2012

Annual Report & Accounts

LINKAGE ASSURANCE PLC

...your link to enduring protection

Our Vision

To be a world-class, mega African Insurance Company by the year 2018

Mission Statement

Linkage Assurance Plc. is in business to provide first class insurance and other financial services to the African Insurance market. To achieve this, it has deployed exemplary management, best in class information technology infrastructure and well trained and motivated work force as vehicle for achieving the superior returns expected by shareholders.

Contents

NOTICE OF 19TH ANNUAL GENERAL MEETING:

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of members of **LINKAGE ASSURANCE PLC** will hold on Thursday February 20, 2014 at Agip Hall, Muson Centre, 8/9 Marina, Onikan, Lagos by 12 noon to transact the following business:

ORDINARY BUSINESS

To receive and consider the accounts for the year ended 31st December 2012 and the Reports of the Directors and Auditors thereon.
To elect/re-elect Directors
To appoint Auditors
To authorize the Directors to fix the remuneration of the Auditors
To elect members of the Audit Committee

PROXY

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member of the Company. All instruments of the proxy must be deposited at the Registered Office, Linkage Plaza, Plot 20Block 94, Lekki Epe Expressway, Lekki, Lagos not less than forty-eight hours before the time of the meeting.

NOTES:

(a) CLOSURE OF REGISTER

The Register of members will be closed from February 10th 2014 to February 14h 2014 both days inclusive for the purpose of updating the Register of Members.

(b) AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, a nomination (in writing) by any member or a Shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

(c) WEBSITE

A copy of this Notice and other information relating to the meeting can be found at htpp//www.linkageassurance.com. Responses can also be sent through this email address: info@linkageassurance.com

REGISTERED OFFICE
Linkage Plaza
Plot 20Block 94,
Lekki Epe Expressway,
Lekki, Lagos
P.O. Box 74175
Victoria Island
Lagos

Dated this 10th day of January, 2014

BY ORDER OF THE BOARD

Ayodele

KEHINDE AYODELE (MRS)
Company Secretary

Corporate Information

Board of Directors		
Chairman	-	Dr. John Anderson Eseimokumoh
Vice Chairman	-	Mr. Babatunde R. Fatayi-Williams
Other Directors	-	Senator Udoma Udo Udoma
	-	HRM (Mrs.) Pelebo E. Banigo
	-	Dr. Bukar Usman
	-	Chief John Edozien
	-	Mr. Patmore Duate Iyabi
	-	Mr. Ikobho Anthony Howells
	-	Chief Raymond Ihyembe
	-	Mr. Tamunoye Zifere Alazigha
Managing Director	-	Mr Godwin U.S Wiggle
Deputy Managing Director	-	Dr. Pius Apere
Company Secretary	-	Mrs. Kehinde Ayodele
Registered Office	-	Linkage Plaza Plot 20, Block 94 Lekki-Epe Expressway,Lekki, Lagos
Solicitors	-	Funmi Adeyemi&Co Plot 820, Ifeanyi Ubah Crescent Omole Phase 2 Estate, Ikeja, Lagos
	-	TP & D Consultancy 3-5, Sinari Daranijo Street Victoria Island, Lagos.
Registrars	-	Centurion Registrars 70B, Acme Road, Ogba, Ikeja Lagos. www.centurionregistrars.com
Auditors	-	Akintola Williams Deloitte 235, Ikorodu road, Ilupeju, Lagos www.deloitte.com
Reinsurers	-	African Reinsurance Corporation
	-	Arig Reinsurance Company
	-	Continental Reinsurance Plc.
	-	WAICA Reinsurance
Principal Bankers	-	Ecobank Nigeria Plc
	-	Guaranty Trust Bank Plc
	-	Keystone Bank Limited
	-	Skye Bank Plc
	-	Zenith Bank Plc
	-	First Bank of Nigeria Plc
Actuary	-	HR Nigeria Ltd
RC No.	-	162306
FRC Registered No.	-	FRC/2012/0000000000339

Summary of Results at a glance

	2012	2011
	₦'000	₦'000
Major balance sheet item		
Total assets	16,956,973	10,515,019
Financial assets	12,078,065	7,181,049
Shareholders' funds	14,856,198	8,186,951
Major profit and loss item		
Gross premium	2,137,686	2,288,250
Net premium	1,353,047	1,680,782
Investment and other income	444,695	304,312
(Loss)/Profit before taxation	(212,204)	288,400
Profit after taxation	179,770	220,691
Per share data		
Earning per 50k share	0.03	0.04
Dividend per 50k share	**-**	-
Net asset per 50k share	**1.86**	1.60
Stock exchange quotation (kobo) as at 31 December	**0.50**	0.50
Price earning ration	**14.86**	11.56
General		
Number of employees	**195**	180
Number of branches	**13**	14

Management's Discussion and Analysis

Introduction

Distinguished shareholders,Ladies and Gentlemen.

You are welcome to the 19th Annual General Meeting of our Company; Linkage Assurance Plc. This is the first time I am presenting the Company's Annual Report and a summary of our operating results to you, having just been appointed the Chairman of the Board of Directors.

In presenting the annual report for the year ended December 31st 2012, I will start with a review of the environment in which the Company operated in 2012.

OPERATING ENVIRONMENT

The Global Economy

The debt crisis in the Euro area worsened and decision making in major advanced economies became very uncertain. The threat of disintegration in the area on account of the worsening crisis was however averted by some policy initiatives and other stabilizing measures undertaken in 2012. Prominent among such policies was the Outright Monetary Transaction (OMT) programme.

The rate of unemployment and recession increased in the Eurozone in spite of the various stabilizing measures undertaken caused a fall in global aggregate demand.

According to the International Monetary Fund, world output grew by 3.2% in 2012. A 51% growth was recorded by emerging markets and developing economies (including Sub-Saharan Africa at 4.8%). The advanced economies grew by a mere 1.3%.

The Nigerian Economy

Our economy in 2012 could be seen as stable as no major economic incident was witnessed in comparison with the year before. The CBN MPR has been maintained within the bandwidth of 12% in line with government's policy on liquidity tightening. The CBN tilted towards inflationary control.

In 2012, Foreign Direct Investment (FDI) suffered a major setback due to widespread insecurity and inconsistencies in government policy decision. The telecommunication giants have sustained attacks on their critical infrastructure up North.

The economic reforms of the Jonathan administration is expected to put Nigeria back on track towards achieving its full economic potentials. Nigerian GDP at Purchasing Power Parity (PPP) has almost trebled from $170b in 2000 to $451b in 2012.

Correspondingly, the GDP per Capital doubled from $1,400 per person in 2000 to an estimated $2,800 per person in 2012.

INSURANCE INDUSTRY

The National Insurance Commission (NAICOM) had projected that the underwriting sector in 2012 should be able to hit a trillion naira mark in premium generation. The commission went further to project that by so doing the industry would have been able to grow its contribution to the nation Gross Domestic Product to, at least, 3.0 percent while pursuing the projected N6trillion GPI by 2020 and by extension swell the insurance penetration from the current 0.06 percent to 1 percent within the speculated period.

The Market Development and Restructuring Initiative (MDRI) which has reinforced the implementation of compulsory insurances, the Local Content Development Act 2010 crafted to encourage participation of local market operators in the lucrative oil and gas insurance, the Cabotage law in maritime sector which is synonymous with the local content law are instances of the regulatory effort in ensuring a more vibrant insurance market.

However, the insurance industry underwriting premium in 2012 is estimated at ₦240b, representing 10.24% increase against ₦217.7b recorded in 2011.

GOVERNANCE, ETHNICS & COMPLIANCE

The Company remains committed to the principles of good governance and to high standards of business integrity, ethics and professionalism in every aspects of its operations. We have placed an enormous emphasis on Governance at the Board level and consistently embedded processes and policies to ensure full awareness by all employees to enable them conform to the high standards of ethics we require in our business.

The Board of Directors and all staff of the Company are regularly exposed to training on best practice standards of Corporate Governance.

