Wapic Insurance Plc.

Unaudited Interim Financial Statements

For the Period Ended 31 March 2018

Wapic Insurance Plc

Consolidated Statement of Financial Position
as at the period ended 31st March 2018
(All amounts in Naira thousands unless otherwise stated)

	Group 2018 Mar N'000	Group 2017 Dec N'000	Company 2018 Mar N'000	Company 2017 Dec N'000
Cash and cash equivalents	913,264	1,745,342	283,895	911,023
Financial assets	10,488,343	9,495,935	5,245,689	4,356,929
Trade receivables	2,167,046	707,489	1,840,251	486,997
Reinsurance assets	2,687,063	1,586,301	1,508,259	838,139
Deferred acquisition cost	858,573	530,793	569,235	317,832
Other receivables and prepaymen	2,553,487	1,061,531	1,955,246	871,238
Investment property	315,088	312,750	5,059,810	312,750
Investment in associates	8,572,785	8,264,440	3,876,571	5,059,810
Investment in subsidiaries	-	-	315,088	3,876,571
Property and equipment	3,909,828	3,787,381	3,659,793	3,521,507
Intangible assets	424,771	479,685	421,608	476,144
Deferred tax asset	-	-	-	-
Statutory deposit	603,672	632,964	300,000	300,000
Total assets	**33,493,920**	**28,604,611**	**25,035,444**	**21,328,939**
Trade payables	2,815,583	516,371	2,640,618	415,414
Other payables	972,762	1,458,750	807,024	1,417,790
Current income tax liabilities	362,015	263,793	202,790	115,315
Investment contract liabilities	1,127,292	1,063,860	-	-
Insurance contract liabilities	9,609,100	7,141,465	5,582,954	3,817,332
Deferred tax liabilities	277,653	202,547	393,175	202,548
Total liabilities	**15,164,405**	**10,646,786**	**9,626,561**	**5,968,399**
Net assets	**18,329,515**	**17,957,825**	**15,408,883**	**15,360,540**
Equity attributable to owners:				
Share capital	6,691,369	6,691,369	6,691,369	6,691,369
Share premium	6,194,983	6,194,983	6,194,983	6,194,983
Contingency reserves	2,178,500	2,061,153	1,146,189	1,742,067
Other reserves	1,192,882	941,704	1,835,450	671,027
Retained earnings	2,071,780	2,068,616	(459,108)	61,095
Shareholders' fund	**18,329,514**	**17,957,825**	**15,408,883**	**15,360,541**

These interim unaudited financial statements were approved by the board of directors (BOD) on 25 April 2018 and signed on behalf of the board of directors by the directors listed below:

Aigboje Aig-Imoukhuede, CON
FRC/2013/CIBN/00000001999
Chairman

Adeyinka Adekoya
FRC/2016/CIIN/00000013893
Managing Director

Bode Ojeniyi
Executive Director
FRC/2016/CIBN/00000013894

Additionally certified by:

Oluseyi Taiwo
FRC/2013/ICAN/00000004011
Chief Finance Officer

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

Wapic Insurance Plc

Consolidated Statements of Profit or Loss
For the period ended 31st March 2018
(All amounts in Naira thousands unless otherwise stated)

	Group		Company	
	2018	2017	2018	2017
	Mar	Mar	Mar	Mar
	N'000	N'000	N'000	N'000
Gross written premium	4,465,986	3,771,467	3,112,770	2,886,580
Movement in unearned premium	(1,933,796)	(1,618,225)	(1,608,044)	(1,333,812)
Gross premium income	**2,532,190**	**2,153,242**	**1,504,726**	**1,552,768**
Reinsurance expenses	(958,395)	(878,693)	(677,445)	(684,612)
Net premium Income	**1,573,795**	**1,274,548**	**827,281**	**868,156**
Fees and commission income	214,482	153,092	143,057	108,068
Net underwriting income	**1,788,277**	**1,427,640**	**970,338**	**976,223**
Claims Paid	(640,416)	(830,273)	(285,836)	(366,701)
Movement in Outstanding Claims	(269,500)	116,338	(99,729)	168,934
Claims expense recoverable	218,437	65,095	122,189	(113,735)
Net claims expenses	**(691,479)**	**(648,840)**	**(263,376)**	**(311,502)**
Underwriting expenses	(324,194)	(352,883)	(181,546)	(283,323)
Total underwriting expenses	**(1,015,673)**	**(1,001,723)**	**(444,922)**	**(594,825)**
Underwriting profit	**772,604**	**425,917**	**525,416**	**381,398**
Investment income	330,077	413,899	146,749	179,636
Net realised gain/(loss) on financial assets	-	-	-	-
Net FV Gain/Loss on investments @ FVTPL	7	-	7	-
Net FV Gain/Loss on financial asset HFT	2,567	0	0	0
Other operating income	51,979	71,199	49,079	15,914
Total investment and other income	**384,630**	**485,098**	**195,835**	**195,550**
Net income	**1,157,234**	**911,015**	**721,251**	**576,949**
Impairment on trade receivable	-	3,910	-	3,910
Impairment on Other Assets	-	2,262	-	-
Interest on deposit admin funds	-	(15,485)	-	-
Employee benefit expenses	(335,539)	(300,699)	(205,512)	(206,675)
Other operating expenses	(810,662)	(575,758)	(570,090)	(381,362)
Total operating expenses	**(1,146,201)**	**(885,770)**	**(775,602)**	**(584,127)**
Operating profit	**11,033**	**25,245**	**(54,351)**	**(7,179)**
Share of profit of associate	308,345	358,864	-	-
Profit before tax	**319,378**	**384,109**	**(54,351)**	**(7,179)**
Income tax	(86,121)	(118,367)	(79,371)	(96,384)
Profit after tax	**233,257**	**265,742**	**(133,722)**	**(103,563)**
Other Comprehensive Income, net of tax:				
Exch. Diff. on translation of foreign operation	(51,299)	(11,360)	-	-
Net fair value gain on AFS financial asset	95,179	70,972	99,294	46,971
Gain on revaluation of property and equipment	-	-	-	-
Deffered tax on revaluation gain	-	-	-	-
Share of other comprehensive income of associate	-	(266,780)	-	-
Total Other Comprehensive Income	**43,880**	**(207,167)**	**99,294**	**46,971**
Total comprehensive income/loss	**277,137**	**58,575**	**(34,428)**	**(56,591)**
Basic Earning Per Share (Kobo)	0.02	0.02	(0.01)	(0.01)

Wapic Insurance Plc

Consolidated Statements of Changes in Equity -Group
For the period ended 31st March 2018
(All amounts in Naira thousands unless otherwise stated)

	Share capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	6,691,369	6,194,983	2,061,153	941,704	2,068,615	17,957,824
Total comprehensive income for the year						
Profit for the year	-	-	-	-	120,523	120,523
Transfer to contingency reserves	-	-	-	251,178	-	251,178
	-	-	-	251,178	120,523	371,701
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	117,347	-	(117,347)	-
net Reclassification adjustments for realised net gains/loses				-		-
Foreign currency translation difference	-	-	-	-		-
Share of other comprehensive income of assocates				-		-
Reclassification of revaluation gain net of tax on disposed property	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	117,347	-	(117,347)	-
Total comprehensive income for year	-	-	117,347	251,178	3,176	371,701
Transactions with equity holders, recorded directly in equity:						
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 31st March 2018	6,691,369	6,194,983	2,178,500	1,192,882	2,071,791	18,329,526
	-	-	-	-	-	

Wapic Insurance Plc

Statement of Changes in Equity -Company
For the period ended 31st March 2018
(All amounts in Naira thousands unless otherwise stated)

	Share Capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	6,691,369	6,194,983	1,742,067	671,027	61,095	15,360,541
Total comprehensive income for the year						
Profit for the year	-	-	-	-	(40,336)	(40,336)
Other Comprehensive Income				88,683		88,683
Total comprehensive income	-	-	-		(40,336)	48,347
	6,691,369	6,194,983	1,742,067	759,710	20,759	15,408,888
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	93,383	-	(93,383)	-
Net reclassification adjustments for realised net gains/(loses)				-		-
Share of other comprehensive income of associates				-		-
Revaluation gain on property and equipment, net of tax	-	-	-	-	-	-
Total comprehensive income for year	6,691,369	6,194,983	1,835,450	759,710	(72,624)	15,408,888
Transactions with equity holders, recorded directly in equity:						
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 31st March 2018	6,691,369	6,194,983	1,835,450	759,710	(72,624)	15,408,888
	-	-				

Wapic Insurance Plc

Consolidated Statements of Changes in Equity -Group
For the period ended 31st March 2017
(All amounts in Naira thousands unless otherwise stated)

	Share capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	6,691,369	6,194,983	1,807,949	1,209,743	662,291	16,566,335
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,530,810	1,530,810
Transfer to contingency reserves	-	-	253,204	-	(253,204)	-
	-	-	253,204	-	1,277,606	1,530,810
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	-	(7,292)	-	(7,292)
Net reclasification adjustments for realised Net gains				(128,719)	128,719	
Foreign currency translation difference	-	-	-	(27,610)	-	(27,610)
Revaluation gain on property and equipment, net of tax	-	-	-	-	-	-
Reclassification - Excess depreciation transfer	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	(104,418)	-	(104,418)
Total other comprehensive income for the year	-	-	-	(268,039)	128,719	(139,320)
Total comprehensive income for year	-	-	253,204	(268,039)	1,406,325	1,391,490
Total transactions with owners	-	-	-	-	-	-
Balance at 31st March 2017	6,691,369	6,194,983	2,061,153	941,704	2,068,616	17,957,826

Wapic Insurance Plc

Statement of Changes in Equity -Company
For the period ended 31st March 2017
(All amounts in Naira thousands unless otherwise stated)

