Great Nigeria Insurance Plc

Consolidated and Separate Financial Statements
31 December 2017

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Corporation Information

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

Directors, Officers and Advisors

Mr. Bade Aluko	Chairman	
Mrs. Cecilia O. Osipitan	Managing Director/CEO	
Mrs. Roselyn Ulaeto	Executive Director	
Archbishop Felix Alaba Job	Non-Executive Director	
Mr. Olugbenga Awosode	Non-Executive Director	
Mr. Akintola O. Ajayi	Non-Executive Director	
Mrs. Abimbola Onakomaiya	Independent Director	Resigned 6 March 2017
Mr. Shamusideen kareem	Non-Executive Director	

Company secretary:

First Almond Attorney
Marina View Plaza
4th Floor, 60 Marina
Lagos

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:

Deloitte & Touche
Civic Towers,
Plot GA 1, Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos, Nigeria
Telephone: +234 1 2717800
Website: www.deloitte.com.ng

Registrars:

GTL Registrars Limited
274, Murtala Muhammed Way
Yaba
PMB 12717, Lagos
Telephone: +234 01 2917747
Website: www.gtlregistrars.com

Corporation Information

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 Limited Access Bank Plc Diamond Bank Plc Union Bank Plc Unity Bank Plc Heritage Bank Limited Barclays Bank Group, London Keystone Bank Limited
Re-insurers	Nigeria Reinsurance Company Africa Reinsurance Corporation Continental Reinsurance Plc
Consulting actuaries	Ernst & Young UBA House, 10th floor, 57 Marina, Lagos Nigeria Telephone: +234 1 6314 543, Fax: +234 1 4630 481 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 2017.

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 of investors.

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 the provision of basic and supplemental health maintenance and treatment services. In 2017 GNI Healthcare Limited raised additional capital through private placement, the outcome of which reduced the shareholding proportion of GNI Plc to 79.43%.

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 2017 were as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
	N' 000	N' 000	N' 000	N' 000
Gross premium written	3,256,939	2,208,815	3,116,538	2,124,553
Profit/(loss) before taxation	449,679	(442,770)	450,494	(444,589)
Income tax	(46,978)	(32,420)	(43,870)	(30,498)
Profit/(loss) after taxation	402,702	(475,190)	406,624	(475,087)
Transfer to statutory contingency reserve	(61,954)	(45,612)	(61,954)	(45,612)
Transfer to retained earnings	505,474	(520,802)	508,015	(520,699)
Shareholders' funds	5,897,326	5,429,983	5,845,680	5,425,278
Basic earnings/(loss) per share (kobo)	10.52	(12.41)	10.62	(12.41)

Directors' Report

Directors and their interests:

The directors who served during the year were as follows:

Name	**Units of Ordinary Shares Held**	**Designation**
Mr. Bade Aluko	-	Chairman
Mrs. Cecilia O. Osipitan	55,000,000	Managing Director/CEO
Mrs. Roselyn Ulaeto	-	Executive Director
Arch Bishop Felix Alaba Job	-	Non-Executive Director
Mr. Olugbenga Awosode	-	Non-Executive Director
Mr. Akin Ajayi	-	Non-Executive Director
Mrs. Abimbola Onakomaiya	-	Independent Director
Mr. Shamusideen Kareem	-	Non-Executive Director

According to the register of members as at 31 December 2017, the following shareholders held 5% or more of the issued share capital of the Company during the year:

Shareholders	**No of shares**	**% shareholding**
Insurance Resourcery and Consultancy Limited	2,870,614,035	75
Odu'a Investment Company Limited	348,138,124	9
Others	608,733,221	16
Total	**3,827,485,380**	**100**

2017

Share range			**No of shareholders**	**Percentage of shareholders**	**No of holdings**	**Percentage of holdings**
1	-	1,000	1,886	33.45%	1,562,078	0.04%
1001	-	5,000	2,130	37.77%	6,449,415	0.17%
5001	-	10,000	640	11.35%	5,954,636	0.16%
10,001	-	50,000	534	9.62%	15,242,158	0.40%
50,001	-	100,000	143	2.58%	12,815,538	0.33%
100,001	-	500,000	195	3.46%	53,270,393	1.39%
500,001	-	1,000,000	48	0.85%	43,422,856	1.13%
1,000,001	-	5,000,000	40	0.71%	104,677,430	2.73%
5,000,001	-	10,000,000	10	0.18%	78,263,102	2.04%
10,000,001	-	50,000,000	9	0.16%	221,265,680	5.78%
50,000,001	-	100,000,000	2	0.04%	165,809,935	4.33%
100,000,001	and above		2	0.04%	3,118,752,159	81.48%
Total			5,639	100%	3,827,485,380	100%

2016

Share range			No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
1	-	1,000	1,641	30.43%	1,490,849	0.04%
1001	-	5,000	2,125	39.40%	6,445,914	0.17%
5001	-	10,000	639	11.85%	5,942,476	0.16%
10,001	-	50,000	535	9.92%	15,276,758	0.40%
50,001	-	100,000	143	2.65%	12,809,738	0.33%
100,001	-	500,000	199	3.69%	54,502,393	1.42%
500,001	-	1,000,000	47	0.87%	42,395,788	1.11%
1,000,001	-	5,000,000	41	0.76%	106,677,430	2.79%
5,000,001	-	10,000,000	10	0.19%	76,116,260	1.99%
10,000,001	-	50,000,000	9	0.17%	221,265,680	5.78%
50,000,001	-	100,000,000	2	0.04%	165,809,935	4.33%
100,000,001	and above		2	0.04%	3,118,752,159	81.48%
Total			5,393	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 2017 (2016: 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 14 to the financial statements.

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

Non-political and charitable organisations

	₦
Investiture of 19th President of Nigerian Council of Registered Insurance Brokers	**500,000**

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.

Directors' Report

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.

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.

Securities Trading Policy:
The Company has a Securities Trading Policy applicable to all employees and Directors in line with Rule 17.15 of the Disclosure of Dealings in Issuers' Shares Rulebook of the Exchange. Within this reporting period no violation of the Policy occurred.

Complaints Management Policy:
The Company has a Complaint Management Policy Framework in compliance with Securities and Exchange Commission rule and same is available on the Company's website.

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, 2017 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 Deloitte& Touche have indicated their willingness to continue in office as auditors.

BY ORDER OF THE BOARD

Mrs Olajumoke Bakare
First Almond Attorney
FRC/2013/NBA/00000001439
Company Secretary
Marina View Plaza
4th Floor, 60 Marina
Lagos
23 March 2018

Corporate Governance Report

The Company

The company was incorporated in Nigeria as a private limited liability company on February 28, 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. Wema Asset Management Limited divested from the company in 2013 through Management Buy Out. The regulatory procedures for the divestment have been concluded and the current major shareholders are:

- Insurance Resourcery and Consultancy Services Limited
- 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 consultant 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, 2017.

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 evaluation of the structure and composition, responsibilities, processes and relationships of the Board of Directors for the financial year ended 31 December, 2017 as well as compliance with regulatory requirements. 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 key management staff.

Corporate Governance Report

The Board of Directors

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 at the time of this report is made up of seven (7) members comprising five (5) Non-Executive and two (2) 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. 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 current composition of the Board of Directors is as follows:

Directors	**Designation**
Bade Aluko	Chairman
Felix Alaba Job	Non-Exec. Director
Akintola O. Ajayi	Non-Exec. Director
Shamusideen Kareem	Non-Exec. Director
Olugbenga Awosode	Non-Exec. Director
Cecilia Osipitan	Managing Director/CEO
Roselyn Ulaeto	Executive Director
Abimbola Onakomaiya	Independent Director

Corporate Governance Report

The Board committees were reconstituted during the year and the names of the Directors and their committee membership are presented below:

Name of Director	Role	Committees			
		ERM & Governance	Finance, Investment & General Purpose	Board Audit & Compliance	Statutory Audit
Bade Aluko	Chairman	Not a Member	Not a Member	Not a Member	Not a Member
Felix Alaba Job	Non-Executive Director	Chairman	Members	Members	Not a Member
Olugbenga Awosode	Non-Executive Director	Members	Members	Members	Members
Shamusideen Kareem	Non-Executive Director	Not a Member	Members	Chairman	Members
Akintola O. Ajayi	Non-Executive Director	Members	Chairman	Not a Member	Members
Cecilia Osipitan	Managing Director	Members	Members	Not a Member	Not a Member
Roselyn Ulaeto	Executive Director	Members	Members	Not a Member	Not a Member

Key

- Members
- Chairman
- Not a Member

Board of Directors Meetings' Attendance

Meetings held / Names	1 23/02/2017	2 04/04/2017	3 30/06/2017	4 13/07/2017	5 31/10/2017
Bade Aluko	Y	Y	Y	Y	Y
Felix Alaba Job	Y	Y	Y	Y	Y
Olugbenga Awosode	Y	Y	Y	Y	Y
Cecilia Osipitan	Y	Y	Y	Y	Y
Roselyn Ulaeto	Y	Y	Y	Y	Y
Akintola O. Ajayi	Y	Y	Y	Y	Y
Shamsideen Kareem	Y	Y	Y	X	Y
Abimbola Onakomaiya	Y	N/A	N/A	N/A	N/A

Key:	**Y-Present**	**X - Absent**	**N/A-Not a Director**

Corporate Governance Report

BOARD COMMITTEES

FINANCE, INVESTMENT & GENERAL PURPOSE COMMITTEE

This Committee Formerly Finance & Investment Committee was re-named in the later part of the year following NAICOM's amendment of its Code of Governance Wherein General Purpose was merged with the Committee.

The committee's responsibilities as stated in the Charter amongst others 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 instruments as the Company shall consider or utilize

- Develop and recommend to the Board, polices and plans for employees' selection, recruitment, evaluation and succession.

- Develop and oversee policies and program for talent acquisition, deployment and development.

- Develop an investment strategy for the Company and each subsidiary.

- 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 and assess the effectiveness of the Company's Remuneration Policy, including remuneration structure, retention and termination policies for staff.

- 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, investments in real estate, and such other investment instruments as the Company shall consider or utilize.

- Review and make recommendations to the Board on the structure of remuneration paid by the Company to third parties.

- Review and analyse possible investments 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 and also 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.

- 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.

- 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.

Corporate Governance Report

Committee Meetings' attendance

Meetings held		1	2	3	4
		13/01/2017	**18/04/2017**	**11/ 07/2017**	**17/ 10/2017**
Akintola O. Ajayi		**Y**	**Y**	**Y**	**Y**
Olugbenga Awosode		**Y**	**Y**	**Y**	**Y**
Arch. Felix Alaba Job		**X**	**Y**	**Y**	**Y**
Shamusideen Kareem		**Y**	**Y**	**X**	**Y**
Cecilia O. Osipitan		**Y**	**Y**	**X**	**X**
Roselyn Ulaeto		**Y**	**Y**	**X**	**Y**

Key:	**Y-Present**	**X - Absent**	**N/A: Not Applicable**

ENTERPRISE RISK MANAGEMENT AND GOVERNACE COMMITTEE

This Committee Formerly Risk Management & Compliance was re-named in the later part of the year following NAICOM's amendment of its Code of Governance wherein the Board Governance Committee was merged with the Committee.

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

. 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 adequacy of prevention, detection and reporting mechanisms

. Review of the company's risk management system and internal control environment including the performance of the internal audit function.

. Oversee the company's risk policy, appetite and risk limits as approved by the Board.

. Undertake at least annually a thorough risk assessment covering all aspects of the Company's businesses.

. Review the adequacy of the size and composition of the Board to ensure the on-going effectiveness of the company's risks management framework.

. Evaluate and make recommendation to the Board concerning the nature and composition of the Board Committees, including designation of Committee chairs, Board Committees structure and operations.

. Identify individuals qualified to become directors consistent with membership criteria, shall coordinate and assist the Board in the recruitment of new directors and shall select or recommend to the Board candidates for election as directors, including director's nominees for AGM.
Recommend to the Board the allocation of Directors to each of the Board committees the committee shall recommend a particular director to the Board to fill such vacancy

. Review any proposed changes to the company's Memorandum and Articles of Association and other documents affecting the Company's corporate governance and shall make recommendation to the Board with respect to any such changes.

Corporate Governance Report

. Periodically assess the Company's governance

. Develop, review and recommend to the Board, as appropriate, other principles and policies relating to corporate governance; and monitor compliance with and the effectiveness of such principles and policies, as appropriate.

. Evaluate and make recommendation to the Board concerning the process for distribution of information to the Board and its committees including the content and timing of delivery of materials relating to meeting of the Board and Board Committees as well as general information about the Company and its operations.

Committee Meetings' attendance

Meetings held		**1**	**2**	**3**	**4**
Names		**13/02/2017**	**19/04/2017**	**12/7/2017**	**18/08/2017**
Felix Alaba Job		**Y**	**Y**	**Y**	**Y**
Olugbenga Awosode		**Y**	**Y**	**Y**	**Y**
Akintola O. Ajayi		**Y**	**Y**	**Y**	**Y**
Cecilia O. Osipitan		**Y**	**Y**	**X**	**X**
Roselyn Ulaeto		**Y**	**Y**	**Y**	**Y**
Abimbola Onakomaiya		**Y**	**N/A**	**N/A**	**X**

Key:	**Y-Present**	**X - Absent**	**N/A: Not Applicable**

BOARD AUDIT & COMPLIANCE COMMITTEE
Following NAICOM's amendment of its Corporate Governance Code, this Committee was established.

The Committee met four (4) times during the year. The committee is vested with the following duties amongst others:

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditors and performance of the company's internal audit functions as well as that of external auditors

- Review and pre-approve both audit and non-audit services (if any) to be provided by the external auditors

- The Committee shall keep under 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.

- Review with Management any significant changes to the audit plan, if any, and any serious disputes or difficulties with Management encountered during the audit, including Management's response.

- Ensure the development of comprehensive internal control framework for the Company, obtain assurance and report annually in the financial statements on the operating effectiveness of the Company's internal control framework.

- Discuss the internal auditor's review of quarterly financial statements.

Corporate Governance Report

- Discuss the annual audited financial statements and half yearly unaudited financial statements

- Review and discuss with Management and external auditor the Company's annual audited financial statements, forecast and financial information, and the external auditors' report thereon including disclosure made in Management 's discussion and analysis.

- Review and discuss with Management and the internal auditors the Company's quarterly unaudited financial statements, related notes and financial information, including disclosures made in the Management's discussion and analysis

- Provide guidelines and standards for administering the acceptance of key operational, reputational, financial, market, technology and compliance risks.

- Review the Company's compliance with legal and regulatory requirements that may impact the company's risk profile.

Committee Meetings' attendance

Meetings held		**1**	**2**	**3**	**4**
		13/01/2017	**18/04/2017**	**12/7/2017**	**18/10/2017**
Shamsideen Kareem		Y	Y	X	Y
Abimbola Onakomaiya		Y	N/a	N/a	N/a
Felix Alaba Job		X	Y	Y	Y
Olugbenga Awosode		Y	Y	Y	Y

Key:	**Y-Present**	**X - Absent**

STATUTORY AUDIT COMMITTEE

The Companies and Allied Matters Act requires the establishment of an Audit Committee on the Boards of Companies. There are three shareholders' representative on the committee, Two Non-Executive directors and One Independent director. The Committees' duties are stated as follows in accordance with CAMA:

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditors and performance of the company's internal audit functions as well as that of external auditors
- The Committee shall keep under 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.

- Review of the terms of engagement and recommend the appointment or re-appointment and compensation of external auditors to the Board. Review and pre-approve both audit and non-audit services (if any) to be provided by the external auditors.

- Ensure the development of comprehensive internal control framework for the Company, obtain assurance and report annually in the financial statements on the operating effectiveness of the Company's internal control framework.

- Oversees management's process for identification of significant fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place.

Corporate Governance Report

Committee Meetings' attendance

Meetings held	**1**	**2**	**3**	**4**	**5**
Names	**13/01/2017**	**19/04/17**	**20/06/2017**	**11/07/2017**	**30/10/17**
Christie O. Vincent	Y	Y	Y	Y	Y
Bisi Bakare	Y	Y	Y	Y	Y
AdioOlaoluwa Simeon	Y	Y	Y	Y	Y
Akintola O. Ajayi	Y	Y	Y	Y	Y
Shamsideen Kareem	Y	Y	Y	X	Y
Abimbola Onakomaiya	Y	N/A	N/A	N/A	N/A
Olugbenga Awosode	N/A	N/A	N/A	Y	Y

Key:	**Y-Present**	**X - Absent**	**N/A-Not Applicable**

The company continues to improve on its corporate governance best practices. The transparency and the commitment of the Board and Management are very encouraging. The establishment of the Internal Control and Compliance which is now separated from the Internal Audit will strengthen the risk management and ensure good corporate governance of the company. The Staff has also been exposed to both internal and external training programme for effective performance.

The Board should endeavour to appoint an Independent Non-Executive Director in compliance with the Codes and as recommended in the previous report. The late filing of returns to regulatory authorities with significant penalties continued to be a major challenge and the Board and Management should address it. The annual General Meeting which provides a unique opportunity to communicate with members and other stakeholders of the Company should be held as when due.

We have no doubt that the company will continue to perform well and sustain the continuing improvement in its corporate governance practices.

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

Report of the Audit Committee

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 2017 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:

Mrs. Christie. O Vincent-Uwalaka
FRC/2013/ICAN/00000002666
15 March 2018

Members of the Audit Committee are:

Mrs. Christie .O. Vincent-Uwalaka	Chairperson
Mr. Akintola O. Ajayi	Member
Mr. Shamusideen Kareem	Member
Mrs.Bisi Bakare	Member
Mr.AdioOluwa Simeon	Member
Mr. Olugbenga Awosode	Member

Statement of Directors' Responsibilities
For the preparation and approval of the Consolidated and Separate 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 2017, 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, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) 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 and separate financial statements of the Group and Company for the year ended 31 December 2017 were approved by the board of directors on 23 March 2018.

