Great Nigeria Insurance Plc

Consolidated Annual Report and Separate Financial Statements
31 December 2014

Table of contents

Corporate information

Certificate of incorporation number:	RC 2107
NAICOM license number:	RIC 014

Directors, officers and advisors

Mr. Olatokunbo Talabi	Chairman
Mrs. Cecilia O. Osipitan	Managing Director/CEO
Mr. Rotimi Olukorede	Executive Director
Mrs. Roselyn Ulaeto	Executive Director
Mr. Bade Aluko	Non-Executive Director
Mrs. Foluso Onabowale	Non-Executive Director
Mr. James Kayode Naiyeju	Non-Executive Director
Mr. Dapo Otunla	Non-Executive Director
Mr. Felix Alaba Job	Non-Executive Director

Company secretary:	Mrs Abiola Mosuro
Corporate head office:	Great Nigeria Insurance Plc GNI Complex 8, Omo-Osagie Street Off Awolowo Road Ikoyi, Lagos Telephone: +234 01 2670423, 01 7300015 Email: info@gniplc.com, info@greatnigeriaplc.com Website: www.gniplc.com, www.greatnigeriaplc.com
Independent auditors:	Akintola Williams Deloitte Chartered Accountants 235, Ikorodu Road, Ilupeju, Lagos, Nigeria Telephone: +234 1 2717800 Website: www.deloitte.com.ng
Registrars:	Citadel Registrars 30 Oba Akran Avenue Ikeja PMB 12964, Marina Lagos Telephone: +234 01 7732181, 0702 838 0379
Bankers	Wema Bank Plc First Bank Nigeria Limited Skye Bank Plc Sterling Bank Plc Ecobank Limited Zenith Bank Plc United Bank for Africa Plc First City Monument Bank Plc Access Bank Plc Diamond Bank Plc Union Bank Plc Unity Bank Plc Heritage Bank Barclays Bank Group, London

Corporate information

Re-insurers	Nigeria Reinsurance Company Africa Reinsurance Corporation Continental Reinsurance Plc
Consulting actuaries	HR Nigeria Limited 7th floor, AIICO Plaza Afribank Street, Victoria Island Lagos Telephone: +234 1 2800917, 2800918, 4616768 FRC/NAS/00000000738
Estate surveyor and valuer:	Ubosi Eleh & Co. FRC/2013/NISEV/00000001493

Directors' Report

The directors have pleasure in presenting their annual report on the affairs of **Great Nigeria Insurance PLC** ("the Company" or " GNI PLC") and subsidiary (the Group) together with the audited financial statements and the auditor's report for the year ended 31 December 2014.

Legal form and principal activity:
The Company was incorporated in Nigeria as a private limited liability company on 28th February 1960 as a wholly owned subsidiary of Odu'a Investment Company Limited, to transact insurance business as a composite insurer, until September 2005 when the Global Fleet Group bought the majority shares. With the divestment of the shares held by the Global Fleet Group and sale of substantial part of the holdings of Odu'a Investment Company Limited to Wema Assets Management Limited in September 2006, it became a member of the Wema Bank Plc Group. In line with the Central Bank of Nigeria (CBN) guidelines to banks in Nigeria, Wema Bank Plc divested from the Company effective November 2013 and sold its controlling shares to a consortium led by the management of the Company.

On 4 July, 2013, the Company acquired 97.5% ordinary shares of GNI Healthcare Limited formally known as GAMMA Health Limited. GNI Healthcare Limited was incorporated as a private limited liability company on 24 July, 2012 and its principal activity involves provision of basic and supplemental health maintenance and treatment services.

The Group is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers including provision of healthcare services.

The financial results of the subsidiary have been consolidated in these financial statements from the date that the Company started exercising control over the subsidiary.

Operating results:
The highlights of the Group's and Company's operating results for the year ended 31 December 2014 were as follows:

	Group 2014 ₦'000	Group 2013 ₦'000	Company 2014 ₦'000	Company 2013 ₦'000
Gross premium written	2,812,951	3,051,532	2,753,790	3,046,982
(loss)/ Profit before taxation	(60,566)	449,689	(67,952)	466,709
Minimum tax	(34,934)	(30,899)	(33,744)	(30,844)
Income tax	-	(431,482)	-	(431,483)
Profit after taxation	(95,500)	(12,692)	(101,696)	4,382
Transfer to statutory contingency reserve	(57,489)	(62,239)	(57,489)	(62,239)
Transfer to retained earnings	(152,989)	(74,931)	(159,185)	(57,857)
Shareholders' funds	5,296,313	5,389,377	5,318,378	5,395,167
Basic/diluted earnings per share (k)	(2.50)	(0.33)	(2.66)	0.11

Directors' Report

Directors and their interests:

The directors who served during the year were as follows:

Name	Units of Ordinary Shares Held	Designation
Mr. Olatokunbo Talabi	-	Chairman
Mrs. Cecilia O. Osipitan	10,000,000	Managing Director/CEO
Mr. Rotimi Olukorede	-	Executive Director
Mrs. Roselyn Ulaeto	-	Executive Director
Bade Aluko	-	Non-Executive Director
Mrs. Foluso Onabowale	-	Non-Executive Director
James Kayode Naiyeju	-	Non-Executive Director
Dapo Otunla	-	Non-Executive Director
Arch Bishop Felix Alaba Job	-	Non-Executive Director

According to the register of members as at 31 December 2014, the fully paid-up shares of the Company were beneficially held as follows as:

Shareholders		% shareholding
Insurance Resourcery & Consultancy	906,348,538	24
Papyrus Investment Limited	892,952,339	23
Lord's Favour Nigeria Limited	714,208,772	19
Catholic Archdiocese of Ibadan	357,104,386	9
Odu'a Investment Company Limited	348,138,124	10
Others	608,733,221	15
Total	**3,827,485,380**	**100**

Share range			2014			
			No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
1	-	1,000	1,577	29.44%	1,470,728	0.04%
1,001	-	5,000	2,118	39.54%	6,433,626	0.17%
5,001	-	10,000	640	11.95%	5,952,826	0.16%
10,001	-	50,000	545	10.18%	15,597,159	0.41%
50,001	-	100,000	147	2.74%	13,188,738	0.34%
100,001	-	500,000	205	3.83%	56,471,767	1.48%
500,001	-	1,000,000	53	0.99%	47,513,078	1.24%
1,000,001	-	5,000,000	46	0.86%	115,606,417	3.02%
5,000,001	-	10,000,000	11	0.21%	88,443,018	2.31%
10,000,001	-	500,000,000	13	0.24%	606,193,988	15.84%
500,000,001	-	4,000,000,000	1	0.02%	2,870,614,035	75.00%
Total			5,356	100%	3,827,485,380	100%

Directors' Report

Share range	2013			
	No of shareholders	**Percentage of shareholders**	**No of holdings**	**Percentage of holdings**
1 - 1,000	1,577	29.44%	1,470,728	0.04%
1,001 - 5,000	2,118	39.54%	6,433,626	0.17%
5,001 - 10,000	640	11.95%	5,952,826	0.16%
10,001 - 50,000	545	10.18%	15,597,159	0.41%
50,001 - 100,000	147	2.74%	13,188,738	0.34%
100,001 - 500,000	205	3.83%	56,471,767	1.48%
500,001 - 1,000,000	53	0.99%	47,513,078	1.24%
1,000,001 - 5,000,000	46	0.86%	115,606,417	3.02%
5,000,001 - 10,000,000	11	0.21%	88,443,018	2.31%
10,000,001 - 500,000,000	13	0.24%	606,193,988	15.84%
500,000,001 - 4,000,000,000	1	0.02%	2,870,614,035	75.00%
Total	5,356	100%	3,827,485,380	100%

Acquisition of own shares:
The Company did not acquire any of its own shares during the year ended 31 December 2014 (2013: Nil).

Directors' interests in contracts:
In accordance with section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors have notified the Company of any declarable interest in contracts deliberated by the Company during the year.

Property, plant and equipment:
Information relating to changes in property, plant and equipment is given in Note 15 to the financial statements.

Donations and charitable gifts:
Donation was made to non-political and charitable organisations during the year as follows:

	₦
Mrs. Bunmi Sofola (book launch)	30,000
ASSBIFI	70,000
Nigerian Council of Registered Insurance Brokers	500,000
	600,000

Employment of disabled persons:
The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.
In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Group has no persons on its staff list with physical disability.

Health, safety and welfare of employees:
The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

Directors' Report

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

Events after year end:
There are no events after the reporting year which could have a material effect on the state of affairs of the Group as at 31 December, 2014 and the profit for the year ended on that have been adequately provided for and/or disclosed.

Auditors:
In accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria, Messrs Akintola William Deloitte have indicated their willingness to continue in office as auditors.

BY ORDER OF THE BOARD

Mrs. Abiola Mosuro
FRC/2012/NBA/00000000608

Company Secretary
GNI Complex
8, Omo-Osagie Street off Awolowo Road
Ikoyi, Lagos
6 October 2015

Corporate Governance Report

The Company
The Company was incorporated in Nigeria as a private limited liability company on 28 February, 1960 as a wholly owned subsidiary of Odu'a Investment Company Limited, until September, 2005 when the Global Fleet Group bought the majority shares. With the divestment of the Global Fleet Group and sale of substantial part of the holdings of Odu'a Investment Company Limited to Wema Asset Management Limited in September, 2006 it became a member of Wema Bank Plc Group. During the year under review, there was Management Buy Out of the entire shares of Wema Asset Management Limited as a result of the directive from the Central Bank of Nigeria (CBN) that all banks should divest from all non-core banking activities. Consequently the company ceases to be a member of Wema Bank Plc Group with effect from 31 December, 2013. Currently, the major shareholders of the Company are:

Insurance Resoucery & Consultancy Services limited
Papyrus Investment Limited
Lord's Favour Nigeria Limited
The Registered Trustees Catholic Diocese of Ibadan
Odu'a Investment Company Limited

The principal business activities of the company include the provision of risk underwriting and related financial services in life and non-life insurance services to both corporate and individual customers.

Vision
To be the insurance company of choice for keeping promises to stakeholders"

Mission
Giving you peace of mind by keeping our promises"

Business Philosophy
The company's business philosophy includes:
Professionalism
Passion for Customers
Team Spirit
Precision
Empathy
Innovation

Background of the assignment
In February 2009, the National Insurance Commission (NAICOM) and the Securities & Exchange Commission in January 2011 respectively issued a code of Good Corporate Governance for the Insurance Industry in Nigeria ("the NAICOM Code") and all public companies in Nigeria ("the SEC Code"), mandating them to perform an annual review/appraisal of their Boards of Directors by an external consultants to ensure excellent performance. In its commitment to good corporate governance best practices and the NAICOM and SEC Codes, the Board of Directors of GNI ('the Board') commissioned PROSEC Corporate & Business Services Limited ("PROSEC") to carry out Board Appraisal for the financial year ended 31 December, 2014.

Our assignment of evaluating the performance of the Board of Directors of the Company was based on Global Best Practices and in accordance with the provisions of the Codes of Corporate Governance. The assignment also involves both qualitative and quantitative assessments of the structure and composition, responsibilities, processes and relationships of the Board of Directors for the financial year ended December 31, 2014. Our report on the assignment is based on the spot assessment, examination, analysis and review of relevant documents. The report is also based on the quantitative analysis of self-assessment questionnaires and interviews with the Directors and top management. However, few of the non - executive Directors did not respond to the questionnaires sent to them and an Executive Director had resigned his appointment before the fixed date for interview and did not also respond to the questionnaire sent to him.

The Board of Directors is responsible to the shareholders for creating and delivering sustainable shareholders' value through its oversight functions. The Board has a formal charter as required which covers policies regarding Board memberships and composition, Board procedures, conduct of directors, risk management, remuneration, Board evaluation and induction. The Board of Directors is made up of nine (9) members comprising six (6) Non - Executive and three (3) Executive Directors including the Managing Director/CEO. This is in line with international best practice, which stipulates the number of non-executive directors should be more than that of executive directors.

Corporate Governance Report

The Chairman of the Board who is a non-executive Director and Managing Director/CEO are separate individuals and the Chairman has no executive responsibilities in the Company in compliance with the Codes of Corporate Governance.

The Chairman leads the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. Non-Executive Directors have been operating in such a way that their executive independence has not been impaired. Non-executive Directors based on their breadth and depth of knowledge and experience are able to challenge, monitor and approve the strategic policies recommended by management.

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer (CEO).

The Chairman acts as the communicator for Board decisions, where appropriate. The concept of separation of the role of the Chairman from that of the CEO implies that the Chairman should be independent from management and free from any interest and any business or other relationship that could interfere with the Chairman's independent judgement other than interests resulting from Company shareholdings and remuneration.

The Managing Director/CEO, ably assisted by the Executive Directors and other top management constitute the Executive Management Committee. The Committee is saddled with the responsibilities of the day to day management of the affairs of the Company in accordance with agreed laid down guidelines. The Executive Management Committee is responsible and accountable to the Board of Directors for the implementation of the resolutions of the Board including but not limited to the approved strategies and policies.

The Managing Director / CEO is responsible for leading the development and execution of the Company's long-term strategy with a view to creating sustainable shareholder value. The mandate of the CEO is to manage the day-to-day operations of the company and ensure that operations are consistent with the policies developed by the Board of Directors and are carried out effectively. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long- and short-term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of the management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

The composition of the Board of Directors during the period under consideration is as follows:

Directors	Designation
Olatokunbo Talabi	Chairman
James Naiyeju	Non-Exec. Director
Bade Aluko	Non-Exec. Director
Arch Bishop F. Alaba Job	Non-Exec. Director
Foluso Onabowale (Mrs.)	Non-Exec. Director
Dapo Otunla	Non-Exec. Director
Cecilia Osipitan (Mrs.)	Managing Director/CEO
Rotimi Olukorede	Executive Director
Roselyn Ulaeto (Mrs.)	Executive Director

Corporate Governance Report

The names of the members of the Board and their committee membership after reconstitution are presented below:

Name of Director	Role		Committees			
		Governance	Finance & Investment	General Purpose	Risk Mgt & Compliance	Audit
Olatokunbo Talabi	Chairman					
Cecilia Osipitan	Managing Director		Member	Member	Member	
Rotimi Olukorede	Executive Director		Member		Member	
Roselyn Ulaeto (Mrs.)	Executive Director			Member	Member	
James Naiyeju	Non-Exec. Director	Member		Chairman		Member
Bade Aluko	Non-Exec. Director	Member	Member	Member	Chairman	Member
Arch Bishop F A Job	Non-Exec. Director	Chairman	Member	Member	Member	
Foluso Onabowale (Mrs)	Non-Exec. Director		Chairman	Member	Member	Member
Dapo Otunla	Non-Exec. Director		Member		Member	

Key

(dark)	**Member**
(green)	**Chairman**

Board of Directors Meetings' Attendance

Meetings held	**1**	2	3	4
Names	**16-Jan-14**	**22-May-14**	**1-Aug-14**	**5-Dec-14**
Olatokunbo Talabi	√	√	√	√
James Naiyeju	√	X	√	√
Bade Aluko	√	√	√	√
Arch Bishop F. Alaba Job	√	√	√	√
Foluso Onabowale	√	√	√	√
Dapo Otunla	√	√	√	√
Cecilia Osipitan (Mrs.)	√	√	√	√
Rotimi Olukorede	√	√	√	√
Roselyn Ulaeto (Mrs.)	√	√	√	√

Key:	√ - **Present**	**X - Absent**

BOARD COMMITTEES

GOVERNACE COMMITTEE

The Committee met four (4) times during the year. The responsibilities of the Committee as provided in the committee charter are as follows:

- Reviewing the company's disclosure and insider trading policies and similar policies & practices as required;
- Assessing the effectiveness of the Board as a whole including any committee as well as discussing the contribution of individual members;
- Considering issues of management succession;
- Assessing the performance of the CEO;
- Periodically assessing the company's governance;
- Considering and approving proposals by the Board to engage outside advisors on behalf of the Board as a whole or on behalf of the independent directors of the Board;
- Proposing new nominees for appointment to the Board where applicable;
- Recommending to the Board resignation or removal of directors where their current or past conduct is or has been improper or liable to adversely affect the company or its reputation;
- Orientation new Directors and providing continuing education for existing directors.

Corporate Governance Report

Committee Meetings' attendance

Meetings held	1	2	3	4
Names	**25-Mar-14**	**17-Jun-14**	**22-Oct-14**	**25-Nov-14**
Arch Bishop Felix Alaba Job	√	√	√	√
Bade Aluko	√	√	√	√
Foluso Onabowale (Mrs.)	√	√	√	√
James Kayode Naiyeju	√	X	√	X

Key:	√ - Present	X - Absent

RISK MANAGEMENT & COMPLIANCE COMMITTEE

- The Committee met four (4) times during the year under review. The responsibilities of the committee include the following:
- Review and approval of the company's risk management policy including risk appetite and risk strategy.
- Review the adequacy and effectiveness of the Company's risk management and controls.
- Oversight of management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.
- Review the Company's risk management systems and internal control environment including the performance of the internal audit function.
- Review the Company's compliance with legal and regulatory requirements that may impact the company's risk profile.
- Periodic review the magnitude of all material business risks, the processes, procedures and controls in place to mitigate them.
- Review and recommend for approval of the board risk management procedures and controls for new products and services.
- Oversee the company's risk policy, risk appetite and risk limits as approved by the Board.
- Review the effectiveness of the Company's financial reporting and the statements to be made in the annual report concerning internal control policies and procedures for the identification, assessment and reporting of risks.
- Provide guidelines and standards for administering the acceptance of key operational, reputational, financial, market, technology and compliance risks.
- Undertake at least annually a thorough risk assessment covering all aspects of the company's business.
- Obtain and review periodically relevant reports to ensure the ongoing effectiveness of the company's risk management framework

Committee Meetings' attendance

Meetings held	1	2	3	4
Names	**25-Mar-14**	**17-Jun-14**	**22-Oct-14**	**25-Nov-14**
Bade Aluko	√	√	√	√
Felix Alaba Job	√	√	√	√
Foluso Onabowale	√	√	√	√
Dapo Otunla	√	√	√	√
Cecilia Osipitan (Mrs)	√	√	√	√
Rotimi Olukorede (Mrs.)	√	√	√	√
Roselyn Ulaeto (Mrs)	√	√	√	√

Key:	√ - Present	X - Absent

Corporate Governance Report

FINANCE & INVESTMENT COMMITTEE

The basic responsibilities of Finance & Investment Committee are:

- Review policies and strategies for financing of the Company's capital, including issuance and management of debt, common and preferred stock and such other capital instrument as the company shall consider or utilise.
- Provide oversight of the Company's financial condition, including their assets, capital, surplus and liabilities to ensure that the Company's assets, capital, surplus and liabilities are within the limits prescribed by the Board and the applicable law.
- Review policies and strategies for investing the Company's assets for investment return, including the purchase, sale and management of bonds, mortgages, investment in real estate, and such other investment instruments as the Company shall consider or utilize.
- Develop an investment strategy for the Company and each Subsidiary.
- Review and analyze possible investment opportunities for the Company and periodically to recommend potentially advantageous investments to the Board for approval in accordance with applicable law.
- Maintain a full record of each investment recommended to the Board and the rationale behind such recommendation, and to provide such record to the Board as applicable, for inclusion in the minutes and proceedings of the Board.
- Analyse and evaluate any market or industry trends or changes with respect to lines of business of the Company and to recommend potentially advantageous changes or modifications to such lines of business to the Board as applicable.
- Carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.
- Carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time in relation to the purposes of the Committee.
- Have authority to retain external legal, accounting or other advisors as deemed appropriate in the performance of its duties, including the authority to approve the fees payable to such advisors and any other terms of engagement.
- Work through a subcommittee by delegation of any responsibility the Committee deemed appropriate to delegate at its discretion.
- Perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter.
- Review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable

Committee Meetings' attendance

Meetings held	**1**	2	3	4
	15-Jan-14	**26-May-**	**11-Aug-**	**25-Nov-14**
Names	√	√	√	√
Foluso Onabowale (Mrs)	√	√	√	√
Bade Aluko	√	√	√	√
Felix Alaba Job	√	X	√	√
Dapo Otunla	√	√	√	√
Cecilia Osipitan (Mrs)	√	√	√	√
Rotimi Olukorede	√	√	√	√

Key:	√ - **Present**	**X - Absent**

GENERAL PURPOSE COMMITTEE
The responsibilities of the committee are:

- Develop and recommend for Board policies and plans for employees' selection, recruitment, evaluation and succession.
- Develop and oversee policies and program for talent acquisition, deployment and development.
- Recommend to the Board salary and compensation levels including fringe benefits for all levels of staff.
- Review the company's operating performance relative to the bonus and incentive programmes.
- Ensure that Company's remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.
- Assess the effectiveness of the Company's Remuneration Policy, including remuneration structure, retention and termination policies for staff.
- Review and make recommendations to the Board on the structure of remuneration paid by the Company to third parties.
- Recommend to the Board policies, the form and content of employees codes of conduct and ethical practices as well as monitoring the implementation, operation and effectiveness of such codes.
- Overseeing the investigation of any alleged breaches of the codes other than breaches regarding financial matters.
- Consult with and support the Audit Committee with respect to the establishment of (a) procedures for receipt, retention and treatment of complaints regarding the Company's accounting, internal controls and auditing matters; and (b) procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Receive any report or complaints concerning actual or threatened retaliatory actions against employees for filing complaints or making reports concerning violation of the company's code of conduct and ethical practices.
- Act and advise the Board on all matters of estate acquisition, development or disposal and the efficient utilisation of estate and other physical resources, in the delivery of the Company's strategies and mission.
- Review and make recommendations for appointment of service providers.
- Advise on all matters of health and safety and equality and diversity policy and procedure.
- Have oversight of the Company's major external operations including the administration of the Company's wholly-owned companies and the governance oversight of the Company's participation in associated major ventures.
- Review and approve consulting arrangements outside the scope of authority granted to the Managing Director/CEO.
- Periodically review and recommend revisions, as appropriate, to the Company's director orientation program.
- Monitor, plan and support the budget for continuing education activities of the directors.
- Conduct or authorise investigations into any matters within the committees' scope or responsibilities.
- Empowered to retain independent counsel, accountants and other professionals to assist in the conduct of any such investigation and to set and pay compensation of these advisors.
- Perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter.
- Perform other special and general assignments as may be delegated by the Board of Directors from time to time.
- Review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable.

Committee Meetings' attendance

Meetings held	**1**	2	3	4
Names	**25-Mar-14**	**17-Jun-14**	**22-Oct-14**	**25-Nov-14**
James K. Naiyeju	√	X	√	X
Bade Aluko	√	√	√	√
Felix Alaba Job	√	√	√	√
Foluso Onabowale (Mrs)	√	√	√	√
Cecilia Osipitan (Mrs)	√	√	√	√
Roselyne Ulaeto (Mrs)	√	√	√	√

Key:	**√ - Present**	**X - Absent**

Corporate Governance Report

AUDIT COMMITTEE

The committee was established in accordance with the Companies and Allied Matters Act of Nigeria (CAMA). The Committee consists of three shareholder representatives and three Non-Executive Directors. All the members of the Committee are independent of the Company. The Committee's responsibilities as contained under section 359(6) of the Companies and Allied Matters Act include the following.

