-	43,960	43,960
Premium debtors	iii (c)	128,135	(128,135)	-	(128,135)	-
Trade receivables	c (iii)	-	128,135	-	128,135	128,135
Other receivables and prepayment	d (iv,g)	-	48,032	(438)	47,594	47,594
Reinsurance recoverables, other assets and loans	iv (d,e)	301,687	(301,687)	-	(301,687)	-
Reinsurance asset	e (iv)	-	253,655	378,692	632,347	632,347
Deferred acquisition cost	f	256,531	-	-	-	256,531
Long term investments	v (b,r)	44,765	(44,765)	-	(44,765)	-
Investment properties	g (d,i)	-	-	-	-	-
Statutory deposit		500,000	-	-	-	500,000
Intangible assets	h	19,654	-	-	-	19,654
Property and equipment	i (g)	1,756,619		-	-	1,756,619
Total assets		3,423,245	(805)	378,254	377,449	3,800,694
Liabilities						
Insurance contract liabilities	j (viii)	-	3,834,226	(73,389)	3,760,838	3,760,838
Investment contract liabilities	k (vii)	-	733,566	50,817	784,383	784,383
Creditors and accruals	l (vi)	194,900	(194,900)	-	(194,900)	-
Trade payables	m (vi)	-	112,107	-	112,107	112,107
Other payables and accruals		-	82,793	27	82,820	82,820
Current tax payable		314,896	-	-	-	314,897
Borrowings		330,402	-	-	-	330,402
Deferred tax liabilities	n	258,769	-	-	-	258,769
Retirement benefit obligation	o	206,062	-	41,275	41,275	247,337
Liability for deposit administration	vii (k)	733,566	(733,566)	-	(733,566)	-
Insurance fund	viii (j)	3,834,226	(3,834,226)	-	(3,834,226)	-
Total liabilities		5,872,821	-	18,730	18,731	5,891,553
Equity						
Issued share capital		2,274,974	-	-	-	2,274,974
Share premium		2,663,798	-	-	-	2,663,798
Contingency reserve		1,135,867	-	-	-	1,135,867
Revaluation reserves	p	1,202,044	-	-	-	1,202,044
General reserve	ix(q,s)	(9,726,259)	9,726,259	-	9,726,259	-
Retained earnings	q(ix,s)	-	(9,732,055)	359,521	(9,372,534)	(9,372,534)
Treasury shares	r(v)	-	(805)	-	(805)	(805)
Available for sale reserve	s(q)	-	5,796	-	5,796	5,796
Total equity		(2,449,576)	(805)	359,521	358,716	(2,090,860)
Total equity and liabilities		3,423,245	(805)	378,254	377,448	3,800,693

Explanation of transition to IFRS

(a) **Cash and cash equivalents**

Cash and cash equivalents represents highly liquid instruments which are subject to an insignificant risk of change in value. The net impact of IFRS on cash and cash equivalents of the Company is the increase of N415.85 million and N306.79million as at 31 December 2011 and 1 January 2011 respectively.

The increase is mainly attributable to reclassification of placements to cash and cash equivalent. Interest receivables which also represent part of the expected cash flows on the placements have also been recognised as cash and cash equivalents. See analysis in the table below:

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP			-	-
Reclassification from cash and bank balance to cash and cash equivalents	i(a)		307,490	182,245
Reclassification from short term investment to cash and cash equivalents	ii(a)		105,364	2,285,234
Reclassification of treasury bills from short term investments to cash and cash equivalents.	ii(a)		3,000	-
		i	415,854	2,467,479
Restatement of prior period error (See aiv below)		ii	-	(2,160,682)
Balance per IFRS		i+ii	415,854	306,797
Impact on equity			-	-

i **Cash and bank balances**

In thousands of Naira	Note	31-Dec-11	1-Jan-11
Balance per NGAAP		307,490	182,245
Reclassification to cash and cash equivalents	a(ii)	(307,490)	(182,245)
Balance per IFRS		-	-

ii **Short term investments**

Under NGAAP, Goldlink's short term investments were made up of money market placements and treasury bills. Under IFRS, such investments were not classified as short term investments but as cash and cash equivalents. The following changes affected the Company's short term investments:

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP		i	108,364	2,285,234
Placements reclassified to cash and cash equivalents (see (a) above)	a(i)		(105,364)	(2,285,234)
Treasury bills reclassified to cash and cash equivalents (see (a) above)	a(i)		(3,000)	-
Total balance reclassified from short term investments		ii	(108,364)	(2,285,234)
Balance per IFRS account		i+ii	-	-
Impact on equity			-	-

iii **Restatement of prior period error**

This represents a write off of unsubstantiated balances warehoused in short term investments under NGAAP through a prior year adjustment during the comparative period. Hence the balance as at the transition date was restated in accordance with the requirements of IAS 8.

b **Financial assets**

This warehouses the Company's quoted and unquoted equities which were reclassified from long term investments to financial assets.

Category	**Measurement basis**
Available for sale financial instruments	Fair value through other comprehensive income

Nigerian GAAP does not require such classification and measurement of financial instruments. Under IFRS, the Company classifies its financial assets as available for sale. Financial instruments are measured based on their classification in accordance with IAS 39. The changes impacting financial assets are summarised below:

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP			-	-
Reclassification from long term investment	v(b)		44,765	923,923
		ii	44,765	923,923
Recognition of treasury shares	(r)		(805)	-
Balance per IFRS		i+ii	43,960	923,923
Impact on equity			-	-

v(b) **Long term investments**

The Company's long term investments were principally made up of quoted and unquoted equities under Nigerian GAAP. Under IFRS, investments are not classified as long term investments but in accordance with the categories defined by IAS 39. The Company has designated its financial assets as available for sale financial assets. The changes affecting long term investments based on management's designation are as follows:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP		44,765	923,923
Reclassification to available for sale	b(v)	(44,765)	(923,923)
Balance per IFRS		-	-
Impact on equity		-	-

(c) **Trade receivables**

The Company's trade receivables comprise premium receivables. The changes affecting trade receivables are shown below:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP		-	-
Reclassification to trade receivables from premium debtors	iii(c)	128,135	1,100,926
Restatement of prior year errors on premium debtors	(q)	-	(336,495)
Restatement of prior year errors on provision for premium debtors	(q)	-	(239,860)
Balance per IFRS		128,135	524,571
Impact on equity		-	-

iii(c) **Premium debtors**

Under NGAAP, receivables due from policy holders, brokers and insurance entities with respect to insurance contracts were reported as premium debtors. Premium debtors were carried at cost less impairment allowance determined in line with NAICOM guidelines. Under IFRS, those receivables are presented as trade receivables. They are measured at their carrying amounts less impairment based on objective evidence of impairment. The major changes to this account are analysed as follows:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP	c	128,135	1,100,926
Reclassification to trade receivables		(128,135)	(1,100,926)
Balance per IFRS		-	-
Impact on equity		-	-

(d) **Other receivables and prepayments**

Under Nigerian GAAP, loans and receivables are measured at cost net of provisions. A specific risk provision for loan impairment is established to provide for management's estimates of credit losses as soon as the recovery of an estimate seems doubtful.