OPERATING RESULTS

The NAICOM policy of '**No Premium, No Cover'** coupled with continued global economic and financial crisis in the business environment and security challenges throughout the year combined to exert significant pressure on Insurance Companies. Nonetheless, our company wrote a gross premium income of ₦2.1b as against N2.3b recorded in 2011. Profit after exceptional item and before Tax stood at ₦(212m) while the profit after Tax was ₦179.7m

FUTURE OUTLOOK:

As reported at the last Annual General Meeting, the Bayelsa State Ministry of Finance Incorporated invested additional sum of ₦1.448b into the Company in December 2012.

I am happy to inform you that your Company is recapitalized with Shareholders funds in excess of N14b. This has placed the Company in a better and stronger position in the Industry, thus increasing the market capacity.

CONCLUSION

I wish to extend the gratitude of the Board of Directors to you our fellow shareholders for your kind understanding and support for our company especially in the past few years.

Our appreciation also goes to all our brokers and our numerous clients for their continuous support and patronage.

Finally, I would like to commend my colleagues on the Board, Management and Staff for their commitment.

I thank you all for your kind attention.

Dr. John Anderson Eseimokumoh
Chairman

Report of the Directors

It is the pleasure of the Directors to submit their report together with the audited financial statements for the year ended 31 December, 2012.

1. Legal status

The Company was incorporated on the 26th of March 1991 as a private limited liability company - Linkage Assurance Company Limited. It was registered by the National Insurance Commission on the 7th of October, 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a Public Limited Liability Company in 2003 and the company's shares, which are quoted on the Nigerian Stock Exchange, were first listed on 18 November, 2003. In compliance with regulatory directives on re-capitalization in the Insurance Industry in 2007, the Company merged with the former Central Insurance Company Limited. The registered office of the Company is Plot 20 Block 94 Lekki- Epe Express Way Lekki, Lagos, Nigeria.

2. Principal activity

The principal activity of the Company is the transaction of Non-life insurance business.

3. Operating results

The following is a summary of the Company's operating results for the year:

	2012 ₦'000	2011 ₦'000
(Loss)/profit before taxation	(212,203)	288,400
Taxation	391,973	(67,709)
Profit after taxation	179,770	220,691
Transfer to statutory contingency reserve	(64,130)	(68,648)
Retained profit for the year	115,640	152,043

4. Directors

The Directors who served during the year were as follows:

Mr. Babatunde R. Fatayi-Williams	Chairman
Senator Udoma Udo Udoma	Vice Chairman
Mr. G.U.S Wiggle	Managing Director
Mrs. Aniola Durosinmi-Etti	Deputy Managing Director
Dr. Bukar Usman	Director
Mrs. Pelebo E. Banigo	Director
Mr. Yahaya Zekeri	Director
Mr. Patmore Duate Iyabi	Director
Mr. Ikobho Anthony Howells	Director
Sir Chike Oyeka	Director
Chief J.D. Edozien	Director
Chief Raymond Ihyembe	Director

Changes on the Board

Sir Chike Oyeka, Mr. Yahaya Zekeri and Mrs. Aniola Durosinmi-Etti resigned as Directors of the company. The following Directors have been appointed on August 13, 2013 to fill the casual vacancies created thereby and the appointments took effect immediately:

1. Dr. Anderson Eseimokumoh
2. Dr. Pius Apere
3. Mr. Tamunoye Zifere Alazigha

The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director

5. Directors interest in shares

The interest of the Directors in the issued share capital of the Company as recorded in the register of members and as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, are as follows:

	2012 Direct	2012 Indirect	2012 Total	2011 Total
Mr. Babatunde R. Fatayi-Williams	5,204,670	-	5,204,670	5,204,670
Senator Udoma Udo Udoma	-	80,771,282	80,771,282	80,771,282
Mr. G.U.S Wiggle	3,229,652	-	3,229,652	3,229,652
Mrs. Aniola Durosinmi-Etti	133,333	-	133,333	133,333
Dr. Bukar Usman	25,000,000	-	25,000,000	25,000,000
Mrs. Pelebo E. Banigo	11,256,837	-	11,256,837	11,256,837
Mr. Yahaya Zekeri	11,345,454	-	11,345,454	11,345,454
Mr. Patmore Duate Iyabi	-	-	-	-
Mr. Ikobho Anthony Howells	-	-		
Sir Chike Oyeka	5,350,000	11,300,000	16,650,000	16,650,000
Chief Raymond Ihyembe	-	72,605,882	72,605,882	72,605,882
Chief J.D. Edozien	72,605,880	-	72,605,880	72,605,880

***BSMFI - Bayelsa State Ministry of Finance Incorporated**

Report of the Directors

6. Contracts

In accordance with Section 277 of the Companies and Allied Matters Act, none of the Directors has notified the Company of any declarable interest in contracts entered into by the Company during the year under review.

7. Shareholding

The Company's issued share capital of **₦3,999,396,076** is made up of **7,999,969,995** ordinary shares of **50k** each which are held by Nigerian individuals and institutional investors. According to the register of members, no shareholder other than the following held more than 5% of the issued share capital of the company as at 31 December 2012.

	No of shares	% holding
Bayelsa State Ministry of Finance Incorporated (BSMFI)	**4,274,735,743**	**53.43%**
Nigeria Deposit Insurance Corporation.	**596,497,461**	**7.46%**

b) Analysis of shareholders as at 31 December, 2012

Range of Shareholding			No of Shareholders	Percentage of Shareholders	No of shares	Percentage of Shareholding
1	-	1,000	887	3.87%	610,046	0.01%
1,001	-	5,000	8816	38.46%	27,038,030	0.53%
5,001	-	10,000	4181	18.24%	36,844,814	0.72%
10,001	-	50,000	5724	24.97%	150,140,116	2.94%
50,001	-	100,000	1579	6.89%	130,227,178	2.55%
100,001	-	500,000	1262	5.50%	290,405,942	5.69%
500,001	-	1,000,000	205	0.89%	165,635,053	3.26%
1,000,001	-	5,000,000	159	0.69%	353,173,350	6.92%
5,000,001	-	10,000,000	47	0.21%	352,744,922	6.91%
10,000,001	-	50,000,000	50	0.22%	789,517,396	15.47%
50,000,001	-	100,000,000	10	0.04%	690,976,037	13.54%
100,000,001	-	500,000,000	2	0.01%	337,038,168	6.60%
500,000,001	-	1,000,000,000	2	0.01%	4,675,678,943	58.45%
			22,924	100.00%	7,999,999,995	100.00%

8. Employment of disabled persons

As a matter of policy, the Company does not discriminate against disabled persons. Full and fair consideration is given to applications for employment received from disabled persons, with due regard to their particular aptitudes and abilities. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2012, the Company had no disabled persons in its employment.

9. Employee's development and training

The Company is committed to staff training to keep abreast with new developments in the industry and this cut across all categories of staff. During the year under review, the company utilized the professional training services of several organizations for the benefit of staff.

10. Health, safety at work and staff welfare

Health, safety and fire drills are regularly organized to keep employees alert at all times. The company engages the services of health care providers towards meeting the medical needs of the employees and their immediate families at its expense.
The Company also provides adequate transportation and housing facilities for all levels of employees.

11. Property, Plant and Equipment

Changes in Property, plant and equipment during the year under review are shown in note 9 to the financial statements. In the opinion of the directors, the market value of the Company's assets is not lower than the value shown in the accounts.

12. Social responsibility

Linkage Assurance Plc is a socially responsible Company. In conducting its day-to-day business activities,

Report of the Directors

the company is conscious of the need to give back to the society part of the income it generates from it to improve the environment and mankind.