	Share Capital	Share premium	Contingency reserves	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	6,691,369	6,194,983	1,550,425	788,338	(191,626)	15,033,489
Total comprehensive income for the year						
Profit for the year	-	-	-	-	315,644	315,644
Transfer to contingency reserves	-	-	191`642	-	(191,642)	-
	-	-	-	-	124,002	315,644
Other comprehensive income						
Net changes in fair value of AFS financial instruments	-	-	-	11,408	-	11,408
Revaluation gain on property and equipment, net of tax	-	-	-	-	-	-
Reclassification - Excess depreciation transfer	-	-	-	(128,719)	128,719	-
Deferred tax on revaluation gain on property and equipment	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	(117,311)	128,719	11,408
Total comprehensive income for year	-	-	-	(117,311)	252,721	327,052
Total transactions with owners	-	-	-	-	-	-
Balance at 31st March 2017	6,691,369	6,194,983	1,550,425	671,027	61,095	15,360,541

Wapic Insurance Plc

Consolidated Statement of Cash Flows
For the period ended 31st March 2018
(All amounts in Naira thousands unless otherwise stated)

	Group	Group	Company	Company
	2018	**2017**	**2018**	**2017**
	31-Mar	**31-Mar**	**31-Mar**	**31-Mar**
	N'000	**N'000**	**N'000**	**N'000**
Cash flows from operating activities				
Premiums received	3,196,835	3,895,825	1,909,006	3,333,153
Fees and commission received	187,181	269,834	88,802	222,852
Fees and commission paid	769,226	(670,956)	937,371	(544,179)
Reinsurance premiums paid	(1,541,384)	(1,900,149)	(323,716)	(1,441,214)
Gross claims paid to policy holders	(640,416)	(830,273)	(285,836)	(366,701)
Reinsurance recoveries on claims	590,578	(363,298)	(46,776)	(131,494)
Payments to employees	(335,539)	(300,699)	(205,512)	(206,675)
Other operating cash payments	(2,738,359)	(803,494)	(1,969,473)	(553,522)
Other operating cash receipts	227,196	125,401	52,444	15,064
Tax paid	-	(27,621)	-	(21,036)
Net cashflow from operations	(284,681)	(605,430)	156,309	306,248
Cash flows from investing activities				
Purchases of property and equipment	(156,639)	(139,652)	(11,390)	(62,634)
Purchases of intangible assets	-	(18,210)	-	(17,325)
Proceeds from sale of property and equipment	10,119	1,821	-	1,821
Purchases of investment securities	(719,091)	(5,740,607)	(458,944)	(2,227,521)
Proceeds from redemption of investment securities	-	4,684,932	-	1,779,710
Acquisition/Improvement to investment properties	2,338	-	2,338	-
Proceeds from sale of investment properties	-	-	-	-
Rental income received	500	-	500	-
Dividend income received	56,271	75,851	56,271	71,425
Interest income received	255,450	331,949	89,978	108,211
Net cash (used in) / from investing activities	(551,052)	(803,916)	(321,247)	(346,315)
Cash flows from financing activities				
Proceeds from issue of shares	-	-	-	-
Dividend paid	-	-	-	-
Net cash from financing activities	-	-	-	-
Changes in cash and cash equivalents	(835,732)	(1,409,346)	(164,938)	(40,067)
Cash and cash equivalent at beginning of year	5,060,681	6,691,319	1,050,335	1,654,226
Net increase/(decrease) in cash and cash equivalent	(835,732)	(1,409,346)	(164,938)	(40,067)
Cash and cash equivalent at end of year	4,224,949	5,281,973	885,397	1,614,159

Summary of Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents is as follows:

	Group	Group	Company	Company
	2018	**2017**	**2018**	**2017**
	31-Mar	**31-Mar**	**31-Mar**	**31-Mar**
	N'000	**N'000**	**N'000**	**N'000**
Cash at bank and in hand	913,264	61,451	283,895	78,540
Money market placements		1,219,307	-	531,380
Treasury bills less than 90 days maturity	3,311,684	4,001,215	601,502	1,004,240
Balance, end of year	4,224,948	5,281,973	885,397	1,614,159

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

Notes to the financial statements

1. Reporting entity

Wapic Insurance Plc (“Wapic” or ‘‘the Company”) together with its subsidiaries (collectively "the Group") is a public liability company domiciled in Nigeria with operations in Nigeria and Ghana. Wapic Insurance Plc was incorporated on 14 March 1958 as a private limited liability Company under the name of West African Provincial Insurance Company Limited. It became a public limited liability company in 1990 when the Company’s shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2000, and became a composite insurance business. The Company separated the life business and transferred the related assets and liabilities to its subsidiary, Intercontinental Life Assurance Limited (now Wapic Life Assurance Limited), on 1 March 2007 through which it continues to provide life assurance services. Wapic Insurance Ghana Limited, a wholly owned subsidiary of Wapic Insurance Plc, was incorporated on 21 January 2008 to carry on general insurance business in Ghana from 19 February 2008. The address of the Company’s corporate office is 119, Awolowo Road, Ikoyi. The Group is principally engaged in the business of underwriting life and non-life insurance risks and also issues a diversified portfolio of investment contracts products to provide its customers with asset management solutions for their savings and target investment plans.

Going concern

These financial statements have being prepared on the going concern basis. The Group and Company has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Group and Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Group and Company is carried out to ensure that there are no going concern threats to the operation of the Group and Company.

2. Basis of preparation

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS and in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, the Financial Reporting Council of Nigeria Act (FRC Act) and Nigerian Insurance Commission (NAICOM) guidelines and circulars.

These financial statements were authorised for issue by the Company’s Board of Directors on 25 April 2018.

(b) Functional and presentation currency

The financial statements are presented in Nigerian currency (Naira) which is the Company’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following:

• financial instruments at fair value through profit or loss are measured at fair value;
• available-for-sale financial assets are measured at fair value;
• investment properties are measured at fair value;
• land and building are carried at revalued amount; and
• Insurance liabilities are measured at present value of future cashflows.
• Loans and advances are at amortised cost

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 4 to the financial statements.

(e) Regulation

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

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

ii) section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 per centum of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review. Under IFRS the Incurred but not Reported (IBNR) claims are included in the reserves is as determined by the Actuary;

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 3.24 to cover fluctuations in securities and variation in statistical estimates;

iv) section 22 (1a) requires that the maintenance of a general reserve fund (insurance contract 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 maintenenance of a margin of solvency to be calculated in accordance with the Act.

The FRC Act provides that in the matters of financial reporting if there is any inconsistency between the FRC Act and of other Act or law, the FRC Act shall supercede the other Act or law. The FRC Act provides that IFRS shall be the national financial reporting framework in Nigeria. Consequently, the following provision of the National Insurance Act, which conflict with the provisions of IFRS have not been adopted:

i) the requirement to provide 10 per cent for outstanding claims in respect of claims incurred but not reported (IBNR) at the end of the year under review under section 20 (1b);

ii) the requirement for additional provision of 25 per cent of net premium to general reserve fund under section 22 (1a).

(f) Reporting period

The statement of financial position has been prepared for a 12 month period.

(g) Changes in accounting policies

Except for the changes below, the Group and Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period. No new and amended standards and interpretations were adopted during the financial year.

New and amended standards and interpretations yet to be adopted by the Group

As at year end, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these financial statements. Set-out below are standards relevant to the Company, with a date of initial application after 1 January 2018:

Title of standard	**IFRS 9 Financial Instruments**
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The new classification and measurement and impairment requirements will be applied by adjusting our opening balance sheet of 01 Jan 2018 (31 December, 2017) the date of initial application, with no restatement of comparative period financial information. The Group will recognise any difference between the previous carrying amount and the carrying amount in the opening retained earnings (or other component of equity, as appropriate). Based on current estimates, the adoption of IFRS 9 is expected to result in a reduction to retained earnings as at 31 Dec 2017. The impact is primarily attributable to increases in the allowance for credit losses under the new impairment requirements. We continue to monitor and refine certain elements of our impairment process in advance of Q1 2018 reporting.
	Classification and measurement
	IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (FVTPL), FVOCI or amortized cost based on the nature of the cash flows of the assets and an entity's business model. These categories replace the existing IAS 39 classifications of FVTPL, AFS, loans and receivables, and held-to-maturity. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

For financial liabilities, most of the pre-existing requirements for classification and measurement previously included in IAS 39 were carried forward unchanged into IFRS 9. The requirements related to the fair value option for financial liabilities, which were adopted in 2014, were changed to address the treatment of own credit risk. The combined application of the contractual cash flow characteristics and business model tests as at 31 December 2017 is expected to result in certain differences in the classification of financial assets when compared to our classification under IAS 39. The most significant changes in classification include the following:

Financial Statement Line	Financial instrument	mount (N'00	IAS 39 classification	IFRS 9 classification
Cash and cash equivalents	Cash at bank	933,582	Loans and receivables	Amortised cost
	Money market placeme	811,760	Loans and receivables	Amortised cost
Investment securities - Avail	Equity securities with r	1,548,487	Available for sale	FVTOCI
	Unquoted equity securi	179,990	Available for sale	FVTOCI
	Fixed income securities	2,304,336	Available for sale	FVTOCI
Other assets	Trade receivables	707,489	Loans and receivables	Amortised cost
	Other receivables (excl	924,102	Loans and receivables	Amortised cost
	Reinsurance assets (exc	1,087,216	Loans and receivables	Amortised cost
Statutory deposit	Restricted deposit with	632,964	Loans and receivables	Amortised cost

There were no significant changes in the Group's classification of financial liabilities.

Decisions points

The implementation of IFRS 9 requires certain decisions to be taken by the managment. and approved in line the relevant governance framework. Management will within the intervening period identify and assess the complexity of implementation decision point and the range of policy options available for each. Management will also consider conceptual suitability, implementation feasibility and regulatory directives on each option to guide the range of key decision points, policy options for each decision point and the policy that will be chosen by management at implementation date.

Impairment

IFRS 9 introduces an expected credit loss impairment model that differs significantly from the incurred loss model under IAS 39 and is expected to result in earlier recognition of credit losses. Additional details on the key elements of the new expected credit loss model are described below.

Scope

Under IFRS 9, the same impairment model is applied to all financial assets, except for financial assets classified or designated as at FVTPL and equity securities designated as at FVOCI, which are not subject to impairment assessment. The scope of the IFRS 9 expected credit loss impairment model includes amortized cost financial assets, debt securities classified as at FVOCI, and off balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The implemntation is expected to consider the above-mentioned reclassifications into or out of these categories for both on and off-balance sheet exposures in line with IFRS 9.