- Ascertaining whether the accounting and reporting policies of the company are in accordance with the legal requirements and agreed ethical practices
- Reviewing the scope and planning of audit requirements
- Reviewing the findings on management matters as reported by the external auditors and departmental responses thereon.
- Reviewing the effectiveness of the company's system of accounting and internal control
- Making recommendations to the Board in regards to the appointment, removal and remuneration of the external auditors of the company.
- Authorising the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.

Committee Meetings' attendance

Meetings held	1	2	3	4
Names	**15-Jan-14**	**26-May-14**	**11-Aug-14**	**25-Nov-14**
Christie Otusorochukwu	√	√	√	√
Bisi Bakare	√	√	√	√
J. K. Naiyeju	√	√	√	√
Foluso Onabowale (Mrs)	√	√	√	√
Bade Aluko	√	√	√	X
Adio O. Simeon	N/A	√	√	√

Key:	√ - **Present**	X - **Absent**

Shareholders

The annual General Meeting provides a unique opportunity to communicate with members and other stakeholders of the Company. They are given opportunities to express their opinion on the financials and state of affairs of the Company. The Board ensures the protection of the rights of the shareholders. The regulatory bodies such as Securities and Exchange Commission (SEC), The Nigerian Stock Exchange (NSE) and Corporate Affairs Commission (CAC) through their representatives also have opportunity of interacting with the Company and assessing its performance.

Conclusion

The Board and Management had taken steps to implement some of the recommendations of the previous report. However, there are still challenges on timely reporting.

We have highlighted and make recommendations in other areas where there are concerns and that both the Board and Management should focus on.

The operating environment in the financial services sector particularly in the insurance industry is still very challenging. There had been high sense of commitment and accountability particularly at the Board and Management levels. The corporate governance perspective of the company is high. We are of the opinion that overall, the company is making progress but can be improved to achieve international corporate governance best practices.

William Biyi Fagorusi
FRC/2014/ICSAN/00000007379
PROSEC CORPORATE & BUSINESS SERVICES LIMITED

Report of the Audit Committee

To the Members of Great Nigeria 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 Great Nigeria 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 2014 were satisfactory and reinforce the Company's internal control system.
- We are satisfied that the company has complied with the provisions of National Insurance Commission Circulars and Guidelines.
- 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 to their recommendation for improvement and with the effectiveness of the Company's system of accounting and internal control.

SIGNED ON BEHALF OF THE COMMITTEE BY:

Ms. Christie. O Vincent
FRC/2013/ICAN/00000002666
6 October 2015

Members of the Audit Committee are:

1	Ms. Christie .O. Vincent	Chairman
2	Mrs. Folusho Onabowale	Member
3	Mr. James. K. Naiyeju	Member
4	Mr. Bade Aluko	Member
5	Mrs Bisi Bakare	Member
6	Adio O. Simeon	Member

Statement of Directors' Responsibilities
For the preparation and approval of the Financial Statements

The Directors of Great Nigeria Insurance Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2014, and the results of its operations, statements of cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:
The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.
The consolidated financial statements of the Group and Company for the year ended 31 December 2014 were approved by the board of directors on 6 October 2015.

On behalf of the Directors of the Group

Mr. Olatokunbo Talabi
Chairman
FRC/2014/IODN/00000008229
06 October 2015

Mrs. Cecilia O. Osipitan
Managing Director/CEO
FRC/2012/CIIN/00000000596
06 October 2015

Deloitte.

Akintola-Williams Deloitte
235 Ikorodu Road, Ilupeju
P.O. Box 965, Marina
Lagos
Nigeria

Tel: +234 (1) 271 7800
Fax: +234 (1) 271 7801
www.deloitte.com/ng

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

GREAT NIGERIA INSURANCE PLC

Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of **GREAT NIGERIA INSURANCE PLC (the company) and its subsidiary (together referred to as "the Group")** which comprise the consolidated and separate statement of financial position as at 31 December 2014, the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004, the Financial Reporting Council of Nigeria Act 2011,and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 auditors' 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 auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 Directors, 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, the consolidated and separate financial statements give a true and fair view of the financial position of **GREAT NIGERIA INSURANCE PLC and its subsidiary** as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Emphasis of Matter

We draw attention to Note 13b in the financial statements regarding one of the group's Investment properties that was engulfed by fire on 4 November 2013 and the treatment of the estimated restoration costs.

We also draw attention to Note 48 regarding shortfall in the general business solvency margin of the company.

Our opinion is not qualified in respect of these matters.

Other Matter

The consolidated and separate financial statements of Great Nigeria Insurance Plc and its subsidiary for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 3 October 2014.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Akintola Williams Deloitte, a member firm of Deloitte Touche Tohmatsu Limited, is a professional services organisation that provides audit, tax, consulting, accounting and financial advisory, corporate finance, and risk advisory services.

Other reporting responsibilities

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Group has kept proper books of account, so far as appears from our examination of those books.
iii) The consolidated and separate statement of financial position and its consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Contravention
The Company contravened certain sections of NAICOM circulars and guidelines during the year, the particulars thereof and penalty paid are as disclosed in Note 45 to the financial statements.

Michael Daudu, FCA -FRC/2013/ICAN/00000000845
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
15 December 2015

A0931145

Group information and statement of significant accounting policies

1 Reporting Entity

Great Nigeria Insurance PLC ("the Company") underwrites life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Company also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. The Company does business in Nigeria. The Company is a limited liability company incorporated and domiciled in Nigeria. The address of its registered office is No 8 Omo Osagie Street, Ikoyi. Lagos. The Company is listed on the Nigerian Stock Exchange.

1.2 Principal activities

These consolidated financial statements comprise the Company and its subsidiary (together referred to as "the Group"). The Group is primarily involved in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

1.3 Going concern

These financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs and the new Interpretation that is mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.
To qualify as an investment entity, a reporting entity is required to:
Obtain funds from one or more investors for the purpose of providing them with investment management services,

- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Group is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014, the application of the amendments has had no impact on the disclosures or the amounts recognised in the financial statements.

2.1.1 Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's financial statements.

Group information and statement of significant accounting policies

2.1.2 Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's financial statements.

2.1.3 Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness

The amendments require retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group’s financial statements.

2.1.4 IFRIC 21 Levies

The Company has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The impact of the application of this Interpretation has been included in the Statement of Profit or Loss under NAICOM levy.

2.2 New and revised IFRSs in issue but not yet effective

The Group and Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 Financial Instruments5
IFRS 15 Revenue from Contracts with Customers4
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations3
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation3
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants3
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions1

Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle2
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle1

1. Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
3. Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4. Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
5. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Group information and statement of significant accounting policies

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include

a) Impairment requirements for financial assets and
b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:
All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Group anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers
In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Furthermore, extensive disclosures are required by IFRS 15.
The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied

The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue; or
b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Group information and statement of significant accounting policies

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Group and Company's financial statements as the Company is not engaged in agricultural activities.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Group and Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle
The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

Group information and statement of significant accounting policies

Annual Improvements to IFRSs 2011-2013 Cycle
The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a Company of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) The property meets the definition of investment property in terms of IAS 40; and
(b) The transaction meets the definition of a business combination under IFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

"The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (""IFRS"") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1 January, 2014.

The consolidated and separate financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP I17 LFN 2004, the Financial Reporting Council Act, 2011 and the Guidelines issued by the National Insurance Commission to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS)."

(b) Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange transactions except for certain investments whose valuation was based on observable input from asset managers.
The financial statements for the year ended 31 December 2014 were approved for issue by the Board of Directors on 6 October 2015.

(c) Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

(d) Basis of measurement

These consolidated and separate financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

(i) Financial instruments designated at fair value through profit or loss are measured at fair value;
(ii) Available for sale financial instruments are measured at fair value;
(iii) Loans and receivables, held to maturity financial assets and financial liabilities are measured at amortised cost;
(iv) Land and building are carried at revalued amounts;
(v) Investment properties are carried at fair value;

Group information and statement of significant accounting policies

These financial statements have being prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

(e) Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4 to the financial statements.

(f) Regulatory authority and financial reporting

The Group 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 3.30 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.

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 Insurance Act CAP I17 LFN 2004 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 3.22(1)(b) on accounting policy for outstanding claims.

ii) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3.14(b) on accounting policy for unexpired risk and unearned premium.

Group information and statement of significant accounting policies

3.1 Basis of Consolidation

(i) Business combination

Business combination are accounted for using the acquisition method as at the acquisition date-i.e. when control is transferred to the Group (see 3.1(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3.14(a)) Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent are recognised in profit or loss.

(ii) Non-controlling interest

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. The Group financial statements incorporates the assets, liabilities and result of GNI healthcare Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of Control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(a) Foreign currency translation

Transactions in foreign currencies are translated into the respective functional currency of the Group at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available for sale equity instruments are recognised in Other Comprehensive Income.

Group information and statement of significant accounting policies

3.3 Interest

Interest income and expense are recognised in profit or loss 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 financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective interest rate, the group estimates future cash flow considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to that acquisition or issue of a financial asset or financial liability.
Interest income and expense presented in the statement of total comprehensive income include:

- Interest on financial asset and financial liabilities measured at amortised cost calculated on an effective interest basis;
- Interest on available-for-sale investment securities calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the group's trading operation and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.4 Commission

Commissions are recognized on ceding business to the re-insurer, and are credited to income statement over the period the service is provided.

3.5 Investment and other operating income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, 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. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

3.6 Dividend

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for quoted securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

3.7 Leases

(a) Lease payments-lessee

Payments made under operating leases are charged against income on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(b) Lease assets - lessee

Assets held by the group under leases that are transfer to the Group substantially all of the risk and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the assets.

Assets held under leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Group information and statement of significant accounting policies

(c) Lease assets - lessor
If the Group is the lessor in agreement that transfers substantially all of the risks and rewards incidental to ownership of the assets to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

3.8 Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(a) Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend.

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

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries to the extent that is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that its probable that future taxable profits will be available against which they can be used. 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.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment properties measured at fair value presumed to be recovered through sale, and the Group has not been rebutted this presumption.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.9 Financial assets and liabilities

(a) Recognition
The Group initially recognises loans and advances issued on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial assets or financial liability is measured at fair value plus, for an item not at fair value through profit or loss, transaction cost that are directly attributable to its acquisition or issue.

(b) Classification

(i) Financial assets

The group classifies its financial assets into the following categories

- loans and receivables;
- held to maturity;
- available-for-sale; and
- at fair value through profit or loss, and within this category as:
  - held for trading; or
  - designated at fair value through profit or loss.

(ii) Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

(c) Derecognition

(i) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 derecognised), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(ii) Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(d) Offsetting

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

Income and expenses are presented on a net basis only when permitted by under IFRS, or for gains and losses arising from a group of similar transactions.

Group information and statement of significant accounting policies

(e) Amortised cost measurement

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

(f) Fair value measurement

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

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(g) Identification and measurement of impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- restructuring of a loan or advance by the Group on terms that the Group would not otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security, or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment. In respect of equity securities that are quoted, the Company is guided by the following:

- a decline in excess of 20% is generally regarded as significant and
- a decline in quoted price that persists for nine months is considered to be prolonged"

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through Other Comprehensive Income. Any subsequent recovery in the fair value of an impaired available-for-sale equity security in Other Comprehensive Income.

The Group writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the Group determines that there is no realistic prospect of recovery.

(h) Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 31days, in conformity with the "NO PREMIUM NO COVER" policy.

3.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central bank and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

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

3.11 Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale.

(a) Held to Maturity

Held to maturity investments are non-derivatives assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held to maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held to maturity investments would result in the reclassification as available for sale, and would prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassification in any of the following circumstances would not trigger a reclassification.

- sales or reclassification that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassification after the Group has collected substantially all of the assets original principal; and
- sales or reclassification that are attributable to non-recurring isolated events beyond the Group's control that could not have reasonably anticipated."

(b) Fair value through profit or loss
The Group designates some investments securities at fair value, with fair value changes recognised immediately in profit or loss.

(c) Available-for-sale
Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the cumulative gains and loses previously recognised in equity are reclassified to profit or loss.
A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it would otherwise have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

3.12 Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment property being valued, values the portfolio annually. Any gain and loss arising from a change in the fair value is recognized in the statement of profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent measurement.

Group information and statement of significant accounting policies

3.13 Property, plant and equipment

(a) Recognition & measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Ongoing repairs and maintenance are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

		Years
Buildings	-	40
Furniture and Equipment	-	8
Computer hardware	-	3
Furniture and fittings	-	8
Motor vehicles	-	4
Generating Set	-	3

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

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period."

(d) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.14 Intangible assets

(a) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible asset. For the measurement of goodwill at initial recognition, see ((3.1)(i)). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Group information and statement of significant accounting policies

(b) Purchased software

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. 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 three years. This is reassessed annually.

3.15 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. 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 are recognised in profit or loss. For other assets, 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.

3.16 Reinsurance assets

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. The details of recognition and measurement of reinsurance contracts have been set out under note 3.21 (b)(iii).

3.17 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium to written premium.

3.18 Segment reporting

Segment results that are reported to the Group's Board of Directors (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's reportable segments under IFRS 8 are therefore identified as follows:

- Non-life insurance;
- Life insurance;
- Healthcare

The other segment includes corporate expenses and other activities not related to the core business segments and which are not reportable segments due to their immateriality. Certain expenses, finance costs and taxes are not allocated across the segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, certain finance costs and tax expense. This is the measure reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

Group information and statement of significant accounting policies

3.19 Prepayments

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

3.20 Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. Statutory deposit represents 10% of the paid up capital of the Group deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act CAP I17 LFN 2004. Statutory deposit is measured at cost and interest income on it is measured using the effective interest rate method.

3.21 Classification of insurance contracts

The Group issues contracts that transfer insurance risk.
The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group 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 Group classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

(a) Types of insurance contracts

The Group 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 Group'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 Group'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 Group'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.

Group information and statement of significant accounting policies

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 Group 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 Group from its direct obligations to its policyholders.

Premium ceded, claims reimbursed and commission recovered are presented in the income statement and balance sheet separately from the gross amounts.
Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts. Amounts payable are estimated in a manner consistent with the related reinsurance contract.
Reinsurance recoverable 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 Group 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 Group may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(iv) 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 Group'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 recoverable are recognized when the Group 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.

Group information and statement of significant accounting policies

(v) 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.

(vi) Liabilities and related assets under liability 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 Group recognizes the deficiency in the income statement for the year. The liability adequacy test is performed yearly by HR Nigeria Limited.

(vii) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group 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.

(viii) 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 Group has the right to receive future cash flow from the third party.

3.22 Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 3.21b of the accounting policies. Insurance contract liabilities are determined as follows:

i Non-life business

(a) 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.

(b) 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.

(i) Reserving methodology and assumptions

For non-life insurance risks, the Group 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 additional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and additional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

(ii) Discounted inflation-adjusted basic chain ladder method

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 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 12% 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.

(iii) 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 seven (7) years and hence the method assumes no more claims will be paid subsequently.
- That weighted past average inflation will remain unchanged into the future.

(iv) 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 30%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated less paid claims.

(II) Life business

(a) 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.

(b) Reserves for outstanding claims

See 3.22(I)(b)

3.23 Recognition and measurement of investment contracts

Investment contracts and the related receipts and payments are accounted in the balance sheet in line with the accounting policies for financial instruments stated in note 3.9 The deposit liability recognized in the balance sheet represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

3.24 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

3.25 Provisions

A provision is recognized if, as a result of a past event, the Group 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.

3.26 Borrowing and finance costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except for those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset.

3.27 Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a defined contribution pension scheme. This scheme was started post 2004. Employees are entitled to join the scheme on commencement of employment. Employee and the Company contributions are 7.5% each of the employee's annual basic salary, housing and transport allowance respectively. Employee contributions are funded through payroll deductions while the Company's contribution is expensed in profit or loss. Contributions under this scheme are remitted to the individual employee's pension fund administrator."

(b) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. to calculate the present value of economic benefits, consideration is given to any applicable minimum funding arrangements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(c) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(d) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

Group information and statement of significant accounting policies

(e) Short-term employee benefits
Short-term employee benefits expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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

3.28 Share capital and reserves

Share capital
The Group 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 Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

3.29 Asset revaluation reserve
Assets revaluation reserves represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date.

3.30 Contingency reserves
The Group 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.

3.31 Earnings per share
The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year.

3.32 Underwriting expenses
Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy.
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.

3.33 Management expenses
Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis.

3.34 Employee Benefit expenses
Employee benefit expenses are expenses that relate to staff costs. See note 3.19 for accounting policy on employee benefits.

3.35 Dividend
Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.36 Actuarial valuation
Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to the income statements.

Group information and statement of significant accounting policies

4 Critical accounting estimates and judgement.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.
The Group's available-for-sale equity financial assets were assessed for impairment during the year and having identified objective evidence of impairment, some of the unquoted investments were impaired.

(c) Fair value of financial instruments

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(f) of the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Group information and statement of significant accounting policies

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. See note 54 for summary of fair value classification of the Group's financial asset.

(d) Fair value of unquoted equity financial instruments

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

The Group's investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued, the carrying amount was based on cost. The investment is tested for impairment by comparing the cost of investment with the share of net assets in the investee company. Other factors such as whether the investee company is making profits from its operations and returns on the investment in form of dividend received are also considered.

(e) Liabilities arising from insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deem the reserves as adequate.

(f) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management’s judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

(g) Determination of impairment of property, plant and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management’s judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(h) Income taxes

The Group is subject to income taxes in the local jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(i) Sensitivity analysis

The sensitivity analysis reflects the impact, on profit or loss and equity, of changes in the relevant risk variables that are reasonably possible at the reporting date.

Consolidated and Separate Statement of Financial Position

In thousands of Naira	Note	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Assets					
Cash and cash equivalents	5	2,356,907	2,128,957	2,230,153	2,020,907
Financial assets	6	1,162,739	1,011,033	1,162,739	1,011,033
Trade receivables	7	52,102	143,663	27,290	143,663
Reinsurance assets	8	428,252	454,821	428,252	454,821
Deferred acquisition cost	9	97,826	146,204	97,826	146,204
Finance lease receivable	10	90,705	178,623	90,705	178,623
Other receivables and prepayments	11	52,054	131,715	92,744	162,719
Investment in subsidiary	12	-	-	225,000	225,000
Investment properties	13	4,453,516	4,380,865	4,453,516	4,380,865
Intangible assets	14	151,167	162,252	121,167	132,252
Property, plant and equipment	15	874,814	818,762	762,634	700,091
Statutory deposit	16	500,000	500,000	500,000	500,000
Total assets		10,220,082	10,056,895	10,192,026	10,056,178
Liabilities					
Insurance contract liabilities	17	3,174,781	2,781,599	3,155,947	2,781,599
Investment contract liabilities	18	652,995	648,849	652,995	648,849
Trade payables	19	71,641	49,525	71,641	49,525
Gratuity Payable	20	13,119	17,040	13,119	17,040
Provisions and other payables	21	442,586	531,152	434,297	527,393
Borrowings	22	-	43,823	-	43,823
Finance lease obligations	23	68,812	108,927	68,812	108,927
Deferred tax liabilities	24	309,508	288,339	288,658	285,646
Current income tax liabilities	25	190,327	198,264	188,179	198,209
Total liabilities		4,923,769	4,667,518	4,873,648	4,661,011
Net assets		5,296,313	5,389,377	5,318,378	5,395,167
Equity					
Issued and paid up capital	26	1,913,742	1,913,742	1,913,742	1,913,742
Share premium	27	3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve	28	626,213	568,724	626,213	568,724
Retained earnings	29	(876,216)	(700,515)	(843,053)	(683,868)
Assets revaluation reserve	30	517,587	492,032	510,812	485,905
Total equity attributable to owners of the Company		5,291,990	5,384,647	5,318,378	5,395,167
Non-controlling Interest		4,323	4,730	-	-
Shareholder's fund		5,296,313	5,389,377	5,318,378	5,395,167

These financial statements were approved by the Board of Directors on 06 October, 2015 and signed on its behalf by:

Olatokunbo Talabi
Chairman
FRC/2014/IODN/0000008229

Cecilia .O. Osipitan
Managing Director/CEO
FRC/2012/CIIN/00000000596

Additional certification by:

Michael Adedigba
Chief Financial Officer
FRC/2014/1CAN/00000010615

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

In thousands of Naira	Note	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Gross premium written	31	2,812,951	3,051,532	2,753,790	3,046,982
Changes in unearned premium reserves	31(a)	(44,179)	(618,377)	(30,416)	(618,377)
Earned premium income	31(a)	2,768,772	2,433,155	2,723,374	2,428,605
Reinsurance expense	31(a)	(340,006)	(399,502)	(340,006)	(399,502)
Movement in Life funds	31(a)	89,347	-	89,347	-
Net insurance premium revenue	31	**2,518,113**	**2,033,653**	**2,472,715**	**2,029,103**
Commission income	32	57,306	53,744	57,306	53,744
Net underwriting Income		**2,575,419**	**2,087,397**	**2,530,021**	**2,082,847**
Net claims expense	33	1,359,177	782,380	1,347,679	782,380
Acquisition expenses	34	427,296	299,517	426,094	299,467
Maintenance costs	35	158,693	345,044	158,693	345,043
Underwriting expenses		**1,945,166**	**1,426,941**	**1,932,466**	**1,426,890**
Underwriting results		**630,253**	**660,456**	**597,555**	**655,957**
Investment income	36	341,160	330,296	328,134	324,883
Net fair value gains on assets measured at fair value	37	115,378	358,986	115,378	358,986
Other operating income	38	26,786	3,671	26,786	3,671
Management expenses	39	(1,053,356)	(910,785)	(1,015,019)	(883,853)
Profit or (loss) on investment contract	19(d)	31,173	(3,888)	31,173	(3,888)
Results of operating activities		**91,394**	**438,736**	**84,007**	**455,756**
Impairment (losses)/gain	40	(151,960)	10,953	(151,960)	10,953
Profit before taxation		**(60,566)**	**449,689**	**(67,953)**	**466,709**
Income tax	25	-	(431,482)	-	(431,483)
Minimum tax	26	(34,934)	(30,899)	(33,744)	(30,844)
(Loss)/ profit after taxation		**(95,500)**	**(12,692)**	**(101,697)**	**4,382**
Other comprehensive income, net of tax					
Items within OCI that will not be reclassified to					
Gain on revaluation of property, plant and	30	27,919	63,082	27,919	54,105
Tax on gain on revaluation of property, plant and	30	(3,012)	(18,925)	(3,012)	(16,232)
Other comprehensive income		**24,907**	**44,157**	**24,907**	**37,873**
Total comprehensive income for the year		**(70,593)**	**31,465**	**(76,790)**	**42,255**
(Loss)/ profit attributable to:					
Shareholders		(95,655)	(12,265)	(101,697)	4,382
Non-controlling interest		155	(427)	-	-
		(95,500)	**(12,692)**	**(101,697)**	**4,382**
Total comprehensive income attributable to:					
Shareholders		(70,748)	31,734	(76,790)	42,255
Non-controlling interest		155	(270)	-	-
		(70,593)	**31,464**	**(76,790)**	**42,255**
Earnings per share					
– Basic (loss)/ earning per share (k)	41	(2.50)	(0.33)	(2.66)	0.11