13. Donations and charitable contributions

During the year the Company made donations to the following organisations:

-Children Living with Cancer Foundation	₦200,000
-Treatment of cancer - Master Uchechukwu Ibeh	₦100,000
-Down Syndrome Foundation	₦200,000
	₦500,000

14. Acquisition of own shares

The Company did not purchase its own shares during the year under review

15. Fines and penalties

During the year, the Company paid the following:

Violation of 2011 Operational Guideline on Non-disclosure by NAICOM	₦600,000
VAT Interest & Penalty on Tax Audit to the Federal Inland Revenue Service (FIRS)	₦5,463,123
Late filing of returns to the Nigerian Stock Exchange	₦3,100,000
Late submission of account to Security and Exchange Commission (SEC)	₦12,600,000
	₦21,763,123

16. Post balance sheet events

There are no significant post balance sheet events which could have had a material effect on the financial affairs of the Company as at 31 December, 2012 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

17. Audit committee

Major General E. O. Usiade (Rtd.)	Chairman/Shareholder
Mr. Godwin A. Anono	Shareholder
Mr. Waheed Adegbite	Shareholder
Sir Chike Oyeka	Non-Executive Director
Mr. Yahaya Zekeri	Non-Executive Director
Mr. Ikobho Anthony Howells	Non-Executive Director

18. Auditors

The auditor, Messrs Akintola Williams Deloitte, was appointed as the Company's independent auditors at the last Annual General Meeting.

By order of the Board

Company Secretary
Mrs. Kehinde Ayodele
FRC/2013/NBA/00000002935

Certification Pursuant To Section 60(2) Of Investment And Securities Act No.29 Of 2007

We the undersigned hereby certify the following with regards to our Fourth quarter financial report for the quarter ended 31st December 2012 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not contain:

(i) Any untrue statement of a material fact, or

(ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the report.

(d) We:

(i) Are responsible for establishing and maintaining internal controls.

(ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;

(iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;

(iv) Have present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) We have disclosed to the auditors of the company and audit committee:

(i) All significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and

(ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

G.U.S Wiggle	**Fagbemi Johnson**
Chief Executive Officer	Ag. Head, Finance
FRC/2013/CIIN/00000002944	FRC/2013/ICAN/00000002943

Statement of Directors' Responsibilities
In relation to the financial statements

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, the Directors are responsible for the preparation of the annual financial statements which gives a true and fair view of the state of the financial affairs of the Company. Those responsibilities include ensuring that:

i) adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities;

ii) proper accounting records are maintained;

iii) applicable accounting standards are followed;

iv) suitable accounting policies are used and consistently applied;

v) the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS).

Nothing has come to the attention of the Directors that indicate that the Company will not remain a going concern for at least twelve months from the date of approval of the financial statements.

Babatunde Fatayi-Williams
(Chairman)
FRC/2013/IODN/00000002934

G.U.S Wiggle
(Managing Director/CEO)
FRC/2013/CIIN/00000002944

CORPORATE GOVERNANCE

Linkage Assurance Plc ("Linkage") is committed to implementing the best practice standards of Corporate Governance. Linkage is mindful of its obligations under the National Insurance Commission Corporate Governance Code (NAICOM Code), the Securities & Exchange Commission Corporate Governance Code (SEC Code) as well as the Post Listing Rules & Requirements of the Nigerian Stock Exchange.

The Company's high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all Stakeholders. The business of the Company is conducted with high level of Integrity.

The Board of Directors, comprising of 12 members is accountable to the shareholders and also responsible for the control, management and periodical review of the Company's business strategy. The Board of Directors is also committed to ensuring that the company adheres strictly to the regulations guiding the operations of the Insurance Industry in Nigeria.

The Board of Directors performs its functions either as a full Board or through the under listed established Committees of the Board:

Audit Committee: The Committee is composed of 6 members as follows:

Name		Status
1. Major General E.O Usiade (Rtd.)		Chairman
2. Mr. G.A Anono	-	Member
3. Mr. Waheed Adegbite	-	Member
4. Sir Chike Oyeka	-	Member
5. Mr. Yahaya Zekeri	-	Member
6. Mr. Ikobho Anthony Howells	-	Member

This Committee, which is chaired by a shareholder, has the responsibility of ensuring that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices. The Committee reviews the scope & planning of audit requirements and it is also responsible for other matters reserved for the Audit Committee by the Companies and Allied Matters Act (Cap 59) Laws of Federation of Nigeria 1990 and the Company's Articles of Association.

Investment & Risk Management Committee: The Committee is composed of 5 members as follows:

Name		Status
1. Chief Raymond Ihyembe	-	Chairman
2. Sir ChikeOyeka	-	Member
3. Mr. YahayaZekeri	-	Member
4. Chief John Edozien	-	Member
5. Mr. G.U.S Wiggle	-	Member

This Committee reviews matters relating to the investment of the Company's funds and management of all other assets and makes recommendation to the Board for approval. It also ensures maximum returns on investments and protection of the Company's assets. The Committee periodically evaluates the Company's risk policies and also provides appropriate advice and recommendations on matters relevant to risk management

Strategy Planning & Establishment Committee: The Committee is composed of 5 members as follows:

Name		Status
1. Senator Udoma Udo Udoma	-	Chairman
2. Dr. BukarUsman	-	Member
3. Chief John Edozien	-	Member
4. Mrs. PeleboBanigo	-	Member
5. Mrs Aniola Durosinmi- Etti	-	Member

This Committee reviews and recommends for approval to the Board, matters bordering on Board Appointments, Staff Recruitment, Staff Compensation, Welfare and Promotions. Matters relating to the strategy for growth and advancement of the Company are also the responsibility of this Committee.

Internal Audit
In consonance with the commitment of the Company to be a dynamic world class company fully accountable to the Board of Directors and shareholders, an Internal Audit Unit has been established at Management level.

The Internal Audit is a Control Unit established within the Management to independently examine and evaluate the activities of the Company. The Company's Internal Audit reports to the Managing Director but is guided by the instructions of the Audit Committee.

Shareholders' Relationship

The Company is accountable and committed to the shareholders and uses various fora to advise shareholders on the performance of the Company. This includes Annual Report and Accounts, Access to the Company Secretary by Shareholders for all enquiries and free interactions with the members of the Board during Annual General Meetings.

Company Secretary

All Stakeholders have access to the services of the Company Secretary. The Company Secretary is responsible for facilitating the induction and professional development of Board Members as well as ensuring information flow within the Board, its Committees and Management of the Company.

Attendance at the Board of Directors Meetings held in 2012

S/N	Names of Directors	30 January, 2012	5 March, 2012	15 March, 2012	4 June, 2012	25 June, 2012	4 October, 2012	15 October, 2012	5 November, 2012	3 December, 2012	28 December 2012
1	Mr. Babatunde R. Fatayi-Williams	1	1	1	1	1	1	1	1		1
2	Senator Udoma Udo Udoma	1	1	1	1	1	1	-	1		-
3	Dr. Bukar Usman	-	1	1	1	1	1	-	1		1
4	Chief J.D. Edozien	1	1	1	1	1	1	1	1		-
5	Chief Raymond Ihyembe	1	1	1	1	1	1	1	-		1
6	Sir Chike Oyeka	1	-	-	1	1	-	-	1		1
7	Mr. Yahaya Zekeri	1	1	1	1	1	1	1	1		1
8	Mrs. Pelebo E. Banigo	1	1	1	1	1	1	1	-		-
9	Mr. Ikobho Anthony Howells	1	1	1	1	1	1	1	1		-
10	Dr. Samuel Edoumiekumo	-	1	1	1	-	1	1	1		-
11	Mr. G.U.S Wiggle	1	1	1	1	1	1	1	1		1
12	Mrs. Aniola Durosinmi-Etti	1	1	1	1	1	1	1	1		1

Attendance at the Investment & Risk Management Committee Meetings held in 2012

Names of Director	25 Jan., 2012	26 Jul., 2012	29 Nov., 2012	13 Dec., 2012	19 Dec., 2012
Chief Raymond Ihyembe	1	1	-	1	1
Sir Chike Oyeka	1	1	1	1	1
Mr. Yahaya Zekeri	1	1	1	-	1
Chief J.D. Edozien	1	-	1	1	1
Mr. G.U.S Wiggle	1	1	1	1	1

Attendance at the Audit Committee Meetings held in 2012

Names of Directors	28 Mar., 2012	19 Jun., 2012
Maj. Gen. E. O. Usiade	1	-
Mr. G. A. Anono	1	1
Mr. Waheed Adegbite	1	1
Sir. Chike Oyeka	1	1
Mr. Yahaya Zekeri	-	1
Mr. Ikobho A. Howells	1	1

Attendance at the Strategic Planning & Establishment Committee Meetings held in 2012

Names of Directors	23 Jan., 2012
Senator Udoma Udo Udoma	1
Dr Bukar Usman	1
Chief John Edozien	1
Mrs. Pelebo Banigo	1
Mrs. Aniola Durosinmi-Etti	1

Report of the Audit Committee

In accordance with the Provisions of Section 359(3) to (6) of the Companies and Allied Matters Act, we the members of the Audit Committee hereby report as follows:

1. We confirm that we have seen the audit plan and scope, and the Management Letter on the audit of the accounts of the Company and the responses to the said letter.