Mr. Bade Aluko
Chairman
FRC/2016/IODN/00000015579

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

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Great Nigeria Insurance Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion
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 statements of financial position as at 31 December 2017, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Great Nigeria Insurance Plc** as at 31 December 2017 and the consolidated and separate financial performance and statement of 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, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matter	How the matter was addressed in the audit
Insurance and Investment contract liabilities	
Under IFRS 4, the Group is required to perform liability adequacy test on its insurance liabilities to ensure the carrying value of the liabilities is adequate. Liability Adequacy test are carried out separately for the Life and Non-Life business of the Group, as well as the subsidiary.	Our procedures included the following among others: • We reviewed the methodology and processes adopted by management for making reserves in the books of the company. • Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. • We reviewed and benchmarked the valuation method of the insurance contract liabilities

Key Audit Matter	How the matter was addressed in the audit
As disclosed in notes 16 and 17 to the consolidated and separate financial statements, the insurance and investment contract liabilities for the Group amounted to N3.53 billion and N619.3 million (Company: N3.47 billion and N619.3 million) [2016: Group – N3.22 billion and N789.5 million Company – N3.17 billion and N789.5 million]. The Company usually involves an actuary in the determination of its insurance liability on a yearly basis after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary. The insurance and investment contract liabilities were significant to our audit because the balances are material to the financial statements. Also, the valuation of Insurance and investment contract liabilities entails the use of assumptions and estimates which may be subject to management bias in the considerations of data used for the actuarial valuation of the insurance contract liabilities.	with the recommended approach by NAICOM and industry best practice. • We validated the data used in the valuation of the insurance contract liabilities. • We involved Deloitte Actuary in the review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirement of IFRS 4. • We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. • For the purposes of our audit, we focused our audit effort on the insurance contract liabilities valuation in relation to the assumptions and estimates made by management. We concluded that the actuarial valuation of the insurance contract liabilities appeared appropriate based on our review of the data, assumptions and basis of estimates.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP I17 LFN 2004, circulars and guidance issued by the National Insurance Commission (NAICOM), Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 and Section 28(2) of Insurance Act 117 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 Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

The Company contravened certain sections of Insurance Act or NAICOM circulars and guidelines with respect to its activities in 2017. The particulars thereof and penalties paid are as disclosed in note 45 to the financial statements.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
18 May, 2018

Engagement partner: Michael Daudu
FRC/2013/ICAN/00000000845

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1 388957

1. GENERAL INFORMATION

1.1 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)

2.1.1. New standards and amendments that are mandatorily effective for the current year

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarised in the table below:

IFRS	Effective date	Subject of standard/amendment
Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative	Effective for annual periods beginning on or after 1 January 2017	The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). IAS 7 was amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Company has provided the information for both the current and the comparative period.

IFRS	Effective date	Subject of standard/amendment
Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	Effective for annual periods beginning on or after 1 January 2017	IAS 12 Income Taxes was amended to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. The entity assesses deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Company applied amendments retrospectively. However, their application has no effect on the Company's financial position and performance as the Company has no deductible temporary differences or assets that are in the scope of the amendments.
Amendments to IFRS 12 Disclosure of Interests in Other Entities	Effective for annual periods beginning on or after 1 January 2017	The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not affect the Group's financial statements.

The application of these amendments has had no effect on the Group consolidated financial statements.

2.2.2 New and revised IFRSs in issue that are not mandatorily effective (but allow early application) for the year ended 31 December 2017

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

i. IFRS 9 Financial Instruments;
ii. IFRS 15 Revenue from Contracts with Customers;
iii. IFRS 16 Leases
iv. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
v. IFRS 17 Insurance Contracts
vi. Amendments to IFRS 4 upon applying IFRS 9

2.2.3 IFRS 9 Financial Instruments

(Effective for annual periods beginning on or after 1 January 2018)
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments. Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 bring together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Impact assessment

During the year, the Group performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on equity, except for the effect of applying the impairment requirements of IFRS 9. The Group expects some loss allowance resulting in a negative impact on equity and currently finalizing detailed assessment to determine the extent. The choice of approach to be adopted is Full Adoption, Overlay approach.

Classification and measurement

The Group does not expect a significant impact on its financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Unquoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in Other Comprehensive Income (OCI) will continue to be measured at fair value through OCI. Unquoted equity shares currently held as AFS and carried at cost will now be carried at fair value. Debt securities are expected to still be measured at amortised cost under IFRS 9 as the Company expects to hold the assets to collect contractual cash flows. The equity shares in non-listed companies are intended to be held for the foreseeable future. Impairment losses were recognised in profit or loss during prior periods for these investments. The Company will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flows characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(a) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. The Company will apply the general approach and record a lifetime expected losses on all loans and receivables. The Company has determined that due to the unsecured nature of its loans and receivables, the loss allowance will increase corresponding related decrease in the deferred tax liability.

(b) Hedge Accounting

The Company determined that there are no existing hedge relationships that are currently designated in effective hedging relationships. IFRS 9 Hedge accounting will not be relevant to the Company as it does not have derivatives and does not practice hedge accounting.

(c) Other adjustments

In addition to the adjustments described above, on adoption of IFRS 9, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them will be adjusted as necessary. The exchange differences on translation of financial instrument also be adjusted.

2.2.4 IFRS 15 Revenue from Contracts with Customers

(Effective for annual periods beginning on or after 1 January 2018)
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle 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.

The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

Step 1: Identify the contract 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.

Far more prescriptive guidance has been introduced by the new revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.

- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

2.2.5 IFRS 16 Leases

IFRS 16 Leases was issued, it specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date of this standard is 1 January 2018

2.2.6 Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

IFRS 2 was amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Effective date is 1 January 2018

2.2.7 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)

• A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required.

Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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, 2015.

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 measurement

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.

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;

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

The financial statements for the year ended 31 December 2016 were approved for issue by the Board of Directors on 21 June 2017.

(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) 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.

(e) Regulatory authority and financial reporting

The Group is regulated by the National Insurance Commission of Nigeria (NAICOM) under the Insurance Act and NAICOM circulars and guidelines. 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.
See note 55 for assets allocation that covers policy holders' funds.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the 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.

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 incorporate 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. Investment in subsidiaries in the separate financial statement of the parent entity is measured at cost less impairment.

(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.

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.

(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 lended 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.

(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 accounted for depended 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.

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 equipment	-	3
Fixtures 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. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

(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.

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 protect 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.

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.

(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 follow 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 are 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 12.5% 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.

(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.

3.37 Operating segment

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, general accident, employer's liability, engineering, marine, bond, Oil & gas and Motors.

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance

Consolidated and Separate Statement of Financial Position
As at 31 December 2017

In thousands of Naira	Notes	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Assets					
Cash and cash equivalents	5	1,765,531	1,717,895	1,656,765	1,572,473
Financial assets	6	1,119,717	1,702,256	1,119,717	1,702,256
Trade receivables	7	164,117	52,509	105,650	16,264
Reinsurance assets	8	478,023	342,340	478,023	342,340
Deferred acquisition cost	9	77,805	52,762	77,805	52,762
Other receivables and prepayments	10	287,656	157,590	294,652	169,821
Investment in subsidiary	11	-	-	204,813	183,556
Investment properties	12	4,791,817	4,565,408	4,791,817	4,565,408
Intangible assets	13	-	2,144	-	2,144
Property, plant and equipment	14	929,542	902,807	787,404	756,180
Deferred tax asset	23	6,033	6,033	6,033	6,033
Statutory deposit	15	500,000	500,000	500,000	500,000
Total assets		10,120,241	10,001,744	10,022,679	9,869,237
Liabilities					
Insurance contract liabilities	16	2,918,269	2,433,909	2,851,085	2,379,460
Investment contract liabilities	17	619,394	789,499	619,394	789,499
Trade payables	18	33,758	41,992	33,758	41,992
Retirement benefit obligation	19	2,406	2,406	2,406	2,406
Short term borrowings	20	-	519,893	-	519,893
Provisions and other payables	21	483,863	590,526	518,115	579,368
Deposit for shares	22	-	50,050	-	-
Deferred tax liabilities	23	15,029	12,446	6,371	4,840
Current income tax liabilities	24	150,196	131,040	145,870	126,501
Total liabilities		4,222,915	4,571,761	4,176,999	4,443,959
Net assets		**5,897,326**	**5,429,983**	**5,845,680**	**5,425,278**
Equity					
Issued and paid up capital	25	1,913,742	1,913,742	1,913,742	1,913,742
Share premium		3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve		858,103	796,149	858,103	796,149
Retained earnings		(656,287)	(993,469)	(604,979)	(949,649)
Assets revaluation reserve	29	614,600	600,176	568,150	554,372
Total equity attributable to owners of the Company		5,840,822	5,427,262	5,845,680	5,425,278
Non-controlling Interest		56,504	2,721	-	-
Shareholder's fund		**5,897,326**	**5,429,983**	**5,845,680**	**5,425,278**

These financial statements were approved by the Board of Directors on 23 March, 2018 and signed on its behalf by:

Mr. Bade Aluko
Chairman
FRC/2016/IODN/00000015579

Mrs. Cecilla .O. Osipitan
Managing Director/CEO
FRC/2012/CIIN/00000000596

Additional certification by:

Mr. Lekan Popoola
Chief Financial Officer
FRC/2014/ICAN/00000008933

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

		Group		Company	
In thousands of Naira	Note	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Gross premium written	30	3,017,021	2,208,815	2,876,620	2,124,553
Change in unearned premium	30a	(200,630)	491,304	(181,605)	469,228
Earned premium income	30(a)	2,816,391	2,700,119	2,695,015	2,593,781
Reinsurance expense	30(a)	(434,176)	(483,912)	(434,176)	(483,912)
Net insurance premium revenue		**2,382,215**	**2,216,207**	**2,260,839**	**2,109,869**
Commission income	31	108,486	105,038	108,486	105,038
Net underwriting Income		**2,490,701**	**2,321,245**	**2,369,325**	**2,214,907**
Net claims expense	32	1,119,442	1,543,701	1,062,203	1,488,843
Acquisition expenses	33	318,426	311,414	312,890	305,952
Maintenance costs	34	58,166	185,633	58,166	185,633
Underwriting expenses		**1,496,034**	**2,040,748**	**1,433,258**	**1,980,428**
Underwriting results		**994,667**	**280,497**	**936,066**	**234,479**
Investment income	35	401,284	306,572	380,877	297,560
Net fair value gains on assets measured at fair value through profit or loss:	36	271,297	(60,411)	271,296	(60,411)
Other operating income	37	214,497	154,683	214,497	154,683
Management expenses	38	(1,542,497)	(1,238,880)	(1,483,931)	(1,181,699)
Profit or loss on investment contract	17(d)	130,374	130,618	130,374	130,618
Results of operating activities		**469,621**	**(426,921)**	**449,180**	**(424,770)**
Impairment gain/ (losses)	39	(19,942)	(15,849)	1,314	(19,819)
Profit/(loss) before taxation		**449,679**	**(442,770)**	**450,494**	**(444,589)**
Income tax	24	(46,977)	(32,420)	(43,870)	(30,498)
Profit/(loss) after taxation		**402,702**	**(475,190)**	**406,624**	**(475,087)**
Transfer to contingency					
Other comprehensive income, net of tax					
Items within OCI that will not be reclassified to the profit or loss:					
Gain on revaluation of property, plant and equipment	29	16,212	20,583	15,309	20,583
Tax on gain on revaluation of property, plant and equipment	29	(1,621)	(2,058)	(1,531)	(2,058)
Other comprehensive income		**14,591**	**18,525**	**13,778**	**18,525**
Total comprehensive income for the year		**417,293**	**(456,665)**	**420,402**	**(456,562)**
Profit/(loss) attributable to:					
Shareholders		399,137	(475,088)	406,624	(475,087)
Non-controlling interest		3,565	(102)	-	-
		402,702	**(475,190)**	**406,624**	**(475,087)**
Total comprehensive income attributable to:					
Shareholders		417,126	(456,563)	420,402	(456,562)
Non-controlling interest		167	(102)	-	-
		417,292	**(456,665)**	**420,402**	**(456,562)**
Earnings per share					
– Basic earnings/(loss) per share (k)	40	10.52	(12.41)	10.62	(12.41)
– Diluted (loss)/ earning per share (k)		10.52	(12.41)	10.62	(12.41)

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Group 2017 *In thousands of Naira*	**Share Capital**	**Share premium**	**Asset revaluation reserve**	**Contingency reserve**	**Retained earnings**	**Total equity attributable to parent's shareholder**	**Non-Controlling interest**	**Total equity**
At 1 January 2017	1,913,742	3,110,664	600,176	796,149	(993,469)	5,427,262	2,721	5,429,983
								-
Total comprehensive								-
Profit or loss for the year	-	-	-	-	399,137	399,137	3,565	402,702
Other comprehensive	-	-	-	-	-	-	-	-
Revaluation of property in	-	-	14,424	-	-	14,424	167	14,591
Total other comprehensive	-	-	14,424	-	-	14,424	167	14,591
Total comprehensive	-	-	14,424	-	399,137	413,561	3,732	417,293
Transaction with owners,								
Transfer to contingency	-	-	-	61,954	(61,954)	-	-	-
Additional Non-Controlling							50,050	
Total contributions by and	-	-	-	61,954	(61,954)	-	50,050	-
At 31 December 2017	**1,913,742**	**3,110,664**	**614,600**	**858,103**	**(656,286)**	**5,840,823**	**56,503**	**5,897,326**

Consolidated and Separate Statement of Changes in Equity
In thousands of Naira

Group

2016	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total equity
In thousands of Naira								
At 1 January 2016	1,913,742	3,110,664	581,651	750,537	(472,769)	5,883,825	2,823	5,886,648
Total comprehensive income for the year								-
Profit or loss for the year	-	-	-	-	(475,088)	(475,088)	(102)	(475,190)
Other comprehensive income, net of tax:	-	-	-	-	-			-
Revaluation of property in use by the company	-	-	18,525	-	-	18,525	-	18,525
Total other comprehensive income for the year	-	-	18,525	-	-	18,525		18,525
Total comprehensive income for the year	-	-	18,525	-	(475,088)	(456,563)	(102)	(456,665)
Transaction with owners, recorded directly in equity:								-
Transfer to contingency reserve	-		-	45,612	(45,612)			
	-	-	-	45,612	(45,612)			-
Total contributions by and distributions to equity holders								-
At 31 December 2016	**1,913,742**	**3,110,664**	**600,176**	**796,149**	**(993,469)**	**5,427,262**	**2,721**	**5,429,983**

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Company

2017 *In thousands of Naira*	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Total equity
At 1 January 2017	1,913,742	3,110,664	554,372	796,149	(949,649)	5,425,278	5,425,278
Total comprehensive income for the							
Profit or loss for the year	-	-	-	-	406,624	406,624	406,624
Other comprehensive income, net of							
Revaluation of property in use by Company	-	-	13,778	-	-	13,778	13,778
Total other comprehensive income for the	-	-	13,778	-	-	13,778	13,778
Total comprehensive income for year	-	-	13,778	-	406,624	420,402	420,402
Transaction with owners, recorded directly in equity:							
Transfer to contingency reserve	-	-	-	61,954	(61,954)	-	-
Total contributions by and distributions to	-	-	-	61,954	(61,954)	-	-
At 31 December 2017	**1,913,742**	**3,110,664**	**568,150**	**858,103**	**(604,979)**	**5,845,680**	**5,845,680**

Consolidated and Separate Statement of Changes in Equity
In thousands of Naira

Company

2016	Share Capital	Share premium	Asset revaluation reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Total equity
In thousands of Naira							
At 1 January 2016	1,913,742	3,110,664	535,847	750,537	(428,950)	5,881,840	5,881,840
Total comprehensive income for the year							
Profit or loss for the year	-	-	-	-	(475,087)	(475,087)	(475,087)
Other comprehensive income, net of tax:	-	-	-	-	-	-	-
Revaluation of property in use by Company	-	-	18,525	-	-	18,525	18,525
Total other comprehensive income for the	-	-	18,525	-	-	18,525	18,525
Total comprehensive income for year	-	-	18,525	-	(475,087)	(456,562)	(456,562)
Transaction with owners, recorded							
Transfer to contingency reserve	-	-	-	45,612	(45,612)	-	-
Total contributions by and distributions to	-	-	-	45,612	(45,612)	-	-
At 31 December 2016	**1,913,742**	**3,110,664**	**554,372**	**796,149**	**(949,649)**	**5,425,278**	**5,425,278**

Consolidated and Separate Statement of Cash Flows

In thousands of Naira

		Group		Company	
	Note	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Cash flows from operating activities:					
Cash premium received		2,980,529	2,223,159	2,862,350	2,132,035
Reinsurance premium paid		(416,182)	(493,219)	(416,182)	(493,219)
Gross benefit and claims paid		(1,083,319)	(1,648,932)	(1,019,788)	(1,598,735)
Reinsurance recoveries		85,695	257,554	85,695	257,554
Commission paid		(343,469)	(256,072)	(337,933)	(250,610)
Maintenance expenses paid		(58,166)	(185,633)	(58,166)	(185,633)
Commission received		95,255	123,127	95,255	123,127
Cash from deposit Administration		(170,300)	47,832	(170,300)	47,832
Cash received/paid to intermediaries and other suppliers		(959,086)	(476,048)	(880,309)	(425,417)
Cash paid to employees		(520,228)	(552,729)	(495,900)	(527,183)
Cash generated from operations		(389,272)	(960,961)	(335,278)	(920,249)
Income tax paid	26	(26,861)	(91,250)	(24,501)	(91,250)
Net cash provided by operating activities		(416,133)	(1,052,211)	(359,779)	(1,011,499)
Cash flows from investing activities:					
Purchases of property, plant and equipment	15	(65,733)	(21,622)	(65,022)	(21,335)
Proceed from disposal of property, plant and equipment		1,137	6,266	1,137	6,266
Finance lease repayment proceeds		-	21,192	-	21,192
Purchase of financial assets		(142,134)	(919,479)	(142,134)	(919,479)
Proceeds from disposal and redemption of financial assets		829,201	255,127	829,201	255,127
Dividend received		31,674	23,302	14,345	23,302
Interest received		409,717	540,841	409,717	531,829
Rent received		46,430	36,517	43,350	36,517
Net cash provided by investing activities		1,110,291	(57,856)	1,090,595	(66,581)
Cash flows from financing activities:					
Proceed from borrowings		-	494,750	-	494,750
Repayment of deposit for shares		-	(500,000)	-	(500,000)
Repayment of borrowings		(646,521)		(646,521)	-
Deposit for shares		-	50,050	-	-
Net cash provided/ (used in) financing activities		(646,521)	44,800	(646,521)	(5,250)
Cash and cash equivalent at beginning of year		1,717,895	2,783,162	1,572,473	2,655,803
Net increase in cash and cash equivalent		47,637	(1,065,267)	84,295	(1,083,330)
Cash and cash equivalent at end of year	5	1,765,532	1,717,895	1,656,768	1,572,473

Notes to the consolidated and separate financial statements

In thousands of Naira	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
5 Cash and cash equivalents				
Cash at bank and in hand	126,553	461,772	125,457	459,910
Bank overdraft	(300,616)	(413,365)	(300,616)	(413,365)
Short-term bank deposits (note 5.1)	1,967,347	1,779,829	1,859,677	1,636,269
Cash and cash equivalent	1,793,284	1,828,236	1,684,518	1,682,814
Less:				
Allowance for Impairment (note 5.2)	(27,753)	(110,341)	(27,753)	(110,341)
	1,765,531	**1,717,895**	**1,656,765**	**1,572,473**

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 13.1% (2016: 12.7%). The carrying amounts reasonably approximate fair value at the reporting date.