Under IFRS, an impairment loss can be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the balance sheet date.

The Company's loans and receivables comprise loans to policy holders, staff loans and other receivables.

Under Nigerian GAAP, loans and receivables were reported as part of reinsurance recoverables, other assets and loans. However, under IFRS loans and receivables have been reported separately under the broad category of other receivables and prepayments for better presentation purposes. Investment properties which were unsubstantiated were also reclassified to other assets and was fully impaired.

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statement	i	-	-
Reclassification from reinsurance recoverables and other asset and loans		48,032	523,460
Total reclassification from reinsurance recoverables and other assets	(iv)	48,032	523,460
Reclassification of investment property to other assets	(g)	-	26,806
		48,032	550,266
Prior year errors:			
Write-off of unsubstantiated receivable from staff co-operative-General business*	(q)	-	(94,983)
Write-off of unsubstantiated receivable from staff co-operative-Life business*	(q)	-	(40,188)
Write-off of unsubstantiated reinsurance recoverable balances*	(q)	-	(114,566)
Reclassification of credit balances to other payables and accruals	(m)	-	67,680
Reclassification of credit balances to other payables and accruals	(m)	-	51,469
Write-off of unsubstantiated staff loan balances*	(q)	-	(92,123)
Write-off of unsubstantiated loans to policy holders *	(q)	-	(53,200)
Write-off of unsubstantiated agency loan balances*	(q)	-	(25,421)
Restatement of prior year errors-other prepayments**	(q)	-	(25,548)
Others		(438)	60
		(438)	(326,820)
Balance per IFRS	i+ii	47,594	223,446
Impact on Equity		-	-

* These are restatement of fundamental errors that were previously made in the account. The fundamental errors mainly relate to irregularities and unsupported transactions arising from prior years.

** The adjustment was made to reverse fictitious prepayments balances as at 1 January 2011.

(iv) **Reinsurance recoverables, other assets and loans**

This warehouses the Company's reinsurance recoverables, other assets, loans etc. The impact of change on this account from NGAAP to IFRS are attributable to the reclassification of due from reinsurers and other receivables and prepayments to re-insurance assets and other receivables and prepayments respectively.

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		i	301,687	778,872
Reclassification of claims recoverable from re-insurers			(184,481)	(205,130)
Reclassification of prepaid re-insurance cost			(69,174)	(50,282)
Total reclassification to reinsurance asset	(e)	ii	(253,655)	(255,412)
Reclassification of loans to policy holders to other receivables and prepayments			(5,619)	(53,200)
Reclassification of staff loans to other receivables and prepayments.			(28,053)	(178,165)
Reclassification of prepayments to other receivables and prepayments.			(6,488)	(47,266)
Reclassification of agency loans to other receivables and prepayments.			-	(20,320)
Reclassification of GICO credit and thrift to other receivables and prepayments.			-	(93,918)
Reclassification of interest receivable to other receivables and prepayments.			(784)	(77,172)
Reclassification of other debit balances to other receivables and prepayments.			(143,617)	-
Reclassification of other debtors to other receivables and prepayments.			(7,088)	(53,419)
Reclassification of allowance for doubtful debt to other receivables and prepayments			143,617	-
Total reclassification from reinsurance recoverables, other assets and loans to other receivables and prepayments.		(d)	(48,032)	(523,460)
Total reclassification to receivables and prepayments			(301,687)	(778,872)
Balance per IFRS		i+ii+iv	-	-

(e) **Reinsurance assets**

This is principally made up of prepaid reinsurance and reinsurance claims recoverable. Under Nigerian GAAP, these report under reinsurance recoverables, other assets and loans. They have however been separately reported under IFRS for proper presentation purposes. They are measured at their carrying amount less impairment based on objective evidence of impairment. In addition, the recoverable from reinsurance and prepaid insurance elements of the actuarial valuation are recognised seperately from the life fund for the life business under IFRS i.e. it is not set off against life fund but it is reported separately unlike NGAAP in which the life business' liability is reported net based on the actuarial valuation. The major change on this account is analysed separately as follows:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP		-	-
Reclasssification of reinsurance recoverables, other assets and loans to reinsurance assets	(iv)	253,655	255,412
Recognition of claims recoverable per actuarial valuation-General business		275,673	190,304
Recognition of reinsurance recovery on UPR per actuarial-General business		-	55,502
Recognition of prepaid reinsurance per actuarial valuation-General business		90,206	-
Recognition of reinsurance recoverable-Group life IBNR	(q)	11,562	-
Recognition of reinsurance recoverable-Group life UPR	(q)	1,251	-
Balance per IFRS		632,347	501,218
Impact on equity		-	-

(f) **Deferred acquisition cost**

This account warehouses the Company's deferred acquisition cost. The main changes to this account resulted from actuarial valuation carried out under IFRS on the Company's liabilities and related assets.

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		256,531	215,528
Impact of actuarial valuation on deferred acquisition cost	(q)	-	21,833
Balance per IFRS		256,531	237,361
Impact on equity		-	21,833

(g) **Investment property**

Investment properties include building owned by Goldlink Insurance PLC. The property was classified from investment property to property and equipment as they do not meet the definition of investment property based on the current directors' intention on the use of the property. Unsubstantiated investment properties were also reclassified to other assets. The major changes affecting this account are as analysed below:

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		i	-	167,881
Reclassification to property and equipment	(i)		-	(141,076)
Reclassification to other receivables and prepayments	(d)		-	(26,805)
Total reclassification		ii	-	(167,881)
Balance per IFRS		i+ii	-	-
Impact on equity			-	-

(h) **Intangible asset**

This warehouses the Company's software acquisition cost and related costs. There was no IFRS impact on this account as shown below.