2. In our opinion, the plan and scope of the audit for the period ended 31st December, 2012 were adequate. We have reviewed the Auditors' findings and we are satisfied with Management's responses thereon. On a review of related party transactions the Committee was satisfied with their status.

3. We also confirm that the accounting and reporting policies of the company are in accordance with legal requirements, ethical practice and generally accepted accounting principles and the financial statements give a true and fair view of the state of the Company's financial affairs.

4. The Committee therefore recommends that the audited financial statements for the year ended 31 December 2012 and the Auditors' Report thereon be presented for adoption by the Company at the Annual General Meeting.

Major General E. O. Usiade (Rtd.)
Chairman, Audit Committee
FRC/2013/IODN/00000002933

9 December, 2013
Dated

Members of the Committee

Major General E. O. Usiade (Rtd.)	Chairman/Shareholder
Mr. Godwin A. Anono	Shareholder
Mr. Waheed Adegbite	Shareholder
Sir Chike C. Oyeka	Non-Executive Director
Mr. Ikobho Anthony Howells	Non-Executive Director
Mr. Yahaya Zekeri	Non-Executive Director

Deloitte.

Independent Auditor's Report to the Members of LINKAGE ASSURANCE PLC

We have audited the accompanying financial statements of Linkage Assurance Plc., which comprise the statements of financial position as at 31 December, 2012 and 1 January, 2011, the statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement for the years ended 31 December 2012 and 31 December, 2011, a summary of significant accounting policies and other explanatory information set out on pages14 to 96.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP 17 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, the international Financial Reporting Standards, and for such internal control as the Directors determine are necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Linkage Assurance Plc. as at 31 December 2012, 31 December 2011 and 1 January, 2011 and the financial performance and cash flows for the years then ended 31 December 2012 and 31 December 2011 in accordance with the Companies and Allied Matters Act Cap C20 LFN 2004, the Insurance Act CAP 17 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011 and the International Financial Reporting Standards.

Akintola Williams Deloitte

Chartered Accountants
Lagos, Nigeria
13 December 2013

FRC/2013/ICAN/00000000845

Board *of* Directors

BOARD OF DIRECTORS

Dr. John Anderson Eseimokumoh
Chairman

Mr. Babatunde R. Fatayi-williams
Vice Chairman

Mr. G.U.S Wiggle
Managing Director

Dr. Pius Apere
Deputy Managing Director

Chief John Edozien
Director

Chief Raymond Ihyembe
Director

HRM Pelebo Banigo
Director

Senator Udoma Udo Udoma
Director

Mr. Ikobho Anthony Howells
Director

Mr Tamunoye Zifere Alazigha
Director

Dr. Bukar Usman
Director

Dr. Samuel Edoumiekumo /
Alternate Director

Management Team

1 Mr G.U.S Wiggle
MANAGING DIRECTOR

2 Dr. Pius Apere
DEPUTY MANAGING DIRECTOR

3 Foluso Adedeji
GROUP HEAD (MARKETING)

4 Anthony Saiki
HEAD (OIL & GAS / SPECIAL RISK)

5 Friday Amaechi
GROUP HEAD (TECHNICAL)

6 Mayen Umoren
HEAD (REINSURANCE)

7 Alesta Wilcox
DIVISIONAL HEAD (FINANCIAL INSTITUTION / RETAILS)

8 Innocent Njoku
DIVISIONAL HEAD (BROKERS)

9 Hilda Ozoh
HEAD (CREDIT CONTROL / COMPLIANCES)

10 Johnson Fagbemi
Ag. HEAD (FINANCE)

11 Oludare Oyetundan
HEAD (INFORMATION TECHNOLOGY)

12 Ikhianosime Philip
HEAD (HUMAN CAPITAL)

Head office
Linkage Plaza
Plot 94, Block 20,
Leeki-Epe Express Way, Lekki Phase 1
Victoria Island, Lagos
Tel: 01-8511193-7, 8510568, 8510569, 8510590
Email: info@linkageassurance.com

Aba
4, Brass Street, Aba
Tel: 082-228242
Email: aba@linkageassurance.com

Abuja
8, Asaba Close Opposite Nicon Luxury Hotel
Second Gate Bus Stop,
Area Ii Garki, Abuja

Benin
94, Uselu Lagos Road, Benin
Tel: 052-879179, 052-600484, 052-468305

Calabar
70, Ibb Way Calabar, Cross Rivers State
Email: calabar@linkageassurance.com

Enugu
2a, Oconnor Road, Enugu
Tel/Fax: 042-256759
Email: enugu@linkageassurance.com

Ibadan
Old Vitas Bakery House,
Near D'rovans Hotel,
Ring Road, Ibadan

Ilupeju
11a, Coker Road, Ilupeju, Lagos
Tel: 01-8511164

Kaduna
Plot 4, Block B Constitution Road
By Kigo Road Junction, Kaduna
Tel: 062-7301066, 062-213396

Kano
48, Bompai Road, Kano
Tel: 064-648722
Email: kano@linkageassurance.com

Port Harcourt
Asei World Centre,
57 Aba Road,
Portharcourt, Rivers State
Tel/Fax: 084-237632
Email: portharcourt@linkageassurance.com

Uyo
1, Udo Udoma Avenue,
1st Floor,aka Junction
By Akbc Radio House, Uyo

Warri
110, Effurun/sapele Road,
Warri, Delta State
Tel/Fax: 053-255843

Yenagoa
400 Melford Okilo Way, Okaka,
Yenagoa,
Bayelsa State

The Accounts

Company information and accounting policies

1 General Information

LINKAGE Assurance PLC (“LINKAGE ” or “the Company”) was incorporated in Nigeria on 26 of March 1991 as a private limited liability company domiciled in Nigeria. It was registered by the National Insurance Commission on the 7 of October 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a public limited liability company in 2003 and the Company's shares, which were quoted on the Nigerian Stock Exchange were first listed on 18 November 2003. The registered office of the Company is Plot 20 Block 94 Lekki Epe express way Lekki, Lagos, Nigeria.

Corporate Governance

LINKAGE is committed to implementing the best practice standards of Corporate Governance. The Company is mindful of its obligations under the National Insurance Commission Corporate Governance Code (NAICOM Code), the Securities and Exchange Commission Corporate Code (SEC Code) as well as the Post Listing Rules and Requirements of the Nigerian Stock Exchange.

The Company's high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all Stakeholders. The business of the Company is conducted with high level of integrity.

Authorisation for issue

The financial statements include the assets and liabilities of the Company and were authorized for issue by the directors on 9 December, 2013.

2. Basis of preparation

2.1 Going concern

These financial statements have being prepared on the going concern basis. The company has no intension or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the 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 company is carried out by the company to ensure that there are no going concerns threats to the operation of the company.

2.2 Statement of compliance

The financial statements of Linkage Assurance PLC have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These are the first financial statements prepared in accordance with IFRSs, and IFRS 1:
First-time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in **note 44.** This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.

2.3 First-time adoption of IFRS

These financial statements, for the year ended 31 December 2012, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Nigerian GAAP.

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the period ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2011, the Company's date of transition to IFRS.

Exemptions applied
IFRS 1 - *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Company took the exemption that requires it not to disclose information about claims development that occurred earlier than five years before the end of the first year in which IFRS 4 *Insurance contract* is applied.