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Group
2014

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total equity
Balance at 1 January 2014	1,913,742	3,110,664	492,032	568,724	(700,515)	5,384,647	4,730	5,389,377
Total comprehensive income for the year								-
Profit or loss for the year	-	-	-	-	(95,655)	(95,655)	155	(95,500)
Other comprehensive income, net of tax:	-	-	-	-	-	-	-	-
Revaluation of property in use by the company	-	-	24,907	-	-	24,907	-	24,907
Total other comprehensive income for the year	-	-	24,907	-	-	24,907	-	24,907
Total comprehensive income for the year	-	-	24,907	-	(95,655)	(70,748)	155	(70,593)
Transaction with owners, recorded directly in equity:								
Acquisition during the year	-	-	-	-	-	-	-	-
Reconciliation of non-controlling interest	-	-	648	-	(22,557)	(21,909)	(562)	(22,471)
Transfer to contingency reserve	-	-		57,489	(57,489)	-		-
Total contributions by and distributions to equity holders	-	-	648	57,489	(80,046)	(21,909)	(562)	(22,471)
Balance as at 31 December 2014	1,913,742	3,110,664	517,587	626,213	(876,216)	5,291,990	4,323	5,296,313

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Group
2013

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total equity
Balance at 1 January 2013	1,913,742	3,110,664	448,032	506,485	(626,011)	5,352,912	-	5,352,912
Total comprehensive income for the year								-
Profit or loss for the year	-	-	-	-	(12,265)	(12,265)	(427)	(12,692)
Other comprehensive income, net of tax:	-	-	-	-	-	-	-	-
Revaluation of property in use by Company	-	-	44,000	-	-	44,000	157	44,157
Total other comprehensive income for the year	-	-	44,000	-	-	44,000	157	44,157
Total comprehensive income for the year	-	-	44,000	-	(12,265)	31,735	(270)	31,465
Transaction with owners, recorded directly in equity:								
Acquisition during the year	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-		62,239	(62,239)	-	5,000	5,000
Total contributions by and distributions to equity holders	-	-	-	62,239	(62,239)	-	5,000	5,000
Balance as at 31 December 2013	1,913,742	3,110,664	492,032	568,724	(700,515)	5,384,647	4,730	5,389,377

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Company
2014

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total equity
Balance at 1 January 2014	1,913,742	3,110,664	485,905	568,724	(683,868)	5,395,167		5,395,167
Total comprehensive income for the year								-
Profit or loss for the year	-	-	-	-	(101,696)	(101,696)		(101,696)
Other comprehensive income, net of tax:	-	-	-	-	-	-		-
Revaluation of property in use by Company	-	-	24,907	-	-	24,907		24,907
Total other comprehensive income for the year	-	-	24,907	-	-	24,907		24,907
Total comprehensive income for year	-	-	24,907	-	(101,696)	(76,789)		(76,789)
Transaction with owners, recorded directly in equity:								
Acquisition during the year	-	-	-	-	-	-		-
Transfer to contingency reserve	-	-	-	57,489	(57,489)	-		-
Total contributions by and distributions to equity holders	-	-	-	57,489	(57,489)	-		-
Balance as at 31 December 2014	1,913,742	3,110,664	510,812	626,213	(843,053)	5,318,378		5,318,378

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Company
2013

	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total Equity
Balance at 1 January 2013	1,913,742	3,110,664	448,032	506,485	(626,011)	5,352,912		5,352,912
Total comprehensive income for the year								-
Profit or loss for the year	-	-	-	-	4,382	4,382		4,382
Other comprehensive income, net of tax:	-	-	-	-	-	-		-
Revaluation of property in use by Company	-	-	37,873	-	-	37,873		37,873
Total other comprehensive income for the year	-	-	37,873	-	-	37,873		37,873
Total comprehensive income for year	-	-	37,873	-	4,382	42,255		42,255
Transaction with owners, recorded directly in equity:								
Acquisition during the year	-	-	-	-	-	-		-
Transfer to contingency reserve	-	-	-	62,239	(62,239)	-		-
Total contributions by and distributions to equity holders	-	-	-	62,239	(62,239)	-		-
Balance as at 31 December 2013	1,913,742	3,110,664	485,905	568,724	(683,868)	5,395,167		5,395,167

Consolidated and Separate Statement of Cash Flows

In thousands of Naira

	Note	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Operating profit for the year		(60,566)	449,689	(67,952)	466,709
Adjustment to reconcile profit before taxation to net cash flow from operations:					
Impairment Allowances/(write back) for assets		89,052	(10,953)	92,462	(10,953)
Depreciation on property, plant and equipment	39(b)	73,928	65,467	67,437	62,660
Amortization of intangible assets	39(b)	53,409	2,692	53,409	2,692
Dividend income on equity investments	36	(29,340)	(24,977)	(29,340)	(24,977)
Interest Income	36	(277,221)	(179,121)	(264,195)	(179,121)
Rental income	36	(34,599)	(120,785)	(34,599)	(120,785)
Finance income earned		(19,095)	22,689	(19,095)	22,689
Profit from disposal of fixed assets		(80)	-	(80)	-
Fair value gain on investment property	37	(72,651)	(203,680)	(72,651)	(203,680)
		(277,163)	1,021	(274,604)	15,233
Changes in working capital:					
Trade receivables		91,561	128,063	116,373	128,063
Changes in financial assets		(205,375)	(515,276)	(148,556)	(420,923)
Other receivables and prepayment		(15,951)	(1,558)	(25,637)	(32,562)
Re-insurance asset		26,569	(270,020)	26,569	(270,020)
Deferred acquisition cost		48,378	(91,636)	48,378	(91,636)
Statutory deposits		-	24,187	-	24,187
Insurance contract liabilities		393,181	958,194	374,347	958,194
Investment contract liabilities		4,146	96,657	4,146	96,657
Trade payables		22,116	(41,908)	22,116	(41,908)
Gratuity		(3,921)	(4,812)	(3,921)	(4,812)
Provisions and other payables		(88,566)	193,036	(93,036)	189,277
		51,794	475,948	46,116	549,750
Income tax paid	25	(43,774)	(17,224)	(43,774)	(17,224)
Net cash provided by operating activities		8,020	458,724	2,342	532,526
Cash flows from investing activities:					
Purchases of property, plant and equipment	15	(102,071)	(47,632)	(102,071)	(29,485)
Purchases of intangible assets	14	(42,324)	(95,466)	(42,324)	(95,466)
Proceed from disposal of property, plant and equipment		90	-	90	-
Finance lease repayment proceeds		107,013	116,743	107,013	116,743
Lease financing		-	(213,346)	-	(213,346)
Purchase of investment properties	13	-	(1,855)	-	(1,855)
Dividend received	36	29,340	24,977	29,340	24,977
Interest received	36	277,221	179,121	264,195	179,121
Rent received	36	34,599	120,785	34,599	120,785
Purchase of investment in subsidiary		-	(25,000)	-	-
Investment in subsidiary		-	-	-	(225,000)
Net cash (used in)/ provided by investing activities		303,868	58,327	290,842	(123,526)
Cash flows from financing activities:					
Finance lease obligation	23	-	148,500	-	148,500
Finance lease repayment	23	(40,115)	(39,573)	(40,115)	(39,573)
Net cash provided/ (used in) financing activities		(40,115)	108,927	(40,115)	108,927
Cash and cash equivalent at beginning of year		2,085,134	1,459,156	1,977,084	1,459,156
Net increase in cash and cash equivalent		271,773	625,978	253,069	517,928
Cash and cash equivalent at end of year	5	2,356,907	2,085,134	2,230,153	1,977,084

Notes to the consolidated and separate financial statements

5 Cash and cash equivalents

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Cash at bank and in hand	498,505	438,803	496,691	436,166
Short-term bank deposits (note 5.1)	1,912,898	1,690,154	1,787,958	1,584,741
Cash and cash equivalent	2,411,403	2,128,957	2,284,649	2,020,907
Less:		-		
Allowance for Impairment (note 5.2)	(54,496)	-	(54,496)	-
	2,356,907	**2,128,957**	**2,230,153**	**2,020,907**
Less:		-		
Bank overdraft used for cash management purposes (see note 22)	-	(43,823)	-	(43,823)
Cash and cash equivalent in the statement of cash flows	2,356,907	2,085,134	2,230,153	1,977,084

5.1 Short term bank deposits have an average maturity period of three months, and are made depending on the cash requirement of the Company. The average interest rate of the deposits is 10.5 percent (2013: 11.1%). The carrying amounts reasonably approximate fair value at the reporting date.

5.2 Allowance for impairment represents bank reconciliation differences that occurred as a result of system error. During software changeover, ledger balances were being duplicated and this led to opening balance differences.

6 Financial assets

Financial assets comprise of;

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Held to maturity (see note (a) below)	355,079	297,321	355,079	297,321
Loans and receivables (see note (b) below)	61,505	62,733	61,505	62,733
Available-for-sale (see note (c) below)	141,815	89,366	141,815	89,366
Fair value through profit and loss (see note (d) below)	604,340	561,613	604,340	561,613
	1,162,739	**1,011,033**	**1,162,739**	**1,011,033**
Current	416,584	360,054	416,584	360,054
Non-current	746,155	650,979	746,155	650,979
	1,162,739	**1,011,033**	**1,162,739**	**1,011,033**

(a) Held to maturity

Government Bond	9,113	-	9,113	-
Placements with financial institutions	345,966	297,321	345,966	297,321
	355,079	297,321	355,079	297,321

(b)(i) Loans and receivables

Loan to policy holders	59,354	64,172	59,354	64,172
Staff Loans	3,436	9,796	3,436	9,796
Other Loan	9,000	-	9,000	-
	71,790	73,968	71,790	73,968
Impairment (see note (b)(ii) below)	(10,285)	(11,235)	(10,285)	(11,235)
	61,505	62,733	61,505	62,733

Notes to the consolidated and separate financial statements

6 Financial assets (Cont'd)

Financial assets comprise of;

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
(ii) The movement in allowance for impairment losses is as follows:				
Balance, beginning of the year	11,235	11,235	11,235	11,235
Addition during the year	992	-	992	-
Write back during the year	(1,942)	-	(1,942)	-
Balance, end of the year	10,285	11,235	10,285	11,235
(c) Available-for-sale financial assets				
Unlisted equity securities at cost (see note(c)(iii) below)	206,536	156,287	206,536	156,287
Allowance for impairment losses (see note(c)(ii) below)	(64,721)	(66,921)	(64,721)	(66,921)
	141,815	**89,366**	**141,815**	**89,366**
(ii) The movement in allowance for impairment losses is as follows:				
Balance, beginning of the year	66,921	66,921	66,921	66,921
Reclassification to other receivables (see note 11b)	(2,200)	-	(2,200)	-
Balance, end of the year	**64,721**	**66,921**	**64,721**	**66,921**

(iii) Available for sale investment securities are carried at cost less any allowance for impairment. The fair value of available for sale assets could not be reliably determined at reporting date due to the unavailability of observable market data.

Analysis of unlisted equities is shown below:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Investment in Capital Bancorp Limited	37,296	37,296	37,296	37,296
Investment in Montgomery Vaults Nigeria Limited	7,100	7,100	7,100	7,100
Investment in Energy and Special Risk Insurance Company	-	-	-	-
Investment in Odu'a Textiles Staff Quarters	63,992	63,992	63,992	63,992
Investment in Nigeria Aluminium Extrusions Limited	11,394	7,150	11,394	7,150
Investment in Associated Electricity Production Nigeria Limited	124	124	124	124
Investment in Sterling Assurance Nigeria Limited	82,225	36,220	82,225	36,220
Investment in I.I.N Properties Plc	600	600	600	600
Investment in Dumez Nigeria Plc	5	5	5	5
Investment in Equipment Solutions & Logistics Services Limited	3,600	3,600	3,600	3,600
Investment in the Coral Growth Fund	200	200	200	200
	206,536	**156,287**	**206,536**	**156,287**

Notes to the consolidated and separate financial statements

6 Financial assets (Cont'd)

(d) Fair value through profit and loss investment securities

In thousands of Naira	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Listed equities	659,995	406,307	659,995	406,307
Fair value (loss)/gain	(55,655)	155,306	(55,655)	155,306
	604,340	**561,613**	**604,340**	**561,613**

Changes in fair value of financial assets at fair value through profit or loss are recorded as net trading income on financial assets in the income statement. The fair value of all equity securities is based on their current bid prices on the Nigeria Stock Exchange.

7 Trade receivables

(a) Trade receivables comprise:

In thousands of Naira	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Due from agents	213,639	334,820	188,827	334,820
Due from brokers	1,061,410	1,004,460	1,061,410	1,004,460
Due from insurance companies	227,771	255,101	227,771	255,101
	1,502,820	1,594,381	1,478,008	1,594,381
Less: impairment allowance (see note (b) below)	(1,450,718)	(1,450,718)	(1,450,718)	(1,450,718)
	52,102	**143,663**	**27,290**	**143,663**

(b) The movement in the allowance for impairment account is as follows:

Balance, beginning of year	1,450,718	1,469,445	1,450,718	1,469,445
Write back during the year	-	(18,727)	-	(18,727)
Balance, end of year	1,450,718	1,450,718	1,450,718	1,450,718

The premium outstanding as at statement of position date represent balance due from brokers which has been fully received as at 31 January, 2015.

8 Reinsurance assets

In thousands of Naira	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Reinsurance recoveries-Life business	5,725	13,382	5,725	13,382
Reinsurance recoveries-General business	347,063	381,972	347,063	381,972
Prepaid re-insurance-Life business	4,864	3,937	4,864	3,937
Prepaid re-insurance- General business	70,600	55,530	70,600	55,530
	428,252	**454,821**	**428,252**	**454,821**
Current	428,252	454,821	428,252	454,821
Non-current	-	-	-	-
	428,252	454,821	428,252	454,821

The Company conducted an impairment review of the reinsurance assets and no impairment is required in respect of these assets as the Company has the right to set-off reinsurance assets against reinsurance liabilities on settlement. The carrying amounts disclosed above is in respect of the reinsurance of investment contracts and it approximates the fair value at the reporting date.

Notes to the consolidated and separate financial statements

9 Deferred acquisition cost

(a) This represents commission on unearned premium relating to the unexpired tenure of risk.

In thousands of Naira

General business	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Deferred acquisition cost- Fire	7,701	6,959	7,701	6,959
Deferred acquisition cost- Gen. Accident	16,760	7,437	16,760	7,437
Deferred acquisition cost- Motor	12,230	20,102	12,230	20,102
Deferred acquisition cost- Marine	3,171	3,181	3,171	3,181
Deferred acquisition cost- Bond	181	110	181	110
Deferred acquisition cost- Engineering	453	1,755	453	1,755
Deferred acquisition cost- Oil & Gas	4,530	3,783	4,530	3,783
Deferred acquisition cost- Workmen's compensation	272	196	272	196
Deferred acquisition cost- Travel Health	-	3,599	-	3,599
	45,298	47,122	45,298	47,122
Life Business	52,528	99,082	52,528	99,082
	97,826	**146,204**	**97,826**	**146,204**
Current	97,826	146,204	97,826	146,204
Non- current	-	-	-	-
	97,826	146,204	97,826	146,204

(b) The movement in deferred acquisition costs is as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	146,204	54,568	146,204	54,568
Additions during the year	277,340	391,103	277,340	391,103
Amortisation during the year	(325,708)	(299,467)	(325,708)	(299,467)
Balance, end of year	**97,836**	**146,204**	**97,836**	**146,204**

10 Finance lease receivable

Finance lease receivable comprise:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross investment in finance lease (See note a below)	159,915	266,928	159,915	266,928
Unearned finance income	(69,210)	(88,305)	(69,210)	(88,305)
Net investment in finance lease	90,705	178,623	90,705	178,623
Current	86,351	86,351	86,351	86,351
Non- current	4,354	92,272	4,354	92,272
	90,705	178,623	90,705	178,623

This was a Leasing arrangement in respect of “Asset Acquisition Lease Financing” between a commercial bank (Lessee) and Great Nigeria Insurance Plc (Lessor) for a tenor of 48 months with effective date 9th April, 2012”

Notes to the consolidated and separate financial statements

(a) The movement in gross finance lease is as follows:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	266,928	170,325	266,928	170,325
Additions during the year	-	213,346	-	213,346
Repayment during the year	(107,013)	(116,743)	(107,013)	(116,743)
Balance, end of year	159,915	266,928	159,915	266,928

11 Other receivables and prepayments

(a) Other receivables and prepayments comprise:

Prepayment	17,353	12,415	17,353	12,415
Stock and inventory	6,127	6,128	6,127	6,128
Dividend receivable	2,567	2,567	2,567	2,567
Staff Loan & Advances	14,195	-	14,195	-
Receivable on unquoted investments (see note a (i) below)	200,000	200,000	200,000	200,000
Rent receivable	89,374	91,652	89,374	91,652
Receivable from Wema Bank Group	62,952	69,151	62,952	69,151
Intercompany receivables	-	-	40,690	34,415
Deposit for investments (see note a (ii) below)	102,094	110,134	102,094	110,134
Other receivables (see note a (iii) below)	155,178	141,842	155,178	138,431
	649,840	633,889	690,530	664,893
Less impairment allowance (see note (b) below)	(597,786)	(502,174)	(597,786)	(502,174)
	52,054	131,715	92,744	162,719
Current	52,054	91,554	92,744	122,558
Non-current	-	40,161	-	40,161
	52,054	131,715	92,744	162,719

(ai) Receivables on unquoted investment represents unquoted investment in Continental Re. Full impairment allowance has been made for the balance.

(aii) Deposit for investments represents investments of N96m in AIICO PFA, N5.8m in Energy Insurance Pool. Full impairment allowance has been made for this balance.

(aiii) Other receivables include balance due from Wema Securities, Allied Bank Plc and Withholding tax. Allowance has been made on the account balance.

(b) The movement in impairment allowance on other receivables and prepayments during the year was as follows:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	502,174	494,400	502,174	494,400
Reclassification from financial asset (see note 6c(ii)	2,200	-	2,200	-
Addition during the year	93,412	7,774	93,412	7,774
Balance, end of year	**597,786**	**502,174**	**597,786**	**502,174**

12 Investment in subsidiary

On 4 July 2013, the Group acquired 97.5% of the common stock of GNI Healthcare Limited (formerly, Gamma Health Nigeria Limited), to carry on the business of healthcare financing and insurance, health care maintenance organization services and health risk management. This subsidiary was incorporated in July 2012.

Notes to the consolidated and separate financial statements

13 Investment properties

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of the year	4,380,865	4,175,330	4,380,865	4,175,330
Additions during the year	-	1,855	-	1,855
Fair value gain	72,651	203,680	72,651	203,680
Balance, end of the year	**4,453,516**	**4,380,865**	**4,453,516**	**4,380,865**

(a) The items of investment properties are valued as shown below:

In thousands of Naira Investment properties location	Group 31-Dec-	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
GNI House, Alagbaka Road Akure	332,351	316,850	332,351	316,850
GNI House, Along Onikolobo Road, Panseke, Abeokuta	210,000	200,000	210,000	200,000
GNI House, 47/57 Martins street, Off Broad Street Marina Lagos **(see note 13b)**	2,525,000	2,525,000	2,525,000	2,525,000
GNI House, 39/41 Martins street, Off Broad Street Marina Lagos	458,041	444,700	458,041	444,700
GNI House, No. 11 Malanje Street, Wuse Zone 4 Abuja	325,000	312,500	325,000	312,500
Oregun Warehouse, Plot 13-17, Morrison Crescent Oregun Lagos	502,576	485,250	502,576	485,250
GNI House, No. 13, West Arbour Street London E1 OPQ U.K	100,548	96,565	100,548	96,565
	4,453,516	4,380,865	4,453,516	4,380,865

(b) The property at 47/57 was gutted by fire on 4 November, 2013 which affected mostly 1st, 2nd and 3rd floors including the mezzanine floor. The carrying amount of the property has been maintained at the value it was in prior year - N2,525,000,000, valuation by the independent valuer as at 31 December, 2014 was put at N2,550,875,000.

The estimated cost of restoration of the property as determined by the entity's consultant - Goldhedges Limited and as used by Loss Adjusters - Corporate Loss Adjusters Limited and International Loss Adjusters (West Africa Limited) for the determination of claim on the property from the insurance company with which the property was not adjusted for in the carrying amount of the property at year end 2014 as the Directors are of the opinion that this does not constitute an impairment that has to be considered in the carrying amount of the property.

(c) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment properties was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, Ubosi Eleh & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1493) valued the properties on the basis of open market value as at 31 December 2014.

The fair value measurement for the investment properties of N4.45billion (2013:4.38billion) has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Notes to the consolidated and separate financial statements

13 Investment properties (Cont'd)

Valuation technique	Significant unobervable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	-Prices per square meter -Rate of development in the area -Quality of the building. -Influx of people and/or businesses to the area	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).

14 Intangible assets

(a)

In thousands of Naira	Group Purchased Computer	Group Purchased Computer	Company Purchased Computer	Company Purchased Computer
	31-Dec-14	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**
Cost:				
Balance beginning of year	187,058	26,066	157,058	26,066
Acquisition	-	30,000	-	-
Acquisition not yet in use	42,324	95,466	42,324	95,466
Interest cost (borrowing cost)	-	35,526	-	35,526
Balance, end of year	229,382	187,058	199,382	157,058
Amortization:				
Balance, beginning of year	24,806	22,114	24,806	22,114
Amortisation charge	53,409	2,692	53,409	2,692
Balance, end of year	78,215	24,806	78,215	24,806
Net book value	151,167	162,252	121,167	132,252

(b) The intangible assets of the Group comprise purchased computer software and HMO License.

Notes to the consolidated and separate financial statements

15 Property, plant and equipment

(a) Group

In thousands of Naira

	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE & EQUIPMENT	TOTAL
Cost								
Balance as at 1 January 2014	425,587	392,656	29,230	85,534	242,637	87,596	103,599	1,366,839
Revaluation gain/(deficit)	30,118	(2,199)	-	-	-	-	-	27,919
Additions	-	3,300	4,282	11,850	80,148	1,061	1,430	102,071
Disposals	-	-	-	-	(3,430)	-	-	(3,430)
Balance, end of year	455,705	393,757	33,512	97,384	319,355	88,657	105,029	1,493,399
Accumulated depreciation								
Balance as at 1 January 2014	39,887	47,342	12,935	70,886	210,667	85,608	80,752	548,077
Charge for the year	11,260	9,312	3,335	9,560	35,467	1,427	3,567	73,928
Disposals	-	-	-	-	(3,420)	-	-	(3,420)
Balance, end of year	51,147	56,654	16,270	80,446	246,134	87,035	84,319	618,585
Net book value								
At 31 December 2014	**404,558**	**337,103**	**17,242**	**16,938**	**73,221**	**1,622**	**20,710**	**874,814**
At 1 January 2014	**385,700**	**345,314**	**16,295**	**14,648**	**31,970**	**1,988**	**22,847**	**818,762**

i. The Group had no capital commitments as at year end (31 December 2013: Nil)
ii. The Group's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valuers on 31 December 2014 using both Investment method and Comparative method of valuation to arrive at the open market value.
iii. An impairment review was conducted and no impairment was required.