In thousands of Naira	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements	19,654	29,908
Adjustments	-	-
Reclassifications	-	-
Balance per IFRS	19,654	29,908
Impact on equity	-	-

(i) **Property and equipment**

The major changes on PPE include the reclassification of owner occupied property from investment properties to property and equipment. The changes are shown below:

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		i	1,756,619	2,730,441
Reclassification from investment property	(g)		-	141,076
Prior year errors:				
Restatement of prior year errors on PPE written off	(q)		-	(1,385,089)
Restatement of accumulated depreciation on PPE written off	(q)			333,163
				(1,051,926)
Total		ii	-	(910,850)
Balance per IFRS		i+ii	1,756,619	1,819,591
Impact on equity			-	-

(j) **Insurance contract liabilities**

This warehouses the liabilities arising from insurance contracts which comprises outstanding claims provision, unearned premiums and life insurance contract liabilities. The principal change is necessitated by the requirement to carry out a liability adequacy on insurance contracts under IFRS. For this purpose the Company has measured its non-life outstanding claims provision using the basic chain ladder method based on historical pattern of claims development and the expected loss model for oil and gas business.

The impact arising from measurment changes are summarised below:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP	i	-	-
Relassification of insurance funds to insurance contract liabilities	(viii)	3,834,226	1,968,174
Impact of the liability adequacy test		(73,389)	730,641
Restatement of prior year error	(q)	-	651,077
Total reclassification and measurement impact	ii	(73,389)	1,381,718
Balance per IFRS	i+ii	3,760,837	3,349,892
Impact on equity		(73,389)	730,641

(k) **Investment contract liabilities**

This warehouses the receipts for deposit administration and other business of a savings nature which are recognised as liabilities. The major changes in investment contract liabilities are as analysed below:

Balance per NGAAP		-	-
Reclassification from deposit administration	(vii)	733,566	303,537
Restatement of prior year error	(q)	-	315,605
Impact of unbundling of individual life investment contract	(q)	50,817	-
Balance per IFRS		784,383	619,142

(vi) **Creditors and accruals**

Major changes to creditors and accruals comprises reclassification of due to reinsurers to trade payables for better presentation under IFRS. See analysis below:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements	i	194,900	67,400
Reclassification of due to reinsurers to trade payable	(l)	112,107	37,389
Reclassification of unearned income to trade payable		-	
Total reclassification to trade payables	(l)	112,107	37,389
Reclassification of sundry creditors to other payables and accruals	(m)	12,656	-
Reclassification of accruals to other payables and accruals	(m)	70,137	30,011
Total reclassification impact	ii	194,900	67,400
Balance per IFRS	i+ii	-	-
Impact on equity		-	-

(l) **Trade payables**

Additional adjustments were recognised in the account for trade payables in order to properly state the account under IFRS. The entries are as follows:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		-	-
Reclassification from creditors and accruals	(vi) i	112,107	37,389
Restatement of prior year errors	(q)	-	7,104
Total reclassification and measurement impact	ii	-	7,104
Balance per IFRS	i+ii	112,107	44,493
Impact on equity		-	-

(m) **Other payables and accruals**

Account warehouses other payables and accruals which are required to be presented seperately from trade payables in line with the requirements of IFRS. The account also warehouses a reclassification of a credit balance from other assets as shown below. This credit balance arose as a result of the correction of prior year errors..

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements	i	-	-
Reclassification of sundry creditors from creditors and accruals	(vi)	12,656	30,011
Reclassification of accruals from creditors and accruals	(vi)	70,137	-
		82,793	30,011
Reclassification of credit balances from other receivables and prepayments	(d)	-	67,680
Reclassification of credit balances from other receivables and prepayments	(d)	-	51,469
Others		27	-
		27	119,149
Balance per IFRS	i+ii	82,820	149,160
Impact on equity		-	-

(n) **Deferred tax liabilities**

The change in deferred tax account is as a result of the recognition of deferred tax on the revaluation of PPE which was recognised as prior year adjustments. This is as analysed below:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		258,769	46,340
Deferred tax impact on revaluation of PPE	(p)	-	259,679
Balance per IFRS		258,769	306,019
Impact on equity		-	-

(o) **Retirement benefit obligation**

In addition to the existing balances in this account, additional entries were raised to properly state the retirement benefit obligation for the entity. The sum of all the adjustments into this account is as detailed below:

In thousands of Naira			31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		i	206,062	-
Additional gratuity provision per valuation report			41,275	46,605
Restatement of prior year errors	(q)		-	164,415
Total reclassification and measuremet impact		ii	41,275	211,020
Balance per IFRS		i+ii	247,337	211,020
Impact on equity			41,275	-

(vii) **Liabilities for administered deposits**

This warehouses the liabilities arising from deposit administration under NGAAP. Under IFRS, liabilities for administered deposits has been reclassified to investment contract liabilities for better presentation. This is as analysed below:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		733,566	303,537
Reclasification to investment contract liabilities	(k)	(733,566)	(303,537)
Balance per IFRS		-	-

(viii) **Insurance funds**

This warehouses the liabilities arising from insurance contracts which comprises outstanding claims provision, unearned premium and life insurance contract liabilities. Under IFRS, insurance funds has been reclassified to insurance contract liabilities for better presentation. This is as analysed below:

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		3,834,226	1,968,174
Reclassification to insurance contract liabilities	(j)	(3,834,226)	(1,968,174)
Balance per IFRS		-	-

(p) **Asset revaluation reserve**

This warehouses the Company's revaluation reserve which comprise revaluation gain/loss on the Company's land and building. Land and building are carried at revalued amounts, with changes in valuation amount recognised in other comprehensive income and carried in revaluation reserve. The movement in this account is majorly attributable to the restatement of prior year errors and the impact of deferred tax arising from revaluation. See analysis below;

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		1,202,044	-
Restatement of prior year errors	(q)	-	1,461,723
Deferred tax impact	(n)		(259,679)
Balance per IFRS		1,202,044	1,202,044

(ix) **General reserves**

This account warehouses the Company's general reserves under NGAAP. This has been reclassified to retained earnings under IFRS and is as shown below;

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		(9,726,259)	360,396
Reclassification to retained earnings	(q)	9,726,259	(360,396)
Balance per IFRS		-	-

(q) **Retained earnings**

The effect of IFRS transition adjustments on retained earnings is mainly attributable to restatement of prior year errors as well as impact of actuarially determined liabilities and related assets.