Adoption of International Financial Reporting Standards issued but not yet effective
The following Standards, which are relevant to the Company, have been issued but are effective on or after 1 January 2013; the Company intends to adopt them when they become effective.

Standard	Content	Applicable for financial year beginning on/after
IFRS 9	Financial Instruments	1/1/2015
IFRS 13	Fair value measurement	1/1/2013

- *IFRS 9 - Financial Instruments: Classification and Measurement*
  IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- *IFRS 13 - Fair Value Measurement*
  IFRS 13 was issued in May 2011. It defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. It explains how to measure fair value for financial reporting, but does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. The adoption of this Standard will lead to consistent application of fair value across Standards and therefore lead to increased comparability of information reported in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2013.The Company will implement the Standard when it becomes effective.

2.4 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following which are measured at fair value:

- Financial instruments at fair value through profit or loss
- Available-for-sale financial assets
- Investment properties

3. Use of judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below.

3.1 Insurance Contract Liabilities-General Business

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for the same type of policies.

The ultimate cost of outstanding claims is estimated by using one of the ranges of standard actuarial claims projection techniques- Discounted Inflation Adjusted Chain Ladder method.

The main assumption underlying this technique is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortization of unearned premium on a basis other than time apportionment.

The carrying value at the reporting date of insurance contract liabilities is ₦1,035,525,000 (2011: ₦1,070,270,000).

The Liability Adequacy Test (LAT) was carried out by HR Nigeria Limited (Consultant Actuaries). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Assumptions used in the valuation are as follows:

	2012	2011	2010
Projected Inflation Rate			
(assume rate will remain unchanged into the future)	**12%**	15%	15%
Current Short-term Yield	**13%**	13%	13%
Discount rate	**10%**	9%	10%

* Future claims follow a trend pattern from the historical data, thus payment pattern will be broadly similar in each accident year.
* Run off period of five years.
* Past official inflation rates used and assumes a 15% rate for future which is expected to remain Unchanged.

3.2 Valuation of available for sale unquoted equity

The carrying amount of the available for sale unquoted equity investment carried at fair value at 31 December 2012 was ₦10.785 billion (2011- ₦6.210 billion; 2010 - ₦5.917 billion).
The valuation technique adopted in determining fair value was the Discounted Cash Flow (DCF).
Level 3 inputs of the fair value hierarchy were used for the DCF.
Below is a summary of the significant assumptions used in arriving at the fair value.

	2010	2011	2012
Growth in Gross Income(GI) %	20,15,15,10,10	20,15,15,10,10	20,15,15,10,10
Opex/GI (%)	51	49	48
Dep&Amort/GI (%)	4	3	3
Effective tax rate: Tax/PBT (%)	31	31	31
Capex/GI (%)	5	5	4
Tax/GI (%)	18	17	18
Growth rate of FCF	15.36	13.7	15
Risk free rate	14.24	13.19	12.29
Market Risk Premium	6.2	7.25	8.13
Beta	1	1	1
WACC	20.44	20.44	20.42
Value of Linkage's Equity Stake	₦5.917 billion	₦6.210 billion	₦10.785 billion

Cash flow projections were based on five year historical figures. Cash flow projections were made for five years and subsequently terminal growth rate of free cash flows. An illiquidity discount of 10% was applied to the equity value to arrive at the value of the stake of Linkage Assurance in the investee entity. Management is aware that existing shareholders are willing to increase their stake in the company, such that any available shares will be immediately taken up. In addition, there are other willing buyers.

Sensitivity

WACC

	Equity Value Terminal growth rate of FCF				
	14.00%	**14.50%**	**15.00%**	**15.50%**	**16.00%**
19.42%	104,611	113,045	123,338	136,368	153,144
19.92%	96,352	**103,260**	**111,533**	**121,764**	134,557
20.42%	89,379	**95,127**	**101,903**	**110,126**	120,171
20.92%	83,412	**88,258**	**93,879**	**100,633**	108,706
21.42%	78,248	82,381	871,135	92,741	99,354

Terminal growth rate of FCF

	Equity Value		
	100.00%	**11.76%**	**10.58%**
14.0%	89,379	10,511	9,460
14.5%	95,127	11,187	10,068
15.0%	**101,903**	**11,984**	**10,785**
15.5%	110,126	12,957	11,656
16.0%	120,171	14,132	12,719

WACC

	Equity Value		
	100.00%	**11.76%**	**10.58%**
19.4%	123,866	14,567	13,110
19.9%	111,959	13,166	11,850
20.4%	**101,903**	**11,984**	**10,785**
20.9%	94,191	11,077	9,969
21.4%	87,385	10,277	9,249

Significant accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

4. Foreign Currency Translation

Functional and Presentation Currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency).

The financial statements are presented in Nigerian naira (₦), which is the presentation currency, and rounded to the nearest thousand (₦000) unless otherwise indicated.

Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'investment income & other income'. All other foreign exchange gains and losses are presented in the income statement within 'investment and other income' or 'other operating and administrative expenses’

5. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents.

6. Financial instruments

A financial asset or liability is recognised when the Company becomes a party to the contractual provisions of the instrument.

6.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

Management determines the appropriate classification of its investments at initial recognition and the classification depends on the purpose for which the investments were acquired or originated. The Company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Financial assets at fair value through profit or loss
Financial assets are classified as “fair value through profit or loss” where the Company's documented investment strategy is to manage financial investments on a fair value basis; and treat related liabilities on the same basis. This category has two sub-categories:

Financial assets held for trading and those designated at fair value through profit or loss at initial recognition.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Investments typically bought with the intention to sell in the near term are classified as held for trading. Near term is defined by management as 365 days.

Held to maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Available-for-sale financial assets (AFS)
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale financial instruments are securities that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in market conditions.

6.2 Initial Recognition and measurement

Financial assets are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

6.3 Subsequent measurement

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are re-measured subsequent to initial recognition at fair value.

Changes in the carrying amount are recognised in profit or loss. The net gain/loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Investment income and other income' line item in the Income Statement.

Financial assets at amortised cost
Loans and receivables as well as Held-to-maturity investments, that are recoverable above one year, after initial measurement are measured at amortised cost, using the effective interest rate method (EIR) less impairment.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gains and losses from the EIR amortisation are included in 'investment income and other income' in the income statement.

Available-for-sale financial assets
Available-for-sale financial assets are re-measured subsequent to initial recognition at fair value. Changes in the carrying amount of available for sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at the end of each reporting period.

6.4 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

Financial assets carried at amortised cost
An impairment loss in respect of a financial assets measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at financial asset's original effective interest rate. If a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the

Company's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, past-due status and other relevant factors.

Future cash flows of a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment & other income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating and administrative expenses in the income statement.

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 end of reporting period, that have an impact on the future cash flows of the asset.

An available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. In this respect, a decline of 30% or more is regarded as significant, and a period of 24 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the loss recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any previously recognised impairment loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial assets carried at cost
For financial assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

6.5 Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed 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 Company is recognised as a separate asset or liability.

6.6 Financial Liabilities

Financial liabilities are classified as either financial liabilities at Fair Value through Profit or loss (at FVTPL) or 'other financial liabilities'. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, insurance payables and investment contracts.

Financial liabilities at FVTPL
The Company does not have financial liabilities classified as at FVTPL.

Other financial liabilities
Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition
The Company de-recognises financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

6.7 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Trade receivable
Reinsurance asset
Deferred acquisition costs
Other receivable and prepayment

7. Investment properties

Investment properties are measured initially 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 the cost of the day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are de-recognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfer between investment property and owner-occupied property does not change the cost of that property for measurement or disclosure purposes.

8. Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of any previously held equity interest in the acquiree.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to appropriate cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually irrespective of whether there is any indication of impairment. Impairment is determined by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. An impairment loss in respect of goodwill is not reversed in future periods.

Where goodwill that forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

9. Property, plant and equipment

Land and buildings comprise offices occupied by the company.

Recognition and measurement
All categories of property, plant and equipment are initially recorded at cost.