Expected credit loss impairment model

Under IFRS 9, credit loss allowances will be measured on each reporting date according to a three-stage expected credit loss impairment model:

• Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the next 12 months.

• Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset.

• Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses will be recognized. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

	Under IFRS 9, the population of financial assets and corresponding allowances disclosed as Stage 3 will not necessarily correspond to the amounts of financial assets currently disclosed as impaired in accordance with IAS 39. Consistent with IAS 39, loans and receivables are written off when there is no realistic probability of recovery. Accordingly, our policy, when financial assets are written-off will not significantly change on adoption of IFRS 9.
	Because all financial assets within the scope of the IFRS 9 impairment model will be assessed for at least 12-months of expected credit losses, and the population of financial assets to which full lifetime expected credit losses applies is larger than the population for which there is objective evidence of impairment in accordance with IAS 39, loss allowances are generally expected to be higher under IFRS 9 relative to IAS 39.
	Changes in the required credit loss allowance, including the impact of movements between Stage 1 (12 month expected credit losses) and Stage 2 (lifetime expected credit losses), will be recorded in profit or loss. Because of the impact of moving between 12 month and lifetime expected credit losses and the application of forward looking information, provisions are expected to be more volatile under IFRS 9 than IAS 39.
	Measurement
	The measurement of expected credit losses will primarily be based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD.
	Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. The Group will combine the regulatory prudential guidelines with other relevant qualitative factors in the "definition of default".
	Movement across stages
	Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognized. For the purposes of this assessment, credit risk is based on an instrument's lifetime PD, not the losses expected to be incur.
	Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39.
	Expected life
	For instruments in Stage 2 or Stage 3, loss allowances will cover expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life, adjusted as applicable for expected prepayments. However, an exemption from this limit is granted for instruments that include both a loan and undrawn commitment component and where the contractual ability allows demand of repayment and cancellation of the undrawn commitment does not limit the exposure to credit losses to the contractual notice period.
	Definition of default
	IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due. The Group will adopt a definition of default based on the best practice. In addition, qualitative factors will also be considered. This will be applied consistently from one reporting period to another.
	Governance
	The implementation of IFRS 9 will be designed and implemented in-line with the existing governance structure around the finance and investment management framework of the Group.
Mandatory applicationdate/ Date of ad	IFRS 9 must be applied for financial years commencing on or after 1 January 2018.
	During the intervening period, we will carry-out initial assessments of the scope of IFRS 9, gap assessments from IAS 39, classification of financial assets, financial and economic impacts, system and resource requirements, and key accounting interpretations. We will also design and commencing the building of systems, models, controls and processes required to implement IFRS 9.

Title of standard	**IFRS 16 Leases**
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are shortterm and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has no operating lease commitments.
Mandatory application date/ Date of adoption by the Group	IFRS 16 must be applied for financial years commencing on or after 1 January 2019. The Group does not intend to adopt IFRS 16 before its mandatory date. Expected date of adoption by the Group is 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies

Except for the changes explained above, the significant accounting policies set out below have been consistently applied by the Group and Company to all periods presented in these financial statements.

3.1. Cash and cash equivalents

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

Cash and cash

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

3.2. Financial instruments

(i) Financial assets

(a)Classification

The Group's financial assets include cash and short term deposits, trade and other receivables, staff loans, quoted and unquoted equity instruments, treasury bills, bonds and debt notes.

The classification of financial assets depends on the purpose for which the investments were acquired or originated.

The Group classifies its financial assets into the following categories:

• financial assets at fair value through profit or loss;

• held-to-maturity;

• loans and receivables, and

• available-for-sale.

(b) Initial recognition

All financial instruments are initially recognized at fair value plus directly attributable transaction costs for financial instruments not classified as at fair value through profit and loss. Financial instruments are recognized when the Group has a contractual right to receive cash flows from the financial instruments or where the Group has assumed substantially all risks and rewards of ownership.

(c) Subsequent measurement

Subsequent to intial recognition, financial assets are measured either at fair value, amortised cost or cost, depending on their categorization.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designiated at initial recognition at fair value through profit or loss.

Financial assets classified as held for trading are acquired principally for the purpose of selling in the short term for profit purposes.

Subsequent to initial recognition, financial assets as fair value through profit or loss investments are re-measured at fair value, with gains and losses arising from changes in this value recognized in the profit or loss in the period in which they arise. The fair values of quoted instruments in active markets are based on current bid prices, while those of unquoted instruments are determined by reference to an active markets or valuation techniques.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are recognised in the profit or loss. The Group holds financial assets designated at initial recognition at fair value through profit or loss in addition to those financial assets held for trading.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention an

• those that meet the definition of loans and receivables.Such instruments as government bonds, corporate bonds and treasury bills are carried at amortised cost using the e

Held to maturity investments are measured subsequent to initial recognition at amortised cost using the effective interest rate.

Available-for-sale

Available for sale financial investments include equity and debt securities. The Group classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value. Fair values for quoted instruments are determined in the same manner as those of instruments at fair value through profit or loss. The fair values of unquoted equities and other instruments for which there is no active market, are established using appropriate valuation techniques. These inputs may include reference to the current fair value of other instruments that are substantially similar in terms of underlying cash flows and risk characteristics.

Available for sale equity instruments for which fair value cannot be reliably determined are carried at cost less impairment allowance, if any.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held and are subsequently transferred to profit or loss upon sale or de-recognition of the instrument. When available for sale instruments are impaired, the impairment loss is recognised immediately in profit or loss.

Dividends received on available-for-sale instruments are recognised in profit or loss when the Group's right to receive payment has been established.

Interest income on available for sale debt instruments are recognised in the profit or loss for the related period using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as at fair value through profit or loss or available-for-sale.

Loans and receivables consist primarily of staff loans, premium debtors, due from reinsurers, other debtors.
Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. Loans granted to staff at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs where these are considered material.

(d) Impairment of financial assets

The carrying amounts of financial assets subsequently measured at amortised cost are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated.

Observable data or evidence that the group uses to determine if an impairment allowance is required on a financial asset include:
- significant financial difficulty of a counter party;
- a breach of contract such as default of contractual terms or delinquency in interest or principal payment;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; and
- observable data which indicates that there is a measurable decrease in the estimated future cash flows from a group of assets since the initial recognition of those assets although the decrease cannot yet be identified with the individual financial assets. In addition, for an available-for-sale financial asset, a significant or prolonged decline in the fair value below its cost is also considered objective evidence of impairment. While the determination of what is significant or prolonged is a matter of judgement. In respect of equity securities that are quoted, the group is guided by the following:

(i) a decline is generally regarded as significant if it represent substantial fall in value below cost and
(ii) a decline in quoted price is considered to be prolonged if decline persists for more one financial year.

Loans and receivables and held-to-maturity financial instruments

For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and or collectively for the entire portfolio or class of financial assets. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

When there is objective evidence of impairment, the amount of the impairment loss determined is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through an allowance account. The impairment loss is recognised in profit or loss.

Impairment reversals in a subsequent period arising as a result of decreases in the amount of the impairment loss is recognised where the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal is reinstated as far it does not result in the carrying amount of the financial asset that exceeds what the amortised cost would have been had the initial impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the statement of financial position date, that have an impact on the future cash flows of the asset.

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

When an available-for-sale financial instrument is carried at cost because fair value is not reliably measured, an impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at current market rate of return for similar instruments.

(ii) Financial liabilities

The Group's financial liabilities are classified as other financial liabilities at amortised cost. They include: investment contract liabilities, trade and other payables.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value while other financial liabilities are measured at amortised cost.

In accordance with IAS 39, all financial assets and liabilities (including derivative financial instruments) have to be recognized in the financial statements and measured in accordance with their assigned categories. The table below represents the Company's classification of all its financial assets and liabilities:

Category		**Classes as determined by the Company**		**Subclasses**
Financial assets	**Financial assets at fair valu**	Financial assets at fair value through	Unlisted equity securities	Shares
	Loans and receivables	Cash and cash equivalents		Cash at bank and in hand
				Money market placements
		Trade receivables		Due from agents
				Due from policy holders/brokers
				Due from insurance companies
				Bancassurance receivables
		Reinsurance assets		Claim recoverables
		Other receivables and prepayment		Staff loans
				Intercompany receivables
				Sundry receivables
	Available for sale	Investment securities	Listed equity	Shares
			Unlisted equity	Shares
	Held to maturity	Investment securities	Listed debt securities	Treasury Bills
				Corporate Bonds
				Government Bonds
Financial liabilities	**Financial liabilities at fair v**	Nil	Nil	Nil
	ncial liabilities at amortized	Trade payables		Reinsurance payable
		Other payables		Customer deposits
				Accounts payable
				Due to contractors
				Accrued expenses
		Investment contract liabilities		Individual deposit adminstration
				Group deposit adminsitration

(iii) 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 maximize 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. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where an appropriate and reliable valuation technique can not be achieved the instrument is carried at cost.

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 paid 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 or at the price that best present the financial instrument.

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.

(iv) Offsetting financial assets and liabilities
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 legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) De-recognition of financial assets and liabilities
A financial asset is derecognized when the contractual rights of the Group to the cash flows from the asset expire, or its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or when it assumes an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

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

(vi) Write-off policy
The Group writes off a financial asset (and any related allowances for impairment losses) when it determines that the assets are uncollectible. This is determined after consideration of information such as significant changes in the issuer's financial position such that the issuer can no longer pay the obligation or charge off decisions generally based on specific past due status considerations.

(vii) Trade receivables

Trade receivables are loans and receivables financial instruments specifically arising from insurance contracts and constitutes premium debtors with determinable payments that are not quoted in an active market and the Group has no intention to sell. Trade receivables on insurance contracts are initially recognised at fair value and subsequently measured at amortised cost less impairment. Trade receivables are recognised for insurance cover for which payments have been received indirectly through duly licensed insurance brokers or lead insurers in co-insurance arrangements. Premium collected on behalf of the Group are expected to be received within 30 days from insurance brokers and lead insurers. Trade receivables that are individually identified as impaired are assessed for specific impairment. All other trade receivables are assessed for collective impairment.