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		-	-
Reclassification from general reserves	(ix)	(9,726,259)	360,396
Recognition of fair value changes in OCI		(5,796)	10,478
		(9,732,055)	370,874
Prior year errors:			
Restatement of dimunition in quoted investments		-	8,319
Write-off of unsubstantiated short term placements	(a)	-	(2,160,682)
Write-off of unsubstantiated receivable from staff co-operative	(d)	-	(135,171)
Write-off of unsubstantiated staff loans balances	(d)	-	(92,123)
Restatement of premium debtors	(c)	-	(336,495)
Previously unrecognised outstanding claims	(j)	-	(651,076)
Previously unrecognised staff gratuity	(o)	-	(164,415)
Restatement of revaluation reserves	(p)	-	(1,461,723)
Write-off of unsubstantiated property and equipment	(i)	-	(1,385,089)
Reversal of accumulated depreciation on unsubstantiated property and equipment	(i)	-	333,162
Restatement of amount due to reinsurers	(l)	-	(7,104)
Write-off of unsubstantiated loans to policy holders	(d)	-	(53,200)
Write-off of unsubstantiated reinsurance recoverable balances	(d)	-	(114,566)
Write-off of unsubstantiated agency loan balances	(d)	-	(25,421)
Restatement of deposit administration liability	(k)	-	(315,604)
Restatement of other prepayments	(d)	-	(25,548)
Restatement of provision for premium debtors	(c)	-	(239,855)
Total		-	(6,826,591)
Impact of actuarial valuation on reinsurance recoverable		55,502	55,502
Impact of impairment charge and changes in fair value of available for sale financial assets		-	(8,589)
Impact of adjustment to recognise changes in investment contract liabilities	(k)	(50,817)	-
Impact of adjustment to recognise additional provision for staff gratuity per gratuity report.		(46,601)	(46,601)
Impact of actuarial valuation on retirement benefit obligation		5,330	-
Impact of actuarial valuation on UPR-General business		135,855	(116,168)
Impact of actuarial valuation on UPR-Life business		608,056	-
Impact of actuarial valuation on reinsurance recovery on UPR		205,130	205,130
Impact of actuarial valuation on IBNR-General business		(253,679)	(614,472)
Impact of actuarial valuation on IBNR-Life business		(477,270)	-
Impact of actuarial valuation on reinsurance recoverable		(14,826)	(14,826)
Impact of actuarial valuation		157,858	-
Impact of actuarial valuation on reinsurance recoverable-Group life IBNR	(e)	11,562	-
Impact of actuarial valuation on reinsurance recoverable-Group life UPR	(e)	1,252	-
Impact of actuarial valuation on deferred acquisition cost	(f)	21,833	21,833
Others		337	322
Total reclassification and measurement impact		(9,372,533)	(6,973,586)
Balance per IFRS		(9,372,533)	(6,973,586)

(r) **Treasury shares**

In thousands of Naira		31-Dec-11	1-Jan-11
Balance per NGAAP financial statements		-	-
Reclassification from AFS investments	(b)	(805)	-
Balance per IFRS		(805)	-

(s) **Available for sale reserve**

The effect of IFRS transition adjustments on available for sale reserve is shown below:

In thousands of Naira	31-Dec-11	1-Jan-11
Balance per NGAAP financial statements	-	-
Changes in fair value on available for sale financial assets	5,796	(10,478)
Total reclassification and measurement impact	5,796	(10,478)
Balance per IFRS	5,796	(10,478)
Impact on equity	-	-

Statement of comprehensive income
For the year ended 31 December 2011

In thousands of Naira	Note	Nigerian GAAP	Life revenue account	Deposit administration account	Reclassification	Measurement	Total adjustments	IFRS
Gross premium written	a	2,814,276	1,174,211	-	-	(50,818)	(50,818)	3,937,670
Less: (Increase)/decrease in unearned premium arising from insurance contracts issued	b	(165,881)	-	-	(290,296)	1,027,621	737,325	571,443
Gross premium income		2,648,395	1,174,211	-	(290,296)	976,803	686,507	4,509,114
Reinsurance expenses	c	(603,174)	(13,028)	-	-	34,704	34,704	(581,499)
Net premium income		2,045,221	1,161,183	-	(290,296)	1,011,506	721,210	3,927,615
Commission earned	i(d)	78,678	-	-	(78,678)	-	(78,678)	-
Investment and other income	ii(g,h)	-	2,933	17,918	(20,851)	-	(20,851)	-
Fees and commission income	d(i)	-	-	-	78,678	-	78,678	78,678
Total underwriting income		2,123,899	1,164,116	17,918	(311,147)	1,011,506	700,359	4,006,293
Claims expense	(e)	(1,463,924)	(573,645)	-	-	(125,410)	(125,410)	(2,162,979)
Acquisition expenses	iii(f)	(359,022)	(110,693)	-	469,715	-	469,715	-
Maintenance cost	iv(f)	(77,617)	(16,604)	-	94,221	-	94,221	-
Management expenses	v(l)	-	(186,317)	(6,722)	193,039	-	193,039	-
Guaranteed interest	vi(k)	-	-	(36,856)	36,856	-	36,856	-
Underwriting expenses	f(iii,iv),l(iv)	-	-	-	(671,313)	(21,833)	(693,146)	(693,146)
Surplus/transfer from profit or loss	vii(ix)	-	13,439	-	(13,439)	-	(13,439)	-
Underwriting profit/accretion to life fund		223,336	290,296	(25,660)	(202,068)	864,263	662,195	1,150,168
Investment and other income	ii(g,h)	30,888	-	-	(30,888)	-	(30,888)	-
Investment income	)	-		-	27,082	-	27,082	27,082
Other operating income	h(ii,viii),ix(vii	-	-	-	3,752	-	3,752	3,752
Shareholders share of valuation surplus	vii(ix)	(13,439)	-	-	13,439	-	13,439	-
Profit/(Loss) from deposit administration	),l(iv),h(ii,viii) ,x	(25,660)	-	-	-	(27,475)	(27,475)	(53,135)
Bad debts recovered	xi(j)	34,870	-	-	(34,870)	-	(34,870)	-
Write offs and provisions for bad and doubtful accounts	xii(j)	(2,102,949)	-	-	2,102,949	-	2,102,949	-
Management expenses	f(iii,iv),l(iv),j(xi,xii)	(1,053,774)	-	-	(893,166)	(37,586)	(930,752)	(1,984,526)
Impairment losses	j(xi,xii),l(iv)	-	-	-	(1,260,575)	71,624	(1,188,951)	(1,188,951)
Loss before tax		(2,906,728)	-	-	(274,345)	870,826	596,481	(2,045,610)
Income taxes		(257,167)	-	-	-	-	-	(257,167)
Loss after taxation		(3,163,895)	-	-	(274,345)	870,826	596,481	(2,302,777)
Other comprehensive income								
Items within OCI that may be reclassified to the profit or loss:								
Net fair value changes on available for sale financial assets		-	-	-	-	8,161	8,161	8,161
Transfer to profit or loss for impairment of available for sale financial assets		-	-	-	-	8,113	8,113	8,113
Total other comprehensive income		-	-	-	-	16,274	16,274	16,274

Key impact analysis of IFRS on the income statement

General information

Under the NGAAP financial statements, the Company's life underwriting result and its deposit administration result were not consolidated in the profit or loss account. Instead only the shareholders' share of life business' underwriting result of N 13,439,000 and the loss from the deposit administration business (investment contracts) of N25,660,000 were consolidated in the profit and loss account under the NGAAP. However, under the IFRS, both the underwriting result of the life business and the result of the deposit administration business are consolidated on a line by line item with the general business result to arrive at the consolidated underwriting result of the Company. This led to the major recognition of those lines as shown in the lettered notes below.