Land and buildings are subsequently stated at revalued amount less depreciation and impairment losses. All other property and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are revalued every three (3) years. Increases in the carrying amount of land and buildings arising from revaluation are credited to revaluation reserve in other comprehensive income. Decreases that offset previous increases in land and buildings arising from revaluation are charged against the revaluation reserve while other decreases, if any, are charged to profit or loss.

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

Depreciation
Depreciation is provided on a straight line basis so as to allocate the cost/re-valued amounts less their residual values over the estimated useful lives of the following classes of assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

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

Leasehold improvements	over the unexpired lease period
Leasehold buildings	50 years
Computer hardware and software	4 years
Furniture and office equipment	4 years
Motor vehicles	4 years

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the reporting period.

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

10. Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is stated at cost less amortisation and impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Amortisation
Computer software acquisition costs recognised as assets are amortised over their useful lives.

De-recognition of intangible assets
An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss.

11. Business combination and goodwill

11.1 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest in the acquiree.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. However, this does not preclude the Company from reclassifying insurance contracts to accord with its own policy only if classification needs to be made on the basis of the contractual terms and other factors at the inception or modification date.

12. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than goodwill and deferred tax assets are assessed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement. Impairment losses on revalued assets are recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

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. An impairment loss is reversed only to the extent that the asset's carrying amount does 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.

13. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

14. Restructuring Costs

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

15. Taxation

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

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

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.
Deferred income tax assets are recognised for all deductible temporary differences and unused tax credits and losses, only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

16. Share capital and reserves

Share capital
The issued ordinary shares of the company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend
Dividends on ordinary shares are recognised and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are disclosed as an event after reporting date.

17. Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment and the unamortised premium when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

18. Insurance contracts

18.1 Classification
IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

The company only issues contracts that transfer insurance risks.
Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary.

General Insurance Business means insurance business of any class or classes not being long term insurance business. Classes of General Insurance include:

- Fire insurance business
- General accident insurance business;
- Motor vehicle insurance business;
- Engineering insurance business;
- Marine insurance business;
- Oil and gas insurance business;
- Bonds credit guarantee insurance business; and
- Miscellaneous insurance business

For all these contracts, premiums are recognised 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.

18.2 Recognition and Measurement of Insurance Contracts

Premium income is recognised on assumption of risks.

Premiums
Premiums comprise gross written 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 are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

Unearned premium provision
The provision for unearned premiums (unexpired risk) represents the proportion of premiums written in the periods up to the accounting date that relates to the unexpired terms of policies in force at the end of reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time proportionate basis.

Gross premium earned
Gross premium earned includes estimates of premiums due but not yet received, less unearned premium.

Reinsurance
The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognised at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognised on the same basis as the acquisition costs incurred.

Premiums ceded, claims recovered and commission received are presented in the Statement of comprehensive income and Statement of financial position separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer. The assessment process is articulated in 6.4.

Claims payable
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 incurred but not yet reported (IBNR).

Claims paid represent all payments made during the year, whether arising from events during that or earlier years.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date. Outstanding claims computed are subject to liability adequacy tests to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised.

Commissions and Deferred Acquisition Costs
Commissions earned and payable are recognised in the period in which relevant premiums are written. A proportion of commission payable is deferred and amortised over the period in which the related premium is earned. Deferred Acquisition Costs represent the proportion of acquisition costs which corresponds to the unearned premium and are deferred as an asset and recognised in the subsequent period.

Liability Adequacy Test
At the end of reporting date, Liability Adequacy Tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, investment income backing such liabilities are considered. Any deficiency is charged to Statement of comprehensive income by increasing the carrying amount of the related insurance liabilities.

Trade Receivables and Payables
Receivables and Payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognised as impairment loss in profit or loss. The assessment process is articulated in 6.4.

Salvage and Subrogation Reimbursement
Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (for example salvage). The company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries 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.

19. Recognition and measurement of investment contracts

Receipt and payments under investment contracts are not classified as insurance contracts in the Statement of comprehensive income but are deposit accounted for in the Statement of financial position in line with the accounting policies for financial instruments. The deposit liability recognized in the Statement of financial position represents the amounts payable to the holders of the investment contracts inclusive of allocated investment income.

20. Revenue Recognition

Insurance Premium Revenue
The revenue recognition policy relating to insurance contracts is set out under 17.2

Commission Earned
The revenue recognition policy on commission is disclosed in 17.2

Interest
Interest income for interest bearing financial instruments, are recognised within 'investment & other income' in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

Dividend Income
Dividend income is recognised in profit or loss when the company's right to receive payment is established.

21. Expense recognition

Interest
Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

Management expenses
Management expenses are expenses other than claims, investments and underwriting expenses. They include employee benefits, depreciation charges and other operating expenses. Management expenses are charged to profit or loss when the goods are received or services rendered.

22. Employee benefits

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits
Defined contribution plans
The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act. The contribution of the employee and employer is 7.5% and 15% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The company's obligations for contributions to the plan are recognised as an expense in profit or loss when they are due.

Gratuity benefits
The Company had a gratuity scheme which is based on employees' years of service but was terminated on 27 April, 2009 and replaced with enhanced employers' contribution of 15% to the defined contribution plan under the Pension Reform Act with effect from 1 May, 2009. The gratuity scheme was unfunded and staff entitlements under the scheme is payable over a period of four (4) years to eligible employees commencing from 1 May 2009. Employees that left the company before 2012 received their entitlements in full.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

23. Statutory deposit
Statutory deposit represents a deposit of **10%** of the regulatory share capital kept with the Central Bank of Nigeria. The amount held will increase or decrease in relation to the amount of paid up share capital in issue. The cash amount held is considered to be a restricted cash balance.

24. Deferred acquisition costs
The incremental costs directly attributable to the acquisition of new business are deferred by recognising an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured the reinsurers' share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed off.

Deferred expenses - Reinsurance commissions
The Company recognises commissions receivable on outwards reinsurance contracts as a deferred expense and amortised over the average term of the expected premiums payable.

25. Segment Reporting
A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's primary format for segment reporting is based on business segment of: Fire, Accident, Motor vehicle, Marine and Engineering and Oil & Gas.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision- maker. The Chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Managing Director/Chief Executive Officer.

26. Earnings per share
The company presents basic earnings per share for its ordinary shares which are calculated by dividing the profit attributable to ordinary shareholders of the company 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 number of ordinary share adjusted for the bonus share issued

Statement of financial position as at 31 December 2012:
(in thousand of currency units)

	Note	2012 ₦'000	2011 ₦'000	2010 ₦'000
Assets				
Cash and cash equivalents	1	**2,816,193**	1,353,086	1,270,418
Financial assets	2	**12,078,065**	7,181,049	6,893,967
Trade receivables	3	**10,397**	422,718	376,681
Reinsurance assets	4	**262,287**	291,141	196,397
Deferred acquisition cost	5	**60,804**	78,295	83,552
Deferred tax assets	17.3	**421,692**	-	-
Other receivables and Prepayments	6	**68,892**	66,925	72,440
Investment Property	7	**83,650**	140,476	153,155
Goodwill and other intangible assets	8	**-**	-	-
Property and equipment	9	**854,993**	681,329	707,494
Statutory deposit	10	**300,000**	300,000	300,000
Total assets		**16,956,973**	**10,515,019**	**10,054,104**
Liabilities				
Insurance contract liabilities	11	**1,057,163**	1,070,270	937,670
Other financial liabilities	12	**421,442**	516,944	633,774
Trade payables	13	**447,125**	477,473	366,999
Provision and Other payables	14	**94,232**	139,878	204,294
Retirement benefit obligations	15	**-**	47,205	101,114
Income tax liabilities	16	**80,813**	31,057	50,781
Deferred tax liabilities	17	**-**	45,241	-
Total liabilities		**2,100,775**	**2,328,068**	**2,294,632**
Capital and reserves				
Issued and paid share capital	18	**3,999,396**	2,551,396	2,551,396
Share premium	19	**729,044**	729,044	729,044
Contingency reserve	20	**629,213**	565,083	496,435
Retained earnings	21	**(1,484,684)**	(1,600,324)	(1,752,367)
Assets revaluation reserve	22	**508,642**	298,634	298,634
Fair value reserves	23	**10,474,587**	5,643,118	5,436,330
Total equity		**14,856,198**	**8,186,951**	**7,759,472**
Total liabilities and equity		**16,956,973**	**10,515,019**	**10,054,104**