3.3. Reinsurance assets and liabilities
Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group that meets the classification requirements for insurance contracts are classified as reinsurance contracts held by the Group. Contracts that do not meet these classification requirements are classified as financial assets.

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers on settled or outstanding claims are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's obligations according to the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance premiums paid and payable on the Group's reinsurance contracts are amortised over the life of the underlying insurance contracts covered by the reinsurance policies. The unexpired portion of the amortised reinsurance premiums are recognised as prepaid reinsurance.

The Group's reinsurance assets are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting 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 profit or loss. An objective evidence exists if an event has occurred by which the Group may determine that it may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

Reinsurance liabilities are premiums payable for the Group's reinsurance contracts and are recognised as an expense when due.

3.4 Deferred acquisition costs (DAC)

Acquisition costs comprise insurance commissions, brokerage and other related underwriting expenses arising from the generation and underwriting of insurance contracts. Deferred acquisition costs represent a proportion of commission and underwriting expenses which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins.

The proportion of these acquisition costs that correspond to the unearned premiums are deferred as an asset and amortised over the life of the associated insurance contracts on a basis consistent with the related unearned portion of the premiums.

For non life business and short-duration life insurance contracts, the Group amortises the deferred acquisition costs over the terms of the policies as premium is earned on the underlying insurance contracts by applying to the acquisition expenses the ratio of unearned premium to written premium.

For long-term life insurance contracts no assets are established in respect of deferred acquisition cost. However, an allowance for acquisition cost loading is provided for in the valuation of the insurance contract liabilities using assumptions consistent with those used in calculating future policy benefit liabilities as well as historical and anticipated future experience and is updated at the end of each accounting period.

3.5. Other receivables and prepayments

Other receivables are stated after deductions of amount considered bad or doubtful of recovery. These are loans and receivables other than investment securities, insurance trade receivables and reinsurance assets. When a debt is deemed not collectible, it is written-off against the related provision or directly to profit or loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to profit or loss.

Prepayments represent prepaid expenses and are carried at cost less amortisation expensed in profit or loss.

3.6. Basis of consolidation

(a) Subsidiaries

Investment in subsidiaries are carried in the Company's separate financial statements at cost less allowance for impairment.

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the assets, liabilities and results of the Group and subsidiary undertakings. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Investment in subsidiary are carried at cost in the Group's separate financial statements and are reviewed for impairment annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and transferred to equity.

On the disposal of a foreign operation, the Group recognises in profit or loss the cumulative amount of exchange differences relating to that foreign operation. When a subsidiary that includes a foreign operation is partially disposed of or sold, the Group re-attributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non controlling interests in that foreign operation. In the case of any other partial disposal of a foreign operation, the Group reclassifies to profit or loss only the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income.

(b) Transactions eliminated on consolidation

Intra-Group balances and transactions and any unrealized gains or losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Associates

Investment in associates are carried in the Company's separate financial statements at cost less allowance for impairment and consolidated in the Group's consolidated financial statements under the equity accounting method.

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity accounting method. Under the equity accounting the method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the post-acquisition profit or loss and other comprehensive income of the investee. The Group's investment in associates includes goodwill identified on acquisition while gains realised on purchase below fair value are recognised in profit or loss.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of the post-acquisition movement in other comprehensive income is recognised in other comprehensive income with corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred constructive obligations or made payments on behalf of the associate.

The Group determine at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The amount of impairment is determined as the difference between the recoverable amount of the associate and its carrying value. This amount is recognised against the share of profit or loss of associates in the income statement.

On disposal of ownership interest in an associate which reduces holding but where significant influence in retained, only a proportionate share of the amount previously recognised in other comprehensive income is reclassified to profit or loss where appropriate, where significant influenced is lost, the investment is reclassified as equity investment and the amount previously recognised in other comprehensive income is reclassified to profit or loss.

(d) Elimination of upstream and downstream transactions

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction present evidence of an impairment of the asset transferred. Accounting policies of the associate are reviewed and aligned to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in income statement.

3.7. Investment property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. Investment property is subsequently 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.

Fair values are reviewed annually by independent valuer, registered with the Financial Reporting Council of Nigeria and holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business. The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion and the related value can be separately identifiable and measured reliably. Otherwise, the portion occupied by the Group is treated as property and equipment.

3.8. Intangible assets

Software

Recognition of software acquired is only allowed if it is probable that future economic benefits attributable to this intangible asset will flow to the Group.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs are expensed to profit or loss.

Internally developed software is capitalized when the Group has the intention and demonstrates the ability to complete the development, has the technical feasibility of completing the intangible asset so that it will be available for use and it has adequate technical, financial and other resources to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years subject to annual reassessment.

3.9. Property and equipment

Recognition and measurement

All items of property and equipment except land and buildings are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairment losses .Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

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

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

Subsequent Costs

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

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

Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date. No depreciation is charged on property and equipment until they are available for use.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life and is allocated on a straight line basis over the estimated useful lives, as follows:

Land	- Over the lease period (99 years)
Buildings	- Over 50 years
Office equipment	- Over 5 years
Computer hardware	- Over 3 years
Furniture and fittings	- Over 5 years
Motor vehicles	- Over 4 years

Revaluation of land and building

Land and building is accessed for impairment at each reporting date but valued on an open market basis by qualified property valuers at the reporting date at minimum of once within three financial years.

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

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

Work-in-progress property and equipment

This represent property and equipment under construction and are carried at the cost incurred until completion. Work-in-progress property and equipment are transferred to the appropriate class of property and equipment upon completion when they are ready for use and are depreciated from the date of transfer when they are brought into use.

Derecognition

An item of property and equipment is derecognised when it is disposed of or where no future economic benefits are expected from its use or disposal. Gains and losses arising on derecognition are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss as other income. Where a revalued asset is disposed or scrapped, the revaluation reserve balance in respect of that asset is transferred as a reserve reclassification from other reserves to retained earnings.

3.10. Leases

Operating leases

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

Finance leases
Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the outstanding balance of the liability. The corresponding lease obligations, net of finance charges, are included in liabilities. The finance cost is charged to profit or loss over the lease period according to the effective interest method. The equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term, if ownership does not pass at the end of the lease term. Leased assets under finance leases where ownership is expected to pass to the Group at the end of the lease term are treated in the same manner as property and equipment.

3.11. Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets are considered to be impaired when there exist any indication that the asset's recoverable amount is less than the carrying amount and are at a minimum assessed for impairment annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cashflows (cash generating units). Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.12. Deferred tax
Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred asset tax is realisable or the deferred tax liability is payable.

Deferred tax assets are recognised to the extent that it is possible that future profit will be available against which the temporary differences can be utilised.
Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

3.13. Insurance contract liabilities
The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are when the Group (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of the insured event that are at least 10% more than the benefit payable if the insured event did not occur.

Non-life insurance contracts are issued to indemnity against property and liability insurance risk and are generally annual in tenor although some contracts can be beyond one year. These are short term insurance risks.

Life insurance contracts are issued to indemnify the insured life, the dependent or other third-party of the insured life in the even of death, permanent disability, loss of job or on survival to maturity of the contract with the sums assured.

Investment contracts are those contracts that transfer financial risk and no significant insurance risk. Financial risk is the risk of possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the terms are amended to include significant insurance risk.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement, but instead are accounted for in the statement of financial position in accordance with IAS 39. The liability recognised in the statement of financial position represents the expected amounts payable to the holders of the investment contracts inclusive of allocated investment income.

Insurance contract liabilities are determined in line with the provisions of Section 20, 21 and 22 of the Insurance Act of Nigeria to the extent that they do not conflict with the requirements of IFRS as follows:

(a) General insurance contracts: Measurement of insurance contracts liabilities

(i) Reserve 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 envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve.

(ii) Reserve for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported (IBNR) at the reporting date.

Reserving methodology and assumptions

Data segmentation

The data used for reserving is segmented into the 8 classes as per the Insurance Act 2003 of Nigeria:

- Motor vehicle insurance business
- Fire insurance business
- General accident insurance business
- Marine, aviation and transport insurance business
- Oil and gas insurance business
- Engineering
- Bonds, credit and suretyship
- Miscellaneous

Valuation methods and assumptions

The following valuation methods are used as appropriate in calculating the reserves:

(i) The basic chain ladder method

This model assumes that past experience is indicative of future experience, i.e. that claims reported to date will continue to develop in a similar manner in the future. An implicit assumption is that, for an immature accident year, the claims observed thus far tells something about the claims yet to be observed. A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits.

This method is used for cases where there are extremely large losses that have been reported but not paid, and therefore will not influence the development patterns. The IBNR was calculated as follows; The reserving was determined as ultimate claim amount (excluding extreme large losses) minus claims paid to date (excluding extremely large losses) minus claims outstanding (excluding extreme large losses). This method was used for the following classes of business; motor vehicle, fire, general accident, marine, engineering and miscellaneous.

(ii) Loss ratio method, adjusted for assumed experience to date.

This model assumes that the average delay in the payment of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in payment delay. If the delay period in payment is expected to have increased from previous years, the results shown in this report will be understated. Additionally, an estimate of the average ultimate loss ratio was assumed. The assumption for the ultimate loss ratio was based on estimated average loss ratio on claims experience to date for accident years covering ten years history. The Loss ratio method is been used for three classes namely oil and gas, bonds and aviation which had very limited data, and where use of the basic chain ladder method was inappropriate. The model allowed for expected experience to date within the assumed delay period and the assumed average ultimate loss ratios in carrying out the calculation. The average delay is the average number of months that it takes for a claim to be paid after the loss incident occurred. The IBNR was calculated as follows; Expected average ultimate loss ratio for the assumed average delay period x Earned premium for the assumed delay period- Current experience to date relating to the accident months that the delay implies.

Discounting

No allowance has been made for discounting as these reserves are for short term contracts, the effect of discounting is not expected to have a significant impact on the reserves.

Sensitivity analysis

Sensitivity analyses are performed to test the variability around the reserves that are calculated at the best estimate level. The sensitivity analysis is done to determine how the IBNR reserve amount would change if a 75th percentile is considered as opposed to the best estimate figures included in reserve reviews as at 31 December 2017. The 75th percentile is a generally accepted level of prudency.