Under the NGAAP, the Company's life business' liability at every reporting period was determined by reference to the actuarial valuation of the liabilities, however, the Company's share of the actuarial surplus is restricted to only 40% and in addititon, the liabilities are carried net of the related reinsurance recoverables. Even though the liabilities are also actuarially determined under the IFRS, the Company is entitled to the full actuarial surplus while its liabilities are to be stated gross of related reinsurance recoverables. this led to the major adjustments and reclassifications that arose in the Company's conversion to IFRS, related to the life business.

Under the NGAAP also, the non-life (general) business' outstanding claims provision were carried as 110% of the reported claims while under IFRS, a liability adequacy test is carried out using the discounted inflation adjusted basic chain ladder method to determine the Company's outstanding claims provision. The difference between the reported claims and the claims provision is given in the IBNR.

(a) Gross premium written

In thousands of Naira	Note	31-Dec-11
Balance per NGAAP (2011)		2,814,276
Reclassification of life business' gross premium		1,174,211
Unbundling of life investment contract liability		(50,818)
Balance per IFRS	(i)	3,937,670

(b) (Increase)/decrease in unearned premium (UPR) arising from insurance contracts issued

The changes noted in this account is as a result of reduction in unearned premium proposed by the actuary which was based on the liability adequacy test and the reclassification of changes in life fund.

In thousands of Naira		31-Dec-11
Balance per NGAAP (2011)		(165,881)
Reclassification of accretion to life fund	k(vii)	(290,296)
Decrease in UPR based on actuarial valuation (General business)		368,190
Impact of actuarial valuation on Group DA-Life business		556
Changes in investment contract liabilities		-
Reduction in UPR based on liability adequacy test (Life business)		608,056
Unbundling of life investment contract liability		50,818
Total		1,027,620
Total IFRS impact		737,324
Balance per IFRS	(ii)	571,443
Gross premium income	(i)+(ii)	4,509,114

(c) Reinsurance expense

The change to this account was as a result of the reclassification of reinsurance expense on life business which was previously recognised in Life revenue account. This change is in line with IFRS requirements. The movement in the account is as shown below.

In thousands of Naira	31-Dec-11
Balance per NGAAP (2011)	(603,174)
Reclassification of life reinsurance expenses	(13,028)
Impact of actuarial valuation	34,704
Balance per IFRS	(581,498)

i(d) Commission earned

The change to this account was as a result of the reclassification of commission income earned to fees and commission income. This change is in line with IFRS requirements. The movement in the account is as shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		78,678
Reclassification to fees and commission income	d(i)	(78,678)
Balance per IFRS		-

d(i) Fees and commission income

This account warehouses fees and commission income reclassified from commission earned. This change is in line with IFRS requirements. The movement in the account is as shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Reclassification from commission earned	i(d)	78,678
Balance per IFRS		78,678

(e) Claims expense

The change to this account is analysed and shown below:

In thousands of Naira	31-Dec-11
Balance per NGAAP	(1,463,924)
Recognition of net claims incurred on life business	(573,645)
Recognition of claims recoverable per actuarial valuation - Life business	11,562
Recognition of reinsurance recoverable on UPR per actuarial valuation - Life business	1,251
Recognition of claims recoverable per actuarial valuation-General business	85,370
Recognition of IBNR as a result of liability adequacy test-Life business	(477,270)
Recognition of IBNR per actuarial valuation-General business	253,677
Balance per IFRS	(2,162,979)

iii(f) Acquisition expenses

The main changes to this account resulted from reclassification of acquisition expenses on insurance and investment contracts which was previously recognised in life revenue account under NGAAP. The analysis of the impact is as detailed below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		(359,022)
Recognition of acquisition expenses on life business		(110,693)
Total		(469,715)
Reclassification to underwriting expenses	f(iii,iv)	469,715
Balance per IFRS		-

iv(f) Maintenance costs

The main changes to this account resulted from reclassification of maintenance costs on insurance and investment contracts which was previously recognised in life revenue account under NGAAP, reclassifications from management expenses and the impact of liabilities adequacy tests arising from actuarial valuation of insurance liabilities. The analysis of the impact is as detailed below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		(77,617)
Recognition of costs incurred for the maintenance of life insurance contracts		(16,604)
Total reclassification		(94,221)
Reclassification to underwriting expenses	f(iii,iv)	94,221
Balance per IFRS		-

v(l) Management expenses (transfer from life revenue and deposit administration accounts)

The main changes to this account resulted from the reclassification of management expenses which was previously recognised in life revenue account under NGAAP. The analysis of the impact is as detailed below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Reclassification from life revenue account		(186,317)
Reclassification from deposit admin account	ix(vii)	(6,722)
Total		(193,039)
Reclassification to management expenses - (see l(iv) below)	l(iv)	193,039
Balance per IFRS		-

f(iii,iv) Underwriting expenses

This account warehouses the Company's acquisition and maintenance expenses reclassified to underwriting expenses for better presentation under IFRS. The movement in the account is as shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Reclassification from acquisition expenses	iii(f)	(469,715)
Reclassification from maintenance expenses	iv(f)	(94,221)
Reclassification of handling charges from management expenses-Non-life business	l(iv)	(42,513)
Reclassification of marketing expenses from management expenses	l(iv)	(19,389)
Reclassification of handling charges from management expenses-Life business	l(iv)	(45,475)
Total reclassification		(671,313)
Impact of actuarial valuation on deferred acquisition cost		(21,833)
Balance per IFRS		(693,146)

vii(ix) Surplus/transfer from profit or loss

The changes to this account is analysed and shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Transfer from life revenue account		13,439
Reclassification to shareholders' share of valuation surplus	vii(ix)	(13,439)
Balance per IFRS		-

ii(g,h) Investment and other income

The changes to this account is analysed and shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		30,888
Reclassification of investment income from life revenue account		2,933
		33,821
Reclassification (see analysis of reclassification below)		(33,821)
		-