These financial statements were approved by the Board of Directors and authorised for issue on the 9 December 2013

Babatunde Fateyi-williams (Chairman)
FRC/2013/IODN/00000002934

G.U.S Wiggle (Managing Director/CEO)
FRC/2013/CIIN/00000002944

Fagbemi Johnson O. (Ag. Head, Finance)
FRC/2013/ICAN/00000002943

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

Statement of profit or loss and other comprehensive income for the year ended 31 December 2012: (in thousand of currency units)

	Note	2012 ₦'000	2011 ₦'000
Gross premium written	24	**2,137,686**	**2,288,250**
Gross premium income	25	**2,228,260**	2,241,051
Reinsurance expenses	26	**(875,213)**	(560,269)
Net premium income		**1,353,047**	1,680,782
Fees and commission income	27	**130,587**	118,432
Net underwriting income		**1,483,634**	1,799,214
Gross claims expenses	28	**(793,357)**	(558,579)
Claims and benefits recoverable from reinsurers	28.1	**432,892**	254,343
Changes in reserve for outstanding claims	28.1	**(77,468)**	(168,956)
Underwriting expenses	29	**(959,803)**	(845,497)
Underwriting profit		**85,898**	480,525
Investment income	30	**444,695**	304,312
		530,593	**784,837**
Net fair value gains on financial assets at fair value through Profit or loss	31	**112,976**	56,629
Other Operating income	32	**40,434**	66,193
Management expenses	33	**(896,206)**	(619,259)
(Loss)/profit before taxation		**(212,203)**	288,400
Income taxes	16	**391,973**	(67,709)
Profit after taxation		**179,770**	220,691
Other comprehensive income			
Items within OCI that may be classified to the profit or loss:			
Net balance of revaluation reserve during the year	22	**210,008**	-
Net fair value gain on available-for-sale financial assets	34	**4,831,469**	206,788
Total other comprehensive income		**5,041,477**	206,788
Total comprehensive income for the period		**5,221,247**	427,479
Basic earnings per share attributable to equity shareholders for the year	35	**3.4k**	4.3k
Adjusted earnings per share attributable to equity shareholders for the year	35	**3.4k**	4.1k

Statement of Changes in equity for the period 31 December 2012
(in thousand of currency units)

	Share capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Retained earnings ₦'000	Asset revaluation reserve ₦'000	Fair value reserve ₦'000	Total ₦'000
At January 2012	2,551,396	729,044	565,083	(1,600,324)	298,634	5,643,118	**8,186,951**
Profit for the year	-	-	-	179,770	-	-	**179,770**
Transfer to Contingency reserve	-	-	64,130	(64,130)	-	-	-
Net balance of revaluation reserve during the year	-	-	-	-	210,008	-	**210,008**
Net fair value changes on AFS financial assets transferred from other comprehensive income	-	-	-	-	-	4,831,469	**4,831,469**
Transaction within Equity:							
Share issue during the year	1,448,000	-	-	-	-	-	**1,448,000**
At 31 December 2012	3,999,396	729,044	629,213	(1,484,684)	508,642	10,474,587	**14, 856,198**

Statement of Changes in equity for the period 31 December 2011
(in thousand of currency units)

	Share capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Retained earnings ₦'000	Asset revaluation reserve ₦'000	Fair value reserve ₦'000	Total ₦'000
At January 2011	2,551,396	729,044	496,435	(1,752,367)	298,634	5,436,330	**7,759,472**
Profit for the year	-	-	-	220,691	-	-	**220,691**
Transfer to Contingency reserve	-	-	68,648	(68,648)	-	-	-
Net fair value changes on AFS financial assets transferred from other comprehensive income	-	-	-	-		206,788	**206,788**
At 31 December 2011	2,551,396	729,044	565,083	(1,600,324)	298,634	5,643,118	**8,186,951**

Statement of cash flows
for the year ended 31 December 2012

	Note	2012 ₦'000	2011 ₦'000
Cash flows from operating activities			
Cash used in operations	36	(483,318)	(157,369)
Corporate tax paid	16	(25,204)	(42,192)
VAT paid		(20,438)	(7,109)
Net cash used in operating activities		(528,960)	(206,670)
Cash flow from investing activities			
Purchase of properties, plant and equipment	9	(9,667)	(31,753)
Proceeds from the sale of properties, plants and equipment		293	4,100
Purchase of financial instrument		(8,810)	-
Proceeds from the sale of investment property		60,000	24,529
Proceeds from the sale of financial instrument		60,730	-
Interest received	30	108,591	54,030
Dividend received	30	332,930	238,432
Net cash from investing activities		544,067	289,338
Financial activities			
Proceeds from issue of shares		1,448,000	-
		1,448,000	-
Net increase/ (decrease) in cash and cash equivalents		1,463,107	82,668
Cash and cash equivalents at 1 January		1,353,086	1,270,418
Cash and cash equivalents at 31 December	36.1	2,816,193	1,353,086

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

The accounting policies of the reportable segments are the same as the Company's accounting policies.

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

The following is an analysis of the Company's revenue and result by reportable segment in 2012.

Income:	Motor	Fire	General Accident	Marine & Aviation	Oil & Gas	Others	**2012**	2011
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	**₦'000**	₦'000
Gross Premium Written	448,551	278,963	361,745	292,091	640,038	116,299	**2,137,687**	2,288,250
Net change in unearned premium	63,965	21,635	10,548	18,239	(22,459)	(1,352)	**90,576**	(47,199)
	512,516	300,598	372,293	310,330	617,579	114,947	**2,228,263**	2,241,051
Re-insurance cost	(59,902)	(140,802)	(99,293)	(131,381)	(384,119)	(59,716)	**(875,213)**	(560,269)
Net premium income	452,614	159,796	272,000	178,949	233,460	55,231	**1,353,050**	1,680,782
Commission Received	5,823	36,005	32,509	39,898	-	16,352	**130,587**	118,432
Net underwriting income	458,437	195,801	305,509	218,847	233,460	71,583	**1,483,637**	1,799,214
Expenses:								
Acquisition cost	93,731	80,873	99,840	81,668	37,310	32,266	**425,688**	409,901
Net claims incurred	134,515	49,707	100,369	105,009	38,290	10,044	**437,934**	473,192
Maintenance expenses	110,213	70,514	96,390	72,121	155,654	29,224	**534,116**	435,596
	338,459	201,094	296,599	258,798	231,254	71,534	**1,397,738**	1,318,689
Segment underwriting profit	**119,978**	**(5,293)**	**8,910**	**(39,951)**	**2,206**	**49**	**85,899**	**480,525**

The revenue of engineering segment does not meet the quantitative thresholds and therefore does not qualified as a reporting segment. This segment has been reported as others.

Notes to the Financial Statements for the year ended 31 December 2012

1. Cash and cash equivalent

Cash and cash equivalents comprise:

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Cash in hand	213	204	313
Balances with banks & other financial institutions	2,858,205	1,395,107	1,312,330
	2,858,418	1,395,311	1,312,643
Less allowance for impairment	(42,225)	(42,225)	(42,225)
	2,816,193	1,353,086	1,270,418
Allowance for impairment			
At 1 January	42,225	42,225	42,225
Addition	-	-	-
No longer required	-	-	-
	-	-	-
Write off	-	-	-
At 31 December	42,225	42,225	42,225

These are cash and short-term placements with banks and other financial institutions with tenors of 90 days or less. In accordance with IAS 7- 6&7, Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a maturity of three months or less from the date of acquisition.

2 Financial assets

The Company's investment securities comprise trading securities, fair value through profit or loss financial assets, available-for-sale financial assets, Loans and receivables and unquoted equity at cost.