(b) Life insurance contracts: Measurement of insurance contracts liabilities

(i) Life fund

This is made up of net liabilities on policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the income statement.

This is made up of liabilities on life policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in profit and loss.
The reserves include Incurred But Not Reported (IBNR) and Unearned Premium Reserve (UPR).

The Group does not have contracts with discretionary participating features.

Data segmentation

The data used for reserving is segmented into the 2 classes as follows:

- Individual business
- Group business

Methodologies and assumptions

The valuation for both the individual business and Group business utilises various assumptions which include:

- the valuation age is taken as Age Last Birthday at the valuation date;
- the period to maturity is taken as the full term of the policy less the expired term.
- full credit is given to premiums due between valuation date and the end of the premium paying term.

For all individual risk business, the gross premium method of valuation was used. Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments. Future cashflows were discounted back to the valuation date at the valuation rate of interest.

An unexpired premium reserve (UPR) was included for Group life business after allowing for acquisition expenses at a ratio of 20% of premium. The UPR is tested against an Additional Unexpired Risk Reserve (AURR) for adequacy and an AURR may also be held to allow for any inadequacies in the UPR for meeting claims in respect of the unexpired period. The claim rates underlying the AURR were based on pooled historical scheme claims experience. Allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. This was based on a loss ratio approach, which uses historical claims experience to estimate the expected claims, from which the IBNR portion is determined.

(c) General insurance: Insurance contracts revenue recognition

The recognition and measurement of the insurance contracts in the group's general business are set out as follows:

(i) Premiums income

Gross premium relates to premium written in a year to cover assumed insurance risk. 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.

Premiums on reinsurance inward from facultative reinsurance arrangement are included in gross written premiums and accounted for as if ceded business was 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 written is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of the indemnity.

(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 proportionate basis, or another suitable basis for uneven risk contracts.

(iii) Reinsurance cost

The Group cedes insurance risks in the normal course of business for the purpose of limiting its potential 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; the prepaid reinsurance cost. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders. Subsequently, premium ceded, claims reimbursed and commission recovered are presented in profit or loss and the statement of financial position separately from the gross amounts. 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 profit or loss as part of claims expenses recoverable.

(iv) Fees and commission

Fee and commissions are recognized on ceding business to reinsurance. Commissions are amortised and credited to the profit or loss account over the period of the reinsurance contract.

(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 and these are recognised in the profit or loss. The provision for outstanding claims represent the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not. The provision includes an allowance for claims management and handling expenses. The provision for outstanding 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 profit or loss in the financial period in which adjustments are made, and disclosed separately if material.

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group recognise liability 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.

(v) Salvage and Subrogation Reimbursement

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim for example and make salvage recovery on them. The Group may also have the right to pursue third parties for payment of some or all costs for example in a subrogation. A subrogation represent the portion of claims incurred expected to be recovered from negligent third-party or the third-party insurance Group.

Salvaged property is recognized in profit or loss when the amount that can reasonably be recovered from the disposal of the property has been established and are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

(vi) Deferred income

Deferred income represents a portion of commissions received on reinsurance contracts during the financial year but are deferred based on the tenor of the underlying contracts. It is calculated by applying the reinsurance commission income ratio of prepaid reinsurance to reinsurance cost.

(vii) Deferred acquisition cost

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts; commission and maintenance expenses. Deferred acquisition costs represent portion of commissions 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.

(c) Life insurance: Insurance contracts revenue recognition

The recognition and measurement of the insurance contracts in the Group's life business are set out as follows:

(i) Risk premiums on life assurance

Premiums and annuity considerations written and/or receivable under insurance contracts are stated gross of commission and recognised when due. Outward reinsurance premiums are recognised when due for payment. Premium written relates to risks assumed during the period.

(ii) Claims on life assurance

Claims recognised include maturities, surrenders, death and disability payments. Claims arising on maturities are recorded as they fall due for payments. Death, disability and surrenders are accounted for on notification. Reinsurance recoveries are accounted for when the Group records the liability for the claims.

(iii) Insurance contract provisions on life assurance

Insurance contract provisions are determined using valuation basis adopted in accordance with the generally accepted actuarial practices and methodologies as set out in note 3.16 (b).

The gross insurance contract provisions and related reinsurance recoveries are estimated on the basis of the information currently available to the Group. The ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amount provided.

(d) Classification of insurance contracts of the Group

(i) Short term insurance contracts

Short term insurance contracts are annual insurance contracts. This comprised mainly of the Group's general insurance business and the life insurance business group life products; for which the gross premium relates to premium written to cover assumed annual insurance risk liability.

For all these contracts, premiums are recognized as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

(i) Long term insurance contracts

Long term insurance contracts are insurance contracts which provide insurance cover over a long duration, generally more than one annual insurance period. This comprises mainly of the Group's life insurance business individual life products; for which the gross premium relates to premium written to cover assumed insurance risk liability covering more than one insurance period. These contracts insure events associated with human life (for example, death or survival) over a long duration.

3.14. Liability adequacy test of insurance contracts liabilities and related assets

The 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 profit or loss. Insurance contract liabilities are subject to liability adequacy testing on an annual basis. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out as part of note 3.16(a) and 3.16(b).

3.15. Investment contract liabilities

Contracts under which the transfer of insurance risk to the Group from the policy holder is not significant are classified as investment contracts. Such contracts include savings and /or investment contracts sold with insignificant or without life assurance protection. These contracts transfer financial risk but insignificant insurance risk.

Amounts received under investment contracts are recognised directly as investment contract liabilities.

Investment contract liabilities are reported at amortised cost and are assessed for adequacy at each reporting date.

3.16. 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 is less than one year, discounting is omitted as the impact is not expected to be significant.

3.17. 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 at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.18. Income tax

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

3.19. Dividends

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. 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.

3.20. Share capital and premium

The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

3.21. Share premium

Share premiums are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

3.22. Contingency reserve

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. For general business, the reserve is calculated at the rate equal to the higher of 3% of total premium or 20% of net profit 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 net profit.

3.23. Other reserve

Other reserves are made up of the following:

Revaluation reserve

Revaluation reserve represents the fair value differences on the revaluation of items of property and equipment as at the statement of financial position date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an assets carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed and some of the surplus are transferred to retained earnings to correspond to the asset use by the entity. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

Foreign currency translation reserve

The Nigerian Naira is the Group’s functional and reporting currency. The assets and liabilities of foreign operations are translated to Naira at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to Naira at spot exchange rates at the dates of the transactions or at average rates of exchange where these approximate to actual rates. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is not wholly owned the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that controls is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss in disposal.

Fair value reserve
The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

Merger reserve
Merger reserve warehouses the difference between the consideration paid and the capital of the acquiree under a common control transaction using the book value accounting method. This was accounted for by the merger of the Company business with it subsidiary Intercontential Properties Limited (IPL).

3.24. Retained earnings and Earnings per share
(i) Retained earnings
The net profits or losses from operations in current and prior periods are accumulated in retained earnings less distributions to equity holders.

(ii) Earnings per share
(a) Basic 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.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

(b) Diluted earnings per share
The Group presents diluted earnings per share where appropriate. Diluted earnings per share is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.25. Underwriting expenses
Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, other direct costs and insurance supervision levy.

Underwriting expenses for insurance 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.

3.26. Income recognition

(i) Gross premium income

Gross written premiums recognised for assumed insurance risks during the year are amortised over the period of the insurance contract. The gross premiums written are recognised as gross premiums income by adjusting for the movement in the unearned premiums reserves for insurance risks brought forward from the last year at the beginning of the year and the required unearned premiums reserves for the outstanding insurance risks at the end of the year. Recognised gross premiums income represent the earned portion of all insurance contracts in force during the year both from preceding years and the current year.

(ii) Fees and commission income

Fees and commission income are recognised on the commission and policy admin fees received in respect of businesses ceded out to reinsurance companies and other insurance companies as set out in note 3.16 (c) (iv), and fees earned from other related financial services during the period.

(iii) Investment 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, other than interest income, is recognised at fair value and on an accrual basis.

Interest income is recognised in the profit or loss as it accrues and is calculated using the effective interest rate method. Fees and commissions that form an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.

Net realised gain/ (loss) from financial assets:

Net realised gain/ (loss) is the gain/(loss) arising from the disposal of financial assets held at fair value through other comprehensive income and are reclassified from other comprehensive income and recognised in the profit or loss.

Net fair value gain/ (loss) from assets at fair value through profit or loss (FVTPL):

Net fair value changes arising from the changes in the fair value of financial assets held at fair value through profit or loss are recognised in the profit or loss. These are mainly fair value changes from financial assets held for trading or designated at fair value through profit or loss and investment properties.

(iv) Other operating income

Other operating income comprises of profit from sale of property and equipment, interest income earned on staff loans and net foreign exchange gain. Interest income is recognised in the profit or loss as it accrues and is calculated using the effective interest rate method.

(v) Dividend income

Dividend is recognized when the Group's right to receive the dividend has been established. The right to receive dividend is established when the dividend has been duly declared.

3.27. Foreign currency transactions

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognized in the profit or loss.

Unrealized exchange differences are recognized in profit or loss for financial asset held for trading or designated at fair value through profit or loss, or directly in equity through other comprehensive income until the asset is sold or becomes impaired for available-for-sale financial assets.

3.28. Employee benefits

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the reporting sheet date. The accrual is calculated on an undiscounted basis, using current salary rates and recognised in the profit or loss.

A provision 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.

Post employment benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Group pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay a minimum fixed percentage contribution of 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the profit or loss.

Termination benefits

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

3.29. Management expenses

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

3.30. Operating segment

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to management. Transactions between segments are priced at market-related rates.

3.31. Business Combination

Business Combinations are accounted for using the acquisition method as at the acquisition date i.e.. when control is transferred to the Group. 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. 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 accordance with the relevant IFRS 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 consideration are recognised in profit or loss.

3.32. Statutory deposit

These deposits represent balances statutorily required by the insurance regulator of the Group to be held with the Central Bank of Nigeria. These deposits are not available for day to day use and are stated at amortised cost.