5.2 The movement in the impairment balance at year end relates to some provision written back on bank balances as a result of further reconciliation of bank balances. It also included impairment allowance of N16.9 million in respect of the Resort Savings.

	Group		Company	
In thousands of Naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
At 1 January	110,341	102,157	110,341	102,157
Additional impairment	16,988	16,884	16,988	16,884
Impairment written back	(99,576)	(8,700)	(99,576)	(8,700)
At 31 December	27,753	110,341	27,753	110,341

6 Financial assets

Financial assets comprise of;				
Held to maturity (note (a) below)	366,435	926,918	366,435	926,918
Loans and receivables (note (b) below)	102,029	82,127	102,029	82,127
Available-for-sale (note (c) below)	169,401	187,192	169,401	187,192
Fair value through profit and loss (note (d) below)	481,852	506,019	481,852	506,019
	1,119,717	**1,702,256**	**1,119,717**	**1,702,256**
Current	468,464	1,009,045	468,464	1,009,045
Non-current	651,253	693,211	651,253	693,211
	1,119,717	**1,702,256**	**1,119,717**	**1,702,256**

(a) **Held to maturity**

Government bond	8,259	7,750	8,259	7,750
Corporate bond	262,370	259,105	262,301	259,105
Treasury bills	95,875	639,850	95,875	639,850
Placements with financial institutions	-	20,213	-	20,213
	366,504	**926,918**	**366,435**	**926,918**

Notes to the consolidated and separate financial statements

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
(b) **(i) Loans and receivables**				
Loan to policy holders	111,170	91,268	111,170	91,268
Staff Loans	3,436	3,436	3,436	3,436
	114,606	94,704	114,606	94,704
Impairment (note (b)(ii) below)	(12,577)	(12,577)	(12,577)	(12,577)
	102,029	**82,127**	**102,029**	**82,127**
Current	102,029	82,127	102,029	82,127
Non-current	-	-	-	-
	102,029	**82,127**	**102,029**	**82,127**
(ii) The movement in allowance for impairment losses is as follows:				
At 1 January	12,577	10,731	12,577	10,731
Addition during the year	-	1,846	-	1,846
At 31 December	**12,577**	**12,577**	**12,577**	**12,577**
(c) **Available-for-sale financial assets**				
Unlisted equity securities at cost (note(c)(i) below)	171,953	187,192	171,953	187,192
Impairment allowance	(2,552)	-	(2,552)	-
	169,401	**187,192**	**169,401**	**187,192**

(i) 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-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
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 Nigeria Aluminium Extrusions Limited	11,394	11,394	11,394	11,394
Investment in Sterling Assurance Nigeria Limited	82,225	82,225	82,225	82,225
Energy and Allied Investment	15,252	30,491	15,252	30,491
Waica Reinsurance Plc	18,686	18,686	18,686	18,686
	171,953	**187,192**	**171,953**	**187,192**

(ii) Investment in Waica Reinsurance Plc represents GNI Plc's investment in the entity at a cost of $61,267 and which was valued in naira at year end at a closing rate of N305/$1.

(iii) Impairment allowance relates to the allowance made on investments with Sterling Assurance Plc.

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
(d) Fair value through profit and loss investment securities				
At 1 January	506,019	608,856	506,019	608,855
Addition	49,430	-	49,430	-
Disposal	(72,677)	-	(72,677)	-
Fair value (loss)	(919)	(102,837)	(919)	(102,836)
At 31 December	**481,853**	**506,019**	**481,853**	**506,019**

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.

Notes to the consolidated and separate financial statements

(e) Movement schedule of financial assets

In thousands of Naira

2017	**Held to Maturity**	**Loans and Receivables**	**Available for - sale**	**Fair Value through profit or loss**	**Total**
At 1 January	926,918	82,127	187,192	506,019	1,702,256
Additions	95,875	19,902	-	49,430	165,207
Disposal	(670,869)	-	(15,239)	(72,678)	(758,786)
Redemption	(1,395)	-	-	-	(1,395)
Interest received	15,906	-	-	-	15,906
Fair value gain/loss	-	-	-	(919)	(919)
Impairment	-	-	(2,552)	-	(2,552)
At 31 December	**366,435**	**102,029**	**169,401**	**481,852**	**1,119,717**

2016	**Held to Maturity**	**Loans and Receivables**	**Available for - sale**	**Fair Value through profit or loss**	**Total**
At 1 January	297,912	71,334	157,659	608,855	1,135,760
Additions	909,220	12,639	10,259	-	932,118
Foreign exchange gain	-	-	7,348	-	7,348
Bonus	-	-	11,926	-	11,926
Redemption	(255,127)	-	-	-	(255,127)
Interest accrued	10,011	-	-	-	10,011
Interest received	(35,098)	-	-	-	(35,098)
Fair value gain/loss	-	-	-	(102,836)	(102,836)
Impairment	-	(1,846)	-	-	(1,846)
At 31 December	926,918	82,127	187,192	506,019	1,702,256

7 Trade receivables

(a) Trade receivables comprise:

In thousands of Naira	**Group**		**Company**	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Due from agents	59,520	174,812	1,053	174,812
Due from brokers	104,256	1,055,357	104,256	1,055,357
Due from insurance companies	341	273,058	341	236,813
	164,117	1,503,227	105,650	1,466,982
Impairment allowance (see note (b) below)	-	(1,450,718)	-	(1,450,718)
	164,117	**52,509**	**105,650**	**16,264**

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

In thousands of Naira	**Group**		**Company**	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
At 1 January	1,450,718	1,450,718	1,450,718	1,450,718
Write off	(1,375,199)	-	(1,375,199)	-
Provision no longer required	(75,519)	-	(75,519)	-
At 31 December	**-**	**1,450,718**	**-**	**1,450,718**

The premium outstanding for the company as at statement of position date represent balance due from brokers which has been fully received as at 31 January, 2017 in accordance with the no premium no cover guideline issued by the National Insurance Commission (NAICOM).

Notes to the consolidated and separate financial statements

(i) The age analysis of trade receivables as at the end of the year was as follows:

Gross premium	Group		Company	
Days	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
0 - 90 days	164,117	52,509	105,650	16,264
91 - 180 days	-	-	-	-
Over 180 days	-	1,450,718	-	1,450,718
	164,117	1,503,227	105,650	1,466,982

TABLE OF AGE ANALYSIS ON TRADE RECEIVABLE AS AT 31 DECEMBER 2017

COMPANY

NUMBERS OF SCHEMES	0 - 90 DAYS	91 - 180 DAYS	181 - 270 DAYS	GRAND TOTAL
				N'000
40	105,650	-	-	105,650
40				105,650

8 Reinsurance assets

	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
(a) Reinsurance recoveries-General business	289,559	180,433	289,559	180,433
Reinsurance recoveries-Life business	3,587	12,105	3,587	12,105
Prepaid re-insurance- General business	91,354	125,583	91,354	125,583
Minimum and deposit premium- General business	-	24,219	43,009	24,219
Balance due from reinsurance brokers	97,752	4,229	54,743	4,229
	482,252	**346,569**	**482,252**	**346,569**
Impairment allowance (see note (b) below)	(4,229)	(4,229)	(4,229)	(4,229)
	478,023	**342,340**	**478,023**	**342,340**

(b) The Company conducted an impairment review of the reinsurance assets and arrive at an impairment of N4.2 million. 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.

(c) Reinsurance assets consists of the following:

In thousands of Naira	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Prepaid reinsurance	92,670	137,688	92,670	137,688
Reinsurance share of IBNR	2,270	87,512	2,270	87,512
Claim recoverable	340,074	92,921	340,074	92,921
Minimum and deposit premium prepaid	43,009	24,219	43,009	24,219
	478,023	**342,340**	**478,023**	**342,340**
i **Movement in prepaid reinsurance**				
At 1 January	137,688	99,321	137,688	99,321
Additions in the year	364,939	480,425	364,939	480,425
Amortised in the year-reinsurance expense	(409,957)	(442,058)		(442,328)
At 31 December	**92,670**	**137,688**	**92,670**	**137,418**
ii **Movement in minimum and deposit premium**				
At 1 January	24,219	41,854	24,219	41,854
Additions in the year	43,009	24,219	43,009	24,219
Amortised in the year-reinsurance expense	(24,219)	(41,854)	(24,219)	(41,854)
At 31 December	**43,009**	**24,219**	**43,009**	**24,219**

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

	Group		Company	
General business	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Deferred acquisition cost- Fire	28,439	13,132	28,439	13,132
Deferred acquisition cost- Gen. Accident	28,844	16,587	28,844	16,587
Deferred acquisition cost- Motor	9,718	10,973	9,718	10,973
Deferred acquisition cost- Marine	4,352	7,057	4,352	7,057
Deferred acquisition cost- Bond	316	-	316	-
Deferred acquisition cost- Oil & Gas	5,948	5,013	5,948	5,013
Deferred acquisition cost- Workmen's compensation	188	-	188	-
	77,805	52,762	77,805	52,762
Life Business	-	-	-	-
	77,805	**52,762**	**77,805**	**52,762**
Current	77,805	52,762	77,805	52,762
Non- current	-	-	-	-
	77,805	**52,762**	**77,805**	**52,762**

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

General business				
At January	52,762	108,104	52,762	108,104
Additions during the year	343,469	256,072	337,933	250,610
Amortisation during the year	(318,426)	(311,414)	(312,890)	(305,952)
At 31 December	**77,805**	**52,762**	**77,805**	**52,762**

10 Other receivables and prepayments

(a) Other receivables and prepayments comprise:
In thousands of Naira

General business	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Prepayment	34,675	27,604	30,374	22,105
Stock and inventory	7,541	7,541	7,541	7,541
Dividend receivable	2,567	2,567	2,567	2,567
Staff Advances	23,168	27,022	23,168	27,022
Rent receivable	139,914	111,786	139,914	111,786
Receivable from former Wema Bank Group (note a (i) below)	84,908	84,908	84,908	84,908
Intercompany receivables	-	-	11,297	17,730
Deposit for investments (note a (ii) below)	102,094	102,094	102,094	102,094
Other receivables (note a (iii) below)	260,252	168,999	260,252	168,999
	655,119	532,521	662,115	544,752
Impairment allowance (note (b) below)	(367,463)	(374,931)	(367,463)	(374,931)
	287,656	**157,590**	**294,652**	**169,821**
Current	287,656	157,590	294,652	169,821
Non-current	-	-	-	-
	287,656	**157,590**	**294,652**	**169,821**

(i) The receivables from former Wema Bank group is made up of balances from Independent Securities, Wise Property Limited and Wema Securities Plc. Full impairment has been made for the account balance.

(ii) 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.

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

Notes to the consolidated and separate financial statements

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

In thousands of Naira	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
At 1 January	374,931	373,342	374,931	373,342
Addition during the year	-	1,589	-	1,589
Write back during the year	(4,087)	-	(4,087)	-
Write back during the year	(3,381)	-	(3,381)	-
At 31 December	**367,463**	**374,931**	**367,463**	**374,931**

11 Investment in subsidiary

Cost	-	-	225,000	225,000
Impairment allowance	-	-	(20,187)	(41,444)
At 31 December	**-**	**-**	**204,813**	**183,556**

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. In 2017, the company raised additional capital through private placement which reduced GNI Plc's shareholding in GNI Healthcare, consequently, the interest reduced to 79.4% from 97.5%

The movement in impairment allowance on investment in subsidiary during the year was as follows:

In thousands of Naira	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
At 1 January	374,931	373,342	41,444	37,473
Addition during the year	-	1,589	-	3,971
Write back during the year	(7,468)	-	(21,257)	-
At 31 December	367,463	374,931	20,187	41,444

12 Investment properties

At 1 January	4,565,408	4,522,983	4,565,408	4,522,983
Foreign exchange upon revaluation	14,888	-	14,888	-
Fair value gain	211,521	42,425	211,521	42,425
At 31 December	**4,791,817**	**4,565,408**	**4,791,817**	**4,565,408**

	In thousands of Naira	**COMPARATIVE ANALYSIS OF INVESTMENT PROPERTIES**					
	PROPERTY	**VALUE 1 JAN 2017**	**ADDITIONS**	**DISPOSALS**	**FAIR VALUE GAIN**	**EXCHANGE GAIN**	**VALUE 31 DEC 2017**
1	GNI House, West Arbour,	145,186	-	-	160,074	14,888	320,149
2	GNI House, 39/41 Martins	469,561	-	-	6,974	-	476,534
3	GNI House, Akure	336,685	-	-	6,734	-	343,419
4	GNI House, Abeokuta	214,200	-	-	4,284	-	218,484
5	GNI House, Wuse Abuja	331,500	-	-	8,288	-	339,788
6	GNI Oregun WareHouse	517,401	-	-	16,154	-	533,556
7	GNI House, 47/57 Martins	2,550,875	-		9,013	-	2,559,888
	GRAND TOTAL	**4,565,408**			**211,521**	**14,888**	**4,791,817**

Notes to the consolidated and separate financial statements

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

In thousands of Naira Investment properties location	Status of Title	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
GNI House, Alagbaka Road Akure	Perfected	343,419	336,685	343,419	336,685
GNI House, Along Onikolobo Road, Panseke, Abeokuta	Perfected	218,484	214,200	218,484	214,200
GNI House, 47/57 Martins street, Off Broad Street Marina Lagos (see note 13b)	Perfected	2,559,888	2,550,875	2,559,888	2,550,875
GNI House, 39/41 Martins street, Off Broad Street Marina Lagos	Perfected	476,534	469,561	476,534	469,561
GNI House, No. 11 Malanje Street, Wuse Zone 4 Abuja	Perfected	339,788	331,500	339,788	331,500
Oregun Warehouse, Plot 13-17, Morrison Crescent Oregun Lagos	Perfected	533,556	517,401	533,556	517,401
GNI House, No. 13, West Arbour Street London E1 OPQ U.K	Perfected	320,148	145,186	320,147	145,186
		4,791,817	**4,565,408**	**4,791,817**	**4,565,408**

(b) The property at 47/57 Marina Street, Marina Lagos 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 increased from N2.250 billion to N2.259 billion as a result of increase of N9 million in the value of the land. The company has obtained approval for the renovation of the building from the Lagos State Physical Planning in year 2016. The claims received from the Insurers of the property has also been warehoused in a fund account.

(c) The London property at 13, West Arbour street Stepney London, United Kingdom was valued as at 31 December 2017 at N412.975 to £1 as opposed to the prior year valuation as at 31 December 2016 at N374.566 to £1. The property also increased in value from £387,612.6 as at 31 December 2016 to £775,225.2 as at 31 December 2017.

(d) 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 2017.

The fair value measurement for the investment properties of N4.5billion 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.

Valuation technique	Significant unobservable 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).

13 Intangible assets

(a) *In thousands of Naira*

	Group	Group	Company	
	Purchased Computer Software		Purchased Computer Software	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Cost:				
At 31 December	229,382	229,382	199,382	199,382
Amortisation:				
At January	227,238	168,329	197,238	138,329
Amortisation charge	2,144	58,909	2,144	58,909
At 31 December	229,382	227,238	199,382	197,238
Carrying amount	**-**	**2,144**	**-**	**2,144**

(b) The intangible assets of the Group are made up of purchased computer software.