Reclassification of interest income of life business to investment income	g(ii,viii)	(27,146)
Reclassification of other income to other operating income	h(ii,viii)	(5,662)
Reclassification of dividend income to other operating income	g(ii,viii)	(1,013)
		(33,821)

g(ii,viii) Investment income

Under IFRSs, interest income are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. Under Nigerian GAAP, interest income are recognised in accordance with the terms of the related investment security on an accrual basis. Adjustments were made to reclassify dividend and interest income. The impact arising from the changes is summarised as follows:

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Reclassification of life dividend income from investment and other income	viii(g,h)	1,013
Reclassification of interest income to investment income	viii(g,h)	27,146
Reclassification to life investment contract	ix(vii)	(1,077)
Balance per IFRS		27,082

h(ii,viii) Other operating income

The main changes to this account resulted from reclassification of bad debts recovered, foreign exchange gain/(loss) and other income to other operating income. See adjustments in the table below.

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Reclassification of foreign exchange gain/(loss)		(1,399)
Reclassification from investment and other income	viii(g,h)	5,663
Reclassification to life investment contract	ix(vii)	(512)
Balance per IFRS		3,752

vii(ix) Shareholders share of valuation (deficit)

The account earlier warehoused the 40% of the valuation surplus recognized by Life business. However, since IFRS requires the account to recognize 100% of life business profits, this transaction was reversed.

In thousands of Naira		31-Dec-11
Balance per NGAAP		(13,439)
Derecognition of the shareholders share of valuation surplus as a result of life business' underwriting is consolidated in the profit and loss account under IFRS. See general note above.	vii(ix)	13,439
Balance per IFRS		-

x Profit/(loss) from deposit administration (NGAAP)

In thousands of Naira		31-Dec-11
Balance per NGAAP		(25,660)
Reclassification to profit/loss from life investment contract	ix(vii)	25,660
		-

ix(vii) Profit/(loss) from life investment contract (IFRS)

The changes to this account are analysed below:

In thousands of Naira		31-Dec-11
Balance per NGAAP	x	(25,660)
Reclassification of IFRS impact from investment income	g(ii,viii)	1,077
Reclassification of IFRS impact from other operating income	h(ii,viii)	512
IFRS impact arising from other operating expenses	l(iv)	(29,064)
Balance per IFRS		(53,135)

xi(j) Bad debts recovered

The changes to this account was as a result of the reclassification of bad debts recovered to other operating income for better presentation under IFRS. This is as shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		34,870
Reclassification to net impairment losses	j(xi,xii)	(34,870)
Balance per IFRS		-

(Ii) Write offs and provision for bad and doubtful debts

The changes to this account was as a result of the reclassification of bad and doubtful debts to impairment losses for better presentation under IFRS. This is as shown below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		(2,102,949)
Reclassification to impairment losses	j(xi,xii)	2,102,949
Balance per IFRS		-

l(iv) Management expenses

This comprises operating expenses. Changes to this account include the reclassification of management expenses on life revenue account and the reclassification of unquoted investments and short term deposits written off. This is as analysed below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		(1,053,774)
Reclassification from life revenue account	v(l)	(193,039)
Reclassification of handling charges to underwriting expenses-Life business	f(iii,iv)	45,475
Reclassification of unsubstantiated reinsurance written off from impairment losses	j(xi,xii)	(232,592)
Reclassification of short term deposits written off	j(xi,xii)	(510,986)
Reclassification of marketing expenses to underwriting expenses	f(iii,iv)	19,389
Reclassification of write off of unquoted securities from impaiment losses	j(xi,xii)	(63,926)
Reclassification of handling charges to underwriting expenses-General business	f(iii,iv)	42,513
		(893,166)
Restatement of movement in impairment	j(xi,xii)	16,274
Impact of actuarial valuation on retirement benefit obligation		5,330
Reclassification to life investment contract	ix(vii)	29,064
Remeasurement	j(xi,xii)	(87,898)
Others		(356)
		(37,586)
Balance per IFRS		(1,984,526)

j(xi,xii) Impairment losses

This comprises impairment losses on financial instruments, trade receivables and impairment losses on other receivables. The changes to this account was majorly as a result of the reclassification of impairment losses from write offs and provision for bad and doubtful debts. This is as analysed below:

In thousands of Naira		31-Dec-11
Balance per NGAAP		-
Reclassification from write offs and provision for bad and doubtful debts	(Ii)	(2,102,949)
Reclassification of short term deposits written off to management expenses	l(iv)	510,986
Reclassification of unsubstantiated reinsurance written off to management expenses	l(iv)	232,592
Reclassification of write off of unquoted securities to management expenses	l(iv)	63,926
Reclassification from bad debts recovered	xi(j)	34,870
Total reclassification		(1,260,575)
Remeasurement	l(iv)	87,898
Restatement of movement in impairment	l(iv)	(16,274)
		71,624
Balance per IFRS		(1,188,951)

Value Added Statement

(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-12	%	31-Dec-11	%
Gross premium income (Local)	199,651		20,112,041	
Investment income				
- Local	69,400		-	
- Foreign	-		-	
Other income				
- Local	1,928		10,046	
- Foreign	-		-	
Reinsurance, claims, commission & operating expenses				
- Local	(533,309)		(21,656,737)	
- Foreign				
Value added	**(262,331)**	**100**	**(1,534,650)**	**100**
Applied to pay:				
Employee benefit expense	424,792	(162)	399,021	(27)
Government as tax	47,338	(19)	257,167	(17)
To providers of finance		-		-
To lenders	-	-	-	-
Retained in the business		-		-
Depreciation of property and equipment	79,413	(31)	101,685	(7)
Amortisation of intangible assets	10,400	(4)	10,254	(1)
To augment reserve	(824,273)	315	(2,302,777)	151
Value added	**(262,331)**	**99**	**(1,534,650)**	**100**

Three year Financial Summary

(All amounts in Naira thousands unless otherwise stated)