3.33. Contingent liabilities and contingent assets

The Group disclose as contingent liabilities possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control; or a present obligation that arises from past events but is not recognised because, it is not probable that an outflow of economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured reliably.

The Group classify as contingent assets, possible assets whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Where the assets are not probable – no asset is recognised or disclosed, where the assets are probable, but not virtually certain – no asset is recognised, but disclosure is included; and where the assets are virtually certain – the asset is recognised in the statement of financial position.

Contingent liabilities and contingent assets are grouped by class with brief description of the nature of the contingency and, where practicable, an estimate of the financial effect, the uncertainties relating to the amount and timing of the probable liabilities and assets. These normally comprise of legal claims under arbitration or court process in respect of which a liability or asset is not likely to crystallise.

Notes to the financial statements

Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. The underlying judgments of the selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

(i) Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3.2(d). Further disclosures on the Group's valuation methodology have been made on note 5 (Fair value hierarchy) . For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(ii) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. There were no significant sensitivities of the carrying value of property and equipment and the depreciation charge for the year to increase or decrease in the useful life of property and equipment in the books of the Group and Company as at 31 December 2017 (31 December 2016: Nil).

(iii) Actuarial valution of insurance contracts liabilities

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type and nature of the insurance contracts. Assumptions such as expenses inflation, valuation interest rate, mortality and claims experience are considered in estimating the required reserves for individual life contracts fund and the incurred but not reported claims under the Group life and non-life insurance contracts. The sensitivities to various valuation index for the life business is included under note 5 (Sensitivity Analysis).

(iv) Recoverability of deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that in management's judgements it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and adjusted to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Impairment of available-for-sale financial assets

At the balance sheet date, the fair values of equity and tradeable fixed income securities classified as available-for-sale financial assets with a carrying amount of N3.773 billion have certain items that have declined below cost by N25 million. The Group has made a judgement that this depreciation in value is not significant or prolonged. In making this judgement, the Group has considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost; and the positive financial health and short-term business outlook of the investees and investment instruments.

If the decline in fair value below cost was considered significant or prolonged, the Group would have recognised an additional loss of N25 million in its 2017 financial statements.

(vi) Impairment of fair value through profit or loss financial assets

At the balance sheet date, the fair values of certain financial assets classified as at fair value through profit or loss (FVTPL) with a carrying amount of N458 million have have appreciated above book value by N47 million.

If the appreciation in fair value above cost were not considered, the Group would have recognised an additional loss of N47 million in its 2017 financial statements.

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		Group	Company
		2018	**2018**
		31-Mar	**31-Mar**
		N'000	**N'000**
1	**Net Premium Income**		
	Gross Written Premium (Note 1a)	4,465,986	3,112,770
	Unearned Premium (Note 1b)	(1,945,699)	(1,608,044)
	Reinsurance Cost (Note 1c)	(958,395)	(677,445)
	Net Premium Income	**1,561,891.89**	**827,280.69**
a	***Analysis of Gross Written Premium***		
	Motor	*761,865.37*	*419,163.41*
	Fire	*104,740.62*	*31,780.04*
	General Accident	*766,022.54*	*701,837.76*
	Marine	*73,963.89*	*64,483.64*
	Aviation	*68,652.86*	*68,652.86*
	Engineering	*895,448.56*	*892,295.92*
	Oil & Energy	*934,555.91*	*934,555.91*
	Bond	-	-
	Group Life	*823,698.92*	-
	Individual Life	*11,167.87*	-
	Bancassurance Premium	*25,869.31*	-
		4,465,985.85	***3,112,769.53***
			-
b	***Analysis of Unearned Premium***		
	Motor	-	*(209,333.18)*
	Fire	-	*3,204.71*
	General Accident	-	*(428,883.97)*
	Marine	-	*30,726.85*
	Aviation	-	*(6,821.73)*
	Engineering	-	*(722,349.93)*
	Oil & Energy	-	*(274,763.56)*
	Bond	-	*176.71*
	Group Life	-	-
	Individual Life	*(11,902.84)*	-
		(11,902.84)	***(1,608,044.11)***
c	***Analysis of Reinsurance Expenses***		
	Motor		*(90,143.21)*
	Fire		*(59,862.65)*
	General Accident		*(143,369.65)*
	Marine		*(50,693.75)*
	Aviation		*(583.52)*
	Engineering		*(204,606.00)*
	Oil & Energy		*(127,841.13)*
	Bond		*(344.82)*
	Group Life		-
	Individual Life		-
	Facultative Outward Group Life		-
	Co-assurance Premium (Outward)		-
	Movement in Prepaid reinsurance cost - Group life		
	Movement in Prepaid reinsurance cost - Individual life		
			(677,444.73)

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2	**Claims Expenses Incurred**		
	Gross Claims Paid (Note 2a)	(640,415.57)	(285,836.02)
	Movement in Outstanding Claim (Note 2b & 2c)	(269,500.00)	(99,729.38)
	Claims Recoverable (Note 2d & 2e & 2f)	218,437.42	122,188.53
	Net Claims Expenses	**(691,478.15)**	**(263,376.88)**
a	***Analysis of Gross Claims Paid***		
	Motor	*(230,350.65)*	*(140,096.38)*
	Fire	*(45,983.18)*	*(44,778.55)*
	General Accident	*(66,275.74)*	*(58,792.72)*
	Marine	*(15,053.39)*	*(12,567.45)*
	Aviation	*(1,312.77)*	*(1,312.77)*
	Engineering	*(21,018.94)*	*(21,018.94)*
	Oil & Energy	*(7,269.21)*	*(7,269.21)*
	Bond	-	-
	Group Life	*(235,768.33)*	-
	Individual Life	*(17,383.36)*	-
		(640,415.57)	***(285,836.02)***
			-
b	***Analysis of Movement in Outstanding Claims***		
	Motor	*(115,008.09)*	*(96,901.00)*
	Fire	*(158,479.55)*	*(145,476.53)*
	General Accident	*183,709.93*	*177,826.19*
	Marine	*16,101.62*	*2,987.09*
	Aviation	*(11,863.40)*	*(11,863.40)*
	Engineering	*(97,200.70)*	*(83,127.17)*
	Oil & Energy	*(137,140.51)*	*(137,140.51)*
	Bond	*14,615.33*	*14,615.33*
	Group Life	*(69,765.87)*	-
	Individual Life	-	-
		(375,031.23)	***(279,080.00)***
c	***Analysis of Movement in Outstanding Claims IBNR***		
	Motor	*(71,524.72)*	*(71,524.72)*
	Fire	*9,643.66*	*9,643.66*
	General Accident	*189,373.15*	*189,373.15*
	Marine	*(2,705.74)*	*(2,705.74)*
	Aviation	*(2,062.25)*	*(2,062.25)*
	Engineering	*2,235.56*	*2,235.56*
	Oil & Energy	*54,390.97*	*54,390.97*
	Bond	-	-
	Group Life	*(73,819.39)*	
	Individual Life	-	
	Total	***105,531.23***	***179,350.62***

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d	***Analysis of Reinsurance Recovery***		
	Motor	*80,062.83*	*60,102.92*
	Fire	*26,127.03*	*4,584.40*
	General Accident	*29,666.96*	*25,474.92*
	Marine	*2,199.78*	*-*
	Aviation	*-*	*-*
	Engineering	*3,256.23*	*3,256.23*
	Oil & Energy	*2,203.74*	*2,203.74*
	Bond	*-*	*-*
	Group Life	*103,064.37*	*-*
	Individual Life	*-*	*-*
		246,580.93	***95,622.20***
			(2,204.00)
e	**Analysis of Movement in Outstanding Claims Recoverables**		
	Motor	*(36,339.53)*	*12,767.05*
	Fire	*5,674.24*	*(119.82)*
	General Accident	*(2,151.47)*	*(2,097.10)*
	Marine	*(9,123.64)*	*1,757.15*
	Aviation	*23.71*	*23.71*
	Engineering	*31,081.26*	*18,195.34*
	Oil & Energy	*-*	*-*
	Bond	*(3,960.00)*	*(3,960.00)*
	Group Life	5,445.75	
	Individual Life	-	
	Total	**(9,349.68)**	**26,566.33**
f	**Analysis of Movement in Outstanding Claims IBNR Recoverables**		
	Motor	*9,018.67*	-
	Fire	*(13,791.09)*	-
	General Accident	*4,631.67*	-
	Marine	*2,199.78*	-
	Aviation	-	-
	Engineering	-	-
	Oil & Energy	-	-
	Bond	-	-
	Group Life	(20,852.87)	
	Individual Life	-	
	Total	**(18,793.83)**	**-**
3	**Fees and Commission Income**		
	Motor	44,972.23	21,705.35
	Fire	39,533.43	19,252.19
	General Accident	75,136.39	63,761.50
	Marine	17,328.09	15,006.56
	Aviation	2,267.33	2,267.33
	Engineering	19,275.14	18,663.49
	Oil & Energy	2,292.24	2,292.24
	Bond	108.62	108.62
	Group Life	34,586.18	-
	Individual Life	-	-
	Policy admin fee income	5,264.83	
	Deferred fees and commission cost - Group	(26,324.21)	
	Deferred fees and commission cost - Individual	41.41	