Notes to the consolidated and separate financial statements

14 Property, plant and equipment

(a) Group

In thousands of Naira

2017	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATING SET	FURNITURE & EQUIPMENT	TOTAL
Cost								
At 1 January	516,290	451,229	37,288	105,993	319,978	98,791	114,929	1,644,498
Revaluation gains	7,893	8,320	-	-	-	-	-	16,213
Additions	-	-	2,728	1,945	56,218	4,187	658	65,736
Disposals	-	-	(397)	-	(8,251)	-	-	(8,648)
At 31 December	**524,183**	**459,549**	**40,016**	**107,935**	**367,945**	**102,978**	**115,190**	**1,717,796**
Accumulated depreciation								
At 1 January	76,308	79,680	22,451	98,060	278,112	91,887	95,193	741,691
Charge for the year	1,023	3,060	2,992	5,439	31,198	4,950	5,622	54,284
Transfer	(542)	542	-	-	-	-	-	-
Disposals	-	-	(208)	-	(7,510)	-	-	(7,718)
At 31 December	**76,789**	**83,282**	**25,235**	**103,499**	**301,800**	**96,837**	**100,815**	**788,257**
Carrying amount								
At 31 December 2017	**447,394**	**376,267**	**14,384**	**4,439**	**66,145**	**6,141**	**14,772**	**929,542**
At 1 January 2016	**439,982**	**371,549**	**14,837**	**7,933**	**41,866**	**6,904**	**19,736**	**902,807**

i. The Group had no capital commitments as at year end (31 December 2016: Nil)
ii. The Group's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valuers on 31 December 2017 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 financial statements

(b) Property, plant and equipment

Company

In thousands of Naira

2017	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATING SET	FURNITURE & EQUIPMENT	TOTAL
Cost								
At 1 January 2017	475,385	340,788	30,433	103,303	311,088	98,791	114,929	1,474,717
Revaluation gains	6,798	8,511	-	-	-	-	-	15,309
Additions	-	-	2,728	1,231	56,218	4,187	658	65,022
Disposals	-	-	(397)	-	(8,251)	-		(8,648)
Balance, end of year	482,183	349,299	32,764	104,534	359,055	102,978	115,587	1,546,401
Accumulated depreciation								
At 1 January 2017	74,379	71,478	19,572	95,509	270,518	91,887	95,193	718,536
Charge for the year	-	299	2,992	5,271	29,901	4,950	4,765	48,178
Adjustment	(542)	542	-	-	-	-	-	-
Disposals	-	-	(208)	-	(7,510)	-	-	(7,718)
At 31 December 2017	73,837	72,319	22,356	100,780	292,909	96,837	99,958	758,996
Carrying amount								
At 31 December 2017	**408,347**	**276,978**	**10,408**	**3,754**	**66,146**	**6,140**	**15,630**	**787,404**
At 1 January 2017	**401,006**	**269,310**	**10,861**	**7,794**	**40,569**	**6,904**	**19,736**	**756,180**

i. The Company had no capital commitments as at year end (31 December 2017: Nil)
ii. The Company's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valuers on 31 December 2017 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.
iv. We had to make adjustment in Accumulated Depreciation on Land and Building to properly recognize the correct depreciation charges earlier on posted against land (over the years).

Notes to the consolidated and separate financial statements

15 Statutory deposit

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2017, in compliance with the Insurance Act, CAP 117 LFN 2004. It comprises:

In thousands of Naira	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
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**

16 Insurance contract liabilities

In thousands of Naira

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Notified claims	1,172,782	799,079	1,151,218	780,903
Claims incurred but not reported	644,997	733,971	643,680	723,975
Outstanding claims (note (a) below):	1,816,780	1,533,050	1,794,898	1,504,878
Unearned premiums (note (b) below)	724,333	455,580	679,030	429,303
Life insurance contract liabilities (note (c)(i) below)	377,157	445,279	377,157	445,279
	2,918,270	**2,433,909**	**2,851,085**	**2,379,460**
Current	799,079	799,079	780,903	780,903
Non-current	2,119,191	1,634,830	2,070,182	1,598,557
	2,918,270	**2,433,909**	**2,851,085**	**2,379,460**

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 Ernst & Young actuary, located in Nigeria with FRC number FRC/NAS/00000000738 as at 31 December 2017.

Notes to the consolidated and separate financial statements

(a) Claims reported and IBNR:

31-Dec-17

The claims reported are analysed below:

In thousands of Naira	**Gross claims Outstanding 31-Dec-17**	**Provision for IBNR 31-Dec-17**	**Outstanding Claims 31-Dec-17**
General			
General accidents	129,109	48,100	177,210
Fire	184,328	19,771	204,099
Marine	12,375	24,005	36,381
Motor	25,647	42,178	67,824
Oil and gas	86,741	12,897	99,638
Employer's liability	2,450	6,042	8,492
	440,650	152,993	593,644
Life			
Group life	703,422	490,686	1,194,108
Individual life	7,146		7,146
	710,568	490,686	1,201,254
Company	1,151,218	643,679	1,794,898
Healthcare	13,080	8,802	21,882
Group	**1,164,298**	**652,482**	**1,816,780**

31-Dec-16

The claims reported are analysed below:

In thousands of Naira	**Gross claims Outstanding 31-Dec-16**	**Provision for IBNR 31-Dec-16**	**Outstanding Claims 31-Dec-16**
General			
Fire	133,532	72,131	205,663
General accidents	45,607	65,916	111,523
Motor	42,562	6,804	49,366
Marine	28,513	17,677	46,190
Oil and gas	92,219	34,255	126,474
Employers liability	1,914	4,065	5,979
	344,347	200,848	545,195
Life			
Group life	409,571	523,127	932,698
Individual life	26,985	-	26,985
	436,556	523,127	959,683
Company	780,909	723,975	1,504,878
Healthcare	18,176	9,996	28,172
	799,079	**733,971**	**1,533,050**

Notes to the consolidated and separate financial statements

General *In thousands of Naira*	**Group 31-Dec-17**	**Group 31-Dec-16**	**Company 31-Dec-17**	**Company 31-Dec-16**
Gross provision for outstanding claims	440,650	344,347	440,650	344,347
Provision for IBNR	152,993	200,848	152,993	200,848
Provision for outstanding claims - closing	593,644	545,195	593,644	545,195
Provision for outstanding claims - opening	(545,195)	(673,741)	(545,195)	(673,741)
Decrease/(increase) in provision for outstanding claims	48,449	(128,546)	48,449	(128,546)
Life				
Gross provision for outstanding claims	710,568	436,556	710,568	436,556
Provision for IBNR	490,686	523,127	490,686	523,127
Provision for outstanding claims - closing	1,201,254	959,683	1,201,254	959,683
Provision for outstanding claims - opening	(959,683)	(795,462)	(959,683)	(795,462)
Increase in provision for outstanding claims	241,571	164,221	241,571	164,221
Healthcare				
Gross provision for outstanding claims	13,080	18,176		
Provision for IBNR	8,801	9,996		
Provision for outstanding claims - closing	21,882	28,172		
Provision for outstanding claims - opening	(28,172)	(23,511)		
Increase in provision for outstanding claims	(6,290)	4,661		
	283,730	**40,336**	**290,020**	**35,675**

(b) Unearned premium

(b)(i) Unearned premium comprises:
In thousands of Naira

General				
Fire	74,876	99,198	74,876	99,198
General accidents	79,445	83,240	79,445	83,240
Motor	105,358	124,524	105,358	124,524
Marine	21,694	38,999	21,694	38,999
Employer's liability	2,281	1,373	2,281	1,373
Engineering	32,807	7,496	32,807	7,496
Bond	3,583	746	3,583	746
	-	28,379	-	28,379
	320,044	383,956	320,044	383,956
Life				
Group life fund	358,986	45,347	358,986	45,347
Individual life fund	-	-	-	-
	358,986	45,347	358,986	45,347
Healthcare	45,303	26,278		
	45,303	26,278		
	724,333	455,581	679,030	429,303

Notes to the consolidated and separate financial statements

(b)(ii) The movement in unearned premium reserve UPR during the year was as follows:

2017

In thousands of Naira	**General**	**Group Life**	**Health Care**	**Combined**
At 1 January	383,956	45,347	26,278	455,581
Increase/(decrease) provision in unearned premium reserve	(63,912)	313,639	19,025	268,752
At 31 December	320,044	358,986	45,303	724,333

2016

In thousands of Naira				
At 1 January	318,502	598,595	48,354	965,451
Increase/(decrease) provision in unearned premium reserve	65,454	(553,248)	(22,076)	(509,870)
At 31 December	**383,956**	**45,347**	**26,278**	**455,581**

	Group	**Group**	**Company**	**Company**
(c)(i) ***Life fund***	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Group life fund	45,144	6,135	45,144	6,135
Individual life fund	178,080	316,058	178,080	316,058
Annuity	153,932	123,086	153,932	123,086
	377,156	**445,279**	**377,156**	**445,279**

(c)(ii) The movement in life fund during the year was as follows:

2017

In thousands of Naira	**Individual Life**	**Group Life**	**Annuity**	**Combined**
At 1 January	316,058	6,135	123,086	445,279
Increase/(decrease) provision in life fund	(137,978)	39,010	30,846	(68,122)
At 31 December	178,080	45,144	153,932	377,156

2016

In thousands of Naira	**Individual Life**	**Group Life**	**Annuity**	**Combined**
At 1 January	370,247	940	55,526	426,713
Increase/(decrease) provision in life fund	(54,189)	5,195	67,560	18,566
At 31 December	316,058	6,135	123,086	445,279

Notes to the consolidated and separate financial statements

AGED ANALYSIS OF OUTSTANDING CLAIMS

COMBINE POSITION

S/N	NUMBERS OF SCHEMES	0 - 90 DAYS	91 - 180 DAYS	181 - 270 DAYS	271 - 365 DAYS	366 AND ABOVE	GRAND TOTAL
1	164	240,721.98	-	-	-	-	240,721.98
2	150	-	106,490.53	-	-	-	106,490.53
3	152	-	-	384,914.88	-	-	384,914.88
4	107	-	-	-	34,483.39	-	34,483.39
5	600	-	-	-	-	384,607.21	384,607.21
	1173						**1,151,217.99**

GENERAL BUSINESS

S/N	NUMBERS OF SCHEMES	0 - 90 DAYS	91 - 180 DAYS	181 - 270 DAYS	271 - 365 DAYS	366 AND ABOVE	GRAND TOTAL
1	**87**	**97,075.70**	**-**	**-**	**-**	**-**	**97,075.70**
2	**52**	**-**	**22,555.32**	**-**	**-**	**-**	**22,555.32**
3	**67**	**-**	**-**	**67,119.33**	**-**	**-**	**67,119.33**
4	**90**	**-**	**-**	**-**	**15,988.12**	**-**	**15,988.12**
5	**532**	**-**	**-**	**-**	**-**	**237,911.84**	**237,911.84**
	828						**440,650.30**

LIFE BUSINESS

S/N	NUMBERS OF SCHEMES	0 - 90 DAYS	91 - 180 DAYS	181 - 270 DAYS	271 - 365 DAYS	3660AND ABOVE	GRAND TOTAL
1	77	143,646.28	-	-	-	-	143,646.28
2	98	-	83,935.21	-	-	-	83,935.21
3	85	-	-	317,795.55	-	-	317,795.55
4	17	-	-	-	18,495.28	-	18,495.28
5	68	-	-	-	-	146,695.37	146,695.37
	345						**710,567.69**

Outstanding Claims in excess of 90 days relate to claims reported that were not yet fully documented and claims that were still passing through approval process as at 31st December 2017

Notes to the consolidated and separate financial statements

17 Investment contract liabilities

(a) At amortised cost

	Group		Company	
In thousands of Naira	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Deposit administration	603,794	774,095	603,794	774,095
Guaranteed interest (note (c) below)	15,600	15,404	15,600	15,404
	619,394	789,499	619,394	789,499
Current	-	-	-	-
Non-current	619,394	789,499	619,394	789,499
	619,394	**789,499**	**619,394**	**789,499**

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

In thousands of Naira	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
At 1 January	789,498	726,262	789,498	726,262
Additions during the year	239,918	52,545	239,918	52,545
Guaranteed interest	196	15,404	196	15,404
Withdrawals	(410,218)	(4,713)	(410,218)	(4,713)
At 31 December	619,394	789,498	619,394	789,498

(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		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Interest income	130,570	146,022	130,570	146,022
Guaranteed Interest	(196)	(15,404)	(196)	(15,404)
At 31 December	130,374	130,618	130,374	130,618

18 Trade payable

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

In thousands of Naira	**Group 31-Dec-17**	**Group 31-Dec-16**	**Company 31-Dec-17**	**Company 31-Dec-16**
Due to reinsurers	33,758	41,992	33,758	41,992
Current	33,758	41,992	33,758	41,992
Non-current	-	-	-	-
	33,758	**41,992**	**33,758**	**41,992**

19 Retirement benefit obligation

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		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
At 31 January	2,406	3,097	2,406	3,097
Payment during the year	-	(691)	-	(691)
At 31 December	**2,406**	**2,406**	**2,406**	**2,406**

Notes to the consolidated and separate financial statements

20 Short term borrowing

In thousands of Naira	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Borrowings carried at amortised cost	**-**	**519,893**	**-**	**519,893**

The borrowing represents cash advance of N500m granted to the company by WEMA bank to meet urgent working capital needs. The facility has a tenor of 180 days with 24.5% interest rate. This has been fully repaid as at year end.

21 Provisions and other payables

In thousands of Naira	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Unearned income (note (a) below)	29,305	29,305	29,305	29,305
Accrued Supervisory fees	135	35,570	135	35,570
Payable to WEMA Bank Group	4,508	-	4,508	-
Pension payables (note (b) below)	952	779	-	-
Withholding tax payable	1,309	7,863	1,226	7,224
Other accruals and payables	136,942	77,247	136,942	77,247
Provision (note (c) below)	39,860	40,230	39,860	40,230
Claims fund (note (d) below)	-	159,236	-	159,236
Sundry creditors	270,852	240,296	306,139	230,556
	483,863	**590,526**	**518,115**	**579,368**
Current	29,305	29,305	29,305	29,305
Non-current	454,558	561,221	488,810	550,063
	483,863	**590,526**	**518,115**	**579,368**

(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.

In thousands of Naira	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
(b) **Pension payable**				
At 1 January	779	-	-	-
Addition during the year	208	25,438	-	24,124
Remittance during the year	(35)	(24,659)	-	(24,124)
At 31 December	**952**	**779**	**-**	**-**

(c) 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.

(d) Claims fund represents claims recovered from co-insurers on the fire affected property of the company at 47/49 Martins Street, Lagos Island, Lagos.

22 Deposit for shares

In thousands of Naira	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
At 1 January	50,050	500,000	-	500,000
Cash deposited	-	50,050	-	-
Withdrawal	-	(500,000)	-	(500,000)
Utilised through allotment of shares	(50,050)	-	-	-
At 31 December	-	50,050	-	-

The deposit for shares represents cash deposited by the shareholders in the year 2016. These shares have been allotted in the year 2017.

23 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.

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Assets:				
Property, plant and equipment	(6,033)	(6,033)	(6,033)	(6,033)
Unrelieved losses	-	-	-	-
Deferred tax assets	(6,033)	(6,033)	(6,033)	(6,033)
Liabilities:				
Property, plant and equipment	15,029	12,446	6,371	4,840
Investment properties	-	-		
Deferred tax liabilities	15,029	12,446	6,371	4,840
Net Deferred tax liabilities/(assets)	**8,996**	**6,413**	**338**	**(1,193)**

Group

The movement in temporary differences recognised during the year ended 31 December 2017 is as follows:

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(169,637)	-	1,621	(168,016)
Tax Adjustment	17,837	-	-	17,837
Unrelieved losses	(317,187)	-	-	(317,187)
Investment properties	475,400	-	-	475,400
	6,413	-	1,621	8,034

Company

The movement in temporary differences recognised during the year ended 31 December 2017 is as follows:

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(40,626)	-	1,531	(39,095)
Unrelieved losses	(294,691)	-	-	(294,691)
Investment properties	334,124	-	-	334,124
	(1,193)	-	1,531	338

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(171,695)	-	2,058	(169,637)
Tax adjustment	17,837	-	-	17,837
Unrelieved losses	(317,846)	659	-	(317,187)
Investment properties	475,400	-	-	475,400
	3,696	659	2,058	6,413

Company
The movement in temporary differences recognised during the year ended 31 December 2016 is as follows:

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(42,684)	-	2,058	(40,626)
Unrelieved losses	(294,691)	-	-	(294,691)
Investment properties	334,124	-	-	334,124
	(3,251)	-	2,058	(1,193)

Unrecognized deferred tax assets
Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

24 Taxation

(a) Current income tax liabilities
The movement in this account during the year was as follows:

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
At 1 January	131,040	190,529	126,501	187,253
Payments during the year	(26,861)	(91,250)	(24,501)	(91,250)
Charge for the year (see note b below)	46,017	31,761	43,870	30,498
At 31 December	**150,196**	**131,040**	**145,870**	**126,501**
Current	150,196	131,040	145,870	126,501
Non-current	-	-	-	-
	150,196	**131,040**	**145,870**	**126,501**

(b) Income tax expense for the year comprises;
In thousands of Naira

Corporate income tax charge	-	-	-	-
Tertiary education tax	6,374	192	5,672	-
Information technology levy	4,504	-	4,504	-
	10,878	192	10,176	-
Minimum Tax	35,139	31,569	33,694	30,498
Charge for the year	46,017	31,761	43,870	30,498
Deferred tax charge	962	659	-	-
	46,979	**32,420**	**43,870**	**30,498**

i Tax Expense - Group

In thousands of Naira	31-Dec-17 N'000	31-Dec-16 N'000
Company income tax	43,870	-
Education tax	-	192
Information tax	-	31,569
Current income tax charge	43,870	31,761
Deferred tax credit/charge	960	659
NITDA	-	-
	44,830	32,420

The current tax charge has been computed at the applicable rate of 30% (31 December 2016: 30%) plus education tax of 2% (31 December 2016: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible for tax purposes. Non-deductible expenses include items such as public relations expenses, levies and penalties and certain provisions which are not allowed as 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

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:

Group

In thousands of Naira

	31-Dec-17		31-Dec-16	
Profit before tax	449,679	100%	(442,770)	100%
Tax using domestic tax rate	141,551	30%	(132,831)	30%
Non-deductible expenses	25,523	5%	49,958	(11%)
Tertiary education tax	6,374	1%	192	0%
Tax exempt income	(104,209)	(23%)	(26,397)	6%
Tax incentives	(184)	0%	(106,820)	24%
Minimum tax adjustment	35,137	(7%)	31,569	(7%)
Revaluation /fair valuation	1,440	0%		
Information technology levy	4,505	1%	-	0%
	43,921	22%	216,090	49%

i Tax Expense - Company

In thousands of Naira

	31-Dec-17			31-Dec-16
	General Business	Life Business	Total	
Company Income tax	-	-	-	-
Education tax	845	4,827	5,672	-
Minimum tax	13,806	19,888	33,694	30,498
Current Income tax Charge	14,651	24,715	39,366	30,498
NITDA	1,388	3,116	4,504	-
	16,039	27,831	43,870	30,498

The current tax charge has been computed at the applicable rate of 30% (31 December 2016: 30%) plus education tax of 2% (31 December 2016: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible for tax purposes. Non-deductible expenses include items such as public relations expenses, levies and penalties and certain provisions which are not allowed as 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

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:

Company

In thousands of Naira

	31-Dec-17				31-Dec-16	
	General Business	Life	Total	%		%
Profit before tax	138,848	311,647	450,495	100%	283,468	100%
Tax using domestic tax rate	41,654	93,494	135,149	30%	85,041	30%
Non-deductible expenses	8,761	14,199	22,960	5%	105,510	37%
Tertiary education tax	845	4,827	5,672	1%	767	0%
Tax exempt income	(82,576)	(21,633)	(104,209)	(23%)	(20,921)	(7%)
Tax incentives	(151)	(12)	(163)	0%	(158,052)	(56%)
Minimum tax adjustment	13,806	19,888	33,694	7%	33,136	12%
Revaluation/fair valuation	1,531	-	1,531	0%		
Information technology levy	1,388	3,116	4,505	1%	5,827	2%
	(14,740)	113,880	99,139	22%	39,890	18%

Notes to the consolidated and separate financial statements

25 Share Capital

Share capital comprises:

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
(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	5,550,000	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**

26 Share premium

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

27 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 are 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.