	31-Dec-12	31-Dec-11	1-Jan-11
Cash & cash equivalents	308,783	415,854	306,797
Financial assets	57,294	43,960	923,923
Trade receivables	103,685	128,135	524,571
Reinsurance assets	583,149	632,347	501,218
Deferred acquisition cost	138,169	256,531	237,361
Other receivables and prepayments	89,888	47,594	223,446
Intangible assets	10,129	19,654	29,908
Property, plant and equipment	1,733,564	1,756,619	1,819,591
Statutory deposits	500,000	500,000	500,000
Total assets	3,524,661	3,800,694	5,066,815
Liabilities			
Insurance contract liabilities	3,944,869	3,760,838	3,349,892
Investment contract liabilities	930,960	784,383	619,141
Trade payables	191,703	112,107	44,493
Other payables and accruals	207,315	82,820	149,159
Borrowings	351,878	330,402	156,225
Retirement benefit obligation	255,169	247,337	211,020
Current tax laibilities	322,315	314,897	34,417
Deferred tax liabilities	258,769	258,769	306,019
Total liabilities	6,462,978	5,891,553	4,870,367
Capital and reserves			
Issued and paid up share capital	2,274,974	2,274,974	2,274,974
Share premium	2,663,798	2,663,798	2,663,798
Contingency reserve	1,288,369	1,135,867	1,039,697
Retained earnings	(10,349,309)	(9,372,533)	(6,973,586)
Revaluation reserves	1,202,044	1,202,044	1,202,044
Available for sale reserve	21,654	5,796	(10,478)
Treasury shares	(39,850)	(805)	-
Total Equity	(2,938,319)	(2,090,859)	196,448
Total equity and liabilities	3,524,661	3,800,694	5,066,815

STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-12	31-Dec-11
Gross premium written	5,403,884	3,937,670
Premium earned	5,565,913	4,509,114
Profit/(loss) before taxation	(776,935)	(2,045,610)
Taxation	(47,338)	(257,167)
Profit/(loss) after taxation	(824,273)	(2,302,777)
Transfer to contingency reserve	152,502	96,170
Earnings per share (kobo)	(18)	(51)

The summarised statement of financial position of 31 December 2009 and 2008 and the statement of profit or loss and other comprehensive income for the years 2010, 2009 amd 2008 were prepared on a different financial reporting framework (Nigerian GAAP) and are therefore not directly comparable with the other financial information presented. The explanation of the major differences between IFRS and NGAAP are as stated in note 50 on explanation of transition to IFRS.

General Business Statement of Financial Position

For the year ended 31 December, 2012

In thousands of Naira	Note	**31-Dec-12**	**31-Dec-11**	**1-Jan-11**
Assets				
Cash and cash equivalents	5	253,591	318,559	196,820
Financial assets	6	34,018	25,465	401,174
Trade receivables	7	103,685	88,985	294,158
Reinsurance assets	8	563,781	632,347	501,218
Deferred acquisition cost	9	138,169	256,531	237,361
Other receivables and prepayments	10	58,389	34,450	216,956
Intangible assets	11	6,370	11,793	17,945
Property, plant and equipment	12	1,121,377	1,128,240	1,163,504
Statutory deposits	13	300,000	300,000	300,000
Total Assets		2,579,380	2,796,370	3,329,137
Liabilities				
Insurance contract liabilities	14	2,942,069	2,936,483	2,687,319
Investment contract liabilities	15	-	-	-
Trade payables	16	162,382	81,790	27,096
Other payables and accruals	17	156,592	70,137	70,977
Borrowings	18	351,878	330,402	156,225
Retirement benefit obligation	19	221,593	219,258	187,688
Current tax liabilities	20	292,135	289,344	20,422
Deferred tax liabilities	21	100,505	100,504	289,272
Total Liabilities		4,227,154	4,027,918	3,438,999
Capital and reserves				
Issued and paid up share capital	22	1,174,974	1,174,974	1,174,974
Share premium	22.2	1,679,666	1,679,666	1,679,666
Contingency reserve	22.3	1,208,950	1,099,694	1,003,524
Retained earnings	22.4	(6,803,572)	(6,306,584)	(5,076,432)
Revaluation reserves	22.5	1,120,842	1,120,842	1,120,842
Available for sale reserve	22.6	11,217	666	(12,436)
Treasury shares	22.7	(39,850)	(805)	-
Shareholders funds		(1,647,774)	(1,231,548)	(109,863)
Total equity and liabilities		2,579,380	2,796,370	3,329,137

General Business Statement of Comprehensive Income

For the year ended 31 December 2012

In thousands of Naira	**Note**	**31-Dec-12**	**31-Dec-11**
Gross premium written	23	4,033,254	2,814,276
Gross premium income	23	4,232,907	3,016,585
Reinsurance expense	25	(933,485)	(568,470)
Net premium income	23	3,299,423	2,448,115
Fees and commission income	26	79,625	78,678
Net underwriting income		3,379,048	2,526,793
Claims expense	28	(1,135,614)	(1,124,876)
Underwriting expense	29	(1,447,166)	(520,374)
Underwriting profit		796,268	881,543
Investment and other operating income	30	25,689	14,873
Management expense	32	(948,621)	(1,304,599)
Impairment losses	35	(339,736)	(575,407)
Profit/(loss) before taxation		(466,400)	(983,590)
Income taxes		(42,821)	(241,636)
Profit/(loss) after taxation		(509,221)	(1,225,226)
Other comprehensive income			
Fair value changes on available for sale financial assets		10,551	4,989
Transfer to profit or loss for impairment of available for sale financial assets		-	8,113
Revaluation gain on land and building		-	-
Other comprehensive income for the year, net of tax		10,551	13,102
Total comprehensive income		(498,670)	(1,212,124)