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Notes to the financial statements
For the period ended 31st March 2018
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		214,481.67	**143,057.27**
4	**Underwriting Expenses**		
	Motor	77,466.56	33,192.36
	Fire	37,968.11	26,313.29
	General Accident	96,118.94	85,932.12
	Marine	24,175.12	23,183.57
	Aviation	10,658.54	10,658.54
	Engineering	(77,281.51)	(77,802.49)
	Oil & Energy	80,051.19	80,051.19
	Bond	17.67	17.67
	Maintenance expenses	12,527.81	
	Bancassurance Commission	4,059.26	
	Group Life	103,423.68	
	Individual Life	61.92	
	Transfer to DA Funds	-	
	Guaranteed Interest on DA	-	
	Deferred acquisition cost	(56,956.04)	
		-	
		312,291.25	**181,546.25**
5a	**Investment income**		
	Investment income	225,955.48	72,290.28
	Interest on statutory deposit	29,494.53	17,687.78
	Dividend income from equity investment	56,271.01	56,271.01
	Dividend income from Associate	-	-
	Rental income	499.95	499.95
	Gain/(loss) on disposal of investment property	-	-
	Net FV Gain /Loss on Financial Asset	17,856.14	
		330,077.12	**146,749.03**
	Net realised (loss)/gain on financial assets	-	-
		330,077.12	**146,749.03**
			-
5b	**Fair Value Gain/ Loss through profit or loss**		
	Equity	6.86	6.86
	Investment Property	-	-
		6.86	**6.86**
5c	**Fair Value Gain/ Loss through other comprehensive income**		
	Equity securities	87,776.80	98,474.28
	Fixed income securities	7,402.30	819.96
	Property and equipment revaluation gain/(loss)	-	
	Foreign currency translation difference of AFS	-	
	Deferred tax on revaluation gain/(loss)	-	
		95,179.11	**99,294.23**
			-
5d	Share of Profit of Associate		
	Coronation Merchat Bank	**308,344.98**	
		308,344.98	**-**
5e	Share of Other Comprehensive income of Associate		
	Coronation Merchat Bank	-	
		-	-

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Notes to the financial statements
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5f	**Profit on deposit administered contracts**		
	Income:		
	Investment income	30,796.25	
	Other income	-	
		30,796.25	
	Less: expenses		
	Guaranteed interest	(26,124.04)	
	Policy admin expenses		
	Other expenses	(2,105.19)	
		(28,229.23)	
		2,567.02	
6	Other Operating Income		
	Income from property Investment	-	-
	Gain/(loss) on sale of properties and equipments	2,142.57	-
	Technical Fees	-	-
	Foreign exchange gain/(loss)	(3,506.46)	(3,364.65)
	Management Fees	-	-
	Interest on staff loans	-	-
	Rental Income	-	-
	Sundry income	53,342.44	52,443.55
		51,978.55	49,078.90
			-
7	Operating Expenses		
	Other staff related expenses	53,584.30	51,564.50
	Professional Fees	95,177.26	67,015.48
	Corporate Strategy	48.80	-
	Corporate Branding	91,361.06	64,380.45
	Office Expenses	210,863.68	136,578.33
	Impairment of property and equipment	-	-
	Depreciation	102,122.14	80,235.95
	Amortization of Intangible assets	25,343.37	25,341.44
	Repairs & Maintenance	31,366.94	27,597.08
	Running Cost	48,107.71	38,959.32
	Board Expenses	59,236.77	39,713.84
	Transport and travels expenses	13,082.99	6,110.12
	Annual dues	24,319.49	17,630.55
	Other Expenses	14,407.05	
	Audit expenses	17,433.45	8,268.75
	Telephone and postages	12,293.15	3,586.47
	Electricity and water	5,560.89	18.30
	Priniting and stationery	6,352.67	3,089.86
	Interest on deposit admin funds	-	
		-	
		810,661.73	570,090.46
			-

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8	Employee Benefit Expense		
	Staff Cost	302,128.86	180,399.76
	Employee Benefit - Below Market Staff Loans	-	-
	Pension Cost-Define Contribution Plan	-	-
	Directors Emoluments	33,410.06	25,112.10
		335,538.93	205,511.86
			-
9	Cash and Cash equivalents		
	Cash at hand	42,127.77	
	Cash and call Balance with local banks	*248,921.66*	*108,472.26*
	Money Market Placement	*622,214.74*	*175,422.40*
	Interest Receivable on Fixed Deposit	-	
		913,264.16	*283,894.67*
			-
10	*Financial Assets*		
	Held to Maturity (HTM) (Note 10a)	*1,994,657.88*	*1,040,693.87*
	Held for Trading (HFT) (Note 10b)	*34,673.54*	*25.17*
	Available for Sale (AFS) (Note 10c)	*8,459,011.61*	*4,204,970.00*
		10,488,343.02	***5,245,689.04***
			-
a	***Analysis of HTM Securities***		
	- Treasury Bill	*22,324.00*	*22,324.00*
	- Eurobond	*1,314,044.00*	*360,080.00*
	- Corporate Bonds	*648,144.00*	*648,144.00*
	- Fixed Deposits with Banks	-	-
	- Government Bonds - State	-	
	- Government Bonds - Federal	-	
	- Unearned Interest on Treasury Bill	*(1,370.53)*	*(1,370.53)*
	Unearned Discount on Bonds	*(15,516.42)*	*(15,516.42)*
	Interest Receivable on Bonds	*27,032.82*	*27,032.82*
	Carrying amount at amortised cost	*1,994,657.88*	*1,040,693.87*
		-	-
b	*Analysis of HFT Securities*		
	- Treasury Bill	*34,550.02*	-
	- Quoted/ Listed Equities	*110.16*	*11.81*
	- Fair value adjustment	*13.35*	*13.35*
	Carrying amount at fair value	*34,673.54*	*25.17*
		-	-
c	***Analysis of AFS Securities***		
	Unquoted/ Unlisted Equities	*803,499.89*	*280,599.02*
	Quoted Equities	*1,636,026.06*	*1,568,554.54*
	Fixed Income Securities	-	
	- Government bond	*551,974.05*	*215,135.92*
	- Government eurobond	*1,567,707.97*	*1,244,048.50*
	- Corporate eurobond	562,054.51	316,083.00
	- Treasury bills	3,290,730.91	580,549.02
	Fair value movement:	-	
	- Government bond	-	
	- Government eurobond	(4,685.90)	
	- Corporate eurobond	51,704.12	
	- Treasury bills	-	
	- Quoted/Unquoted equities	-	
	Carrying amount at cost	8,459,011.61	4,204,970.00
		-	-

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Notes to the financial statements
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d	Breakdown of AFS Securities		
	- African Reinsurance Corporation		
	- Nigerian Liability Insurance Pool		
	- Energy and Allied Insurance Pool		
	Carrying amount at cost	-	-
11	Trade Receivables		
	Due from Agents	106,105.64	106,105.64
	Due from Brokers	2,580,611.12	1,775,085.44
	Due from Bancassurance	1,045.76	(433.32)
	Due from Direct Client	(53,497.50)	(20,613.76)
	Due from Insurance companies	1,274.51	1,274.51
		2,635,539.54	1,861,418.52
	Less: Impairment on Trade Receivables	(468,493.84)	(21,167.56)
	Reclassification to other payables	-	-
		2,167,045.71	1,840,250.96
			-
	Movement in Impairment Allowance		
	At start of period	468,493.83	21,167.56
	Reclassification of provision	-	
	Allowance made during the period	**0.00**	**0.00**
	Recoveries during the year	-	
	Write-off during the period	-	
	Exchange difference	-	
	At end of period	468,493.84	21,167.56
12	Reinsurance Assets		
	Prepaid M & D Reinsurance Asset	448,630.94	14,824.66
	Reinsurance Share of IBNR	388,385.72	322,562.37
	Reinsurance Recoverables	326,689.82	250,021.81
	Liability Pool Debtors	-	-
	Other Debtors-Reins Asset	-	
	Prepaid Reinsurance Asset	1,523,356.06	920,849.75
		2,687,062.54	**1,508,258.59**
	Less: Impairment allowance	-	-
		2,687,062.54	**1,508,258.59**
	Provision		
	At start of period	-	-
	Movements during the period	-	-
	Exchange difference	-	
	At end of period	-	-
13	Deferred Acquisition Cost		
	Balance brought forward	495,486.29	281,342.72
	Interim Adjustment	-	-
	Exchange Difference	-	-
	Addition during the period	785,692.95	469,438.95
	Amortised during the year	(422,605.81)	(181,546.25)
	Balance carried forward	**858,573.43**	**569,235.42**
			(251,403.00)

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14	Other Receivables and Prepayments		
	Due from Related Parties	-	
	Intercompany Current Account		**96,450.29**
	Other Debtors	3,058,617.26	2,078,618.12
	Loan & Receivable	475,274.84	475,274.84
	Deposit for Shares	-	
	Staff Debtors	69,161.19	69,003.51
	Property Held for Sale	-	
	Prepaid expenses	504,639.24	348,574.18
	Current income tax asset	**35,161.95**	
		-	-
		4,142,854.49	3,067,920.95
	Impairment Allowance	(1,589,367.48)	(1,112,675.19)
		2,553,487.01	1,955,245.76
		-	625,320.08
	Provision		
	At start of period	1,589,367.29	1,112,675.00
	Reclassification	-	
	Movements during the period	0.19	0.19
	Amount written off during the year	-	-
	At end of period	1,589,367.48	1,112,675.19
	**Breakdown of Other Debtors		
	Profund Securities	**21,785.08**	**21,785.08**
	Summit Finance Limited	**728,105.54**	**728,105.54**
	Oil Veiw Estate - Okorafor Ebenezer	23,000.00	23,000.00
	StanbicIBTC Receivable on Yaba Property Proceeds	30,000.00	30,000.00
	Expense Recoverable	27,446.75	27,446.75
	Other Debtors - Others	1,846,114.81	866,115.67
		3,058,617.26	**2,078,618.12**
		-	-

15	**Investment in associates**		
	Coronation Merchant Bank Limited		
	Exchange gain/loss		-
	Wapic Life Assurance Limited		*2,700,000.00*
			3,876,570.59

17	*Investment Properties*		
	Investment Property (Note 16a)	*315,087.88*	*315,087.88*
	Investment Property W.I.P (Note 16b)	-	-
		315,087.88	*315,087.88*

a	*Investment Properties*		
	- Hexagon Court	***105,999.88***	***105,999.88***
	- Ocean Garden Lekki Epe	*80,000.00*	*80,000.00*
	- Magodo Estate	*0.00*	*0.00*
	- White Sand Oniru	*57,030.00*	*57,030.00*
	- Magboro Estate	*18,108.00*	*18,108.00*
	- Victoria Estate Abuja	*53,950.00*	*53,950.00*
		-	-
		315,087.88	***315,087.88***
			-
b	*Investment Properties under Construction*		
	- Victoria Estate Abuja	-	-
		-	-