28 Retained earnings

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

29 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-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
At 1 January	600,176	581,651	554,372	535,847
Revaluation gain	16,212	20,583	15,309	20,583
Tax on revaluation of property	(1,621)	(2,058)	(1,531)	(2,058)
Non-controlling interest	(167)	-	-	-
At 31 December	**614,600**	**600,176**	**568,150**	**554,372**

Notes to the consolidated and separate financial statements

30 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		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
General business				
Fire	254,127	327,748	254,127	327,748
General accidents	274,770	312,520	274,770	312,520
Employer's liability	11,174	8,930	11,174	8,930
Engineering	29,049	27,306	29,049	27,306
Marine	98,353	144,728	98,353	144,728
Bond	2,182	1,069	2,182	1,069
Oil and gas	99,325	88,828	99,325	88,828
Motor	286,177	307,175	286,177	307,175
	1,055,157	1,218,304	1,055,157	1,218,304
Life business				
Individual Life	144,111	413,829	144,111	413,829
Group life	1,660,368	417,721	1,660,368	417,721
Annuity	16,984	74,699	16,984	74,699
	1,821,463	906,249	1,821,463	906,249
GNI Healthcare	140,401	84,262	-	-
Group premium written	**3,017,021**	**2,208,815**	**2,876,620**	**2,124,553**

30a Net insurance premium revenue

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
In thousands of Naira				
Short-term insurance contracts:				
– Gross premium	3,017,021	2,208,815	2,876,620	2,124,553
Changes in unearned premium (see note 16c)	(268,752)	509,870	(249,727)	487,794
Changes in life fund (see note 16d)	68,122	(18,566)	68,122	(18,566)
Premium revenue arising from insurance contracts	2,816,391	2,700,119	2,695,015	2,593,781
Short-term reinsurance contract:				
– Reinsurance cost	(434,176)	(483,912)	(434,176)	(483,912)
Net premium revenue ceded to reinsurers on insurance contracts issued	(434,176)	(483,912)	(434,176)	(483,912)
Net insurance premium revenue	**2,382,215**	**2,216,207**	**2,260,840**	**2,109,869**

31 Commission income

In thousands of Naira				
– Insurance contracts	108,486	105,038	108,486	105,038

32 Net claims and benefits paid

Insurance claims and loss adjustment expenses

In thousands of Naira				
Gross benefits & claims paid	1,083,319	1,648,932	1,019,788	1,598,735
Gross changes in outstanding claims	283,729	40,336	290,020	35,675
	1,367,048	1,689,268	1,309,808	1,634,410
Recoverable from re-insurance	(247,606)	(145,567)	(247,606)	(145,567)
Net claims and benefits expenses	**1,119,442**	**1,543,701**	**1,062,203**	**1,488,843**

33 Expenses for the acquisition of insurance and investment contracts

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Costs incurred for the acquisition of general insurance contracts expensed in the year.	150,301	114,272	150,301	114,272
Costs incurred for the acquisition of life insurance contracts expensed in the year.	162,589	191,680	162,589	191,680
Costs incurred for the acquisition of Health insurance contracts expensed in the year.	5,536	5,462	-	-
	318,426	311,414	312,890	305,952

34 Maintenance cost

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Costs incurred for the maintenance of general insurance contracts	25,276	80,912	25,276	80,912
Costs incurred for the maintenance of life insurance contracts	32,890	104,721	32,890	104,721
	58,166	185,633	58,166	185,633

35 Investment income

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Dividend income	31,674	23,302	14,345	23,302
Interest income	295,053	234,965	295,053	225,953
Rental income	74,558	48,305	71,479	48,305
	401,284	**306,572**	**380,877**	**297,560**
Attributable to:				
- Shareholders	216,694	165,549	205,674	160,683
- Policy holders	184,591	141,023	175,203	136,877
	401,284	**306,572**	**380,877**	**297,560**

36 Net fair value gains on assets measured at fair value through profit or loss

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Net fair value gains on financial assets at fair value through profit or loss	59,776	(102,836)	59,776	(102,836)
Fair value gains on investment properties	211,521	42,425	211,521	42,425
	271,297	**(60,411)**	**271,297**	**(60,411)**

37 Other operating income

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Profit on disposal of asset	207	641	207	641
Exchange gain (note 39.1)	-	106,663	-	106,663
Foreign exchange on revaluation of investment property	14,888	-	14,888	-
Gain on disposal on investments	11,496	-	11,496	-
Write back of impairment on trade receivables	75,519	-	75,519	-
Write back of impairment on cash and cash equivalents	99,576	-	99,576	-
Write back of impairment on other receivables	3,381	-	3,381	-
Other income	9,430	47,379	9,430	47,379
	214,497	**154,683**	**214,497**	**154,683**

37.1 Exchange gains of N107 million represents net fair value gains of investments and bank balances held in foreign currency (USD) and (Euro) as at 31 December 2017. The CBN exchange rates for United States Dollar and European Euro to Nigerian Naira as at year end were N305/$1 and N321.58/Euro.

Notes to the consolidated and separate financial statements

In thousands of Naira	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
38 Management expenses				
Management expenses comprise of:				
(a) Employee benefit expense				
Wages and salaries	402,933	458,494	383,703	439,721
Pension costs – defined contribution plans	42,334	25,438	41,276	24,124
Other benefits	74,961	68,884	70,921	62,647
	520,228	552,816	495,900	526,492
(b) Other operating expenses				
Depreciation	54,284	70,382	48,178	63,015
Amortisation of intangible assets	2,143	58,910	2,143	58,910
Auditor's remuneration	20,606	26,500	16,537	22,500
Bank charges	8,243	7,305	8,243	7,305
Directors fees and expenses	12,251	17,101	12,251	15,747
Repairs & maintenance expense	76,817	59,421	75,060	58,881
Travel and representation	41,417	38,822	41,417	38,822
Advertising	10,544	9,016	10,544	9,016
Occupancy expenses	21,668	21,454	21,668	21,454
Motor vehicle running expenses	7,315	607	7,315	607
Fees and assessment	27,720	17,507	27,720	17,507
Office supply and stationery	17,703	17,143	17,703	17,143
Communication and postages	44,758	32,344	44,758	32,344
Legal, Professional & Other Charges	318,671	118,890	314,402	109,336
Insurance	10,969	12,786	10,969	12,786
Overhead/other administrative expenses	217,637	152,733	199,599	144,691
	892,747	660,921	858,508	630,064
Finance cost	129,522	25,143	129,522	25,143
Management expenses	**1,542,497**	**1,238,880**	**1,483,931**	**1,181,699**

39 Impairment losses

Allowance/(write back) of impairment - Life Business	2,954	(588)	(18,302)	3,382
Allowance/(write back) of impairment - General Business	16,988	16,437	16,988	16,437
Net impairment losses	19,942	15,849	(1,314)	19,819
Impairment on cash and cash equivalents				
Impairment charge on financial assets	2,552	1,846	2,552	1,846
Bad debts on trade receivables	403	-	403	
Impairment charge on reinsurance asset	-	4,229	-	4,229
Impairment (write back)/ charge on investment in subsidiary	-	-	(21,257)	3,971
Impairment charge on other receivables	-	1,589	-	1,589
	19,943	**15,848**	**(1,314)**	**19,819**

40 Earnings per share

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

	Group		Company	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Profit/(loss) attributable to equity holders (N'000)	402,701	(475,088)	406,624	(475,087)
Weighted average number of ordinary shares in issue (thousands)	3,827,485	3,827,485	3,827,485	3,827,485
Basic earnings/(loss) per share (Kobo per share)	10.52	(12.41)	10.62	(12.41)

Notes to the consolidated and separate financial statements

Consolidated and Separate Statement of Cash Flows

In thousands of Naira

41	Note	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Profit/(loss) after tax		449,678	(442,770)	450,494	(444,589)
Adjustment for non-cash items:					
Impairment (write back)/allowances for assets		(75,945)	7,665	(97,202)	11,635
Depreciation on property, plant and equipment	38(b)	54,284	70,382	48,178	63,015
Amortization of intangible assets	38(b)	2,143	58,910	2,143	58,910
Dividend income on equity investments	35	(31,674)	(23,302)	(14,345)	(23,302)
Interest Income	35	(295,053)	(234,965)	(295,053)	(225,953)
Rental income	35	(74,558)	(48,305)	(71,479)	(48,305)
Other income earned		(14,888)	(154,042)	(14,888)	(154,042)
Profit from disposal of fixed assets	34	(207)	(641)	(207)	(641)
Profit from investment contract liabilities		(130,374)	(130,618)	(130,374)	(130,618)
Fair value gain on investment properties	36	(211,521)	(42,425)	(211,521)	(42,425)
Fair value loss on FVTPL		(59,776)	102,836	(59,775)	102,836
Gain on disposal of financial assets		(11,496)	-	(11,496)	-
Changes in unearned premium		200,631	(491,304)	181,605	(469,228)
Changes in outstanding claims		283,729	40,336	290,020	35,675
Finance cost on borrowings		126,628	25,143	126,628	25,143
		(211,602)	(1,263,100)	192,728	(1,241,889)
Changes in working capital:					
Trade receivables		(36,492)	14,344	(14,270)	7,482
Changes in financial assets		(19,902)	(12,639)	(19,902)	(12,639)
Other receivables and prepayment		(98,556)	(23,832)	(93,321)	6,828
Re-insurance asset		(135,683)	90,985	(135,683)	90,985
Deferred acquisition cost		(25,043)	55,342	(25,043)	55,342
Investment contract liabilities		(170,300)	47,833	(170,300)	47,833
Trade payables		(8,234)	11,695	(8,234)	11,695
Retirement benefit obligation		-	(691)	-	(691)
Provision and other payables		(106,663)	119,103	(61,253)	114,805
Net cash provided by operating activities		(389,272)	(960,961)	(335,278)	(920,249)

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-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
	Number	Number	Number	Number
N100,001 - N500,000	-	-	-	-
N500,001 - N1,000,000	3	3	3	3
N1,000,001 - N1,500,000	30	30	30	30
N1,500,001 - N2,000,000	42	51	40	49
N2,000,001 - N2,500,000	19	18	19	18
N2,500,001 - N3,000,000	8	6	7	6
N3,000,001 - N3,500,000	6	5	5	5
N3,500,001 - N4,000,000	3	3	3	3
N4,000,001 - N4,500,000	3	3	2	2
N4,500,001 - N5,000,000	6	5	5	5
N5,000,001 - N5,500,000	1	3	1	3
N5,500,001 - N6,000,000	1	2	1	2
N6,000,001 and above	20	18	19	17
	142	**147**	**135**	**143**

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

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
	Number	**Number**	**Number**	**Number**
Management staff	20	20	19	19
Senior staff	110	110	104	104
Junior staff	12	12	12	12
	142	**142**	**135**	**135**

(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-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Directors fees	17,061	17,061	15,747	15,747
Other emoluments	-	-	-	-
Salaries	52,000	52,000	52,000	52,000
	69,061	**69,061**	**67,747**	**67,747**

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

Notes to the consolidated and separate financial statements

In thousands of Naira	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Chairman	4,579	4,579	4,579	4,579
Highest paid director	30,000	30,000	30,000	30,000

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-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
	Number	Number	Number	Number
N1,400,001 – N1,500,000	-	-	-	-
N1,700,001 – N1,800,000	-	-	-	-
Above N1,800,000	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 2016. 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 2016 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.

Notes to the consolidated and separate financial statements

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.

Detailed below are the transactions the Group entered into with its related parties during the year;

In thousands of Naira		**2017 31-Dec**	**2016 31-Dec**
Sales of insurance contracts :	***Relationship***		
Premium	Key Mgt. Personnel	7,045	6,885
Receivables			
GNI Healthcare Limited	Subsidiary	50,399	17,730
Key management personnel compensation for the year comprises:			
Short term employee benefit		44,261	52,200
Post employee benefit		-	-

45 Contravention of circulars, guidelines and regulations

The Group contravened the following guidelines during the year:

Nature of Contravention	**Penalty N**	**Regulatory body**	**Status**
Late Submission of 2nd Quarter Returns for 2016 Financial Year	355,000	NSE	Paid
Late Filing of 2015 audited financial statements	5,300,000	SEC	Paid
Late Filing of 2015/2016 audited financial statements	4,237,500	NAICOM	Paid
	9,892,500		

46 Subsequent events

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

Management is of the opinion that no liability will crystallise from these litigations.

47 Litigations and claims

The Group is a defendant in a number of suits in the course of the year but at year end, only two litigations were outstanding. In the first suit, the plaintiff had an insurance policy valued at N6million but as at the time of occurrence of the insured event, the insured had not paid the insurance premium. The second suit involves a breach of contract between a plaintiff claiming the sum of N10 million and the Group's advertising agent. The advertising agent had an agreement with the plaintiff which was to expire after one year of the execution of the contract. The two litigations arose in the normal course of business and are being contested by the Group. The directors having sought professional legal counsel are of the opinion that no significant liability will crystallize from this litigation and therefore no provision is deemed necessary for these legal claims.

There are contingent liabilities of N154.3m in 2017 (2016: N287m and contingent asset of N9m). These litigation 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 payable (see note 21).

48 Solvency Margin

The Company's solvency margin for its composite business as at 31 December 2017 was N5.85 billion. This is N854 million above the required minimum solvency margin of N5 billion for composite business based on the most recent regulatory guidelines.

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 expose 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.

Notes to the consolidated and separate financial statements

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.

Notes to the consolidated and separate financial statements

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 Limited 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. 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.

Notes to the consolidated and separate financial statements

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.

Notes to the consolidated and separate financial statements

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-17**	**Group 31-Dec-16**	**Company 31-Dec-17**	**Company 31-Dec-16**
Gross Amount				
Neither past due nor impaired	-	-	-	
Past due but not impaired	164,117	52,509	105,650	16,264
Impaired	-	1,450,718	-	1,450,718
Total	164,117	1,503,227	105,650	1,466,982
Impairment				
Neither past due nor impaired	-	-	-	-
Past due but not impaired	-	-	-	-
Impaired	-	1,450,718	-	1,450,718
Total	-	1,450,718	-	1,450,718
Carrying Amount	**164,117**	**52,509**	**105,650**	**16,264**

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.

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.

Notes to the consolidated and separate financial statements

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 2017 is represented below:

Group portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,908,538,752	97%
Investment House	63,230,045	3%

The Company's counterparty exposure as at 31 December 2017 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,800,868,955	97%
Investment House	63,230,045	3%

The Group's counterparty exposure as at 31 December 2016 is represented below:

Group portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,700,029,071	98%
Investment House	28,623,451	2%

The Company's counterparty exposure as at 31 December 2016 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
National Banks	1,606,518,589	98%
Investment House	28,623,451	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 the reinsurance contracts put in place the Group has 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.

Notes to the consolidated and separate financial statements

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.

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-17

Product	**Gross sum insured**	**Gross Re-Insured**		**Net sum insured**
Fire	254,127,334	180,482,226		73,645,108
General Accident	274,769,632	142,470,301		132,299,331
Marine	98,352,692	45,818,543		52,534,149
Engineering	29,049,313	15,182,212		13,867,101
Bond	2,181,641	-		2,181,641
Travel Insurance	11,173,925	906,540		10,267,385
Special risk	99,324,723	22,998,079		76,326,644
Motor	286,176,885	19,334,568		266,842,317
Total	**1,055,156,145**	**427,192,469**		**627,963,676**

Notes to the consolidated and separate financial statements

31-Dec-16

Product	Gross sum insured	Gross Re-Insured		Net sum insured
Fire	327,748,070	182,105,522		145,642,548
General Accident	312,520,772	142,467,740		170,053,032
Marine	144,728,343	64,293,955		80,434,388
Engineering	27,305,668	17,305,006		10,000,662
Bond	1,068,609	340,089		728,520
Travel Insurance	88,827,677	20,784,812		68,042,865
Special risk	8,929,697	736,569		8,193,128
Motor	307,174,764	8,405,333		298,769,431
Total	**1,218,303,600**	**436,439,025**		**781,864,575**

(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.

Notes to the consolidated and separate financial statements

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 follow 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.