Notes to the consolidated and separate financial statements

15 Property, plant and equipment (Cont'd)

(b) Property, plant and equipment

Company
In thousands of Naira

	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE & EQUIPMENT	TOTAL
Cost								
Balance as at 1 January 2014	410,439	304,474	22,506	83,000	233,747	87,596	103,599	1,245,361
Revaluation gains	30,118	(2,199)	-	-	-	-	-	27,919
Additions	-	3,300	4,282	11,850	80,148	1,061	1,430	102,071
Disposals	-	-	-	-	(3,430)	-	-	(3,430)
Balance, end of year	440,557	305,575	26,788	94,850	310,465	88,657	105,029	1,371,921
Accumulated depreciation								
Balance as at 1 January 2014	39,739	46,310	12,585	70,535	209,741	85,608	80,752	545,270
Charge for the year	10,881	7,108	2,494	8,715	33,245	1,427	3,567	67,437
Disposals	-	-	-	-	(3,420)	-	-	(3,420)
Balance, end of year	50,620	53,418	15,079	79,250	239,566	87,035	84,319	609,287
Net book value								
At 31 December 2014	**389,937**	**252,157**	**11,709**	**15,600**	**70,899**	**1,622**	**20,710**	**762,634**
At 1 January 2014	**370,700**	**258,164**	**9,921**	**12,465**	**24,006**	**1,988**	**22,847**	**700,091**

i. The Group had no capital commitments as at year end (31 December 2014: Nil)
ii. The Group's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valuers on 31 December 2014 using both Investment method and Comparative method of valuation to arrive at the open market value.
iii. An impairment review was conducted and no impairment was required.

Notes to the consolidated and separate financial statements

16 Statutory deposit

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2014, in compliance with the Insurance Act, CAP 117 LFN 2004. It comprises:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
General	300,000	300,000	300,000	300,000
Life	200,000	200,000	200,000	200,000
	500,000	500,000	500,000	500,000
Current	-	-	-	-
Non-current	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000

17 Insurance contract liabilities

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Notified claims	1,057,984	843,849	1,056,477	843,849
Claims incurred but not reported	534,921	314,043	534,770	314,043
Outstanding claims (see note (b) below):	1,592,905	1,157,892	1,591,247	1,157,892
General Business Unearned premiums (see note (c) below)	315,609	363,779	315,609	363,779
Life Business unearned premium reserve(see note (d)(i)	1,025,667	947,174	1,025,667	947,174
Life funds (see note (d)(ii)	201,601	312,754	201,601	312,754
Annuity Fund	21,823	-	21,823	-
GNI Healthcare	17,176	-	-	-
	3,174,781	2,781,599	3,155,947	2,781,599
Current	893,207	893,207	893,207	893,207
Non-current	2,262,740	1,888,392	2,262,740	1,888,392
	3,155,947	**2,781,599**	**3,155,947**	**2,781,599**

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 Company's net liability for insurance contracts was tested for adequacy by HR Nigeria Limited, an actuary located in Nigeria with FRC number FRC/NAS/00000000738 as at 31 December 2014.

(b) Claims reported and IBNR:

31-Dec-14
The claims reported are analysed below:

In thousands of Naira	Gross claims Outstanding 31-Dec-14	Provision for IBNR 31-Dec-14	Outstanding Claims 31-Dec-14
General			
Fire	279,394	55,879	335,273
General accidents	194,284	38,857	233,141
Motor	44,548	8,910	53,457
Marine	25,333	5,067	30,400
Engineering	-	-	-
Bond	204	41	245
Oil and gas	126,580	25,316	151,896
	670,343	134,069	804,412

Notes to the consolidated and separate financial statements

(b)(i) Claims reported and IBNR (Contd)

In thousands of Naira	**Gross claims Outstanding 31-Dec-14**	**Provision for IBNR 31-Dec-14**	**Outstanding Claims 31-Dec-14**
Life			
Group life	343,590	396,447	740,036
Individual life	42,543	4,254	46,797
	386,133	400,701	786,833
	1,056,477	534,770	1,591,245
GNI Healthcare	1,507	151	1,658
	1,057,984	**534,921**	**1,592,903**

31-Dec-13

The claims reported are analysed below:

In thousands of Naira	**Gross claims Outstanding 31-Dec-13**	**Provision for IBNR 31-Dec-13**	**Outstanding Claims 31-Dec-13**
General			
Fire	200,132	17,531	217,663
General accidents	278,235	10,166	288,401
Motor	39,361	14,742	54,103
Marine	26,014	12,300	38,314
Engineering	13,778	-	13,778
Bond	500	7,008	7,508
Aviation	1,000	5,120	6,120
Oil and gas	56,639	-	56,639
Travel Insurance	-	7,345	7,345
Employer's liability	-	2,563	2,563
	615,659	76,775	692,434
Life			
Group life	216,004	237,268	453,272
Individual life	12,186	-	12,186
	228,190	237,268	465,458
	843,849	314,043	1,157,892

(ii) The movement in provision for outstanding claims during the year is as follows:

General

In thousands of Naira	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Gross provision for outstanding claims	670,343	615,659	670,343	615,659
Provision for IBNR	134,069	76,775	134,069	76,775
Provision for outstanding claims - closing	804,412	692,434	804,412	692,434
Less: provision for outstanding claims - opening	(692,434)	(326,203)	(692,434)	(326,203)
Increase/(decrease) in provision for outstanding claims	111,978	366,231	111,978	366,231

Notes to the consolidated and separate financial statements

Life *In thousands of Naira*	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Gross provision for outstanding claims	386,133	228,190	386,133	228,190
Provision for IBNR	400,701	237,268	400,701	237,268
Provision for outstanding claims - closing	786,834	465,458	786,834	465,458
Less: provision for outstanding claims - opening	(465,458)	(491,873)	(465,458)	(491,873)
Increase in provision for outstanding claims	321,376	(26,415)	321,376	(26,415)
	433,354	339,816	433,354	339,816

(c) Unearned premium

Unearned premium comprises:

General				
Fire	35,031	59,968	35,031	59,968
General accidents	104,169	68,648	104,169	68,648
Motor	111,439	132,240	111,439	132,240
Marine	23,419	34,704	23,419	34,704
Employer's liability	904	977	904	977
Engineering	-	12,738	-	12,738
Bond	1,978	551	1,978	551
Oil and gas	38,669	35,919	38,669	35,919
Travel Insurance	-	18,034	-	18,034
	315,609	363,779	315,609	363,779

(d)(i) Life insurance contract liabilities

Group life fund	1,025,667	947,174	1,025,667	947,174
Individual life fund	201,601	312,754	201,601	312,754
Annuity	21,823	-	21,823	-
	1,249,091	1,259,928	1,249,091	1,259,928

(d) The changes in Unearned Premium reserves and movement in life funds during the year was as follows:

(ii) Changes in Unearned Premium Reserve

In thousands of Naira

Group Life	**31-Dec-14**	**31-Dec-13**
Balance, beginning of the year	947,174	534,915
Increase/(Decrease) provision in unearned premium reserve	(35,781)	412,259
Balance	911,393	947,174
Additional reserves (as per actuary valuation)	114,274	-
Balance, end of the year	1,025,667	947,174
GNI Healthcare	17,176	-
Balance	1,042,843	947,174

(iii) Movement in Life funds

Individual Life business		
Balance, beginning of the year	312,754	115,328
Increase/(Decrease) in life funds	(89,330)	197,426
Balance, end of the year	223,424	312,754
Balance, end of year	**1,266,267**	**1,259,928**

Notes to the consolidated and separate financial statements

	In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
18	**Investment contract liabilities**				
(a)	At amortised cost				
	Deposit administration	642,995	634,477	642,995	634,477
	Guaranteed interest (see note (c) below)	10,000	14,372	10,000	14,372
		652,995	**648,849**	**652,995**	**648,849**
	Current	-	-	-	-
	Non-current	652,995	648,849	652,995	648,849
		652,995	648,849	652,995	648,849

(b) The movement in investment contract liabilities during the year was as follows:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	648,849	552,192	648,849	552,192
Additions during the year	184,462	185,044	184,462	185,044
Guaranteed Interest	10,000	14,372	10,000	14,372
Withdrawals	(190,316)	(102,759)	(190,316)	(102,759)
Balance, end of year	652,995	648,849	652,995	648,849

(c) Guaranteed interest on investment contracts represents interest which accrues to the account of investment contract holders. All these contract are designated at financial liabilities and measured at amortised cost.

(d) Investment Contract Revenue Account

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Interest income	41,173	10,484	41,173	10,484
Guaranteed Interest	(10,000)	(14,372)	(10,000)	(14,372)
Profit/(loss) on investment contract liability	31,173	(3,888)	31,173	(3,888)

19 Trade payable

Trade payable comprise liabilities due to agents, brokers and re-insurance companies

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Due to reinsurers	71,641	49,525	71,641	49,525
Current	71,641	49,525	71,641	49,525
Non-current	-	-	-	-
	71,641	**49,525**	**71,641**	**49,525**

Notes to the consolidated and separate financial statements

20 Gratuity payable

This represents the balance of the Company's accruals for gratuity to be paid to its employees on exit from the Company based on its gratuity scheme which was discontinued in 2010. The gratuity scheme is solely funded by the Company. No valuation was carried out on this balance as the scheme has been discontinued since 2010.

In thousands of Naira	**Group** **31-Dec-14**	**Group** **31-Dec-13**	**Company** **31-Dec-14**	**Company** **31-Dec-13**
Opening balance	17,040	21,852	17,040	21,852
Payment during the year	(3,921.00)	(4,812)	(3,921)	(4,812)
Balance, end of year	**13,119**	**17,040**	**13,119**	**17,040**

21 Provisions and other payables

Unearned income (see note (a) below)	31,939	34,315	31,939	34,315
Accrued Supervisory fees	30,769	30,061	30,769	30,061
Provision for professional fee	50,200	36,480	50,200	36,480
Pension Payable (see note c) below)	20,373	5,378	20,373	5,378
Withholding tax payable	8,304	13,404	8,304	13,404
Prepaid service charge	35,013	43,901	35,013	43,901
Other accruals and payables	54,461	195,645	46,173	180,830
Provision (see note (b) below)	50,200	34,000	50,200	34,000
Sundry creditors	161,327	137,968	161,326	149,024
	442,586	531,152	434,297	527,393
Current	82,139	38,074	82,139	34,315
Non-current	360,447	493,078	352,158	497,078
	442,586	**531,152**	**434,297**	**531,393**

(a) Unearned income represents unearned rental income. The Company earns rental income on some of its investment properties. These amounts are non-refundable and are credited to income as the services are rendered.

(b) Included in the balance above is the provision for the Company's litigation and claims which is dependent on the outcome of various court proceedings. The Company has elected for a disclosure exemption pursuant to IAS 37 in order to avoid prejudicing the outcome of these various litigations.

	In thousands of Naira	**Group** **31-Dec-14**	**Group** **31-Dec-13**	**Company** **31-Dec-14**	**Company** **31-Dec-13**
(c)	**Pension payable**				
	Opening balance	5,378	1,972	5,378	1,972
	Addition during the year	28,948	18,279	28,948	18,279
	Remittance during the year	(13,953)	(14,873)	(13,953)	(14,873)
	Balance, at year end	**20,373**	**5,378**	**20,373**	**5,378**

Notes to the consolidated and separate financial statements

	In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
22	**Borrowings**				
(a)	Borrowings comprise;				
	Cash book overdraft (see note (b) below)	-	43,823	-	43,823
	Total borrowings	-	43,823	-	43,823
	Current	-	43,823	-	43,823
	Non-current	-		-	-
		-	43,823	-	43,823

(b) Cash book overdraft represents the Company's overdrawn position with Wema Bank Plc, the erstwhile parent Company. The Company utilises these overdraft for cash management purposes.

23 Finance lease obligation

(a) The movement in the finance lease account was as follows:

In thousands of Naira	Group 31-Dec-	Group 31-Dec-	Company 31-Dec-	Company 31-Dec-
Balance, beginning of year	108,927	-	108,927	-
Finance lease obtained during the	-	148,500	-	148,500
Payments during the year	(40,115)	(39,573)	(40,115)	(39,573)
Balance, end of year	**68,812**	**108,927**	**68,812**	**108,927**

The analysis of the finance lease obligations was as follows:

Falling due within one year	63,135	65,321	63,135	65,321
Falling due after one year	21,045	65,321	21,045	65,321
	84,180	130,642	84,180	130,642
Future interest	(15,368)	(21,715)	(15,368)	(21,715)
	68,812	108,927	68,812	108,927

(b) This is for the purchase of the Company's accounting software, Agilis, financed by Wema Bank Plc, the Company's erstwhile parent Company. The lease is secured by legal ownership of the leased assets. The lease agreement stipulates that the ownership of the assets devolve to the Company upon expiration of the lease.

24 Deferred tax assets and 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 the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the consolidated and separate financial statements

24 Deferred tax assets and liabilities (Contd)

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Assets:				
Property, plant and equipment	(256,723)	(256,723)	(256,723)	(256,723)
- Unrelieved losses	-	-	-	-
Deferred tax assets	(256,723)	(256,723)	(256,723)	(256,723)
Liabilities:				
Property, plant and equipment	229,094	208,244	211,256	208,244
Investment properties	337,137	336,818	334,125	334,125
Deferred tax liabilities	566,231	545,062	545,381	542,369
Net Deferred tax liabilities/(assets)	**309,508**	**288,339**	**288,658**	**285,646**

Group

The movement in temporary differences recognised during the year ended 31 December 2014 is as follows:

In thousands of Naira	Balance as 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at 31 December
Property, plant and equipment	(187,061)	-	3,012	(183,730)
Tax adjustment	17,838			17,838
Unrelieved losses	-	-	-	-
Investment properties	475,400	-	-	475,400
	306,496		3,012	309,508

Company

The movement in temporary differences recognised during the year ended 31 December 2014 is as follows:

In thousands of Naira	Balance as 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at 31 December
Property, plant and equipment	(48,478)	-	3,012	(45,466)
Unrelieved losses	-	-	-	-
Investment properties	334,124	-	-	334,124
	285,646	-	3,012	288,658

Notes to the consolidated and separate financial statements

24 Deferred tax assets and liabilities (Contd)

Group

The movement in temporary differences recognised during the year ended 31 December 2014 is as follows:

In thousands of Naira	**Balance as 1 January**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance as at 31 December**
Property, plant and equipment	(174,018)	(31,649)	18,925	(186,742)
Unrelieved losses	(518,111)	518,111	-	-
Investment properties	534,484	(59,084)	-	475,400
	(157,964)	427,378	18,925	288,658

Company

The movement in temporary differences recognised during the year ended 31 December 2013 is as follows:

	Balance as 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance as at 31 December**
property, plant and equipment	(33,061)	(31,649)	16,232	(48,478)
Unrelieved losses	(518,111)	518,111	-	-
Investment properties	393,208	(59,084)	-	334,124
	(285,646	427,378	16,232	285,646

25 Taxation

(a) Current income tax liabilities

The movement in this account during the year was as follows:

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	198,209	180,485	198,209	180,485
Payments during the year	(43,774)	(17,224)	(43,774)	(17,224)
Income tax expense (see note (b) below)	29,974	4,104	-	4,104
Tax Write Back	-	-	-	-
Tax adjustment	958			
Minimum tax (see note (c) below)	34,934	30,899	33,744	30,844
Balance, end of year	190,327	198,264	188,179	198,209
Current	190,327	198,264	188,179	198,209
Non-current	-	-	-	-
	190,327	198,264	188,179	198,209

(b) Income tax expense for the year comprises;

Corporate income tax charge	-	-	-	-
Tertiary education tax	-	-	-	-
Information technology levy	-	4,104	-	4,104
	-	4,104	-	4,104
Deferred tax charge	-	427,378	-	427,378
	-	431,482	-	431,482

Notes to the consolidated and separate financial statements

25 Taxation (Contd)

	In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
(c)	Minimum Tax				
	Minimum tax	34,934	30,899	33,744	30,844
		34,934	30,899	33,744	30,844
	Total	**34,934**	**462,381**	**33,744**	**462,327**

i Tax expense - Group

	2014 ₦'000	2013 ₦'000
Company income tax	34,934	462,381
Education tax	-	-
Current income tax charge	34,934	462,381
Deferred tax credit	-	-
NITDA Levy	-	-
	34,934	462,381

The current tax charge has been computed at the applicable rate of 30% (31 December 2014: 30%) plus education tax of 2% (31 December 2014: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as public relations expenses, levies and penalties and certain provisions which are not allowed as a deductions by the tax authorities. Tax exempt income include income such as dividend income, reserves and fair value gains which are not taxable

ii Effective tax reconciliation – Group

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2014 ₦'000	%	2013 ₦'000	%
Profit/(loss) before tax	(60,571)	100	449,690	
Tax using domestic rate	(20,388)	34	134,907	30
Loss utilised	-	-	(41,354)	(9)
Unrecognised capital allowance	-	-	4,263	1
Capital allowance utilised	-	-	(15,998)	(4)
Non-deductible expense	46,670	(77	50,928	11
Current year losses for which no deferred tax is recognised	-	-	(72,490)	(1
Education tax	-	-	-	-
Tax exempt income	(197,015)	325	(60,257)	(1
Tax incentives	-	0	-	-
Minimum tax adjustment	34,934	(58	30,899	7
Prior year over/under provision	-	-	-	-
Adjustment for deferred tax	-	-	427,379	95
Effect of information technology tax	1,701	(3)	4,104	1
Effective tax	(138,834)	-	462,381	10

Notes to the consolidated and separate financial statements

i Tax expense - Company

	31 December 2014			
	General Business ₦'000	**Life Business ₦'000**	**Total ₦'000**	**2013 ₦'000**
Company income tax	15,049	18,696	33,744	462,327
Education tax	-	-	-	-
Current income tax charge	15,049	18,696	33,744	462,327
Deferred tax credit	-	-	-	-
NITDA Levy	-	-	-	-
	15,049	18,696	33,744	462,327

The current tax charge has been computed at the applicable rate of 30% (31 December 2014: 30%) plus education tax of 2% (31 December 2014: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as public relations expenses, levies and penalties and certain provisions which are not allowed as a deductions by the tax authorities. Tax exempt income include income such as dividend income, reserves and fair value gains which are not taxable

ii Effective tax reconciliation - Company

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	31 December 2014					
	General Business ₦'000	**Life Business ₦'000**	**Total ₦'000**	**%**	**2013 ₦'000**	**%**
Profit/(loss) before tax	(238,053)	170,094	(67,959)	100	466,708	
Tax using domestic rate	(71,416)	51,028	(20,388)	30	140.012	30
Loss utilised	-	-	-	-	(41,354)	(9)
Unrecognised capital allowance	-	-	-	-	-	-
Capital allowance utilised	-	-	-	-	(15,998)	(4)
Non-deductible expense	18,681	27,990	46,670	(69	50,084	11
Current year losses for which no deferred tax is recognised	-	-	-	-	(72,490)	(16)
Education tax	-	-	-	-	-	-
Tax exempt income	(2,202)	(194,813	(197,015)	290	(60,257)	(13)
Tax incentives	-	-	-	-	-	-
Minimum tax adjustment	15,049	18,695	33,744	(50	30,844	7
Prior year over/under provision	-	-	-	-	-	-
Adjustment for deferred tax	-	-	-	-	427,379	92
Effect of information technology tax	-	1,701	1,701	(3)	4,104	1
Effective tax	(39,888)	(95,400)	(135,287)	-	462,381	100

Notes to the consolidated and separate financial statements

26 Issued and paid up capital

Share capital comprises:

	In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
(a)	Authorized:				
	Ordinary shares of 50k each:				
	General business 7,000,000,000 units	3,500,000	3,500,000	3,500,000	3,500,000
	Life business 4,000,000,000 units	2,000,000	2,000,000	2,000,000	2,000,000
	Composite business 11,000,000 units	5,500,000	5,500,000	5,500,000	5,500,000
	Issued and fully paid:				
	Ordinary shares of 50k each:				
	General business 2,585,984,380 units	1,292,982	1,292,982	1,292,982	1,292,982
	Life business 1,241,500,000 units	620,760	620,760	620,760	620,760
	Composite business 3,827,484,380 units	**1,913,742**	**1,913,742**	**1,913,742**	**1,913,742**

27 Share premium

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.

28 Contingency reserve

In compliance with Section 21 (1) of Insurance Act CAP I17 LFN 2004, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums or 20% of the profits (whichever is greater).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 premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid up capital.

29 Retained earnings

Retained earnings are the carried forward recognised losses plus current period profits or losses attributable to shareholders.

There has been asset reallocation from Life to General business within the year. Four (4) investment properties valuing N1, 314,600,000 were moved from Life to General business as shown below:

	N'000
GNI House – Abeokuta	200,000
GNI House – Akure	316,850
GNI House – Abuja	312,500
Warehouse – Oregun	485,250
	1,314,600

The balance reallocated represents the value of the said investment properties as at 1 January, 2014 (See Note 16a)

Notes to the consolidated and separate financial statements

30 Asset revaluation reserve

Revaluation reserve is the accumulation of revaluations gain on properties in use by the Group.

Revaluation reserve comprises

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	492,032	448,032	485,905	448,032
Revaluation gain / Adjustment	27,919	63,082	27,919	54,105
Tax on revaluation of property	(3,012)	(18,925)	(3,012)	(16,232)
Non-controlling interest	648	(157)	-	-
Balance, end of year	**517,587**	**492,032**	**510,812**	**485,905**

31 Gross premium written

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 letter accounting period.