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c	**Movement in Investment Properties**		
	At start of year		-
	Acquisition during the year		-
	Disposal during the year		-
	Transfer from properties under construction		-
	Fair value gain/ (loss)		-
	At end of year	-	-
d	Investment Properties Disposed During the Year		
	Sales Proceed		-
	Transfer from investment property account		-
	Gain/ (Loss) on disposal of investment property	-	-
18a	Property, Plant & Equipment		
	Cost	*5,178,653.30*	*4,699,040.44*
	Accumulated Depreciation	**(1,268,825.36)**	**(1,039,247.14)**
	Net Book Value	3,909,827.94	3,659,793.30
			-
17b	Asset Held for Sale		
	274 Alagomeji Street Yaba	-	-
	IPL Building Abuja	-	-
		-	-
19	Intangible Assets		
	Cost	**662,243.57**	**623,099.68**
	Accumulated Depreciation	**(237,472.53)**	**(201,491.48)**
	Net Book Value	424,771.04	421,608.19
			-
20	Statutory deposit		
	At start of period	603,671.96	300,000.00
	Additions during the period	-	-
	Exchange Difference	-	
	At end of period	603,671.96	300,000.00
21	Trade Payables		
	Reinsurance/Coinsurance	1,180,531.72	1,050,114.09
	Brokers/Agents	1,635,051.11	1,590,504.37
		2,815,582.84	2,640,618.45
			-
22	Provisions & Other Payables		
	Premium Deposit	366,601.39	-
	Commission payables	25,819.23	
	Reinsurance Commission Received in advance	87,542.11	50,680.38
	Accrued expenses	401,549.07	290,620.35
	Other tax payables	**121,283.70**	**93,105.08**
	Staff Premium Control	**(1,370.18)**	
	Staff loan deduction	**19.58**	
	Inter-Company Balances	19,533.00	798,496.12
	NSITF	454.68	
	Provident Fund	1,067.00	
	Deposit for Housing	14,255.00	14,255.00
	Service Charge	42,589.76	42,589.76
	Sundry Creditors	(287,372.41)	(662,925.49)
	Integrity Clearing Account	47,909.50	47,322.37
	Bank Overdraft	-	
	Transist/Unclaimed Bank Items	132,880.08	132,880.08
		972,761.50	**807,023.64**

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		(231,591.00)	
	****Breakdown of Sundry Creditors**		
	Other creditors - Claims pool reserve	24,290.29	24,290.29
	Other creditors - Withholding tax liability	2,419.08	2,419.08
	Other creditors - PAYE	**83,218.89**	**83,218.89**
	Other creditors - VAT	**7,467.11**	**7,467.11**
	Other creditors - Fixed assets creditors	***277,565.85***	***179,336.84***
	Other creditors - Expense payable	*264,217.68*	*264,217.68*
	Other creditors - Unclaimed dividend	*98,138.66*	*98,138.66*
	Other creditors - Others	*(1,179,429.48)*	*(1,228,908.97)*
	Stale cheques	*39,702.71*	*23,916.14*
	Unclaimed bank deposits	***108,963.94***	***108,963.94***
		(273,445.26)	***(436,940.34)***
		(212,058.00)	-
23	*Deferred Income Tax*		
	Deferred Tax Assets (Note 22a)	*115,522.32*	-
	Deferred Tax Liabilities (Note 22b)	*(393,175.35)*	*(393,175.35)*
	Total	*(277,653.03)*	*(393,175.35)*
a	*Deferred Tax Assets*		
	At start of period	-	-
	Exchange difference	-	-
	Charge for the period	-	-
	Revaluation of property & equipment	-	-
	At end of period	-	-
b	Deferred Tax liabilities		
	At start of period	393,175.35	393,175.35
	Exchange difference	-	-
	Charge for the period	**0.00**	**0.00**
	Addition through business integration	-	-
	Revaluation of PPE	-	-
	At end of period	*393,175.35*	*393,175.35*
24	*Current Income Tax liabilities*		
	At start of period	*275,893.85*	*123,419.22*
	Exchange difference	-	
	Charge for the period	***86,121.22***	***79,370.55***
	Payments during the period	-	-
	Acquisition through business integration	-	
	At end of period	**362,015.06**	**202,789.77**
	Tax Charge for the Year		
	Company Income Tax Charge	6,750.67	-
	Interim & Full Year Appropriation Adjustment	-	-
	Minimum tax	79,370.55	79,370.55
	Education tax	-	-
	Under/(over) provision from prior year	-	-
	Information Technology Development Levy	-	-
	National fiscal stabilisation levy	-	
	Total Charge for the period	*86,121.22*	*79,370.55*
	Deferred tax liability/(assets)charge for the period	*0.00*	*0.00*
	Income tax expense	*86,121.22*	*79,370.55*

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25	*Insurance Contract Liabilities*		
a	*Claims payable*	-	-
b	*Claims reported and loss adjustment expenses (Note 25a)*	*2,260,038.30*	*924,824.36*
c	*Outstanding claims IBNR (Note 25b)*	*2,057,718.50*	*1,159,557.34*
d	*Unearned Premium (Note 25c)*	*5,143,720.13*	*3,498,571.99*
e	*Life Fund (Note 25d)*	*147,623.49*	-
		9,609,100.42	***5,582,953.69***

a	*Outstanding claims*		
	Motor	*556,972.64*	*132,402.22*
	Fire	*463,779.32*	*173,668.20*
	General accident	*280,347.83*	*229,594.67*
	Marine	*23,447.92*	*19,819.62*
	Aviation	*14,683.40*	*14,683.40*
	Engineering	*119,955.74*	*85,904.12*
	Oil and Energy	*264,252.13*	*264,252.13*
	Bond	*4,500.00*	*4,500.00*
	Life business: - Group Life	*532,099.32*	
	- Individual Life	-	
		2,260,038.30	*924,824.36*

b	*Outstanding claims IBNR*		
	Motor	***286,599.98***	***286,599.98***
	Fire	*55,500.22*	*55,500.22*
	General accident	*256,139.13*	*256,139.13*
	Marine	*96,625.83*	*96,625.83*
	Aviation	*37,426.98*	*37,426.98*
	Engineering	*38,193.28*	*38,193.28*
	Oil and Energy	*388,744.97*	*388,744.97*
	Bond	*326.95*	*326.95*
	Life business: - Group Life:	-	
	- Opening	*824,341.76*	
	Interim Audit Adjustment	-	
	- Movement during the year	*73,819.39*	
		2,057,718.50	*1,159,557.34*

c	Unearned Premium		
	Motor	*906,797.49*	*499,182.84*
	Fire	*187,001.46*	*100,102.76*
	General Accident	***807,046.08***	***741,055.17***
	Marine	***141,642.36***	***130,244.62***
	Aviation	*72,986.88*	*72,986.88*
	Engineering	*893,722.34*	*883,846.66*
	Oil and Energy	*1,071,153.06*	*1,071,153.06*
	Bond	-	-
	Group Life:	-	-
	UPR		
	- Opening	***674,589.04***	
	Interim Audit Adjustment	-	
	- Movement during the year	336,733.54	
	- AURR:		
	- Opening		
	- Movement during the year		
		5,091,672.26	3,498,571.99

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d	Life fund		
	At start of year	**135,720.65**	**-**
	Opening fund reconciliation adjustment	**-**	
	Interim Audit Adjustment	**-**	
	Transfer from revenue account	**11,902.84**	
	At the end of year	**147,623.49**	**-**
26	Investment Contract Liabilities		
	At start of period	**1,061,744.94**	
	Additions	**173,853.82**	
	Withdrawals	**(134,430.86)**	
	Guarantee interest	**26,124.04**	
	Guarantee interest - Interim Audit Adjustment	-	
	Guarantee interest - Full Year Audit Adjustment	-	
	Opening fund reconciliation adjustment	-	
	At end of period	**1,127,291.95**	**-**
26.1	Group Deposit Administration - Investmnent Contract		
	At start of period	**54,471.94**	
	Additions	**-**	
	Withdrawals	-	
	Guarantee interest	-	
	Opening fund reconciliation adjustment	-	
	At end of period	54,471.94	-
26.2	**Individual Deposit Administration - Investmnent Contract**		
	At start of period	1,007,273.00	
	Additions	173,853.82	
	Withdrawals	(134,430.86)	
	Guarantee interest	**26,124.04**	
	Guarantee interest - Interim Audit Adjustment	-	
	Guarantee interest - Full year Audit Adjustment	-	
	Opening fund reconciliation adjustment	-	
	At end of period	1,072,820.00	-

27	**Share capital**	**Number**	**Number**
	Authorised:	17,000,000,000.00	17,000,000,000.00
	Issued:	13,382,738,230.00	13,382,738,230.00
	Issued and fully paid:		
	At start of the year	6,691,369.00	6,691,369.00
	Movements	-	-
	At end of year	6,691,369.00	6,691,369.00
28	Share premium		
	At start of the year	6,194,983.00	6,194,983.00
	Movements	-	-
	At end of year	6,194,983.00	6,194,983.00
29	Contingency reserve		
	At start of period	2,061,866.15	1,742,066.94
	Interim & Full Year Appropriation Adjustment	-	
	Appropriation from profit and loss accounts	116,633.87	93,383.09
	At end of year	**2,178,500.02**	**1,835,450.03**

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30 Other reserves

At start of period	1,005,163.38	1,046,894.63
Revaluation reserve	95,179.11	99,294.23
Translation reserve	(162,825.00)	
Credit reserve		-
Revaluation reserve on property	-	-
Deferred tax on revaluation	-	-
Share of Associate other comprehensive income	**359,783.37**	
Movement in Share of Associate other comprehensive income during the	(104,418.68)	
Transfer to retained earnings	-	-
At end of year	1,192,882.18	1,146,188.87

31 Retained earnings

At start of the year	(1,024,088.92)	(261,983.56)
Interim & Full Year Appropriation Adjustment	-	-
Transfer from profit or loss	(75,088.35)	(133,723.42)
Transfer to contigency reserve	(86,651.87)	(63,401.09)
Share of Associate profit at start of year	2,953,885.57	
Dividend paid during the year	-	-
Movement in Share of Associate profit during the year	303,723.69	-
Transfer to revaluation Reserve	-	
At end of year	2,071,780.13	(459,108.07)