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, 2017

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	177,209,545	185,298,711	161,519,811	180,430,492	174,055,964	174,364,151	180,158,270
Fire	8,491,999	8,997,547	8,275,435	8,491,999	8,491,999	8,491,999	8,491,999
Marine	204,099,122	221,835,387	188,333,379	205,878,437	202,330,028	202,657,158	205,570,642
Motor	36,380,528	39,078,824	33,927,585	36,772,052	35,990,374	36,151,859	36,613,209
Engineering	67,824,330	83,950,060	51,875,822	68,533,536	67,117,796	67,418,583	68,237,494
Employers Liability*	-	-	-	-	-	-	-
Oil & Gas*	99,638,009	113,726,650	85,181,566	99,638,009	99,638,009	99,638,009	99,638,009
Total	**593,643,532**	**652,887,178**	**529,113,599**	**599,744,525**	**587,624,169**	**588,721,758**	**598,709,622**
Account Outstanding	440,650,303	440,650,303	440,650,303	440,650,303	440,650,303	440,650,303	440,650,303
IBNR	152,993,230	212,236,875	88,463,296	159,094,223	146,973,866	148,071,455	158,059,320
Percentage Change		**10.0%**	**-10.9%**	**1.0%**	**-1.0%**	**-0.8%**	**0.9%**

Notes to the consolidated and separate financial statements

Non-Life Valuation Report as at 31 December, 2016

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%)
General Accident	205,662,807	215,050,793	187,453,886	209,400,919	202,002,879	202,360,549	209,084,989
Fire	111,523,427	121,214,842	102,908,742	112,495,677	110,556,763	110,735,513	112,327,493
Marine	49,365,797	53,027,192	46,037,327	49,897,067	48,836,385	49,055,508	49,681,528
Motor	46,189,928	57,171,921	35,328,627	46,672,914	45,708,762	45,913,605	46,471,302
Bond	-	-	-	-	-	-	-
Employers Liability	126,473,200	134,002,442	123,247,872	126,473,200	126,473,200	126,473,200	126,473,200
Oil & Gas	5,979,337	6,824,805	5,111,797	5,979,337	5,979,337	5,979,337	5,979,337
Total	**545,194,497**	**587,291,994**	**500,088,252**	**550,919,115**	**539,557,326**	**540,517,712**	**550,017,849**
Account Outstanding	344,346,312	344,346,312	344,346,312	344,346,312	344,346,312	344,346,312	344,346,312
IBNR	200,848,185	242,945,682	155,741,940	206,572,803	195,211,014	196,171,400	205,671,537
Percentage Change		**7.7%**	**-8.3%**	**1.1%**	**-1.0%**	**-0.9%**	**0.7%**

Notes to the consolidated and separate financial statements

Insurance Risk

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

General Accident

	Incremental Chain ladder-Yearly Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	12,511	40,454	14,701	1,088	5,632	101	-	-	-	-	-
2008	28,108	29,264	2,049	7,273	1,148	1,689	1,447	5,082	-	-	-
2009	22,972	30,864	1,181	1,584	1,188	166	10,721	7,000	-	-	-
2010	4,311	21,959	15,342	1,729	9,615	14,376	3,040	-	-	-	-
2011	10,307	26,572	15,359	8,191	3,410	9,285	750	-	-	-	-
2012	13,724	62,406	29,327	24,413	2,717	768	-	-	-	-	-
2013	20,837	35,752	12,359	11,076	5,239	-	-	-	-	-	-
2014	22,204	46,696	14,346	7,624	-	-	-	-	-	-	-
2015	19,499	57,840	18,361	-	-	-	-	-	-	-	-
2016	25,822	15,540	-	-	-	-	-	-	-	-	-
2017	22,640	-	-	-	-	-	-	-	-	-	-

Fire

	Incremental Chain ladder-Yearly Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	2,107	5,870	1,410	415	209	-	-	-	-	-	-
2008	1,048	3,426	676	1,638	-	-	-	-	-	-	-
2009	4,753	2,772	513	173	397	-	-	-	-	-	-
2010	8,765	10,842	337	163	-	-	-	-	-	-	-
2011	1,480	31,108	999	75	2	-	-	-	-	-	-
2012	13,040	35,136	7,355	2,454	1,776	1,367	-	-	-	-	-
2013	13,206	25,127	8,944	5,203	626	-	-	-	-	-	-
2014	15,561	24,678	7,593	2,530	-	-	-	-	-	-	-
2015	22,299	20,976	3,821	-	-	-	-	-	-	-	-
2016	31,230	24,949	-	-	-	-	-	-	-	-	-
2017	10,723	-	-	-	-	-	-	-	-	-	-

Motor

	Incremental Chain ladder-Yearly Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	10,141	17,365	1,737	1,025	-	-	-	-	-	-	-
2008	43,788	19,518	8,321	358	2,259	-	-	-	-	-	-
2009	49,532	50,189	13,902	2,864	551	-	-	-	-	-	-
2010	43,789	33,524	1,581	1,905	-	-	-	2,216	-	-	-
2011	73,165	39,736	646	-	1,121	-	-	-	-	-	-
2012	56,758	22,791	162	1,063	-	-	-	-	-	-	-
2013	57,210	42,779	1,167	1,086	425	-	-	-	-	-	-
2014	53,099	50,411	782	-	-	-	-	-	-	-	-
2015	48,168	17,689	1,503	-	-	-	-	-	-	-	-
2016	43,631	37,635	-	-	-	-	-	-	-	-	-
2017	55,685	-	-	-	-	-	-	-	-	-	-

Notes to the consolidated and separate financial statements

Marine

	Incremental Chain ladder-Yearly Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	9	839	-	-	-	-	-	-	-	-	-
2008	4,957	-	-	-	-	-	-	-	-	-	-
2009	-	3,898	7,406	322	-	-	-	-	-	-	-
2010	1,488	3,377	184	-	-	-	-	-	-	-	-
2011	3,012	4,916	4,702	703	182	-	-	-	-	-	-
2012	4,343	13,435	182	661	-	-	-	-	-	-	-
2013	868	15,007	4,973	9	-	-	-	-	-	-	-
2014	6,531	2,798	14,025	127	-	-	-	-	-	-	-
2015	11,157	869	2,481	-	-	-	-	-	-	-	-
2016	11,927	1,107	-	-	-	-	-	-	-	-	-
2017	12,933	-	-	-	-	-	-	-	-	-	-

Cumulative Claims Development Pattern:

General Business

	Cumulative Chain ladder-Annual Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	39,694	151,206	186,785	189,141	200,194	200,370	200,370	200,370	200,370	200,370	200,370
2008	77,481	148,304	152,740	167,014	169,026	171,767	173,934	180,881	180,881	180,881	180,881
2009	55,595	122,407	124,725	127,501	129,428	129,676	144,330	152,405	152,405	152,405	152,405
2010	9,333	52,429	79,313	82,118	96,523	116,173	119,681	119,681	131,972	131,972	131,972
2011	20,228	66,790	91,709	103,980	108,641	119,353	120,103	125,212	125,212	125,212	125,212
2012	24,049	125,301	169,237	202,607	205,741	206,509	213,298	219,909	219,909	219,909	219,909
2013	33,808	87,368	104,262	117,041	122,280	128,485	133,312	138,013	138,013	138,013	138,013
2014	33,265	97,093	113,644	121,268	128,263	134,613	140,359	145,954	145,954	145,954	145,954
2015	26,654	93,383	111,744	130,503	137,766	145,424	152,353	159,100	159,100	159,100	159,100
2016	29,790	45,331	61,636	68,430	72,646	77,092	81,115	85,032	85,032	85,032	85,032
2017	22,640	50,275	62,685	70,045	74,612	79,428	83,786	88,029	88,029	88,029	88,029

Notes to the consolidated and separate financial statements

Fire

	Cumulative Chain ladder-Annual Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	6,683	22,864	26,277	27,176	27,585	27,585	27,585	27,585	27,585	27,585	27,585
2008	2,889	11,181	12,644	15,858	15,858	15,858	15,858	15,858	15,858	15,858	15,858
2009	11,503	17,505	18,512	18,815	19,459	19,459	19,459	19,459	19,459	19,459	19,459
2010	18,973	40,250	40,841	41,105	41,105	41,105	41,105	41,105	41,105	41,105	41,105
2011	2,905	57,414	59,035	59,147	59,149	59,149	59,149	59,149	59,149	59,149	59,149
2012	22,849	79,857	90,875	94,229	96,278	97,644	100,840	100,840	100,840	100,840	100,840
2013	21,426	59,069	71,295	77,297	77,923	78,395	78,395	78,395	78,395	78,395	78,395
2014	23,313	57,045	65,805	68,335	79,425	79,968	79,968	79,968	79,968	79,968	79,968
2015	30,480	54,680	58,501	63,669	64,601	65,111	65,111	65,111	65,111	65,111	65,111
2016	36,030	60,979	78,800	83,178	84,535	85,278	85,278	85,278	85,278	85,278	85,278
2017	10,723	42,212	47,747	50,531	51,394	51,867	51,867	51,867	51,867	51,867	51,867

Motor

	Cumulative Chain ladder-Annual Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	32,175	80,042	84,247	86,466	86,466	86,466	86,466	86,466	86,466	86,466	86,466
2008	120,703	167,939	185,951	186,653	190,611	190,611	190,611	190,611	190,611	190,611	190,611
2009	119,873	228,516	255,800	260,819	261,713	261,713	261,713	261,713	261,713	261,713	261,713
2010	94,788	160,581	163,352	166,443	166,443	166,443	166,443	168,658	168,658	168,658	168,658
2011	143,590	213,217	214,266	214,266	215,798	215,798	215,798	215,798	215,798	215,798	215,798
2012	99,455	136,433	136,675	138,129	138,129	138,129	138,129	138,129	138,129	138,129	138,129
2013	92,822	156,910	158,506	159,758	160,183	160,183	160,183	160,183	160,183	160,183	160,183
2014	79,549	148,456	149,359	149,359	151,659	151,659	151,659	151,659	151,659	151,659	151,659
2015	65,841	86,248	87,751	92,188	92,784	92,784	92,784	92,784	92,784	92,784	92,784
2016	50,337	87,972	101,274	102,709	103,462	103,462	103,462	103,462	103,462	103,462	103,462
2017	55,685	100,194	104,865	106,488	107,340	107,340	107,340	107,340	107,340	107,340	107,340

Notes to the consolidated and separate financial statements

Marine

	Discounted Cumulative IABCL - Annual Projections (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	28	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342
2008	13,663	13,663	13,663	13,663	13,663	13,663	13,663	13,663	13,663	13,663	13,663
2009	-	8,438	22,973	23,538	23,538	23,538	23,538	23,538	23,538	23,538	23,538
2010	3,222	9,850	10,173	10,173	10,173	10,173	10,173	10,173	10,173	10,173	10,173
2011	5,911	14,525	22,153	23,206	23,455	23,455	23,455	23,455	23,455	23,455	23,455
2012	7,610	29,408	29,680	30,583	30,583	30,583	30,583	30,583	30,583	30,583	30,583
2013	1,409	23,891	30,689	30,699	30,699	32,844	32,844	32,844	32,844	32,844	32,844
2014	9,785	13,610	29,790	29,918	33,679	33,679	33,679	33,679	33,679	33,679	33,679
2015	15,251	16,254	18,735	22,260	22,302	22,302	22,302	22,302	22,302	22,302	22,302
2016	13,760	14,867	22,366	22,710	22,753	22,753	22,753	22,753	22,753	22,753	22,753

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.

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.

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)
	31-Dec-17		
	N	**N**	**N**
Whole life			-
Term assurance	1,072,896,428	1,316,533	1,071,579,895
Endowments	76,282,007	2,270,318	74,011,689
Guaranteed annuity products	153,932,695		153,932,695
Deposit based products	543,111,556		543,111,556
Total life insurance liabilities	**1,846,222,686**	**3,586,851**	**1,842,635,835**

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)
	31-Dec-16		
	N	**N**	**N**
Whole life	-	-	-
Term assurance	1,011,164,934	12,105,430	999,059,504
Endowments	197,596,797	-	197,596,797
Guaranteed annuity products	123,086,019	-	123,086,019
Deposit based products	907,958,865	-	907,958,865
Total life insurance liabilities	**2,239,806,615**	**12,105,430**	**2,227,701,185**

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

31-Dec-17

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Individual Risk Reserves	242,919	230,665	256,642	251,566	234,352	250,223	236,793	244,096	241,779
Investment Linked Products	543,112	543,112	543,112	543,112	543,112	543,112	543,112	543,112	543,112
Group Life - UPR	76,282	76,282	76,282	76,282	76,282	76,282	76,282	76,282	76,282
Group Life - AURR	358,986	358,986	358,986	358,986	358,986	358,986	358,986	358,986	358,986
Group Life - IBNR	45,145	45,145	45,145	45,145	45,145	45,145	45,145	45,145	45,145
Group DA	490,686	490,686	490,686	490,686	490,686	490,686	490,686	490,686	490,686
Additional reserves	89,093	89,093	89,093	89,093	89,093	89,093	89,093	89,093	89,093
Reinsurance	(3,587)	(3,587)	(3,587)	(3,587)	(3,587)	(3,587)	(3,587)	(3,587)	(3,587)
Net liability	**1,842,636**	**1,830,381**	**1,856,359**	**1,851,283**	**1,834,069**	**1,849,940**	**1,836,510**	**1,843,813**	**1,841,496**
% change in Net Liability		**-0.67%**	**0.74%**	**0.47%**	**-0.46%**	**0.40%**	**-0.33%**	**0.06%**	**-0.06%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual	875,124	862,870	888,847	883,771	866,557	882,428	868,998	876,301	873,984
Group	967,512	967,512	967,512	967,512	967,512	967,512	967,512	967,512	967,512
Net liability	**1,842,636**	**1,830,381**	**1,856,359**	**1,851,283**	**1,834,069**	**1,849,940**	**1,836,510**	**1,843,813**	**1,841,496**
% change in liability		**-0.67%**	**0.74%**	**0.47%**	**-0.46%**	**0.40%**	**-0.33%**	**0.06%**	**-0.06%**

---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

(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.

Notes to the consolidated and separate financial statements

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.

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-17
In thousands of Naira

	Carrying amount	Contractual cash flow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	1,765,531	1,765,531	1,765,531	-	-	-	-
Trade receivables	164,117	164,117	164,117	-	-	-	-
Reinsurance assets	478,023	478,023	-	478,023			
Other receivables and prepayment	287,656	655,119					
Finance lease receivable	-	-	-	-	-	-	-
Total assets	**2,695,327**	**3,062,790**	**1,929,648**	**478,023**	**-**	**-**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	2,918,269	2,918,269					
Investment contract liabilities	619,394	619,394					
Trade payables	33,758	33,758					
Other payables	483,863	483,863					
Deposit for shares	500,000	500,000	-	-	-	-	500,000
Total liabilities	**4,555,283**	**4,555,283**	**-**	**-**	**-**	**-**	**500,000**
Gap (assets - liabilities)	(1,859,956)	(1,492,493)	1,929,648	478,023	-	-	(500,000)
Cumulative liquidity gap			1,929,648	2,407,671	2,407,671	2,407,671	1,907,672

Notes to the consolidated and separate financial statements

Company

31-Dec-17

In thousands of Naira	Carrying amount	Contractual cash flow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	1,656,765	1,656,765	1,656,765	-	-	-	-
Trade receivables	105,650	105,650	105,650	-	-	-	-
Reinsurance assets	478,023	478,023					-
Other receivables and prepayment	294,652	294,652					-
Finance lease receivable	-	38,914	29,185	9,729	-	-	-
Total assets	**2,535,090**	**2,574,004**	**1,791,600**	**9,729**	**-**	**-**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	2,851,085	2,851,085	313,619	427,663	513,195	570,217	1,026,390
Investment contract liabilities	619,394	619,394					-
Trade payables	33,758	33,758					-
Other payables	518,115	518,115					
Deposit for shares	-	-	-	-	-	-	-
Total liabilities	**4,022,351**	**4,022,351**	**313,619**	**427,663**	**513,195**	**570,217**	**1,026,390**
Gap (assets - liabilities)	(1,487,260)	(1,448,346)	1,477,981	(417,934)	(513,195)	(570,217)	(1,026,390)
Cumulative liquidity gap			1,477,981	1,060,047	546,852	(23,365)	(1,049,755)

Notes to the consolidated and separate financial statements

Group

31-Dec-16

In thousands of Naira

	Carrying amount	Contractual cash flow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	1,717,895	1,717,895	1,717,895	-	-	-	-
Financial assets	1,702,256	1,702,256			1,009,045	693,211	
Trade receivables	52,509	52,509	52,509	-	-	-	-
Reinsurance assets	342,340	342,340	-	342,340			
Other receivables and prepayment	157,590	532,521			532,521		
Finance lease receivable	-	-	-	-	-	-	-
Total assets	**3,972,590**	**4,347,521**	**1,770,404**	**342,340**	**1,541,566**	**693,211**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	2,433,909	2,433,909			759,392	1,674,517	
Investment contract liabilities	789,499	789,499				789,499	
Trade payables	41,992	41,992	41,992				
Other payables	590,526	590,526			29,305	561,221	
Deposit for shares	50,050	50,050					50,050
Borrowings	519,893	519,893		519,893			
Total liabilities	**4,425,869**	**4,425,869**	**41,992**	**519,893**	**788,697**	**3,025,237**	**50,050**
Gap (assets - liabilities)	(453,279)	(78,348)	1,728,412	(177,553)	752,869	(2,332,026)	(50,050)
Cumulative liquidity gap			1,728,412	1,550,859	2,303,728	(28,298)	(78,348)

Notes to the consolidated and separate financial statements

Company

31-Dec-16

In thousands of Naira	Carrying amount	Contractual cash flow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	1,572,473	1,572,473	1,572,473	-	-	-	-
Financial assets	1,702,256	1,702,256			1,009,045	693,211	
Trade receivables	16,264	16,264	16,264	-	-	-	-
Reinsurance assets	342,340	342,340	-	342,340			-
Other receivables and prepayment	169,821	169,821	-		169,821		-
Finance lease receivable	-	38,914	29,185.00	9,729.00	-	-	-
Total assets	**3,803,154**	**3,842,068**	**1,617,922**	**352,069**	**1,178,866**	**693,211**	**-**
Non- derivative financial liabilities							
Insurance contract liabilities	2,379,460	2,379,460	-	-	741,216.00	1,638,244.00	-
Investment contract liabilities	789,499	789,499	-	-	-	789,499	-
Other payables	41,992	41,992	41,992	-	-	-	-
Trade payables	519,893	519,893		-	29,305	550,063	
Borrowings	579,368	579,368	-	519,893	-	-	-
Total liabilities	**4,310,212**	**4,310,212**	**41,992**	**519,893**	**770,521**	**2,977,806**	**-**
Gap (assets - liabilities)	(507,058)	(468,144)	1,575,930	(167,824)	408,345	(2,284,595)	-
Cumulative liquidity gap			1,575,930	1,408,106	1,816,451	(468,144)	(468,144)