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
General business				
Fire	247,066	263,084	247,066	263,084
General accidents	516,039	386,409	516,039	386,409
Employer's liability	8,632	6,042	8,632	6,042
Engineering	13,190	35,170	13,190	35,170
Marine	98,416	88,414	98,416	88,414
Bond	2,813	111,738	2,813	111,738
Oil and gas	145,164	374,411	145,164	374,411
Motor	380,325	41,144	380,325	41,144
	1,411,645	1,306,412	1,411,645	1,306,412
Life business				
Individual Life	287,269	248,262	287,269	248,262
Group life	1,033,053	1,492,308	1,033,053	1,492,308
Annuity	21,823	-	21,823	-
	1,342,145	1,740,570	1,342,145	1,740,570
GNI Healthcare	59,161	4,550	-	-
Group premium written	**2,812,951**	**3,051,532**	**2,753,790**	**3,046,982**

Notes to the consolidated and separate financial statements

31(a) Net insurance premium revenue

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross premium written				
– Gross premium	2,812,951	3,051,532	2,753,790	3,046,982
Increase/(Decrease) in unearned premium arising from insurance contracts issued	(44,179)	(618,377)	(30,416)	(618,377)
Premium revenue arising from insurance contracts issued	2,768,772	2,433,155	2,723,374	2,428,605
– Reinsurance Expenses (See note 31(a)i	(340,006)	(399,502)	(340,006)	(399,502)
– Movement in Life funds	89,329	-	89,329	-
Net premium revenue ceded to reinsurers on insurance contracts issued	(250,677)	(399,502)	(250,677)	(399,502)
Net insurance premium revenue	**2,518,095**	**2,033,653**	**2,472,697**	**2,029,103**

31(a)i Reinsurance Expenses

General business	**31-Dec-14**	**31-Dec-13**
Gross Reinsurance Cost	307,827	348,283
Movement in prepaid cost	(15,070)	7,003
	292,757	355,286
Life business		
Gross Reinsurance Cost	48,167	44,664
Movement in prepaid cost	(918)	(449)
	47,249	44,215
Total Reinsurance expenses	**340,006**	**399,501**

32 Commission income

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
– Insurance contracts	57,306	53,744	57,306	53,744

33 Net claims and benefits paid

Insurance claims and loss adjustment expenses				
Gross benefits & claims paid	949,873	805,285	938,375	805,285
Gross changes in outstanding claims	433,355	339,816	433,355	339,816
	1,383,228	1,145,101	1,371,730	1,145,101
Recoverable from re-insurance	(24,051)	(362,721)	(24,051)	(362,721)
Net claims and benefits expenses	1,359,177	782,380	1,347,679	782,380

34 Expenses for the acquisition of insurance and investment contracts

Costs incurred for the acquisition of general insurance contracts expensed in the year.	236,934	217,844	235,732	217,844
Costs incurred for the acquisition of life insurance contracts expensed in the year.	190,362	81,673	190,362	81,623
	427,296	299,517	426,094	299,467

35 Maintenance cost

Costs incurred for the maintenance of general insurance contracts	75,001	106,541	75,001	106,541
Costs incurred for the maintenance of life insurance contracts	83,692	238,502	83,692	238,502
	158,693	345,043	158,693	345,043

Notes to the consolidated and separate financial statements

	In thousands of Naira	Group 31-Dec-14	Group 31-Dec-	Company 31-Dec-14	Company 31-Dec-
36	**Investment income**				
	Dividend income	29,340	24,977	29,340	24,977
	Interest income	277,221	179,121	264,195	179,121
	Rental income	34,599	120,785	34,599	120,785
		341,160	324,883	328,134	324,883
	Attributable to:				
	- Shareholders	184,227	180,850	177,192	175,437
	- Policy holders	156,933	149,446	150,942	149,446
		341,160	330,296	328,134	324,883
37	**Net fair value gains on assets measured at fair value through profit or loss**				
	Net fair value gains on financial assets at fair value through profit or loss	42,727	155,306	42,727	155,306
	Fair value gains on investment properties	72,651	203,680	72,651	203,680
		115,378	358,986	115,378	358,986
38	**Other operating income**				
	In thousands of Naira				
	Profit on Disposal of Asset	80	-	80	-
	Income earned on finance lease arrangement	15,488	-	15,488	-
	Gain on foreign exchange difference	8,705	-	8,705	
	Other income	2,513	3,671	2,513	3,671
		26,786	3,671	26,786	3,671

39 Management expenses

Management expenses comprise of:

(a) Employee benefit expense

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-	Company 31-Dec-14	Compan 31-Dec-
Wages and salaries	446,271	335,243	424,365	324,729
Pension costs – defined contribution plans	19,798	17,345	19,798	17,345
Other benefits	73,309	25,827	73,291	25,827
	539,378	378,415	517,454	367,901

Notes to the consolidated and separate financial statements

(b) Other operating expenses

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Depreciation	73,928	65,467	67,437	62,660
Amortisation of intangible assets	53,408	2,692	53,408	2,692
Auditor's remuneration	20,500	23,500	18,000	20,000
Bank charges	11,050	7,502	11,050	7,502
Litigation and claims	-	34,000	-	34,000
Directors fees and expenses	47,531	21,568	47,531	21,568
Repairs & maintenance expense	49,616	29,821	49,188	29,821
Travel and representation	10,005	25,045	10,005	25,045
Advertising	3,096	4,015	3,096	4,015
Occupancy expenses	6,565	5,853	6,565	5,853
Motor vehicle running expenses	24,795	28,725	24,795	28,725
Fees and assessment	17,063	65,545	17,063	65,545
Office supply and stationery	11,542	21,529	11,542	21,529
Communication and postages	24,895	25,551	24,895	25,551
Legal, professional and other charges	55,473	52,228	55,473	52,228
Insurance expenses	16,518	7,868	16,518	7,868
Overhead/other administrative expenses	87,993	111,461	80,999	101,350
	513,978	532,370	497,565	515,952
		-		
Total	**1,053,356**	**910,785**	**1,015,019**	**883,853**

40 Impairment losses

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Allowance/(write back) of impairment - Life	102,030	(18,727)	102,030	(18,727)
Allowance/(write back) of impairment - General	49,930	7,774	49,930	7,774
Net impairment losses	151,960	(10,953)	151,960	(10,953)

41 Earning per share

Loss/Basic/diluted earnings per share is calculated by dividing the (loss)/profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

In thousands of Naira	Group 31-Dec-14	Group 31-Dec-	Company 31-Dec-14	Compa 31-Dec-
(Loss)/Profit attributable to equity holders	(91,730)	(12,692)	(97,926)	4,382
Weighted average number of ordinary shares in	3,827,485	3,827,485	3,827,485	3,827,4
(Loss)/ Basic per share (Kobo per share)	(2.50)	(0.33)	(2.66)	0.11

Notes to the consolidated and separate financial statements

42 Employees, including executive directors earning more than N100,000 per annum received salaries in the following range:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
N500,001 - N1,000,000	3	31	2	27
N1,000,001 - N1,500,000	28	50	28	50
N1,500,001 - N2,000,000	52	18	48	18
N2,000,001 - N2,500,000	20	7	20	7
N2,500,001 - N3,000,000	6	13	6	11
N3,000,001 - N3,500,000	5	1	5	1
N3,500,001 - N4,000,000	5	4	5	4
N4,000,001 - N4,500,000	3	2	2	2
N4,500,001 - N5,000,000	3	2	3	2
N5,000,001 - N5,500,000	4	4	3	4
N5,500,001 - N6,000,000	2	5	2	4
N6,000,001 and above	17	8	16	8
	148	145	140	138

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
	Number	Number	Number	Number
Management staff	21	18	20	17
Senior staff	116	29	109	27
Junior staff	11	98	11	94
	148	145	140	138

(c) Directors' remuneration:

i Remuneration paid to the directors of the Group (excluding pension contribution and certain benefits) was as follows:

In thousands of Naira

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Directors fees	5,238	5,238	5,238	5,238
Other emoluments	16,308	16,308	16,308	16,308
Salaries	62,000	62,000	62,000	62,000
	83,546	83,546	83,546	83,546

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

In thousands of Naira

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Chairman	4,579	4,579	4,579	3,975
Highest paid director	25,000	25,000	25,000	25,000

Notes to the consolidated and separate financial statements

Other directors whose duties were wholly or mainly performed in Nigeria, received emoluments (excluding pension and other benefits) in the following ranges:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
	Number	Number	Number	Number
₦1,400,001 - ₦1,500,000	-	-	-	-
₦1,700,001 - ₦1,800,000	-	-	-	-
Above ₦1,800,000	3	3	3	3
	3	3	3	3

43 Actuarial valuation

(a) The latest available actuarial valuation of the life business was performed as at 31 December 2014. The book value of the life funds as at that date was nil over its net actuarial liabilities. The valuation of the Company's life business funds as at 31 December 2014 was carried out by HR Nigeria Limited (consultants and actuaries). The valuation was done on the following principles:

(b) For all Endowment, Term Assurance and Mortgage Protection policies, the gross premium method of valuation was adopted. Reserves were calculated via a monthly cash flow projection approach, taking into account future office premiums, expenses and benefit payments. Future cash flows were discounted back to the valuation date at the valuation rate of interest which is 12.5%.

(c) The reserve for individual deposit administration policies has been taken as the amount standing to the credit of the policyholder at the valuation.

(d) An unearned premium reserve was included for Group Life policies. An allowance was made for Incurred But Not Reported claims to take care of delay in reporting claims.

(e) For individual life policies, the valuation age has been taken as the Age Last Birthday at the valuation date. The outstanding premium paying term has been calculated as the year of maturity minus expired duration. In all cases, an allowance has been made for premiums due between the valuation date and the next policy anniversary.

(f) The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

(g) No specific adjustment has been made for immediate payment of claims.

(h) No specific adjustment has been made for expenses after premiums have ceased in the case of limited payment policies.

(i) The UK's Mortality of Assured Lives table (A6770) was used in the valuation.

44 Related parties

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

Transactions with key management personnel
The Group’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 personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Notes to the consolidated and separate financial statements

Detailed below are the transactions the Group entered into with its related parties during the period.

In thousands of Naira		2014 31-Dec	2013 31-Dec
Sales of insurance contracts :	***Relationship***		
Premium	Key Mgt. Personnel	853	2,661
Receivables			
GNI Healthcare Limited	Subsidiary	6,260	-
Key management personnel compensation for the year comprises:			
Short term employee benefit		62,000	62,000
Post employee benefit		3,020	3,020

45 Contravention of laws and regulations

The Group contravened the following guidelines during the year:

Nature of Contravention	Penalty N	Regulatory body	Status
Penalty for default filing of 2012 audited account	3,800,000	NSE	Paid
Late filing of half yearly return	1,425,000	SEC	Paid
Late filling of 2013 audited account	725,000	NAICOM	Paid
Late submission of AML/CFT returns for 2nd quarter 2014	1,110,000	NAICOM	Paid
Penalty for late registration of GNI professional to FRC	12,500	FRCN	Paid

46 Subsequent events

There were no events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

47 Litigations and claims

There are contingent liabilities of N873.9m and contingent asset of N9m for the company in 2014 (2013: Nil).These litigations and claims arose in the normal course of business and are being contested by the Group. However, the Management, having sought the advice of professional legal counsel are of the opinion that based on the advice received, some liabilities may crystallize from these cases and have therefore made some provision in provisions and other payables (see note 22).

48 Solvency Margin

The Company's solvency margin for the general business as at 31 December 2014 was N2.43billion. This is N571million below the required minimum solvency margin of N3 billion for general business based on the most recent regulatory guidelines. However, the Company has a composite license and a net assets of N5.3 billion at the Composite level which is above the minimum required capital of N5 billion for composite business. The Insurance Act of Nigeria requires that the deficit be made good by way of cash payment and that satisfactory evidence of such payment be provided to the National Insurance Commission (“the Commission” or “NAICOM”) within a timeframe to be directed by NAICOM. The Company has immediate plan to inject funds to redeem the deficit position.

49 Financial Risk Management

(a) Introduction and Overview

This note presents information about the Group's exposure to different types of risks; the objectives, systems, policies and processes for identifying, measuring and managing risks; and the Group’s management of capital. The Group's activities exposes it to a variety of risks, and those activities principally involve creation of financial assets and liabilities. Great Nigeria Insurance recognizes the role of responsible risk management practices in achieving her strategic vision of being one of the leading insurance companies in Nigeria. In light of this, the Group has a well-established risk management framework and an experienced risk team.

The Group's aim is therefore to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Group's financial performances. As part of the Group's investment strategy to reduce both insurance and financial risk, the Group matches its investments' duration with the expected duration of liabilities arising from insurance and investment contracts, by reference to the type of benefits payable to contract holders.

Risk management framework
The Group's risk management philosophy is premised on the belief that aggressive and yet guarded risk attitude will ensure sustainable growth in shareholders value and corporate reputation. Effective risk management is critical to any insurance Group for achieving financial soundness and stability. In view of this, aligning risk management to the Group's organizational structure and business strategy has become integral part of our business.

To this end, the Board and Management are committed to establishing and sustaining tested practices in risk management. Specifically, the Board has established a Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies and practices. Also the Management recently established the Risk Management Unit, with responsibility to ensure that risk management processes are implemented in compliance with policies approved by the Board. The Risk Management Unit reports directly to Board's Risk Management committee. The Board of Directors determines the Group's goals in terms of risk by issuing a risk policy. The policy both defines acceptable levels of risk for day-to-day operations, as well as the willingness of the Group to incur risk, weighed against the expected rewards. The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. It is also intended to create a culture of risk awareness and personal responsibility throughout the Group.

The Group's risk management architecture is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control and corporate audit. The Board of Directors and management of the Group are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international insurance companies. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Group.

The risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity, insurance, price and operational risks. The evolving nature of risk management practices and the dynamic character of the insurance industry necessitate regular review of the effectiveness of each enterprise risk management component. In light of this, the Group's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

The Group's management has primary responsibility for risk management and the review of the ERM Framework and to provide robust challenge based on quantitative and qualitative metrics. All amendments to the Group's ERM Framework require Board approval. The risk management division is responsible for the enforcement of the Group's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

(b) Risk Management Philosophy, Culture, Appetite and Objectives
Risk Management Philosophy and Culture
Risk management is at the core of the operating structure of the Group. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

Risk management is integral to the Group's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Great Nigeria Insurance Plc considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how the Group considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Group's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

Risk Appetite
Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Great Nigeria Insurance Plc is willing to accept in pursuit of its strategy, duly set and monitored by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans. Risk appetite reflects the Group's capacity to sustain potential losses arising from a range of potential outcomes under different stress scenarios.

The Group defines its risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. Our risk appetite can be expressed in terms of how much variability of return the Group is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return. We measure and express risk appetite qualitatively and in terms of quantitative risk metrics. The quantitative metrics include earnings at risk (or earnings volatility) and, related to this, the chance of regulatory insolvency, chance of experiencing a loss and economic capital adequacy. These comprise our Group-level risk appetite metrics. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (e.g. credit, market and asset and liability management risks).

Risk Objectives
The broad risk management objectives of the Group are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximize earnings potential and opportunities;
- To maximize share price and stakeholder protection;
- To enhance credit ratings and depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions

Risk Control Process
Risk control processes are identified and discussed in the quarterly risk report and Management Risk Committee meetings. Control processes are also regularly reviewed at Business Unit level and changes agreed with the Risk Officer.

Risk Categorization
Great Nigeria Insurance Plc is exposed to an array of risks through its daily business activities and operations. The Group has identified and categorized its exposure to these broad risks as listed below:

(i) Credit risk
(ii) Insurance risk
(iii) Liquidity risk
(iv) Market risk
(v) Operational risk

(c) Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Notes to the consolidated and separate financial statements

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure. For risk management purposes, credit risk arising on trading assets is managed independently; and information thereon is disclosed below.

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

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent to investment grade and above.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

(i) The Group's enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored, exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
(ii) Net exposure limits are set for each counterparty or Group of counterparties and industry segment (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
(iii) The Group further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Group's reinsurance treaty contracts involve netting arrangements.
(iv) 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 management 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.
(v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings and worthiness.
(vi) 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 table below shows the maximum exposure to credit risk for the Group's financial assets. The maximum exposure is shown gross, before the effect of mitigation.

In thousands of naira	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Financial Instruments				
Other receivables	52,054	131,715	92,744	162,719
Reinsurance assets	428,252	454,821	428,252	454,821
Trade receivables	52,102	143,663	27,290	143,663
Cash and cash equivalents	2,356,907	2,128,957	2,230,153	2,020,907
	2,889,315	**2,859,156**	**2,778,439**	**2,782,110**

Notes to the consolidated and separate financial statements

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

Credit risk exposure to direct Business is relatively high as the bulk of the Group's underwriting is driven by business obtained from direct policyholders. However, the Group manages this risk by aggressively pursuing its debtors to ensure that the debts are recovered as and when due. The Group's exposure to credit risk arising from Brokered Business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

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

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

In thousands of naira	**Group 31-Dec-14**	**Group 31-Dec-13**	**Company 31-Dec-14**	**Company 31-Dec-13**
Gross Amount				
Neither past due nor impaired	-	-	-	-
Past due but not impaired	52,102	143,663	27,290	143,663
Impaired	1,450,718	1,469,445	1,450,718	1,469,445
Total	1,507,843	1,613,108	1,478,008	1,613,108
Impairment				
Neither past due nor impaired	-	-	-	-
Past due but not impaired	-	-	-	-
Impaired	1,450,718	1,469,445	1,450,718	1,469,445
Total	1,450,718	1,469,445	1,450,718	1,469,445
Carrying Amount	**57,125**	**143,663**	**27,290**	**143,663**

Credit Definitions
Impaired trade receivables
Impaired trade receivables for which the Group determines that it is probable that it will be unable to collect the contractual payments according to the contractual terms of the agreement(s).

Past due but not impaired trade receivables
Trade receivables where contractual payments are past due (outstanding for more than 30 days) but the Group believes that impairment is not appropriate on the basis that the amounts owed have been received subsequently as at the Group's reporting date.

Neither past due or impaired
Trade receivables where contractual payments are not due and that the Group believes are not impaired. They have been outstanding for less than 30 days.

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

Notes to the consolidated and separate financial statements

Impairment Model
Trade receivables, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The historical loss rate model has been used in estimating the impairment of its receivables.

Following the provisions of IAS 39, the impairment of the premium debtors will be assessed at two different levels, individually or collectively. The premium debt of the Group is assessed for individual or specific impairment where an objective evidence of impairment exists. Collective impairment is done using the historical loss rate model.
Reinsurance:
Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

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

The Group's counterparty exposure as at 31 December 2014 is represented below:

Group portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,773,883,983	87%
Investment House	266,991,825	13%

The Company's counterparty exposure as at 31 December 2014 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,647,129,983	86%
Investment House	266,991,825	14%

The Group's counterparty exposure as at 31 December 2013 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,656,536,576	98%
Investment House	33,617,634	2%

The Company's counterparty exposure as at 31 December 2013 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,551,123,219	98%
Investment House	33,617,634	2%

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

(e) Insurance Risks
The major risk confronting the Group in the arrear of insurance contracts are that of 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 later development of long–term claims. Flowing from the foregoing, our main focus is to ensure that sufficient assets are available to cover these liabilities.

We have taken conscious efforts to mitigate our exposure to these inherent risks by diversifying across a large portfolio of insurance contracts and geographical areas. As part of risk management strategy, resourceful and efficient underwriting strategy guidelines and procedures are deployed and implemented. Besides, we have instituted mechanisms for structuring of coinsurance arrangements with friendly insurance Companies to ensure evenness of risks.

In addition there are well defined policies guidelines for ensuring adequate ceding out of risks to reinsurers as part of our risk mitigation programme. Businesses so ceded out to Reinsurer are placed on a proportional and non–proportional basis. While Proportional reinsurance are mainly quota–share reinsurance which is taken out, on original terms basis, to mitigate our overall exposure to risk in specific categories of risk underwriting businesses, Non–proportional reinsurances are principally excess–of–loss reinsurance intended to ameliorate our net exposure to large losses. Retention limits for the excess–of–loss reinsurance vary by product line.

Both the amounts of outstanding claims and recoverable from reinsurers are projected in comportment with the outstanding claims provision and are in accordance with the terms of reinsurance contracts. Despite have put in place the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Non-life insurance contracts
The Group principally issues the following types of general insurance contracts: fire, motor, general accidents, marine, bond, engineering, workmen compensation and special risks. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents. These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

(i) Frequency and severity of claims
The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose excess or deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs.

The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

Notes to the consolidated and separate financial statements

The Group has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance.

31-Dec-14

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	265,736,989,229	100,017,843	265,636,971,386
General Accident	117,404,364,547	76,106,031	117,328,258,516
Marine	29,920,719,738	38,253,177	29,882,466,561
Engineering	28,838,351,782	14,385,279	28,823,966,503
Bond	397,300,346	54,328,207	342,972,139
Travel Insurance	-	-	-
Special risk	34,317,638,620	26,427,930	34,291,210,690
Motor	117,404,364,547	-	-
Total	476,615,364,262	309,518,467	476,305,845,794

31-Dec-13

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	133,452,663,375	151,008,684	133,301,654,691
General Accident	305,525,717,353	229,288,570	305,296,428,783
Marine	22,950,292,288	67,931,989	22,882,360,299
Engineering	16,141,442,512	28,969,296	16,112,473,216
Bond	226,639,455	986,006	225,653,449
Travel Insurance	-	-	-
Special risk	19,756,945,037	18,644,029,610	1,112,915,427
Motor	-	-	-
Total	**498,053,700,021**	**19,122,214,156**	**478,931,485,865**

(ii) Sources of uncertainty in the estimation of future claim payments

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.
The reserves held for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

(iii) Process used to decide on assumptions

For non-life insurance risks, the Group 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 additional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and additional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

Discounted Inflation-adjusted Basic Chain Ladder method
Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 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.

Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method
This method assumes the following:

(i) The future claims follows a trend pattern from the historical data
(ii) 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.
(iii) The run off period is six (6) years and hence the method assumes no more claims will be paid after this.
(iv) That weighted past average inflation will remain unchanged into the future

Expected Loss Ratio method
This model assumes that the average delay in the payment of claims will continue into the future. Additionally, an estimate of the average ultimate loss ratio was assumed. The estimated average loss ratio was based on claims experience at the reporting date for accident years 2010, 2011 and 2012. For 3 of the classes of business namely Engineering, Workmen compensation, Bond and Oil & gas, there was very limited data. A Discounted Inflation-adjusted Basic Chain Ladder method was therefore inappropriate. The reserve was calculated as the expected average ultimate loss ratio for the assumed average delay period multiplied by earned premium for the assumed delay period minus current experience to the reporting date relating to the accident months that the delay affects.

Unearned premium provision was calculated using a time – apportionment basis. The same approach was taken for deferred acquisition cost as for the calculation of the UPR balance.

Notes to the consolidated and separate financial statements

Sensitivity analysis
Sensitivity analysis is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact the Company's insurance liabilities. The correlation of assumptions will have a significant effect in determining the ultimate 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. Sensitivity information will also vary according to the current economic assumptions.