General Business Revenue Account
For the year ended 31 December 2012

In thousands of Naira	Notes	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	OIL & GAS	AVIATION	2012 TOTAL	2011 TOTAL
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
INCOME											
Direct Premiums		1,330,558	291,348	798,008	273,484	34,795	194,357	1,086,745	21,386	4,030,681	2,814,276
Inward Reinsurance Premiums		-	2,550	23	-	-	-	-	-	2,573	-
Gross Written Premiums	24	1,330,558	293,898	798,031	273,484	34,795	194,357	1,086,745	21,386	4,033,254	2,814,276
Less: (Increase)/ decrease in unearned premium		161,432	23,822	75,076	(21,278)	(3,855)	(10,938)	(21,595)	(3,012)	199,651	202,309
Gross Premiums income		1,491,990	317,720	873,107	252,206	30,940	183,419	1,065,150	18,374	4,232,907	3,016,585
Reinsurance Cost	25	(24,000)	(131,274)	(55,785)	(61,094)	(5,970)	(35,551)	(618,577)	(1,234)	(933,484)	(568,470)
Net Premium earned		1,467,990	186,446	817,321	191,113	24,971	147,868	446,573	17,140	3,299,422	2,448,115
Commissions earned	26	-	38,247	18,421	12,719	1,272	8,661	-	305	79,625	78,678
Total underwriting income		1,467,990	224,693	835,742	203,832	26,243	156,529	446,573	17,445	3,379,047	2,526,793
EXPENSES											
Gross Claims Paid	27	407,982	306,633	200,797	33,756	1,345	38,931	96,782	5,616	1,091,842	808,157.00
Increase/(decrease) in outstanding claims provision	27	18,290	15,964	(20,355)	(16,331)	5,640	40,297	128,343	33,389	205,237	451,473
Gross Claims incurred		426,272	322,597	180,442	17,425	6,985	79,228	225,125	39,005	1,297,079	1,259,630
Less: Reinsurance claims recoveries/recoverable	27	(24,583)	(212,110)	(17,053)	(34,288)	913	(7,173)	132,670	161	(161,463)	(134,754)
Net claims incurred		401,689	110,487	163,389	(16,863)	7,898	72,055	357,795	39,166	1,135,616	1,124,876
Add: Underwriting expenses:											
Acquisition expenses	28.1	172,447	169,077	167,614	53,259	6,931	41,694	5,838	4,424	621,284	380,855
Maintenance expenses: Handling charges	28.2	166,713	36,824	99,990	34,266	4,360	24,352	136,165	2,680	505,350	42,513
Marketing expenses	28.2	105,743	23,357	63,421	21,734	2,765	15,446	86,366	1,700	320,532	19,389
Other maintenance expenses	28.2	-	-	-	-	-	-	-	-	-	77,617
		444,903	229,258	331,025	109,260	14,056	81,492	228,369	8,803	1,447,166	520,374
Total expenses and claims incurred		846,592	339,745	494,414	92,397	21,954	153,547	586,164	47,969	2,582,782	1,645,250
Underwriting profit/(loss)		621,398	(115,052)	341,328	111,435	4,289	2,982	(139,590)	(30,521)	796,268	881,543

Life Business Statement of Financial Position

For the year ended 31 December, 2012

In thousands of Naira	Note	**31-Dec-12**	**31-Dec-11**	**1-Jan-11**
Assets				
Cash and cash equivalents	5	55,192	97,295	109,977
Financial assets	6	23,276	18,495	522,749
Trade receivables	7	-	39,150	230,413
Reinsurance assets	8	19,368	-	-
Other receivables and prepayments	10	31,499	13,144	6,490
Intangible assets	11	3,759	7,861	11,963
Property, plant and equipment	12	612,187	628,380	656,087
Statutory deposits	13	200,000	200,000	200,000
Total Assets		945,281	1,004,325	1,737,679
Liabilities				
Insurance contract liabilities	14	1,002,800	824,356	662,573
Investment contract liabilities	15	930,960	784,383	619,141
Trade payables	16	29,321	30,317	17,397
Other payables and accruals	17	50,723	12,683	78,184
Retirement benefit obligation	19	33,576	28,079	23,332
Current tax liabilities	20	30,180	25,552	13,995
Deferred tax liabilities	21	158,264	158,265	16,747
Total Liabilities		2,235,824	1,863,635	1,431,369
Capital and reserves				
Issued and paid up share capital	22	1,100,000	1,100,000	1,100,000
Share premium	22.2	984,132	984,132	984,132
Contingency reserve	22.3	79,420	36,173	36,173
Retained earnings	22.4	(3,545,734)	(3,065,947)	(1,897,155)
Revaluation reserves	22.5	81,202	81,202	81,202
Available for sale reserve	22.6	10,437	5,130	1,958
Treasury shares	22.7	-	-	-
Shareholders funds		(1,290,543)	(859,310)	306,310
Total equity and liabilities		945,281	1,004,325	1,737,679

Life Business Statement of Comprehensive Income

For the year ended 31 December 2012

In thousands of Naira	**Note**	**31-Dec-12**	**31-Dec-11**
Gross premium written	23	1,414,007	1,174,211
Gross premium income	23	1,333,006	1,492,528
Reinsurance expense	25	(11,505)	(13,028)
Net premium income	23	1,321,501	1,479,500
Net underwriting income		1,321,501	1,479,500
Claims expense	28	(727,799)	(1,038,103)
Underwriting expense	29	(317,546)	(172,772)
Underwriting profit		276,156	268,625
Investment and other operating income	30	25,390	15,960
Management expense	32	(113,368)	(679,926)
Impairment losses	35	(465,383)	(613,544)
Loss on investment contracts		(33,330)	(53,135)
Profit/(loss) before taxation		(310,535)	(1,062,020)
Income taxes		(4,517)	(15,531)
Profit/(loss) after taxation		(315,052)	(1,077,551)
Other comprehensive income			
Fair value changes on available for sale financial assets		5,307	3,172
Transfer to profit or loss for impairment of available for sale financial assets		-	-
Revaluation gain on land and building		-	-
Other comprehensive income for the year, net of tax		5,307	3,172
Total comprehensive income		(309,745)	(1,074,379)

Life Business Revenue Account
For the year ended 31 December 2012

In thousands of Naira	Note	**Individual Life**	**Group Life**	**2012 Total**	**2011 Total**
Income					
Direct premiums	24	25,920	1,388,087	1,414,007	1,174,211
Inward reinsurance premiums		-		-	-
Less: (increase)/decrease in unearned premium	24	(41,677)	79,301	37,624	369,134
Gross premium income		67,597	1,308,786	1,376,383	1,543,345
Unbundling of life investment contracts		-	-	43,376	50,817
Reinsurance cost	25	-	11,505	11,505	13,028
Premium retained		67,597	1,297,281	1,321,502	1,479,500
Total underwriting income		67,597	1,297,281	1,321,502	1,479,500
Expenses					
Gross claims paid		-	587,255	587,255	540,209
Surrenders		2,306	-	2,306	2,331
Maturity claims		3,973	-	3,973	1,092
Increase/(decrease) in outstanding claims	27	-	140,820	140,820	530,917
Gross claims incurred		6,279	728,075	734,354	1,074,549
Reinsurance claims recoveries/recoverables	27	120	6,435	6,555	(36,446)
Net claims incurred	27	6,399	721,640	727,799	1,038,103
Acquisition expenses	28	9,425	129,877	139,302	110,693
Maintenance expenses: Handling expenses	28	430	23,009	23,439	45,475
Marketing expenses	28	2,838	151,967	154,805	-
Other maintenance expenses	28	-	-	-	16,604
Guaranteed interest	28	-	-	-	-
Total expenses		19,092	1,026,494	1,045,345	1,210,875
Underwriting result		48,505	270,787	276,156	268,625