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-17			31-Dec-17			31-Dec-16			31-Dec-16	
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	1,765,531	-	1,765,531	1,656,765	-	1,656,765	1,717,895	-	1,717,895	1,572,473	-	1,572,473
Financial assets	1,119,717		1,119,717	1,119,717		1,119,717	1,009,045	693,211	1,702,256	1,009,045	693,211	1,702,256
Trade receivables	164,117	-	164,117	105,650	-	105,650	52,509	-	52,509	16,264	-	16,264
Reinsurance assets	478,023		478,023	478,023		478,023	342,340		342,340	342,340	-	342,340
Deferred acquisition cost	77,805		77,805	77,805		77,805	52,762.00		52,762	52,762	-	52,762
Finance lease receivable	-		-	-		-	-		-	-	-	-
Other receivables and prepayments	287,656		287,656	294,652		294,652	157,590		157,590	169,821	-	169,821
Investment in subsidiary	-	-	-	-	204,813	204,813	-	-	-	-	183,556	183,556
Investment properties	-	4,791,817	4,791,817	-	4,791,817	4,791,817	-	4,565,408	4,565,408	-	4,565,408	4,565,408
Intangible assets	-	-	-	-	-	-	-	2,144	2,144	-	2,144	2,144
Property, plant and equipment	-	929,541	929,541	-	787,404	787,404	-	902,807	902,807	-	756,180	756,180
Statutory deposit	-	500,000	500,000	-	500,000	500,000	-	500,000	500,000	-	500,000	500,000
Deferred tax asset	-	6,033	6,033	-	6,033	6,033	-	6,033	6,033	-	6,033	6,033
Total assets	**3,892,849**	**6,227,391**	**10,120,241**	**3,732,613**	**6,290,067**	**10,022,679**	**3,332,141**	**6,663,570**	**10,001,744**	**3,162,705**	**6,706,532**	**9,869,237**
									-			
									-			
Liabilities									-			
Insurance contract liabilities	2,918,269		2,918,269	2,851,085		2,851,085	759,392	1,674,517	2,433,909	741,216	1,638,244	2,379,460
Investment contract liabilities	619,394		619,394	619,394		619,394	-	789,499	789,499	-	789,499	789,499
Trade payables	33,758		33,758	33,758		33,758	41,992	-	41,992	41,992	-	41,992
Gratuity payable	2,406		2,406	2,406		2,406	2,406	-	2,406	2,406	-	2,406
Short term borrowing							519,893	-	519,893	519,893	-	519,893
Provision and other payables	518,115		518,115	518,115		518,115	40,463	550,063	590,526	29,305	550,063	579,368
Borrowing	-		-	-			-	-	-	-	-	-
Deposit for shares	-	-	-	-	-	-	-	50,050.00	50,050	-	-	-
Deferred tax liabilities	-	15,029	15,029	-	6,371	6,371	-	10,388	10,388	-	2,782	2,782
Current income tax liabilities	150,196	-	150,196	145,870	-	145,870	133,226	-	133,226	128,687	-	128,687
Total liabilities	**4,242,137**	**15,029**	**4,257,166**	**4,170,627**	**6,371**	**4,176,998**	**1,497,372**	**3,074,517**	**4,571,889**	**1,463,499**	**2,980,588**	**4,444,087**

In thousands of naira	**Group 31-Dec-17**	**Group 31-Dec-16**	**Company 31-Dec-17**	**Company 31-Dec-16**
Equity Securities; - Unlisted	157,659	187,192	157,659	157,659
Equity Securities; - Listed	608,855	506,019	608,855	608,855
	766,514	693,211	766,514	766,514

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-17**	**Group 31-Dec-16**	**Company 31-Dec-17**	**Company 31-Dec-17**
10% increase	65,098	69,321	65,098	69,321
10% decrease	(65,098)	(69,321)	(65,098)	(69,321)
Impact of increase on:				
Pre-tax profit/(loss)	17,691	50,602	10,304	50,602
Shareholders' Equity	5,356,494	5,494,599	5,354,654	5,494,599
Impact of decrease on:				
Pre-tax profit/(loss)	(112,505)	(50,602)	(119,892)	(50,602)
Shareholders' Equity	5,226,298	5,355,957	5,224,458	5,355,957

(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.

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:

Great Nigeria Insurance'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 2013, (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 is 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.

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.

Notes to the consolidated and separate financial statements

The Group's general business position is as follows:

		31-Dec-17	31-Dec-16
Admissible Assets		N'000	N'000
Financial assets:			
Cash and cash equivalents (including cash held as HTM)		1,656,765	1,572,473
Financial assets (quoted and unquoted stock)		1,119,717	1,702,256
Finance lease receivable		-	-
Trade Receivables		105,650	16,264
Other Assets			
Reinsurance assets		478,023	342,340
Deferred acquisition cost		77,805	52,762
Other receivables and prepayments		23,168	27,022
Investment in subsidiaries		204,813	183,556
Investment properties		4,791,817	4,565,408
Intangible assets		-	2,144
Statutory deposit		500,000	500,000
Property, plant and equipment		787,404	756,180
Total Admissible Assets	A	**9,745,162**	**9,720,405**
LESS ADMISSIBLE LIABILITIES			
Trade payables		33,758	41,992
Gratuity payable		2,406	2,406
Provision and other payables		518,115	579,368
Insurance liabilities		2,851,085	2,379,460
Investment contract liabilities		619,394	789,499
Borrowing		-	519,893
Finance lease obligation		-	-
Current Income tax liabilities		145,870	126,501
Total Admissible Liabilities	B	**4,170,627**	**4,439,119**
Solvency Margin (A-B)		**5,574,535**	**5,281,286**
Higher of:			
Gross premium income		3,449,542	2,593,781
Less: Reinsurers		(433,148)	(483,912)
Net Premium		**3,016,394**	**2,109,869**
15% of Net Premium		452,459	316,480
Minimum Paid Up Capital		5,000,000	5,000,000
The higher thereof:			
Solvency margin above minimum paid up capital		**574,535**	**281,286**

Notes to the consolidated and separate financial statements

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:

Group
31-Dec-17

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - At fair value through P&L	6	608,855	-	-	608,855
Total financial assets measured at fair value		**608,855**	**-**	**-**	**608,855**

Group
31-Dec-16

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - At fair value through P&L	6	506,019	-	-	506,019
Total financial assets measured at fair value		**506,019**	**-**	**-**	**506,019**

Company

31-Dec-17

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - At fair value through P&L	6	608,855	-	-	608,855
Total financial assets measured at fair value		**608,855**	**-**	**-**	**608,855**

31-Dec-16

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - At fair value through P&L	6	506,019	-	-	506,019
Total financial assets measured at fair value		**506,019**	**-**	**-**	**506,019**

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.

Bank borrowings, Trade payables, Provision and other payables and Finance lease obligations

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

Notes to the consolidated and separate financial statements

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-17 *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**	**Fair value**
Financial assets								
Cash and cash equivalents	5		-	1,765,531	-	-	1,765,531	1,765,531
Financial assets	6	608,855	297,912	71,334	157,659		1,135,760	1,135,760
Trade receivables	7	-	-	164,117	-	-	164,117	164,117
Reinsurance assets	8	-	-	478,023	-	-	478,023	478,023
Finance lease receivable	10	-	-	-	-	-	-	-
Other receivables excluding prepayments	11	-	-	85,701	-	-	85,701	85,701
		608,855	**297,912**	**2,564,706**	**157,659**	**-**	**3,629,132**	**3,629,132**
Financial liabilities								
Insurance contract liabilities	17	-	-	-	-	2,918,269	2,918,269	2,918,269
Investment contract liabilities	18	-	-	-	-	619,394	619,394	619,394
Trade payable	19	-	-	-	-	33,758	33,758	33,758
Provision and other payables	21	-	-	-	-	483,863	483,863	483,863
Deposit for shares	22	-	-	-	-	-	-	-
		-	-	-	-	**4,055,283**	**4,055,283**	**4,055,283**

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-16 *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**	**Fair value**
Financial assets								
Cash and cash equivalents	5		-	1,717,895	-	-	1,717,895	1,717,895
Financial assets	6	506,019	926,918	82,127	187,192	-	1,702,256	1,702,256
Trade receivables	7	-	-	52,509	-	-	52,509	52,509
Reinsurance assets	8	-	-	342,340	-	-	342,340	342,340
Finance lease receivable	10	-	-	-	-	-	-	-
Other receivables excluding prepayments	11	-	-	129,986	-	-	129,986	129,986
		506,019	**926,918**	**2,324,857**	**187,192**	**-**	**3,944,986**	**3,944,986**
Financial liabilities								
Insurance contract liabilities	17	-	-	-	-	2,433,909	2,433,909	2,433,909
Investment contract liabilities	18	-	-	-	-	789,499	789,499	789,499
Trade payable	19	-	-	-	-	41,992	41,992	41,992
Borrowings	21	-	-	-	-	519,893	519,893	519,893
Provision and other payables	23	-	-	-	-	590,526	590,526	590,526
Finance lease obligation	24	-	-	-	-	50,050	50,050	50,050
		-	-	-	-	**4,425,869**	**4,425,869**	**4,425,869**

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-17 *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**	**Fair value**
Financial assets								
Cash and cash equivalents	5	-	-	1,656,765	-	-	1,656,765	1,656,765
Financial assets	6	608,855	297,912	71,334	157,659		1,135,760	1,135,760
Trade receivables	7	-	-	105,650	-	-	105,650	105,650
Reinsurance assets	8	-	-	478,023	-	-	478,023	478,023
Finance lease receivable	10	-	-	-	-	-	-	-
Other receivables excluding prepayments	11	-	-	136,721	-	-	136,721	136,721
		608,855	297,912	2,448,493	157,659	-	3,512,919	3,512,919
Financial liabilities								
Insurance contract liabilities	17	-	-	-	-	2,851,085	2,851,085	2,851,085
Investment contract liabilities	18	-	-	-	-	619,394	619,394	619,394
Trade payable	19	-	-	-	-	33,758	33,758	33,758
Provision and other payables	21	-	-	-	-	518,115	518,115	518,115
Deposit for shares	23	-	-	-	-	-	-	-
		-	-	-	-	4,022,351	4,022,351	4,022,351

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-16 *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**	**Fair value**
Financial assets								
Cash and cash equivalents	5		-	1,572,473	-	-	1,572,473	1,572,473
Financial assets	6	506,019	926,918	82,127	187,192	-	1,702,256	1,702,256
Trade receivables	7	-	-	16,264	-	-	16,264	16,264
Reinsurance assets	8	-	-	342,340	-	-	342,340	342,340
Finance lease receivable	10	-	-	-	-	-	-	-
Other receivables excluding prepayments	11	-	-	147,716	-	-	147,716	147,716
		506,019	**926,918**	**2,160,920**	**187,192**	**-**	**3,781,049**	**3,781,049**
Financial liabilities								
Insurance contract liabilities	17	-	-	-	-	2,379,460	2,379,460	2,379,460
Investment contract liabilities	18	-	-	-	-	789,499	789,499	789,499
Trade payable	19	-	-	-	-	41,992	41,992	41,992
Short term borrowings	21	-	-	-	-	519,893	519,893	519,893
Provision and other payables	23	-	-	-	-	579,368	579,368	579,368
Finance lease obligations	24	-	-	-	-	-	-	-
		-	**-**	**-**	**-**	**4,310,212**	**4,310,212**	**4,310,212**

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

53 ASSET AND LIABILITY MANAGEMENT (COMPANY)

HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2017

In thousands of Naira

	Non-Life			Life					
	Shareholder's fund	Policy holder's Fund	Others	Shareholder's fund	Policy holder's Fund	Annuity Fund	Deposit Administration	Others	TOTAL
TOTAL	**2,609,717**	**913,688**	**46,466**	**3,754,079**	**1,783,465**	**153,932**	**619,394**	**141,938**	**10,022,679**
INVESTMENTS:									
Fixed Assets:									
Real Estate	685,326	-		-	-	-	-	-	**685,326**
Office Equipment's	-	-		-	-	-	-	-	**-**
Computer Equipment	3,471	-		283	-	-	-	-	**3,754**
Generator set	6,116	-		25	-	-	-	-	**6,141**
Furniture and Equipment	13,377	-		2,252	-	-	-	-	**15,629**
Motor Vehicles	66,146	-		-	-	-	-	-	**66,146**
Fixture and Fittings	8,412	-		1,996	-	-	-	-	**10,408**
Other Assets	-	-	-	-	-	-	-	-	**-**
Others (see (a) below)	230,636	480,460	-	5,916	23,212	0.00	80,000	141,938	**962,163**
Other Investments :									
Mortgage Loans		-	-	-	-	-	-	-	**-**
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	**500,000**
Government Bonds	-	-	-	-	-	-	-	-	**-**
Held-to-maturity	32,528	70,487	10,192	-	80,346	94,389	78,493	-	**366,435**
Loans and advances	-	-	-	57,524	44,505	-	-	-	**102,029**
Quoted Securities	235,183	-	-	-	232,801	-	13,868	-	**481,852**
Unquoted Securities	27,150	-	6,788	135,463	-	-	-	-	**169,401**
Bank Placements	225,838	362,740		-	778,391	59,543	230,253	-	**1,656,765**
Investment in Finance Lease	-	-	-	-	-	-	-	-	**-**
Related Companies Securities	-	-	-	204,813	-	-	-	-	**204,813**
Finance Lease Receivable	-	-	-	-	-	-	-	-	**-**
Investment Properties	775,534	-	29,486	3,145,807	624,210	-	216,780	-	**4,791,817**
TOTAL	**2,609,717**	**913,688**	**46,466**	**3,754,079**	**1,783,465**	**153,932**	**619,394**	**141,938**	**10,022,679**

Notes to the financial statements

(a) Give details		
Others	**GEN. BUSINESS**	**LIFE**
Intangible assets	-	-
Deferred taxation	6,033	-
Deferred Acquisition Expenses	77,805	-
Reinsurance Assets	474,436	3,587
Premium Debtors	6,026	99,625
Other Receivables and Prepayments	146,798	147,854

Notes to the consolidated and separate financial statements

(a) Give details

Others		
	General Business	**Life Business**
Intangible assets	-	-
Deferred taxation	6,033	-
Deferred Acquisition Expenses	77,805	-
Reinsurance Assets	474,436	3,587
Premium Debtors	6,026	99,625
Other Receivables and Prepayments	146,798	147,854
Total	**711,098**	**251,066**

Notes to the consolidated and separate financial statements

ASSET AND LIABILITY MANAGEMENT (COMPANY)
HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2016
In thousands of Naira

	Non-Life			Life					
	Shareholder's fund	**Policy holder's Fund**	**Others**	**Shareholder's fund**	**Policy holder's Fund**	**Annuity**	**Deposit Administration**	**Others**	**TOTAL**
TOTAL	**2,313,594**	**929,151**	**915,787**	**3,111,557**	**1,327,223**	**123,086**	**789,499**	**359,340**	**9,869,237**
INVESTMENTS:									
Fixed Assets:									
Real Estate	224,347	-		445,969	-	-	-	-	**670,316**
Office Equipment's	-	-		-	-	-	-	-	**-**
Computer Equipment	7,703	-		91	-	-	-	-	**7,794**
Generator set	6,904	-		-	-	-	-	-	**6,904**
Furniture and Equipment	16,862	-		2,874	-	-	-	-	**19,736**
Motor Vehicles	40,569	-		-	-	-	-	-	**40,569**
Fixture and Fittings	9,384	-		1,477	-	-	-	-	**10,861**
Other Assets	-	-	-	-	-	-	-	-	**-**
Others (see (a) below)	-	180,235	39,419	300,000	12,105	-	-	57,604	**589,363**
Other Investments :									
Mortgage Loans		-	-	-	-	-	-	-	**-**
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	**500,000**
Government Bonds	-	250,000	302,886	134,200	96,513	-	123,106	-	**906,705**
Held-to-maturity	-	-	-	-	10,000	-	10,214	-	**20,214**
Loans and advances	-	-	-	-	82,127	-	-	-	**82,127**
Quoted Securities	131,054	100,000	25,453	-	249,512	-	-	-	**506,019**
Unquoted Securities	19,644	-	29,533	138,015	-	-	-	-	**187,192**
Bank Placements	184,002	276,004	-	261,168	398,103	123,086	330,110	-	**1,572,473**
Investment in Finance Lease	-	-	-	-	-	-	-	-	**-**
Related Companies Securities	-	-	-	183,556	-	-	-	-	**183,556**
Investment Properties	1,373,125	122,912	518,496	1,444,207	478,863	-	326,069	301,736	**4,565,408**
TOTAL	**2,313,594**	**929,151**	**915,787**	**3,111,557**	**1,327,223**	**123,086**	**789,499**	**359,340**	**9,869,237**

Notes to the consolidated and separate financial statements

(a) Give details

Others		
	General Business	**Life Business**
Intangible assets	2,144	-
Deferred taxation	6,033	-
Deferred Acquisition Expenses	52,762	-
Reinsurance Assets	330,235	12,105
Premium Debtors	8,242	8,023
Other Receivables and Prepayments	325,701	957,493
TOTAL	**725,117**	**977,621**