Non-Life Valuation Report as at 31st December, 2014

Sensitivity Analysis

Discounted IABCL

Discounted IABCL							
Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1%Inflation Rate	(-1)%Inflation Rate	1%Discount Rate	(-1)%Discount Rate
Accident	232,701,576	259,239,008	220,598,552	250,286,196	246,101,044	245,807,279	250,618,766
Fire	335,272,834	324,827,313	282,839,993	305,575,777	303,620,546	302,864,455	306,359,775
Marine	30,400,350	33,360,561	27,770,834	30,741,678	30,060,325	30,204,588	30,599,641
Motor	53,456,804	63,387,369	38,871,005	52,265,137	51,085,876	51,331,433	52,023,409
Bond*	245,237	257,498	232,975	245,237	245,237	245,237	245,237
Employers Liability*	438,884	13,409,608	9,845,899	11,627,753	11,627,753	11,627,753	11,627,753
Oil & Gas*	151,895,748	159,809,072	150,444,826	155,126,949	155,126,949	155,126,949	155,126,949
Total	804,411,432	854,290,428	730,604,082	805,868,726	797,867,730	797,207,694	806,601,529
Account Outstanding	**617,272,320**	**617,272,320**	**617,272,320**	**617,272,320**	**617,272,320**	**617,272,320**	**617,272,320**
IBNR	187,139,112	237,018,108	113,331,762	188,596,406	180,595,410	179,935,373	189,329,209
Percentage Change		6.5%	-8.9%	0.5%	-0.5%	-0.6%	0.6%

Notes to the consolidated and separate financial statements

Non-Life Valuation Report as at 31st December, 2013

Sensitivity Analysis

Discounted IABCL

Class of Business	Base	Developmental Ratio (+5%)	Developmental Ratio (-5%)	Inflation Rate (+1%)	Inflation Rate (-1%)	Discount Rate (+1%)	Discount Rate (-1%)
Motor	57,881,463	145,182,188	33,695,906	58,585,783	57,181,470	57,187,757	58,592,265
General Accident	288,400,192	382,408,961	237,320,324	290,660,713	286,160,599	286,180,683	290,681,549
Marine	42,650,572	60,820,390	38,357,301	43,096,031	42,206,172	42,210,171	43,100,123
Fire	220,163,159	267,311,422	199,710,944	220,832,904	219,497,834	219,503,808	220,839,069
Bond	9,008,001	11,135,001	6,881,000	9,008,001	9,008,001	9,008,001	9,008,001
Aviation	12,120,029	15,150,036	9,090,022	12,120,029	12,120,029	12,120,029	12,120,029
Employers Liability	2,562,885	2,990,032	2,135,737	2,562,885	2,562,885	2,562,885	2,562,885
Oil & Gas	52,302,045	56,185,426	48,418,664	52,302,045	52,302,045	52,302,045	52,302,045
Travel Insurance	7,345,145	9,181,431	5,508,859	7,345,145	7,345,145	7,345,145	7,345,145
Total	**692,433,491**	**950,364,886**	**581,118,757**	**696,513,535**	**688,384,179**	**688,420,523**	**696,551,110**
Account Outstanding	615,659,495	615,659,495	615,659,495	615,659,495	615,659,495	615,659,495	615,659,495
IBNR	76,773,997	334,705,391	(34,540,738)	80,854,040	72,724,684	72,761,028	80,891,615
Percentage Change		**37.2%**	**-16.1%**	**0.6%**	**-0.6%**	**-0.6%**	**0.6%**

Notes to the consolidated and separate financial statements

Insurance Risk

The claims development history of the Group at the reporting date was as follows:

Marine

	Development Year				
Accident Year	1	2	3	4	5
2007	9	839	-	-	0
2008	4,957	-	-	-	
2009	-	3,898	7,406	322	
2010	1,488	3,377	184	-	
2011	3,012	4,916	4,702	568	
2012	4,343	13,435	182		
2013	868	12,330			
2014	140				

Fire

	Development Year				
Accident Year	1	2	3	4	5
2007	2,107	5,870	1,410	415	209
2008	1,048	3,426	676	1,638	0
2009	4,753	2,772	513	173	397
2010	8,765	10,482	337	163	207
2011	1,480	31,108	999	60	
2012	13,040	35,136	6,118		
2013	13,206	21,987			
2014	14,525				

Notes to the consolidated and separate financial statements

Motor

	Development Year				
Accident Year	1	2	3	4	5
2007	10,141	17,365	1,737	1,025	0
2008	43,788	19,518	8,321	358	2259
2009	49,532	50,189	13,902	2,864	551
2010	43,789	33,524	1,581	1,905	
2011	73,165	39,736	646		
2012	56,758	22,791	162		
2013	57,096	41,110			
2014	51,346				

General Accident

	Development Year				
Accident Year	1	2	3	4	5
2007	12,511	40,454	14,701	1,088	5632
2008	28,108	29,264	2,049	7,273	1148
2009	22,972	30,864	1,181	1,584	1188
2010	4,311	21,959	2,980	1,729	8843
2011	10,307	26,572	15,359	8,206	
2012	13,724	62,406	25,993		
2013	20,837	23,682			
2014	12,224				

Notes to the consolidated and separate financial statements

Cumulative Claims Development Pattern:

Marine

	Cumulative Development Pattern Annual Projections (Naira)							
Accident Year	1	2	3	4	5	6	7	8
2007	9	848	848	848	848	848	848	848
2008	4,957	4,957	4,957	4,957	4,957	4,957	4,957	4,957
2009	-	3,898	11,304	11,626	11,626	11,626	11,626	11,626
2010	1,488	4,865	5,050	5,050	5,050	5,050	5,050	5,050
2011	3,012	7,928	12,629	13,197	13,197	13,197	13,197	13,197
2012	4,343	17,778	17,960	18,419	18,419	18,419	18,419	18,419
2013	868	13,198	17,286	17,729	17,729	17,729	17,729	17,729
2014	140	18,370	24,059	24,675	24,675	24,675	24,675	24,675

Fire

	Cumulative Development Pattern Annual Projections (Naira)							
Accident Year	1	2	3	4	5	6	7	8
2007	2,107	7,977	9,387	9,802	10,010	10,010	10,010	10,010
2008	1,048	4,474	5,150	6,788	6,788	6,788	6,788	6,788
2009	4,753	7,526	8,039	8,212	8,609	8,609	8,609	8,609
2010	8,765	19,606	19,944	20,107	20,314	20,314	20,314	20,314
2011	1,480	32,588	33,587	33,647	34,256	34,256	34,256	34,256
2012	13,040	48,176	54,294	74,923	76,279	76,279	76,279	76,279
2013	13,206	35,193	53,008	54,714	55,704	55,704	55,704	55,704
2014	14,525	50,886	55,137	56,911	57,941	57,941	57,941	57,941

Motor

	Cumulative Development Pattern Annual Projections (Naira)							
Accident Year	1	2	3	4	5	6	7	8
2007	10,141	27,506	29,243	30,269	30,269	30,269	30,269	30,269
2008	43,788	63,306	71,627	71,985	74,244	74,244	74,244	74,244
2009	49,532	99,721	113,623	116,487	117,039	117,039	117,039	117,039
2010	43,789	77,313	78,894	80,799	80,799	80,799	80,799	80,799
2011	73,165	112,901	113,547	113,547	114,612	114,612	114,612	114,612
2012	56,758	79,549	79,711	80,916	81,675	81,675	81,675	81,675
2013	57,096	98,205	103,827	105,397	106,385	106,385	106,385	106,385
2014	51,346	85,789	90,700	92,071	92,935	92,935	92,935	92,935

General Accident

	Cumulative Development Pattern Annual Projections (Naira)							
Accident Year	1	2	3	4	5	6	7	8
2007	12,511	52,965	67,666	68,755	74,387	74,487	74,487	74,487
2008	28,108	57,373	59,422	66,695	67,843	69,533	70,980	70,980
2009	22,972	53,836	55,018	56,602	57,790	57,935	58,239	58,239
2010	4,311	26,271	29,250	30,979	39,823	40,212	40,408	40,408
2011	10,307	36,879	52,238	60,444	65,000	65,635	65,956	65,956
2012	13,724	76,131	102,124	109,826	118,105	119,259	119,842	119,842
2013	20,837	44,519	53,653	57,700	62,049	62,656	62,962	62,962
2014	12,224	81,087	97,725	105,096	113,017	114,122	114,680	114,680

Notes to the consolidated and separate financial statements

Life insurance contracts

Individual life insurance contracts offered by the Group include: whole life, term assurance, group life, credit life products, endowment assurances and immediate life annuity pensions.
Whole life and term assurance are conventional regular premium products where a lump sum benefit, either fixed or decreasing, is payable on death or permanent disability. Contracts with a deposit premium option acquire surrender values.

Immediate Life Annuity business offer regular income for life, guaranteed to be payable for a minimum period, in exchange for a lump sum or premium at retirement. The Group is exposed longevity and the re-investment risks. An asset-liability matching exercise is performed regularly to ensure that appropriate assets are held that match liabilities by nature, term, currency and cash-flow.
Other annuity products are similar to our endowment products in nature and don't carry any longevity risks.

Endowment products, such as the IDA, PSP, LSP and LTP offer a death benefit that is linked to the underlying value of the deposit premiums paid, after allowing for expenses, subject to a guaranteed minimum amount (where this option exists and/or is taken) plus the proceeds of life cover. The maturity value usually depends on the investment performance of the underlying assets.

To the extent that maturity values or investment returns are guaranteed, there is a risk that actual returns are lower than those expected/guaranteed.

Credit life products are variants of both the whole life and term assurance products for products sold through the banks. The death benefit cover is normally a decreasing term assurance policy linked to the outstanding debt with the bank at death.

Funeral products, the Family Benefit Plan and the Family Comfort Plan, offer a whole of life level benefit to cover funeral expenses for the insured members. The contract ceases on the first death. The Group's Life business provided death in service cover for employees and few contracts have also included cover for funeral.

There is a risk that expense will overrun as downward pressure on rates increases and the demand for better service increases. Also, brokers hold on to premiums for some time before remitting it to the insurers introducing default risk. There is also a risk that reinsurers will default on legitimate claims.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits of N5m on any single life insured and N140m on all high risk individuals insured are in place.

The Group has the right to review its mortality and morbidity rates should experience worsen but may be undermined by increased competition.

The insurance risks described above can be exacerbated by the selective withdrawal or decision to pay reduced premiums by healthy lives assureds. As a result, the amount of insurance risk is also subject to contract holder behaviour.

For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity and the risk that actual interest rate differs from that guaranteed.

Notes to the consolidated and separate financial statements

The following tables show the concentration of life insurance by type of contract.

	31-Dec-14		
Types of Life Insurance contracts	**Gross Life insurance and investment contract liabilities**	**Life Insurance and Investment contract liabilities ceded to Reinsurance**	**Life Insurance and Investment contract Liabilities (Net)**
	N	**N**	**N**
Whole life	-	-	-
Term assurance	266,610,128,264	95,979,646,175	170,630,482,089
Endowments	728,426,179	65,558,356	662,867,823
Guaranteed annuity products	2,965,761	-	2,965,761
Deposit based products	600,126,694	-	600,126,694
Total life insurance liabilities	**267,941,646,898**	**96,045,204,531**	**171,896,442,367**

	31-Dec-13		
Types of Life Insurance contracts	**Gross Life insurance and investment contract liabilities**	**Life Insurance and Investment contract liabilities ceded to Reinsurance**	**Life Insurance and Investment contract Liabilities (Net)**
	N	**N**	**N**
Whole life	-	-	-
Term assurance	379,162,263,000	136,582,410,640	242,579,852,360
Endowments	1,068,833,373	99,044,799	969,788,574
Guaranteed annuity products	951,694	-	951,694
Deposit based products	569,025,053	-	569,025,053
Total life insurance liabilities	**380,801,073,120**	**136,681,455,439**	**244,119,617,681**

Sensitivity Analysis
Sensitivity analysis is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact on the Group's insurance liabilities. The correlation of assumptions will have a significant effect in determining the ultimate 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. Sensitivity information will also vary according to the current economic assumptions.

Key Assumptions
Material judgment is required in determining the liabilities and, in particular, in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable reserves are set aside to meet liabilities

Notes to the consolidated and separate financial statements

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

Mortality and morbidity rates
Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's experience.

An increase in rates will lead to a larger number of expected claims (and claims could occur sooner than anticipated), which will increase the reserve and reduce reported profits for the shareholders.

Longevity
Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's experience.

An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type
An increase in longevity rates will lead to an increase in the expected number of annuity payments to be made, which will increase the reserve and reduce reported profits for the shareholders.

Investment return
The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to a reduction in reserves and an increase in reported profits for the shareholders.

Expenses
Operating expense assumption reflects the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expected expenditure thereby reducing reported profits for the shareholders.

Lapses and surrender rates
Lapses relate to the termination of risk policies or investment policies that have not acquired a value due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type.
An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on the long term risk free rate plus an adjustment for risk.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders with the exception of a perfectly matched annuity portfolio where both assets and liabilities will increase by the same magnitude.

Notes to the consolidated and separate financial statements

Sensitivity of Liabilities to changes in long term valuation assumptions

31-Dec-14

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
Individual Risk Reserves	223,424	211,101	235,897	238,220	207,714	233,970	213,216	n/a	n/a	224,104	222,636
Investment Linked Products	535,463	535,463	535,463	535,463	535,463	535,463	535,463	n/a	n/a	535,463	535,463
Group Life - UPR	514,476	514,476	514,476	514,476	514,476	514,476	514,476	n/a	n/a	514,476	514,476
Group Life - AURR	468	468	468	468	468	468	468	n/a	n/a	468	468
Group Life - IBNR	396,449	396,449	396,449	396,449	396,449	396,449	396,449	n/a	n/a	396,449	396,449
Group DA	117,532	117,532	117,532	117,532	117,532	117,532	117,532	n/a	n/a	117,532	117,532
Additional reserves	114,274	114,255	114,294	114,650	113,899	114,310	114,238	n/a	n/a	114,340	114,248
Reinsurance	(5,725)	(5,725)	(5,725)	(5,725)	(5,725)	(5,725)	(5,725)	n/a	n/a	(5,725)	(5,725)
Net liability	**1,896,362**	**1,884,020**	**1,908,855**	**1,911,534**	**1,880,277**	**1,906,944**	**1,886,118**	**n/a**	**n/a**	**1,897,108**	**1,895,549**
% change in Net Liability		**-0.65%**	**0.66%**	**0.80%**	**-0.85%**	**0.56%**	**-0.54%**	**n/a**	**n/a**	**0.04%**	**-0.04%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation - 2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
Individual	873,161	860,820	885,654	888,333	857,076	883,743	862,917	n/a	n/a	873,907	872,348
Group	1,023,201	1,023,201	1,023,201	1,023,201	1,023,201	1,023,201	1,023,201	n/a	n/a	1,023,201	1,023,201
Net liability	**1,896,362**	**1,884,020**	**1,908,855**	**1,911,534**	**1,880,277**	**1,906,944**	**1,886,118**	**n/a**	**n/a**	**1,897,108**	**1,895,549**
% change in liability	**-**	**-0.65%**	**0.66%**	**0.80%**	**-0.85%**	**0.56%**	**-0.54%**	**n/a**	**n/a**	**0.04%**	**-0.04%**

---Sensitivities not applied to reinsurance for individual business due to immateriality
---The Mortality sensitivity tests have been applied in the opposite direction for the annuity business. For example Mortality +5% has been tested as a 5% lightening of annuitant mortality
---All sensitivities were carried out independently

Notes to the consolidated and separate financial statements

Sensitivity of Liabilities to changes in long term valuation assumptions

31-Dec-13

N'000	Base	VIR+ 1%	VIR - 1%	Expenses +10%	Expenses -10%	Exp. Infl + 2%	Exp Infl - 2%	Laspes +10%	Laspes -10%	Mortality +5%	Mortality -5%
Individual Risk Reserves	312,754	291,978	336,052	336,064	290,130	334,616	294,184	n/a	n/a	313,361	312,148
Investment Linked Products	529,275	529,275	529,275	529,275	529,275	529,275	529,275	n/a	n/a	529,275	529,275
Group life- UPR	913,442	913,442	913,442	913,442	913,442	913,442	913,442	n/a	n/a	913,442	913,442
Group life-IBNR	354,910	354,910	354,910	354,910	354,910	354,910	354,910	n/a	n/a	354,910	354,910
Group DA	119,574	119,574	119,574	119,574	119,574	119,574	119,574	n/a	n/a	119,574	119,574
Additional reserves	69,436	69,416	69,457	69,836	69,037	69,475	69,397	n/a	n/a	69,458	69,414
Reinsurance	(15,316)	(15,316)	(15,316)	(15,316)	(15,316)	(15,316)	(15,316)	n/a	n/a	(15,316)	(15,316)
Net Liability	**2,284,075**	**2,263,278**	**2,307,394**	**2,307,784**	**2,261,051**	**2,305,976**	**2,265,466**	**n/a**	**n/a**	**2,284,704**	**2,283,447**
% change in Liability		-0.91%	1.02%	1.04%	-1.01%	0.96%	-0.81%	n/a	n/a	0.03%	-0.03%

Summary	Base	Interest +1%	Interest - 1%	Expenses +10%	Expenses -10%	Exp. Infl + 2%	Exp Infl - 2%	Laspes +10%	Laspes -10%	Mortality +5%	Mortality -5%
Individual	911,465	890,668	934,784	935,174	888,441	933,366	892,856	n/a	n/a	912,094	910,837
Group	1,372,610	1,372,610	1,372,610	1,372,610	1,372,610	1,372,610	1,372,610	n/a	n/a	1,372,610	1,372,610
Net Liability	**2,284,075**	**2,263,278**	**2,307,394**	**2,307,784**	**2,261,051**	**2,305,976**	**2,265,466**	**n/a**	**n/a**	**2,284,704**	**2,283,447**
% change in Liability		-0.91%	1.02%	1.04%	-1.01%	0.96%	-0.81%	n/a	n/a	0.03%	-0.03%

All stresses were applied independently
Stresses not applied to individual reinsurance asset due to immateriality

(f) Liquidity risks

Liquidity risk is the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfil its financial obligation once claims crystallize. In respect of catastrophe events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Group mitigates this risk by monitoring cash activities and expected outflows. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due."

The Group's cash and short term investments make up about 55% of its investment portfolio. This highlights liquid marketable securities sufficient to meet its liabilities as at when due. Short term investments include treasury bills and term deposits with an original maturity of less than one year.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- The liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored, exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
  The Group maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched.

The following table summarizes the maturity profile of the non–derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations.

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.

Repayments which are subject to notice are treated as if notice were to be given immediately.

Reinsurance assets have been presented on the same basis as insurance liabilities. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Notes to the consolidated and separate financial statements

Residual contractual maturities of financial assets and liabilities

The table below shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow/ (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Group

31-Dec-14

In thousands of Naira

	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	2,411,403	2,411,403	2,411,403	-	-	-	-
Trade receivables	52,102	1,502,820	27,290	-	1,450,718	-	-
Reinsurance assets	428,252	428,252	-	428,252	-	-	-
Other receivables	52,054	649,840	28,985	123,490	88,021	398,330	-
Finance lease receivable	90,705	202,008	-	-	-	202,008	-
Total assets	**3,034,516**	**5,194,323**	**2,467,678**	**551,742**	**1,538,739**	**600,338**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	3,174,781	3,174,781	347,154	473,392	568,070	631,189	1,136,141
Investment contract liabilities	652,995	652,995	-	-	-	652,995	-
Trade payables	71,641	71,641	10,746	25,074	35,821	-	-
Other payables	442,586	442,586	31,939	40,836	65,123	279,843	-
Finance lease payable	68,812	107,985	-	-	49,584	58,401	-
Total liabilities	**4,410,815**	**4,449,988**	**433,662**	**539,302**	**718,598**	**1,622,428**	**1,136,141**
Gap (assets - liabilities)	(1,376,299)	700,512	2,034,016	12,440	820,141	(1,022,090)	(1,136,141)
Cumulative liquidity gap			2,034,016	2,046,456	2,866,596	1,844,506	708,366

Company

31-Dec-14

In thousands of Naira	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	2,230,153	2,230,153	2,230,153	-	-	-	-
Trade receivables	27,290	1,478,008	27,290	-	1,450,718	-	-
Reinsurance assets	428,252	428,252	-	428,252			-
Other receivables	92,744	690,530	24,048	123,490	119,024	398,331	-
Finance lease receivable	90,705	202,008	-	-	-	202,008	-
Total assets	**2,869,144**	**5,028,951**	**2,281,491**	**551,742**	**1,569,742**	**600,339**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	3,155,947	3,155,947	347,154	473,392	568,070	631,189	1,136,141
Investment contract liabilities	652,995	652,995	-	-	-	648,849	-
Trade payables	71,641	71,641	7,429	17,334	24,763	-	-
Other payables	434,298	433,170	43,047	40,834	65,123	378,389	-
Finance lease obligation	68,812	107,985	-	-	49,584	58,401	-
Borrowings	-	-	-	-	-	-	-
Total liabilities	**4,383,693**	**4,422,866**	**397,630**	**531,560**	**707,540**	**1,716,828**	**1,136,141**
Gap (assets - liabilities)	(1,514,549)	606,085	1,883,861	20,183	862,202	(1,116,489)	(1,136,141)
Cumulative liquidity gap			1,883,861	1,904,044	2,766,246	1,649,757	513,616

Notes to the consolidated and separate financial statements

Group

31-Dec-13
In thousands of Naira

	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	2,218,957	2,218,957	2,218,957	-	-	-	-
Trade receivables	143,663	1,594,381	143,663	-	1,450,718	-	-
Reinsurance assets	454,821	454,821	-	454,821	-	-	-
Other receivables	131,715	633,889	24,047	123,490	88,021	398,330	-
Finance lease receivable	178,623	202,008	-	-	-	202,008	-
Total assets	**3,037,779**	**5,014,056**	**2,296,667**	**578,311**	**1,538,739**	**600,338**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	2,781,599	2,781,599	305,976	417,240	500,688	556,320	1,001,376
Investment contract liabilities	648,849	648,849	-	-	-	648,849	-
Trade payables	49,545	49,545	7,429	17,334	24,763	-	-
Other payables	531,152	531,152	34,315	40,836	65,123	390,878	-
Finance lease payable	108,927	107,985	-	-	49,584	58,401	-
Borrowings	43,823	43,823	43,823				
Total liabilities	**4,163,875**	**4,162,933**	**391,543**	**475,409**	**640,158**	**1,654,448**	**1,001,376**
Gap (assets - liabilities)	(1,126,096)	851,122	1,905,124	102,902	898,581	(1,054,110)	(1,001,376)
Cumulative liquidity gap			1,905,124	2,008,026	2,906,607	1,852,497	851,122

Company

31-Dec-13

In thousands of Naira	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	2,020,907	2,020,907	2,020,907	-	-	-	-
Trade receivables	143,663	1,594,381	143,663	-	1,450,718	-	-
Reinsurance assets	454,821	454,821	-	454,821			-
Other receivables	162,719	664,893	24,048	123,490	119,024	398,331	-
Finance lease receivable	178,623	202,008	-	-	-	202,008	-
Total assets	**2,960,733**	**4,937,010**	**2,188,618**	**578,311**	**1,569,742**	**600,339**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	2,781,599	2,781,599	305,976	417,240	500,688	556,320	1,001,375
Investment contract liabilities	648,849	648,849	-	-	-	648,849	-
Trade payables	49,525	49,525	7,429	17,334	24,763	-	-
Other payables	527,393	527,393	43,047	40,834	65,123	378,389	-
Finance lease obligation	108,927	108,927	-	-	49,584	58,401	-
Borrowings	43,823	43,823	43,823	-	-	-	-
Total liabilities	**4,160,116**	**4,159,174**	**400,275**	**475,408**	**640,158**	**1,641,959**	**1,001,375**
Gap (assets - liabilities)	(1,199,383)	777,836	1,788,343	102,904	929,584	(1,041,620)	(1,001,375)
Cumulative liquidity gap			1,788,343	1,891,247	2,820,831	1,779,211	777,836

Notes to the consolidated and separate financial statements

The following table shows the amounts expected to be recovered or settled no more than twelve months after the reporting period (current) and amounts expected to be recovered or settled after more than twelve months (non-current) for each assets and liability line item.

	Group			Company			Group			Company		
		31-Dec-14			31-Dec-14			31-Dec-13			31-Dec-13	
In thousands of Naira	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Asset												
Cash and cash equivalents	2,356,907	-	2,356,907	2,230,153	-	2,230,153	2,128,957	-	2,128,957	2,020,907	-	2,020,907
Financial assets	416,584	746,155	1,162,739	416,584	746,155	1,162,739	360,054	650,979	1,011,033	360,054	650,979	1,011,033
Trade receivables	52,102		52,102	27,290		27,290	143,663		143,663	143,663	-	143,663
Reinsurance assets	428,252	-	428,252	428,252	-	428,252	454,821	-	454,821	454,821	-	454,821
Deferred acquisition cost	-	97,826	97,826	-	97,826	97,826	-	146,204	146,204	-	146,204	146,204
Finance lease receivable	86,351	4,354	90,705	86,351	4,354	90,705	86,351	92,272	178,623	86,351	92,272	178,623
Other receivables and prepayments	52,054	-	52,054	92,744	-	92,744	91,554	40,161	131,715	122,558	40,161	162,719
Investment in subsidiary	-	-	-	-	225,000	225,000	-	-	-	-	225,000	225,000
Investment properties	-	4,453,516	4,453,516	-	4,453,516	4,453,516	-	4,380,865	4,380,865	-	4,380,865	4,380,865
Intangible assets	-	151,167	151,167	-	121,167	121,167	-	162,252	162,252	-	132,252	132,252
Property, plant and equipment	-	874,814	874,814	-	762,634	762,634	-	818,762	818,762	-	700,091	700,091
Statutory deposit	-	500,000	500,000	-	500,000	500,000	-	500,000	500,000	-	500,000	500,000
Total assets	3,392,250	6,827,833	10,220,083	3,281,374	6,910,653	10,192,026	3,414,927	6,805,156	10,056,895	3,188,354	6,867,824	10,056,178

-

Notes to the consolidated and separate financial statements

	Group			Company			Group			Company		
	31-Dec-14			31-Dec-14			31-Dec-13			31-Dec-13		
In thousands of Naira	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Liabilities									-			
Insurance contract liabilities	912,041	2,262,740	3,174,781	893,207	2,260,740	3,155,947	893,207	2,260,179	3,153,386	893,207	1,888,392	2,781,599
Investment contract liabilities	642,995	10,000	652,995	642,995	10,000	652,995	-	652,995	652,995	-	648,849	648,849
Trade payables	71,641	-	71,641	71,641	-	71,641	71,641	-	62,171	49,525	-	49,525
Gratuity payable	-	13,119	13,119	-	13,119	13,119	-	13,119	13,119	-	17,040	17,040
Provision and other payables	82,139	360,447	442,586	82,139	352,159	434,298	82,139	378,153	460,292	-	493,078	493,078
Borrowings	-	-	-	-	-	-	-	-	-	43,823	-	43,823
Finance lease obligations	47,767	21,045	68,812	47,767	21,045	68,812	54,463	54,464	108,927	54,463	54,464	108,927
Deferred tax liabilities	-	309,508	309,508	-	288,658	288,658	-	282,592	282,592	-	285,646	285,646
Current income tax liabilities	190,327	-	190,327	188,179	-	188,179	235,319	-	235,319	198,209	-	198,209
	1,946,910	2,976,859	4,923,769	1,925,928	2,945,721	4,873,649	1,327,299	3,641,502	4,968,801	1,239,227	3,387,469	4,626,696

Notes to the consolidated and separate financial statements

(g) Market risks

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

The Group'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 Group 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.

Foreign currency risk

Foreign Exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency.

The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to transactions done in other foreign currencies: UK pound sterling, Euro and US dollar.

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

The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels. Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The Group's exposure to foreign exchange risk is low.

The carrying amounts of the Group's foreign currency denominated assets and liabilities are as follows:

	US Dollar N'000	UK Pound Sterling N'000	Euro N'000	Total N'000
Group				
31-Dec-14				
Cash and cash equivalents	15,365	9,686	8,222	33,273
Company				
31-Dec-14				
Cash and cash equivalents	15,365	9,686	8,222	33,273
Group				
31-Dec-13				
Cash and cash equivalents	522	2,000	39	2,561

Notes to the consolidated and separate financial statements

Company

31-Dec-13

	US Dollar	UK Pound Sterling	Euro	Total
	N'000	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	522	2,000	39	2,561

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

The following tables show the effect on the profit as at 31st December 2014 from N186.05/$ closing rate and as at 31st December 2013 from N155.22/$ closing rate respectively.

Group
31-Dec-14

	Pounds sterling N'000	Euro N'000	US Dollars N'000	Total N'000
10% increase	1,537	969	822	3,328
10% decrease	(1,537)	(969)	(822)	(3,328)
Impact of increase on:				
Pre-tax Profit	-	-	-	(60,566)
Shareholders' Equity	-	-	-	5,296,314
Impact of decrease on:				
Pre-tax Profit	-	-	-	(60,566)
Shareholders' Equity	-	-	-	5,296,314

Company
31-Dec-14

10% increase	1,537	969	822	3,328
10% decrease	(1,537)	(969)	(822)	(3,328)
Impact of increase on:				
Pre-tax Profit	-	-	-	(67,962)
Shareholders' Equity	-	-	-	5,318,378
Impact of decrease on:				
Pre-tax Profit	-	-	-	(67,962)
Shareholders' Equity	-	-	-	5,318,378

Notes to the consolidated and separate financial statements

Group

31 December 2013

	Pounds sterling	Euro	US Dollars	Total
	N'000	N'000	N'000	N'000
10% increase	52	200	4	256
10% decrease	(52)	(200)	(4)	(256)
Impact of increase on:				
Pre-tax Profit	-	-	-	449,946
Shareholders' Equity	-	-	-	5,389,633
Impact of decrease on:				
Pre-tax Profit	-	-	-	449,434
Shareholders' Equity	-	-	-	5,389,121

Company

31 December 2013

10% increase	52	200	4	256
10% decrease	(52)	(200)	(4)	(256)
Impact of increase on:				
Pre-tax Profit	-	-	-	466,964
Shareholders' Equity	-	-	-	5,395,423
Impact of decrease on:				
Pre-tax Profit	-	-	-	466,452
Shareholders' Equity	-	-	-	5,394,911

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 Group 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 modelled 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 Group is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

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

Notes to the consolidated and separate financial statements

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. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group	Group	Company	Company
In thousands of naira	31-Dec-14	31-Dec-13	31-Dec-13	31-Dec-13
Financial instruments				
Cash and cash equivalents	2,356,907	2,356,907	2,230,153	2,020,907
Financial assets:				
-Held to maturity	355,079	355,079	355,079	297,321
Finance lease receivables	90,705	90,705	90,705	178,623
Borrowings	-	-	-	(43,823)
Finance lease obligations	(68,812)	(68,812)	(68,812)	108,927
	2,733,879	2,733,879	2,607,125	2,561,955

	Group	Group	Company	Company
In thousands of naira	31-Dec-14	31-Dec-13	31-Dec-13	31-Dec-13
Variable				
Increase in interest rate by 100 basis points (1.0%)		24,522	26,071	23,441
Decrease in interest rate by 100 basis point (-1.0%)		(24,522)	(26,071)	(23,441)
Impact of increase on:				
Pre-tax profit/(loss)		474,211	(28,723)	490,149
Shareholders' Equity		5,413,899	5,315,627	5,418,608
Impact of decrease on:				
Pre-tax profit/(loss)		425,168	(80,865)	443,267
Shareholders' Equity		5,364,855	5,263,485	5,371,726

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for return through dividend income and capital appreciation.

Notes to the consolidated and separate financial statements

The carrying amounts of the Group's equity investments are as follows:

In thousands of naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-13	Company 31-Dec-12
Equity Securities; - Unlisted	141,815	89,366	89,366	89,366
Equity Securities; - Listed	604,340	561,613	561,613	561,613
	746,155	650,979	650,979	650,979

Equity price sensitivity analysis
The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on profit before tax and shareholders' equity based on the exposure to equity price risk at the reporting date.

In thousands of naira	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
10% increase	65,098	65,098	65,098	65,098
10% decrease	(65,098)	(65,098)	(65,098)	(65,098)
Impact of increase on:				
Pre-tax profit/(loss)	17,691	514,787	10,304	531,807
Shareholders' Equity	5,356,494	5,454,475	5,354,654	5,460,265
Impact of decrease on:				
Pre-tax profit/(loss)	(112,505)	384,592	(119,892)	401,611
Shareholders' Equity	5,226,298	5,324,279	5,224,458	5,330,069

(h) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group'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 Group'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 Group.

Notes to the consolidated and separate financial statements

50 Capital Management Policies, Objectives and Approach

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

- To maintain the required level of financial stability thereby providing a degree of security to policyholders.
- To 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.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Great Nigeria Insurance Plc's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for life insurance business in Nigeria is N2 billion, N3 billion for Non-life insurance business, N5 billion for composite insurance business, N10 million for Health Maintenance Organization and N10 billion for Reinsurance business and insurers are also mandated to maintain 10% of this paid up capital with the Central Bank as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis.

The regulations prescribed by NAICOM not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., solvency margin) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Group as at year end had complied with the regulators capital requirements for its life and composite business, however it had been unable to meet the capital requirement of N3 billion for non-life insurance business. This raises going concern issues and the Group faces the risk of having its non-life insurance license withdrawn.

The capital deficiency has however not significantly affected the operations of the Group as at the date of this report, liabilities continue to be discharged in the normal course of business.
The Board intends to recapitalize the non-life business by way of:

1. Raising additional capital through a private placement.
2. Aggressive recovery of trade receivable.

The Board and Management strongly believe that these steps will yield the desired result by the end of the year 2014, (based on the positive response received from potential investors based on preliminary inquiries with respect to the proposed private placement offer). Additionally in the medium to long term, the Board will be assessing possible opportunities to further strengthen the Group.

In reporting the Great Nigeria Insurance's solvency status, solvency margin are computed using the rules prescribed by the National Insurance Commission (NAICOM). The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than either 15% of net premium or the minimum paid up share capital whichever is higher.

Great Nigeria Insurance's capital management policy for its business is to hold sufficient capital to cover the statutory requirements based on the NAICOM regulations, including any additional amounts required by the regulators.

Approach to capital management
Great Nigeria Insurance seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

Great Nigeria Insurance's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

Notes to the consolidated and separate financial statements

The Group's primary source of capital used by is equity shareholders' funds and borrowings. Great Nigeria Insurance also utilises, where efficient to do so, sources of capital such as reinsurance in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

The Group's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory and to best utilize capital allocations.

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 liabilities 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 income less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.
The Group's general business position is as follows:

Admissible Assets		31-Dec-14 N'000
Financial assets:		
Cash and cash equivalents (including cash held as HTM)		595,226
Financial assets:		
- At fair value through profit or loss		343,925
Trade Receivables		4,378
Other Assets		
Reinsurance assets		417,663
Deferred acquisition cost		45,298
Investment in associates		-
Other receivables:		
- Staff Loan and advances		3,436
Investment properties		1,928,516
Land and building		214,889
Statutory deposit		300,000
Property, plant and equipment		108,953
Total Admissible Assets	A	**3,962,284**
LESS ADMISSIBLE LIABILITIES		
Trade and other payables		42,797
Gratuity payable		13,119
Provision and other payables		216,868
Insurance liabilities		1,120,020
Finance lease obligations		68,812
Income tax payable		71,188
Total Admissible Liabilities	B	**1,532,804**

Notes to the consolidated and separate financial statements

	31-Dec-14 N'000
Solvency Margin (A-B)	2,429,480
Higher of:	
Gross Premium Income	1,411,645
Less: Reinsurers	(292,756)
Net Premium	**1,118,889**
15% of Net Premium	167,833
Minimum Paid Up Capital	3,000,000
The higher thereof:	
Shortfall of solvency margin below minimum paid up capital	**(570,520)**

The shortfall in the Solvency Margin requires that the Company shore up its minimum paid up capital of General Business by N571m within 60 days. However, if the Company fails to regularise the shortfall within the 60 days, it will not be allowed to write new businesses, which may eventually lead to the cancellation of its operating licence.

However, the shareholders of the Company had concluded plans to inject further cash to correct the deficiency in the Solvency Margin within the statutory allowed period through a private placement.

51 Valuation basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The Group's accounting policy and basis of fair value measurements are disclosed under notes 3

Fair value measurements recognised in the statement of financial position.

The table below analyses financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Notes to the consolidated and separate financial statements

Group
31-Dec-14

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - At fair value through P&L	6	604,340	-	-	604,340
Total financial assets measured at fair value		**604,340**	**-**	**-**	**604,340**

Group
31-Dec-13

Assets					
Equity securities - At fair value through P&L	6	561,613	-	-	561,613
Total financial assets measured at fair value		**561,613**	**-**	**-**	**561,613**

Company

31-Dec-14

Assets					
Equity securities - At fair value through P&L	6	604,340	-	-	604,340
Total financial assets measured at fair value		**604,340**	**-**	**-**	**604,340**

31-Dec-13

Assets					
Equity securities - At fair value through P&L	6	561,613	-	-	561,613
Total financial assets measured at fair value		**561,613**	**-**	**-**	**561,613**

There are no financial instruments measured in level 3 of the fair value hierarchy, hence no reconciliation of level 3 fair value hierarchy has been presented

Financial instruments not measured at fair value
No fair value disclosures are provided for cash and cash equivalents, loans and receivables, trade receivables, other receivables, bank borrowings, trade payables, provision and other payables and finance lease obligations that are measured at cost because their carrying amount reasonably approximate their fair value.

Cash and cash equivalents
Cash and cash equivalents consists of cash on hand and current balances with banks. The carrying amounts of current balances with banks is a reasonable approximation of fair value which is the amount receivable on demand.

Trade receivables and other receivables
The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on demand.

Trade payables, Provision and other payables and Finance lease obligations
The carrying amounts of trade payables, provision and other payables and finance lease obligations are reasonable approximation of their fair values which are repayable on demand.

52 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities.

Group

31-Dec-14 *In thousands of Naira*	Notes	Designated at fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount
Financial assets							
Cash and cash equivalents	5		-	2,356,907	-	-	2,356,907
Financial assets	6	604,340	355,079	61,505	141,815		1,162,739
Trade receivables	7	-	-	52,102	-	-	52,102
Reinsurance assets	8	-	-	428,252	-	-	428,252
Finance lease receivable	10	-	-	90,705	-	-	90,705
Other receivables excluding prepayments	11	-	-	34,701	-	-	34,701
		604,340	355,079	3,024,172	141,815	-	4,125,406
Financial liabilities							
Insurance contract liabilities	17	-	-	-	-	3,155,947	3,153,386
Investment contract liabilities	18	-	-	-	-	652,995	652,995
Trade payable	19	-	-	-	-	71,641	71,641
Provision and other payables	21	-	-	-	-	461,420	461,420
Borrowings	22	-	-	-	-	-	-
Finance lease obligation	23		-	-	-	68,812	68,812
		-	-	-	-	4,410,815	4,410,815

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Notes to the consolidated and separate financial statements

Group

31-Dec-13 *In thousands of Naira*	Notes	**Designated at fair value through P/L**	**Held to Maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities at amortised cost**	**Total carrying amount**
Financial assets							
Cash and cash equivalents	5		-	2,020,907	-	-	2,020,907
Financial assets	6	561,613	-	360,054	89,366	-	1,011,033
Trade receivables	7	-	-	143,663	-	-	143,663
Reinsurance assets	8	-	-	454,821	-	-	454,821
Finance lease receivable	10	-	-	178,623	-	-	178,623
Other receivables excluding prepayments	11	-	-	150,304	-	-	150,304
		561,613	-	3,308,372	89,366	-	3,959,351
Financial liabilities							
Insurance contract liabilities	18	-	-	-	-	2,781,599	2,781,599
Investment contract liabilities	19	-	-	-	-	648,849	648,849
Trade payable	20	-	-	-	-	49,525	49,525
Provision and other payables	22	-	-	-	-	531,152	531,152
Borrowings	23	-	-	-	-	43,823	43,823
Finance lease obligation	24	-	-	-	-	108,927	108,927
		-	-	-	-	4,163,875	4,163,875

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Notes to the consolidated and separate financial statements

Company

31-Dec-14 *In thousands of Naira*	Notes	**Designated at fair value through P/L**	**Held to Maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities at amortised cost**	**Total carrying amount**
Financial assets							
Cash and cash equivalents	5	-	-	2,230,153	-	-	2,230,153
Financial assets	6	604,340	355,079	61,505	141,815		1,162,739
Trade receivables	7	-	-	27,290	-	-	27,290
Reinsurance assets	8	-	-	428,252	-	-	428,252
Finance lease receivable	10	-	-	90,705	-	-	90,705
Other receivables excluding prepayments	11	-	-	75,391	-	-	75,391
		604,340	355,079	2,837,905	141,815	-	4,014,530
Financial liabilities							
Insurance contract liabilities	17	-	-	-	-	3,155,947	3,155,947
Investment contract liabilities	18	-	-	-	-	652,995	652,995
Trade payable	19	-	-	-	-	71,641	71,641
Provision and other payables	21	-	-	-	-	434,298	434,298
Finance lease obligation	23	-	-	-	-	68,812	68,812
		-	-	-	-	4,383,693	4,383,693

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Notes to the consolidated and separate financial statements

Company

31-Dec-13 *In thousands of Naira*	Notes	**Designated at fair value through P/L**	**Held to Maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities at amortised cost**	**Total carrying amount**
Financial assets							
Cash and cash equivalents	5		-	2,020,907	-	-	2,020,907
Financial assets	6	561,613	-	360,054	89,366	-	1,011,033
Trade receivables	7	-	-	143,663	-	-	143,663
Reinsurance assets	8	-	-	454,821	-	-	454,821
Finance lease receivable	10	-	-	178,623	-	-	178,623
Other receivables excluding prepayments	11	-	-	150,304	-	-	150,304
		561,613	-	3,308,372	89,366	-	3,959,351
Financial liabilities							
Insurance contract liabilities	18	-	-	-	-	2,781,599	2,781,599
Investment contract liabilities	19	-	-	-	-	648,849	648,849
Trade payable	20	-	-	-	-	49,525	49,525
Provision and other payables	22	-	-	-	-	527,393	527,393
Borrowings	23	-	-	-	-	43,823	43,823
Finance lease obligations	24	-	-	-	-	108,927	108,927
		-	-	-	-	4,160,116	4,160,116

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Notes to the consolidated and separate financial statements

53 ASSET AND LIABILITY MANAGEMENT (COMPANY)

HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2014
In thousands of Naira

-	Non Life			Life					
-	**Shareholder's fund**	**Policy holder's Fund**	**Others**	**Shareholder's fund**	**Policy holder's Fund**	**Deposit Administration**	**Annuity**	**Others**	**TOTAL**
INVESTMENTS:									
Fixed Assets:									
Real Estate	214,889	-	-	428,639	-	-	-	-	643,528
Office Equipment's	-	-	-	-	-	-	-	-	-
Computer Equipment	14,945	-	-	52	-	-	-	-	14,997
Generator set	1,063	-	-	-	-	-	-	-	1,063
Furniture and Equipment	17,361	-	-	1,702	-	-	-	-	19,063
Motor Vehicles	64,537	-	-	6,374	-	-	-	-	70,911
Fixture and Fittings	11,047	-	-	2,024	-	-	-	-	13,071
Other Assets	-		-	-	-	-	-	-	-
Others (see (a) below)	326,607	-	300,000	173,502	-	-	-	210,452	1,010,561
Other Investments :									
Mortgage Loans									-
Statutory Deposit	300,000	-	-	200,000	-	-	-		500,000
Government Bonds	-	-	-		-	-	-	-	-
Held-to-maturity	-	88,046		253,813	-	-	-	-	341,859
Loans and advances	4,811	-	-	56,834	-		-		61,645
Quoted Securities	5,000	245,879	-	-	401,675	130,599	4,365	-	787,518
Unquoted Securities	-	-	-	141,815	-	-	-	-	141,815
Bank Placements	131,588	88,427	262,349	172,922	1,124,643	326,496	10,911	-	2,117,336
Investment in Finance Lease	72,958	-	-	17,747	-	-	-	-	90,705
Related Companies Securities	-	-	-	225,000	-	-	-	-	225,000
Reassurance Assets	-	417,663	-	-	5,725	-	-	-	423,388
Investment Properties	1,461,396	280,005	187,314	1,011,750	482,059	195,900	6,547	825,798	4,450,769
TOTAL	**2,626,202**	**1,120,020**	**749,663**	**2,692,174**	**2,014,102**	**652,995**	**21,823**	**1,036,250**	**10,913,229**

Notes to the consolidated and separate financial statements

(a) Give details

Others		
	GEN. BUSINESS	**LIFE**
Intangible assets	121,167	-
Deferred taxation	6,033	-
Deferred Acquisition Expenses	45,298	52,528
Reinsurance Assets	-	4,864
Premium Debtors	4,378	22,912
Other Receivables and Prepayments	336,879	470,989
TOTAL	**513,755**	**551,293**

Notes to the consolidated and separate financial statements

ASSET AND LIABILITY MANAGEMENT (COMPANY)

HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2013

In thousands of Naira

-	Non Life				Life				
-	**Shareholder's fund**	**Policy holder's Fund**	**Others**		**Shareholder's fund**	**Policy holder's Fund**	**Deposit Administration**	**Others**	**TOTAL**
INVESTMENTS:									
Fixed Assets:									
Real Estate	214,951	-	-		397,390	-	-	-	612,341
Office Equipment's	-	-	-		-	-	-	-	-
Computer Equipment	11,231	-	-		3,417	-	-	-	14,648
Generator set	1,319	-	-		670	-	-	-	1,989
Furniture and Equipment	19,458	-	-		10,114	-	-	-	29,572
Motor Vehicles	5,765	-	-		26,205	-	-	-	31,970
Fixture and Fittings	8,757	-	-		814	-	-	-	9,571
Other Assets	-	-	-		-	-	-	-	-
Others (see (a) below)	261,758	316,775	471,841		58,037	-	38,861	443,901	1,591,173
Other Investments :									
Mortgage Loans	-	-	-	-	-	-	-	-	-
Statutory Deposit	300,000	-	-		200,000	-	-		500,000
Government Bonds	-	-	-			-	-	-	-
Held-to-maturity	70,398	-			17,602	209,321	-	-	297,321
Loans and advances	5,899	-	-		-	56,834			62,733
Quoted Securities	35,420	226,923	-		299,270	-	-	-	561,613
Unquoted Securities	-	-	-		89,366	-	-		89,366
Bank Placements	199,346	271,289	57,190		60,965	643,016	305,834	483,267	2,020,907
Investment in Finance Lease	143,230	-	-		35,393				178,623
Related Companies Securities	-	-	-		225,000	-	-	-	225,000
Finance Lease Receivable	-	-	-		-	-	-		-
Investment Properties	189,442	336,977	14,846		2,566,773	657,642	304,154	311,031	4,380,865
TOTAL	**1,466,974**	**1,151,964**	**543,877**		**3,991,016**	**1,566,813**	**648,849**	**1,238,199**	**10,607,692**

Notes to the consolidated and separate financial statements

(a) Give details

Others		
	GEN. BUSINESS	**LIFE**
Intangible assets	132,252	-
Deferred taxation	6,423	-
Deferred Acquisition Expenses	47,122	99,082
Reinsurance Assets	437,502	17,319
Premium Debtors	39,896	103,767
Other Receivables and Prepayments	387,179	320,631
TOTAL	**1,050,374**	**540,799**

Notes to the consolidated and separate financial statements

54 Segment information

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure.