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

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Non-life		Life		GNI Healthcare		Elimination Adjustments (Group Composite)	Group		Company	
In thousands of Naira	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-17**	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Gross premium earned	1,119,069	1,152,850	2,330,473	1,440,930	121,374	106,339		3,570,916		3,449,542	2,593,780
Insurance premium ceded to re-insurer	(427,192)	(436,439)	(5,955)	(47,471)	-	-		(433,148)		(433,148)	(483,910)
Net insurance premium revenue	691,876	716,411	2,324,518	1,393,459	121,374	106,339		3,137,768		3,016,394	2,109,870
Fee income	106,776	98,406	1,710	6,632	-	-		108,486		108,486	105,038
Investment income	243,011	203,107	135,803	94,453	17,328	9,012		396,143		378,815	297,560
Other operating income	481,278	154,616	6,577	67	3,983	-		491,838		487,855	154,683
Net income	1,522,942	1,172,540	2,468,608	1,494,611	142,685	115,351		4,134,235		3,991,550	2,667,151
Profit on investment contract	-	-	130,374	130,618	-			130,374		130,374	130,618
Insurance benefits and claims	128,819	351,782	1,825,993	1,411,177	57,240	54,858		2,012,052		1,954,812	1,762,959
Insurance claims recovered from re-insurer	48,449	(237,415)	(15,250)	(36,699)	-	-		33,199		33,199	(274,114)
Net insurance benefits and claims	177,268	114,367	1,810,743	1,374,478	57,240	54,858		2,045,251		1,988,011	1,488,845
Expenses on the acquisition and maintenance of insurance contracts	175,577	272,591	25,224	218,994	5,536	5,462		206,338		200,802	491,585
Other expenses	1,031,248	796,275	469,670	465,653	58,567	57,181		1,559,486		1,500,919	1,261,928
Net expenses	1,384,094	1,183,233	2,305,637	2,059,125	121,343	117,501		3,811,074		3,689,731	3,242,358
Reportable segment profit	138,848	(10,693)	293,345	(433,896)	21,342	(2,150)		453,534		432,192	(575,207)
Profit before tax	138,848	(10,693)	293,345	(433,896)	21,342	(2,150)		453,534		432,192	(575,207)
Depreciation and amortisation		49,846		14,107		7,366		-		-	63,953
Income tax expenses	16,039	13,131	27,832	17,367	3,107	1,923		46,978		43,871	30,498
Assets and liabilities:											
Total assets	4,996,782	4,663,996	7,216,880	6,318,617	364,069	333,795		12,577,731		12,213,662	9,826,764
Total assets include:											
Investment in subsidiary			225,000	225,000	225,000	225,000					
Total liabilities	2,543,247	2,348,579	3,823,202	3,208,755	107,521	145,533		6,473,970		6,366,449	4,431,594
Net assets	2,453,535	2,315,417	3,393,678	3,109,862	256,548	188,262	- -	6,103,761		5,847,213	5,395,169

Notes to the consolidated and separate financial statements

Life Business Accounts

Statement of comprehensive Income
In thousands of Naira

	LIFE	*GROUP LIFE*	ANNUITY	31- Dec -17	31- Dec-16
Income					
Gross Premium	144,111	1,660,368	16,984	1,821,463	906,249
Unearned Premium	-	(313,639)	-	(313,639)	553,248
Increase/ (Decrease) in Life Fund	-	68,122	-	68,122	(18,566)
Outward Re-insurance Premium -Local	(254)	(6,729)	-	(6,983)	(47,472)
Premium earned	**143,857**	**1,408,122**	**16,984**	**1,568,963**	**1,393,458**
Commission received	-	1,710	-	1,710	6,632
Net premium	**-**	**1,710**	**-**	**1,710**	**1,400,090**
Investment income				-	-
Total income	**143,857**	**1,409,832**	**16,984**	**1,570,673**	**1,400,090**
Claims Expenses (Gross)	(387,057)	(245,334)	(18,732)	(651,123)	(1,246,955)
Surrenders	-	-	-	-	
Claims Expenses Recovered from Reinsurers	-	7,759	-	7,759	36,699
Changes in Provision for Outstanding Claims	21,442	(263,013)	-	(241,571)	(164,222)
Net claims incurred	(365,615)	(500,588)	(18,732)	(884,934)	(1,374,478)
Acquisition Cost	(21,835)	(139,785)	(969)	(162,589)	(114,272)
Maintenance expenses	(31,363)	(1,527)	-	(32,890)	(104,721)
Total expenses	**(418,813)**	**(641,899)**	**(19,701)**	**(1,080,413**	**(1,593,471)**
Surplus/(Deficit)	**(274,956)**	**767,933**	**(2,717)**	**490,261**	**(193,381)**
Increase in Life Fund				-	-
				-	-
Shareholders' fund of Life Fund	**(274,956)**	**767,933**	**(2,717)**	**490,261**	**(193,381)**

Notes to the consolidated and separate financial statements

Life Business Accounts

Statement of comprehensive Income *In thousands of Naira*	***LIFE***	***GROUP LIFE***	**ANNUITY**	**31- Dec-17**	**31- Dec-16**
Underwriting results					
Investment income	34,607	82,304	18,892	135,803	94,453
Net fair value gains on Investment properties	-	9,013		9,013	20,583
Net fair value gains /loss on financial assets through P/L	(2,544)	-	-	(2,544)	(128,289)
Other operating income	107	-	-	108	67
Management expenses	(161,773)	(307,897)	-	(469,670)	(333,983)
Profit or loss on investment contract	-	130,374	-	130,374	130,618
Results of operating activities	(129,602)	(86,207)	18,892	(196,916)	(216,550)
Finance costs					
Impairment (losses)/gain	(403)	18,705		18,302	(3,383)
Profit before taxation	(404,961)	700,432	16,175	311,648	(413,314)
Minimum tax	(27,832)			(27,832)	(17,367)
(Loss)/ profit after taxation	**(432,792)**	**700,432)**	**16,175**	**283,816**	**(430,681)**
other Regulatory Reserve (Contingency Reserve)	**(11,513)**	**(57,713)**	(509)	(69,736)	(41,804)
	(444,305)	**642,719**	**15,666**	**214,080**	**(472,485)**
Other comprehensive income, net of tax ***Items within OCI that will not be reclassified to the profit or loss:***					
Gain on revaluation of property, plant and equipment		-	-	-	-
Tax on gain on revaluation of property, plant and equipment		-	-	-	-
Other comprehensive income	**(444,305)**	**642,719**	**15,666**	**214,080**	**(472,485)**
Total comprehensive income for the year	**(444,305)**	**642,719**	**15,666**	**214,080**	**(472,485)**

Notes to the consolidated and separate financial statements

General Business

In thousands of Naira	**31-Dec-17**	**31-Dec-16**
ASSETS		
Cash and cash equivalents	588,579	460,007
Financial assets	382,328	858,571
Trade receivables	6,025	8,242
Other assets	146,798	325,701
Deferred acquisition costs	77,805	52,762
Reinsurance assets	474,436	330,235
Statutory deposits	300,000	300,000
Intangible assets	-	2,144
Deferred tax assets	6,033	6,033
Investment properties	2,231,929	2,014,533
Property, plant and equipment	782,849	305,768
Total Assets	**4,996,782**	**4,663,996**
LIABILITIES		
Trade payables	4,387	11,983
Provisions and other payables	1,584,623	852,580
Borrowings	-	519,894
Insurance liabilities	913,687	929,151
Income tax payable	36,023	30,444
Deferred tax liability	3,651	2,120
Employees' retirement obligations	2,406	2,406
Total Liabilities	**2,544,778**	**2,348,578**
Net Assets	**2,452,004**	**2,315,418**
EQUITY		
Share capital and reserves:		
Ordinary share capital	1,292,982	1,292,982
Share premium	2,016,905	2,016,905
Contingency reserve	531,418	499,015
Retained earnings/(Accumulated deficit)	(1,606,241)	(1,678,121)
Asset Revaluation Reserve	216,939	184,637
Shareholders' Fund	**2,452,004**	**2,315,418**

Notes to the consolidated and separate financial statements

General Business Accounts

Statement of comprehensive Income

In thousands of Naira	**31-Dec-17**	**31-Dec-16**
Income		
Gross Premium	1,055,156	1,218,304
Changes in Unearned Income	63,913	(65,454)
Outward Re-insurance Premium -Local	(427,192)	(436,439)
Premium earned	**691,876**	**716,411**
Fee and Commission income:		
– Insurance contracts	106,776	98,406
Total income	**798,652**	**814,817**
Claims Expenses (Gross)	(368,666)	(351,782)
Claims Expenses Recovered from Reinsurers	(48,449)	108,868
Changes in Provision for Outstanding Claims	239,846	128,547
Net claims incurred	(177,268)	(114,366)
Acquisition Cost	(150,301)	(191,680)
Maintenance expenses	(25,276)	(80,911)
	(175,577)	(272,592)
Total expenses	(352,846)	(386,958)
Surplus	**445,807**	**427,858**
Underwriting results		
Investment income	243,011	203,107
Net fair value gains /loss on financial assets through P/L	278,384	67,878
Other operating income	202,894	154,617
Management expenses	(884,738)	(822,573)
	(160,449)	(396,970)
Results of operating activities	**285,358**	**30,888**
Finance costs	(129,522)	(25,144)
Impairment (losses)/gain	(16,988)	(16,437)
Profit before taxation	**138,847**	**(10,692)**
Minimum tax	(16,039)	(13,131)
Profit/(loss) after taxation	**122,808**	**(23,823)**
Other Regulatory Reserve (Contingency Reserve)	(31,655)	(36,549)
	91,153	**(60,372)**
Other comprehensive income, net of tax	13,778	19,007
Total comprehensive income for the year	**138,118**	**(2,704)**

Notes to the consolidated and separate financial statements

LIFE BUSINESS ACCOUNTS

Statements of financial position

In thousands of Naira	31-Dec-17	31-Dec-16
Assets		
Cash and cash equivalents	1,068,186	1,112,467
Financial assets	737,389	843,686
Trade receivable	99,625	8,023
Reinsurance assets	3,587	12,105
Other receivables and prepayment	2,338,836	957,493
Investment in subsidiary	204,813	183,557
Investment property	2,559,888	2,550,875
Property, plant and equipment	4,556	450,412
Statutory deposit	200,000	200,000
Total assets	**7,216,880**	**6,318,618**
Liabilities		
Insurance contract liabilities	1,937,397	1,450,309
Investment contracts liabilities	619,394	789,499
Trade payables	29,371	30,008
Provisions and other payables	1,124,474	840,161
Current income tax liabilities	109,847	96057
Deferred tax liabilities	2,720	2,720
Total liabilities	**3,823,203**	**3,208,754**
Net assets	**3,393,677**	**3,109,864**
Equity		
Equity attributable to owners of the parent		
Ordinary shares	620,760	620,760
Share premium	1,093,759	1,093,759
Contingency reserve	366,124	296,388
Retained earnings	961,826	729,221
Asset revaluation reserve	351,208	369,736
Shareholders' funds	**3,393,677**	**3,109,865**

Notes to the consolidated and separate financial statements

GNI Healthcare Company

In thousands of naira	31- Dec-17	31-Dec-16
Assets		
Cash and cash equivalents	108,765	145,421
Receivables	58,466	41,745
Other Receivables	54,700	
Property and equipment	142,138	146,629
Intangible assets	-	-
Total assets	**364,069**	**333,795**
Liabilities		
Provisions and other payables	27,443	28,888
Insurance contract liabilities	67,185	54,449
Deposit for Shares	-	50,050
Current income tax liabilities	4,325	4,539
Deferred Tax Liabilities	8,568	7,607
Total liabilities	**107,521**	**145,533**
Net assets	**256,548**	**188,262**
Equity		
Share capital	245,500	200,000
Share premium	34,550	30,000
Retained earnings	(70,118)	(87,452)
Assets revaluation reserve	45,712	45,712
Total equity	**255,644**	**188,260**

Notes to the consolidated and separate financial statements

Statement of profit or loss and other comprehensive income

GNI Healthcare Limited

In thousands of Naira	Note	30-Dec-17	31-Dec-16
Gross premium income	7	140,400	84,262
Unearned premium	7	(19,027)	22,077
Net premium income		121,374	106,339
Claims Incurred	8	(57,240)	(54,858)
Business acquisition expense	9	(5,536)	(5,462)
Net underwriting profit		58,598	46,019
Investment income	10	17,328	9,012
Other income		3,079	-
Net income		**79,006**	**55,031**
Operating and administrative expenses	11	(21,882)	(23,491)
Personnel expenses	12	(24,718)	(26,324)
Depreciation	17	(6,106)	(7,366)
Impairment of Intangible Assets/ receivables	18	(5,861)	-
Profit/(Loss) before tax		**20,439**	**(2,150)**
Income tax	13(a)		**(1,922)**
Minimum tax	13(a)	(3,107)	
Profit/ (Loss) for the year		**17,332**	**(4,072)**
Other comprehensive income:			
Gain on revaluation of property	24	904	
Tax on gain on revaluation of property	24		
		904	**-**
Total comprehensive income for the year		**18,236**	**(4,072)**

Value Added Statement

	Group 31-Dec-17 ₦'000	%	Group 31-Dec-16 ₦'000	%	Company 31-Dec-17 ₦'000	%	Company 31-Dec-16 ₦'000	%
Gross premium (Local)	3,256,939		2,208,815		3,116,538		2,124,553	
Bought in materials and services								
- Local	(2,215,404)		(1,923,865)		(2,105,435)		(1,875,113)	
Value added	1,041,535	100	284,950	100	1,011,103	100	249,440	100
Distribution of value added								
To government								
Taxation	46,978	5	32,420	5	43,870	4	30,498	5
To employees								
Employee cost	520,228	50	552,816	82	495,900	49	526,492	83
Retained in the business								
Depreciation	54,894	6	70,382	11	48,788	5	63,015	10
Amortisation	2,143	0	58,910	8	2,143	0	58,910	9
To contingency reserve	14,591	1	45,612	8	13,778	1	45,612	9
To retained earnings	402,701	39	(475,190)	(14)	406,624	40	(475,087)	(16)
Value added	1,041,535	100	284,950	100	1,011,103	100	249,440	100

Five-Year financial summary

	Group		Company				
In thousands of Naira	**2017**	**2016**	**2017**	**2016**	**2015**	**2014**	**2013**
Statement of financial position							
Assets							
Cash and cash equivalents	1,765,531	1,717,895	1,656,765	1,572,473	2,655,803	2,284,649	1,531,163
Financial assets	1,119,717	1,702,256	1,119,717	1,702,256	1,135,760	1,011,033	531,240
Trade receivable	164,117	52,509	105,650	16,264	23,746	143,663	252,999
Reinsurance assets	478,023	342,340	478,023	342,340	437,554	454,821	184,801
Deferred acquisition cost	77,805	52,762	77,805	52,762	108,104	146,204	54,568
Finance lease receivable	-	-	-	-	21,192	178,623	104,708
Other receivables and prepayment	287,656	157,590	294,652	169,821	166,450	162,719	137,931
Investment in subsidiary	-	-	204,813	183,556	187,527	225,000	-
Investment property	4,791,817	4,565,408	4,791,817	4,565,408	4,522,983	4,380,865	4,175,330
Intangible assets	-	2,144	-	2,144	61,053	132,252	3,952
Property, plant and equipment	929,541	902,807	787,404	756,180	782,902	700,091	773,559
Statutory deposit	500,000	500,000	500,000	500,000	500,000	500,000	524,187
Deferred tax asset	6,033	6,033	6,033	6,033	6,033	-	157,964
Total assets	10,120,241	10,001,744	10,022,679	9,869,237	10,609,107	10,319,920	8,432,402
Insurance contract liabilities	2,918,269	2,433,909	2,851,085	2,379,460	2,813,013	2,781,599	1,823,405
Investment contract liabilities	619,394	789,499	619,394	789,499	726,262	648,849	552,192
Trade Payables	33,758	41,992	33,758	41,992	30,297	49,525	91,433
Gratuity payable	2,406	2,406	2,406	2,406	3,097	17,040	21,852
Provisions and other payables	483,863	590,526	518,115	579,368	464,563	527,393	338,116
Finance lease obligations	-	-	-	-	-	108,927	-
Short term Borrowings	-	519,893	-	519,893		-	72,007
Deposit for shares	-	50,050	-	-	500,000		
Deferred tax liabilities	15,029	12,446	6,371	4,840	2,782	285,646	-
Current income tax liabilities	150,196	131,040	145,870	126,501	187,253	198,209	180,485
Total liabilities	4,222,914	4,571,761	4,176,998	4,443,959	4,727,267	4,617,188	3,079,490
Net assets	5,897,327	5,429,983	5,845,682	5,425,278	5,881,840	5,702,732	5,352,912
Financed by:							
Issued and paid up capital	1,913,742	1,913,742	1,913,742	1,913,742	1,913,742	1,913,742	1,913,742
Share premium	3,110,664	3,110,664	3,110,664	3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve	858,103	796,149	858,103	796,149	750,537	568,724	506,485
Retained earnings	(656,287)	(993,469)	(604,979)	(949,649)	(428,950)	(683,868)	(626,011)
Assets revaluation reserve	614,600	600,176	568,150	554,372	535,847	485,905	448,032
NCI	56,503	2,721			-	-	-
Shareholders' fund	**5,897,326**	**5,429,983**	**5,845,681**	**5,425,278**	**5,881,840**	**5,395,167**	**5,352,912**

Statement of comprehensive income

Gross premium written	3,256,939	2,208,815	3,116,538	2,124,553	3,077,846	3,046,982	2,881,139
Investment & other income	602,223	461,255	581,816	452,243	381,368	687,540	1,003,113
Profit/(loss) before taxation	449,679	(442,770)	450,494	(444,589)	283,467	466,709	1,275,505
Taxation	(46,978)	(32,420)	(43,870)	(30,498)	254,960	(462,327)	(372,406)
Profit/(loss) after taxation	402,701	(475,190)	406,624	(475,087)	538,427	4,382	903,099
Earnings per share-basic	10.52	(12.41)	10.62	(12.41)	14.07	0.11	23.60
Earnings per share-diluted	10.52	(12.41)	10.62	(12.41)	14.07	0.11	10.73

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.