No geographical segment information has been provided in these financial statements as there is only one geographical segment.
Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the of assets and liabilities.

Business Segments
The Company operates the following main business segments:

Non-life (General) Business	-	Includes general insurance transactions with individual and corporate customers
Life Business	-	Includes life insurance policies with individual and corporate customers and private customers

Notes to the consolidated and separate financial statements

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the year ended 31 December 2014

	Non-life		**Life Business**		**GNI Healthcare**	Elimination Adjustments	**Group**	**Company**	
In thousands of Naira	**31-Dec-14**	**31-Dec-13**	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-13
Earned premium income	1,459,815	1,297,719	1,352,907	1,130,886	45,397		2,858,119	2,812,722	2,428,605
Insurance premium ceded to re-insurer	(292,757)	(355,286)	(47,249)	(44,215)	-		(340,007)	(340,007)	(399,501)
Net insurance premium revenue	1,167,058	942,433	1,305,658	1,086,671	45,397		2,518,113	2,472,716	2,029,104
Fee income	48,822	44,437	8,484	9,307	-		57,306	57,306	53,744
Investment income	187,712	137,475	255,801	213,718	13,026		407,689	394,663	351,193
Other operating income	10,652	17,073	16,134	209,003	-		26,786	26,786	226,076
Net income	1,414,244	1,141,418	1,586,077	1,518,699	58,423		3,009,894	2,951,471	2,660,117
Insurance benefits and claims	499,293	739,509	873,567	405,591	11,498		916,382	904,884	1,145,100
Insurance claims recovered from re-insurer	(25,181)	(355,321)	-	(7,400)	-		(32,581)	(32,581)	(362,721)
Net insurance benefits and claims	474,112	384,188	873,567	398,191	11,498		883,801	872,303	782,379
Expenses on the acquisition and maintenance of insurance contracts	310,733	324,385	274,054	320,127	1,202		585,989	584,785	644,512
Other expenses	867,452	523,487	268,362	241,477	31,845		1,046,873	1,015,027	764,964
Net expenses	1,652,297	1,232,060	1,415,983	959,795	44,545	-	2,516,661	2,472,117	2,191,855
Reportable segment profit	(238,053)	(90,642)	170,094	558,903	13,878	-	493,231	479,354	468,262
Profit before tax	(238,053)	(90,642)	170,094	558,903	13,878	-	493,231	479,354	468,262
Depreciation and amortisation	95,413	39,382	25,408	25,971	6,491	-	127,312	120,821	65,353
Income tax expenses	15,049	127,669	18,696	334,657	1,190	-	34,936	33,746	462,326
Assets and liabilities:									
Total assets	4,495,885	3,162,815	6,417,298	7,444,878	296,800	(989,901)	10,220,082	10,913,183	9,826,764
Total liabilities	1,869,683	1,600,090	3,725,124	2,248,766	99,960	(770,998)	4,923,769	4,823,809	4,431,594
Net assets	2,626,202	1,562,725	2,692,174	5,196,111	196,840	(218,903)	5,296,313	5,318,376	5,395,169

Notes to the consolidated and separate financial statements

GENERAL BUSINESS ACCOUNTS

Statements of financial position
As at 31 December 2014

In thousands of Naira	**31-Dec-14**	**31-Dec-13**
Assets		
Cash and cash equivalents	595,226	527,825
Financial assets	343,925	338,641
Trade receivables	4,378	39,896
Reinsurance assets	417,663	437,502
Deferred acquisition costs	45,298	47,122
Finance lease receivable	72,958	143,230
Other receivables and prepayment	336,879	387,179
Investment property	1,928,516	541,265
Deferred tax asset	6,033	6,423
Intangible assets	121,167	132,252
Property, plant and equipment	323,842	261,480
Statutory deposit	300,000	300,000
Total assets	4,495,885	3,162,815
Liabilities		
Insurance contract liabilities	1,120,020	1,056,213
Trade Payables	42,797	10,838
Gratuity Payable	13,119	17,040
Provisions and other payable	553,747	288,723
Borrowings	-	34,711
Finance lease obligations	68,812	108,927
Current income tax liabilities	71,188	83,628
Total liabilities	1,869,683	1,600,080
Net assets	2,626,202	1,562,735
Equity		
Equity attributable to owners of the parent		
Ordinary shares	1,292,982	1,292,982
Share premium	2,016,905	2,016,905
Contingency reserve	422,588	380,239
Retained earnings	(1,271,831)	(2,291,084)
Asset revaluation reserve	165,558	163,683
Shareholders funds	2,626,202	1,562,725

Notes to the consolidated and separate financial statements

GENERAL BUSINESS ACCOUNTS

Statement of comprehensive income

In thousands of Naira	**31-Dec-14**	**31-Dec-13**
Gross premium income	1,411,645	1,306,412
Unearned premium	48,170	(8,693)
Net premium earned	1,459,815	1,297,719
Reinsurance expenses	(292,757)	(355,286)
Net insurance premium revenue	1,167,058	942,433
Fee and Commission income:		
– Insurance contracts	48,822	44,437
Net underwriting Income	1,215,880	986,870
Net claims expense	(474,112)	(384,188)
Acquisition expenses	(235,732)	(217,844)
Maintenance costs	(75,001)	(106,541)
Underwriting profit	431,035	278,297
Underwriting result	431,035	278,297
Investment income	121,183	111,165
Net fair value gains/(loss) on financial assets at fair value through profit or loss	66,529	26,310
Other operating income	10,652	17,073
Employee benefit expense	(401,522)	(308,458)
Management expenses	(416,000)	(215,029)
Impairment losses	(49,930)	(7,774)
Results of operating activities	(238,053)	(98,416)
Profit before taxation	(238,053)	(98,416)
Income taxes	(15,049)	(127,669)
Profit after taxation	(253,102)	(226,085)
Profit attributable to:		
– Shareholders	(253,102)	(226,085)
	(253,102)	(226,085)
Other comprehensive income, net of tax		
Items within OCI that will not be reclassified to the profit or loss:		
Gain/(loss) on revaluation of land and building, net of tax	1,875	10,030
Other comprehensive income for the year	1,875	10,030
Total comprehensive income for the year	(251,227)	(216,055)
Profit attributable to:		
– Shareholders	(253,102)	(226,085)
– Contingency Reserve	(42,349)	-
	(295,451)	(226,085)
– Shareholders	(251,227)	(216,055)
	(251,227)	(216,055)
Earnings per share		
– Basic/diluted (loss)/ earning per share		

Notes to the consolidated and separate financial statements

General Business Revenue Account

In thousands of Naira	Fire	General Accident	Employer's Liability	Engineering	Marine	Bond	Oil & Gas	Motor	Travel Insurance	Total	31-Dec-13
Income											
Direct premium	247,066	516,039	8,632	13,190	98,416	2,813	145,164	380,325	-	1,411,645	1,306,412
Inward premium	-	-	-	-	-	-	-	-	-	-	-
Gross premium written	247,066	516,039	8,632	13,190	98,416	2,813	145,164	380,325	-	1,411,645	1,306,412
Less: (increase)/ decrease in unexpired risks	24,937	(17,487)	73	12,738	11,285	(1,427)	(2,750)	20,801	-	48,170	(8,693)
Gross premium earned	272,003	498,552	8,705	25,928	109,701	1,386	142,414	401,126	-	1,459,815	1,297,719
Reinsurance costs	(109,077)	(100,186)	-	2,478	(50,916)	(3,176)	(24,699)	(7,180)	-	(292,756)	(355,284)
Net Premium income	162,926	402,663	8,705	28,406	58,785	(1,790)	117,715	399,118	-	1,167,059	942,435
Commission earned	21,087	19,285	-	2,246	6,152	52	-	-	-	48,822	44,435
Total income	184,013	421,948	8,705	30,652	64,937	(1,738)	117,715	399,118	-	1,215,881	986,870
Expenses											
Claims paid	61,772	150,485	5,554	1,313	13,774	-	40,142	114,275	-	387,315	373,279
(Decrease)/ increase in provision for outstanding claims	115,110	(74,233)	9,065	-	(12,251)	(8,763)	87,474	(4,424)	-	111,978	366,231
Gross claims	176,882	76,252	14,619	1,313	1,523	(8,763)	127,616	109,851	-	499,293	739,510
Deduct: reinsurance claims recoveries/ recoverable	(43,671)	25,326	-	(3,976)	(15,402)	(1,335)	13,468	409	-	(25,181)	(355,321)
Net claims Paid	133,211	101,578	14,619	(2,663)	(13,879)	(10,098)	141,084	110,260	-	474,112	384,189
Acquisition expenses	47,455	103,455	1,737	2,650	18,067	287	18,536	43,545	-	235,732	217,844
Other underwriting expenses	13,127	27,417	459	701	5,229	149	7,713	20,207	-	75,001	106,540
Underwriting expenses	60,582	130,872	2,196	3,351	23,296	436	26,249	63,752	-	310,733	324,384
Total Expenses	193,793	232,450	16,815	688	9,417	(9,662)	170,564	172,229	-	784,845	708,573
Underwriting profit/(Loss)	(9,780)	189,498	(8,110)	29,964	55,520	7,924	(49,618)	225,106	-	431,036	278,297

Notes to the consolidated and separate financial statements

General Business Revenue Account

2013

In thousands of Naira	Fire	General Accident	Employer's Liability	Engineering	Marine	Bond	Oil & Gas	Motor	Travel Insurance	Total	31-Dec-12
Income											
Direct premium	263,084	386,409	6,042	35,170	88,414	-	111,738	374,411	41,144	1,306,412	1,493,810
Inward premium	-	-	-	-	-	-	-	-	-	-	-
Gross premium written	263,084	386,409	6,042	35,170	88,414	-	111,738	374,411	41,144	1,306,412	1,493,810
Less: (increase)/ decrease in unexpired risks	(15,501)	(34,438)	1,006	(3,534)	1,207	5,753	31,924	22,924	(18,034)	(8,693)	56,370
Gross premium earned	247,583	351,971	7,048	31,636	89,621	5,753	143,662	397,335	23,110	1,297,719	1,550,180
Reinsurance costs	(101,376)	(141,069)	-	(21,406)	(53,022)	(371)	(6,645)	(7,655)	(23,739)	(355,284)	(305,268)
Net Premium income	146,207	210,902	7,048	10,230	36,598	5,382	137,017	389,680	(630)	942,435	1,244,912
Commission earned	21,437	9,453	-	4,434	9,021	90	-	-	-	44,435	66,432
Total income	167,644	220,355	7,048	14,664	45,619	5,472	137,017	389,680	(630)	986,870	1,311,344
Expenses											
Claims paid	47,820	133,604	176	-	51,430	-	53,798	86,452	-	373,279	424,691
(Decrease)/ increase in provision for outstanding claims	183,185	168,788	2,563	12,053	32,041	(27,306)	11,837	(24,275)	7,345	366,231	(110,705)
Gross claims	231,005	302,392	2,739	12,053	83,471	(27,306)	65,635	62,177	7,345	739,510	313,986
Deduct: reinsurance claims recoveries/ recoverable	(231,939)	(113,320)	-	-	-	-	-	-	(10,062)	(355,321)	(180,879)
Net claims Paid	(934)	189,072	2,739	12,053	83,471	(27,306)	65,635	62,177	(2,717)	384,189	133,107
Acquisition expenses	53,652	79,616	1,214	-	18,330	-	8,942	48,039	8,050	217,844	226,579
other underwriting expenses	23,367	33,820	387	3,627	9,068	24	7,590	24,496	4,160	106,540	126,440
Underwriting expenses	77,019	113,436	1,602	3,627	27,398	24	16,533	72,535	12,210	324,384	353,019
Total Expenses	76,085	302,508	4,341	15,680	110,869	-27,282	82,167	134,712	9,493	708,573	486,126
Underwriting profit/(Loss)	91,559	(82,153)	2,708	(1,016)	(65,250)	32,754	54,850	254,968	(10,123)	278,297	825,218

Notes to the consolidated and separate financial statements

LIFE BUSINESS ACCOUNTS

Statements of financial position
As at 31 December 2014

In thousands of Naira	31-Dec-14	31-Dec-13
Assets		
Cash and cash equivalents	1,634,928	1,493,082
Financial assets	818,814	672,393
Trade receivable	22,912	103,767
Reinsurance assets	10,589	17,319
Deferred acquisition costs	52,528	99,082
Finance lease receivable	17,747	35,393
Other receivables and prepayment	470,989	320,631
Investment in subsidiary	225,000	225,000
Investment property	2,525,000	3,839,600
Property, plant and equipment	438,791	438,611
Statutory deposit	200,000	200,000
Total assets	6,417,298	7,444,878
Liabilities		
Insurance contract liabilities	2,035,925	1,725,385
Investment contracts liabilities	652,995	648,849
Trade payables	28,844	38,687
Provisions and other payables	595,675	783,760
Borrowings	-	9,112
Current income tax liabilities	116,994	114,571
Deferred Tax liabilities	294,691	292,069
Total liabilities	3,725,124	3,612,433
Net assets	2,692,174	3,832,445
Equity		
Equity attributable to owners of the parent		
Ordinary shares	620,760	620,760
Share premium	1,093,759	1,093,759
Contingency reserve	203,625	183,809
Retained earnings	428,773	1,611,894
Asset revaluation reserve	345,257	322,223
Shareholders' funds	2,692,174	3,832,445

Notes to the consolidated and separate financial statements

LIFE BUSINESS ACCOUNTS

Statement of comprehensive income
In thousands of Naira

	31-Dec-14	31-Dec-13
Gross premium income	1,342,164	1,837,007
Changes in unearned premium	(78,585)	(706,122)
Net premium earned	1,263,579	1,130,886
Reinsurance expenses	(47,249)	(44,215)
Movement in lIfe funds	89,328	-
Net insurance premium revenue	1,305,658	1,086,670
Fee and Commission income:		
– Insurance contracts	8,484	9,307
Net underwriting Income	1,314,142	1,095,977
Net Claims expense	(873,567)	(398,190)
Acquisition expenses	(190,362)	(81,624)
Maintenance costs	(83,692)	(238,503)
Underwriting profit	166,521	377,660
Investment income	206,951	213,718
Net fair value gains/(loss) on financial assets at fair value through profit or loss	48,850	128,998
Other operating income	16,134	209,003
Employee benefit expense	-	(59,444)
Management expenses	(197,505)	(300,921)
Impairment losses	(102,030)	-
(Loss)/ profit on investment contact	31,173	(3,888)
Results of operating activities	170,094	565,126
Profit before tax	170,094	565,126
Income taxes	(18,696)	(334,657)
	-	
Profit after taxation	151,398	230,469
Other comprehensive income, net of tax		
Items within OCI that will not be reclassified to the profit or loss:		
Gain on revaluation of land and building, net of tax	23,032	26,005
Other comprehensive income for the year	23,032	26,005
Total comprehensive income for the year	174,430	256,474
Profit attributable to:		
– Shareholders	151,398	230,469
Contingency Reserve	(13,203)	-
Profit for the year	138,195	230,469
Total comprehensive income for the year		
Attributable to shareholders	174,430	256,474
Total comprehensive income for the year	174,430	256,474
Earnings per share		
– Basic/diluted earning per share	10.08	20.66

Notes to the consolidated and separate financial statements

Life Business Accounts

Revenue Account
For the year ended 31 December 2014

In thousands of Naira	**Individual Life**	**Group Life**	**31-Dec-14**	**31-Dec-13**
Income				
Gross Premium	309,111	1,033,053	1,342,164	1,837,007
Changes in Unearned Premium	-	(78,585)	(78,585)	(706,122)
Outward Re-insurance Premium -Local	.	(47,249)	(47,249)	(44,215)
Movement in life funds	89,328	-	89,328	-
Premium earned	398,439	907,219	1,305,658	1,086,670
Commision received	-	8,484	8,484	9,307
Net premium	398,439	915,703	1,314,142	1,095,977
Investment income	-	-	-	-
Total income	398,439	915,703	1,314,142	1,095,977
Claims Expenses (Gross)	(166,823)	(384,237)	(551,060)	(432,008)
Surrenders	-	-	-	-
Claims Expenses Recovered from Reinsurers	-	(1,130)	(1,130)	7,399
Changes in Provision for Outstanding Claims	(43,603)	(277,774)	(321,377)	26,419
Net claims incurred	(210,426)	(663,141)	(873,567)	(398,190)
Acquisition Cost	(25,097)	(165,265)	(190,362)	(81,626)
Maintenance expenses	(33,477)	(50,215)	(83,692)	(238,501)
Total expenses	(269,000)	(878,621)	(1,147,621)	(718,317)
Surplus/(Deficit)	129,439	37,082	166,521	377,660

Value Added Statement

In thousands of Naira

	Group 31-Dec-14 ₦'000	%	Group 31-Dec-13 ₦'000	%	Company 31-Dec-14 ₦'000	%	Company 31-Dec-13 ₦'000	%
Gross premium (Local)	2,812,951		3,051,532		2,753,790		3,046,982	
Bought in materials and services								
- Local	(2,149,313)		(2,155,268)		(2,125,953)		(2,147,021)	
Value added	663,638	100	896,264	100	627,837	100	899,961	100
Distribution of value added								
To government								
Taxation	34,934	5	462,382	52	33,744	5	462,327	51
To employees								
Employee cost	539,378	81	378,415	42	517,454	82	367,901	41
Retained in the business								
Depreciation	73,928	11	65,467	7	67,437	11	62,660	7
Amortisation	53,409	8	2,692	-	53,409	9	2,692	-
To contingency reserve	57,489	9	62,239	7	57,489	9	62,239	7
To retained earnings	(95,500)	(14)	(74,931)	(8)	(101,696)	(16)	(57,858)	(6)
Value added	663,638	100	896,264	100	627,837	100	899,961	100

Five-Year financial summary

	Group	Company				
In thousands of Naira	2014	2014	2013	2012	2011	2010
Statement of financial position						
Assets						
Cash and cash equivalents	2,356,907	2,230,153	2,020,907	1,531,163	1,139,658	952,247
Financial assets	1,162,739	1,162,739	1,011,033	531,240	317,429	299,886
Trade receivable	52,102	27,290	143,663	252,999	20,358	31,463
Reinsurance assets	428,252	428,252	454,821	184,801	133,768	86,611
Deferred acquisition cost	97,826	97,826	146,204	54,568	70,223	65,416
Finance lease receivable	90,705	90,705	178,623	104,708	-	-
Other receivables and prepayment	52,054	92,744	162,719	137,931	138,916	136,348
Investment in subsidiary	-	225,000	225,000	-	-	-
Investment property	4,453,516	4,453,516	4,380,865	4,175,330	3,706,370	3,583,401
Deferred tax asset			-	157,964	475,511	433,116
Intangible assets	151,167	121,167	132,252	3,952	4,105	1,978
Property, plant and equipment	874,814	762,634	700,091	773,559	735,378	695,429
Statutory deposit	500,000	500,000	500,000	524,187	524,187	500,000
Total assets	10,220,082	10,192,026	10,056,178	8,432,402	7,265,903	6,785,895
Insurance contract liabilities	3,174,781	3,155,947	2,781,599	1,823,405	1,790,444	1,709,827
Investment contract liabilities	652,995	652,995	648,849	552,192	483,648	310,132
Trade Payables	71,641	71,641	49,525	91,433	152,409	76,664
Gratuity payable	13,119	13,119	17,040	21,852	22,185	26,109
Borrowings	-	-	43,823	72,007	-	147,986
Finance lease obligations	68,812	68,812	108,927	-	5,640	32,409
Provisions and other payables	442,586	434,297	527,393	338,116	272,044	281,444
Current income tax liabilities	190,327	188,179	198,209	180,485	144,206	139,500
Deferred tax liabilities	309,508	288,658	285,646	-	-	
Total liabilities	4,923,769	4,873,648	4,661,011	3,079,490	2,870,576	2,724,071
Net assets	5,296,313	5,318,378	5,395,167	5,352,912	4,395,327	4,061,824
Financed by:						
Issued and paid up capital	1,913,742	1,913,742	1,913,742	1,913,742	5,029,051	1,161,482
Share premium	3,110,664	3,110,664	3,110,664	3,110,664	(1,348,490)	(1,704,903)
Contingency reserve	626,213	626,213	568,724	506,485	-	625,245
Retained earnings	(876,216)	(843,053)	(683,868)	(626,011)	714,766	3,980,000
Assets revaluation reserve	517,587	510,812	485,905	448,032	-	-
NCI	4,322	-	-	-	-	-
Shareholders' fund	5,296,313	5,318,378	5,395,167	5,352,912	4,395,327	4,061,824
Statement of comprehensive income						
Gross premium written	2,812,951	2,753,790	3,046,982	2,881,139	2,403,889	1,062,095
Investment & other income	483,324	470,298	687,540	1,003,113	451,100	176,220
Profit/(loss) before taxation	(60,566)	(67,952)	466,709	1,275,505	379,835	(409,106)
Taxation	(34,934)	(33,744)	(462,327)	(372,406)	30,776	205,579
Profit/(loss) after taxation	(95,500)	(101,696)	4,382	903,099	410,611	(203,527)
Earnings per share-basic	(2.50)	(2.66)	0.11	23.60	10.73	(14.00)

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

NATIONAL INSURANCE COMMISSION
HEAD OFFICE: Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja. P.M.B. 457, Garki Abuja Nigeria :09-2915101
Email: info@naicom.gov.ng Website: www.naicom.gov.ng

The Managing Director,

14th January, 2016

Great Nigeria Insurance Plc

8,Omo- Osagie Street

Off Awolowo Road, Ikoyi Sw1

Lagos.

Dear Sir,

APPROVAL FOR PUBLICATION OF YEAR 2014 ANNUAL RETURNS AND ACCOUNTS.

I am pleased to inform you that the Commission has no objection to the publication of your audited Accounts and Statutory Returns for the year ended 31st December 2014 as submitted. As usual, the accounts will be subjected to further regulatory processes the outcome of which will be communicated as appropriate.

The highlights of the approved Accounts are as stated below:

S/NO	ITEMS	₦
1	Total Assets	10,192,026,000.00
2	Total Liabilities	4,873,648,000.00
3	Shareholders' Funds	5,318,378,000.00
4	Insurance Contract Liabilities	3,155,947,000.00
5	Investment Contract Liability	652,995,000.00
6	Gross Premium Written	2,753,790,000.00
7	Gross Premium Income	2,723,374,000.00
8	Net Claims Expenses	1,347,679,000.00
9	Underwriting Expenses	584,787,000.00
10	Underwriting Result	597,555,000.00
11	Net Operating Income	(67,953,000.00)
12	Management Expenses	1,166,979,000.00
13	Profit/(Loss) after Tax	(101,697,000.00)
14	Solvency Margin	2,429,480,000.00

As required by Section 27(6) of the Act, you are to publish the Statement of Financial Position, together with its Statement of Comprehensive Income in at least one newspaper, having wide circulation in Nigeria and file evidence of compliance with the Commission.

Yours faithfully,

Oremeyi Longe
Deputy Director (Supervision)
For: Commissioner for Insurance