		2012 ₦'000	2011 ₦'000	2010 ₦'000
Fair value through profit or loss	2.1	337,552	219,928	175,145
Available-for-sale	2.2	11,640,326	6,898,947	6,671,480
Loans and receivables	2.3	91,376	62,174	47,342
Held to maturity	2.4	8,811	-	-
		12,078,065	7,181,049	6,893,967

2.1 Fair value through profit or loss

Fair value through profit or loss assets comprises:

	2012	2011	2010
Quoted equity instruments	269,781	273,030	273,030
Fair value changes	67,771	(53,102)	(97,885
	337,552	219,928	175,145
Fair value changes			
At 1 January	53,102	97,885	119,190
Addition	-	-	20,991
No longer required	(112,976)	(44,783)	-
Net transfer to income statement	(112,976)	(44,783)	20,991
Write off	(7,897)	-	(42,296)
At 31 December	(67,771)	53,102	97,885

The fair value of quoted equities is determined by reference to published price quotations in an active market

2.2 Available for sale

Available for sale financial assets comprise:

		2012 ₦'000	2011 ₦'000	2010 ₦'000
Quoted equities and unit trust schemes	2.2a	687,069	491,332	541,865
Un-quoted equities - at fair value	2.2b	10,785,000	6,210,000	5,917,000
Un-quoted equities - at cost	2.2c	168,257	197,615	212,615
Debt securities		-	-	-
		11,640,326	6,898,947	6,671,480

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

2.2a The fair value of Available for sale quoted equities and unit trust schemes was derived as follows:

	2012	2011	2010
	₦'000	₦'000	₦'000
Investment in Quoted equities	**837,695**	905,516	884,837
Investment in Quoted unit trust schemes	**76,272**	76,272	76,272
	913,967	981,788	961,109
Fair value changes	**(226,898)**	(490,456)	(419,244)
	687,069	491,332	541,865
Fair value changes			
At 1 January	**490,456**	419,244	574,581
Addition	**9,581**	71,212	44,372
No longer required	**(216,052)**	-	(74,880)
Net transfer to other comprehensive income	**(206,471)**	71,212	(30,508)
Write off	**(57,087)**	-	(124,829)
At 31 December	**226,898**	490,456	419,244

2.2b The fair value of Available for sale unquoted equities was derived as follows:

	2012	2011	2010
Investment in Unquoted equities	**117,647**	117,647	117,647
Fair value changes	**10,667,353**	6,092,353	5,799,353
	10,785,000	6,210,000	5,917,000
Fair value changes			
At 1 January	**6,092,353**	5,799,353	-
Addition	**4,575,000**	293,000	5,799,353
Net transfer to other comprehensive income	**4,575,000**	293,000	5,799,353
At 31 December	**10,667,353**	6,092,353	5,799,35 3

2.2c The carrying amount of Available for sale unquoted equities measured at cost is as follow:

	2012	2011	2010
	₦'000	₦'000	₦'000
Unquoted equity at cost	**312,615**	312,615	312,615
Less impairment allowance	**(144,358)**	(115,000)	(100,000)
	168,257	197,615	212,615
Impairment allowance			
At 1 January	**115,000**	100,000	-
Addition	**29,358**	15,000	100,000
Net transfer to comprehensive income	**29,358**	15,000	100,000
At 31 December	**144,358**	115,000	100,000

The unquoted equities are carried at cost. This is because the fair values cannot be reliably determined.

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

2.3 Loans and receivables

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Amortized cost			
Loan facility	**147,563**	113,059	102,920
Loan to policy holders	**13,654**	13,654	13,654
	161,217	126,713	116,574
Allowance for impairment	**(69,841)**	(64,539)	(69,232)
	91,376	62,174	47,342
Impairment allowance			
At 1 January	**64,539**	69,232	92,157
Addition	**5,302**	-	14,634
No longer required	**-**	(4,693)	(2,334)
Net transfer to comprehensive income	**5,302**	(4,693)	12,300
Write off	**-**	-	(35,225)
At 31 December	**69,841**	64,539	69,232

Loans and receivables are recoverable within 12 months. For loans and receivable exceeding 12 months, the estimated fair values of the loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. For loans and receivables with maturity period of below 12 months, no discounting was applied.

2.4 Held to maturity

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Investment held to maturity	**8,811**	-	-
	8,811	-	-

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

3 Trade receivables

		2012 ₦'000	2011 ₦'000	2010 ₦'000
Due from broker		**494,483**	560,448	306,265
Due from agents		**321,371**	368,602	460,597
		815,854	929,050	766,862
Allowance for impairment	**3.1**	**(805,457)**	(506,332)	(390,181)
		10,397	422,718	376,681

3.1 Movement in allowance for impairment during the year was as follows:

	2012 ₦'000	2011 ₦'000	2010 ₦'000
At 1 January	**506,332**	390,181	702,835
Addition during the year	**377,616**	143,113	354,977
Provision no longer required	**(78,491)**	-	-
Write-off during the year	**-**	(26,962)	(667,631)
At 31 December	**805,457**	506,332	390,181

The Company has assessed whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

3.2 Analysis of debtors in days

	2012	2011	2010
0 - 90 days	**49,644**	135,907	273,318
91 - 180 days	**47,842**	221,627	60,091
181 - 270 days	**37,454**	35,222	29,047
271 - 365 days	**21,103**	47,320	81,511
Over 365 days	**659,811**	488,974	322,895
	815,854	929,050	766,862

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

4 Reinsurance assets

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Prepaid reinsurance	**59,552**	91,744	29,255
Reinsurance recoverable	**133,114**	155,512	84,253
Reinsurance projection on IBNR	**86,717**	64,685	82,889
	279,383	311,941	196,397
Allowance for impairment	**(17,096)**	(20,800)	-
	262,287	291,141	196,397
Impairment allowance			
At 1 January	**20,800**	-	-
Addition	**-**	20,800	-
No longer required	**(25)**	-	-
Net transfer to comprehensive income	**(25)**	20,800	-
Write off	**(3,679)**	-	-
At 31 December	**17,096**	20,800	-

4.1 Breakdown of prepaid reinsurance is as follows:

	2012	2011	2010
Motor	**-**	-	-
Fire	**27,542**	35,261	11,719
General accident	**7,410**	31,189	7,213
Engineering	**8,206**	11,532	1,948
Marine	**16,394**	13,762	8,375
	59,552	91,744	29,255

There were no indicators of impairments for re-insurance assets. Therefore, no impairment is required in respect of these assets. The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts which approximates the fair value at the reporting date.

5. Deferred acquisition cost

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

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Motor	**17,831**	25,756	28,630
Fire	**15,793**	20,012	17,455
Accident	**9,862**	12,099	14,043
Engineering	**7,681**	7,430	11,783
Marine	**7,292**	11,041	10,464
Oil & Gas	**2,345**	1,957	1,177
	60,804	78,295	83,552

5.2 The movement in the deferred acquisition costs during the year is as shown below:

	2012 ₦'000	2011 ₦'000	2010 ₦'000
At 1 January	**78,295**	83,552	-
(Decrease)/increase during the year	**(17,491)**	(5,257)	83,552
At 31 December	**60,804**	78,295	83,552

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

		2012 ₦'000	2011 ₦'000	2010 ₦'000
6	**Other receivables and Prepayments**			
	Prepayments	**63,601**	57,954	69,045
	Sundry receivables	**5,383**	9,063	3,487
		68,984	67,017	72,532
	Less impairment	**(92)**	(92)	(92)
		68,892	66,925	72,440
	Allowance for impairment on prepayments and other receivables			
	At 1 January	**92**	92	9,123
	Addition	-	-	-
	No longer required	-	-	-
	Net transfer to comprehensive income	**-**	-	-
	Write off		-	(9,031)
	At 31 December	**92**	92	92
7.	**Investment Properties**			
	At 1 January	**140,476**	153,155	120,881
	Disposal	**(60,076)**	(12,679)	-
	Fair value gain / (loss)	**3,250**	-	32,274
	At 31 December	**83,650**	140,476	153,155

Investment properties are stated at fair value, which has been determined based on valuations performed by Andy Bassey & Associate Estate Surveyors &Valuers as at 31 December 2012. *Andy Bassey & Associate Estate Surveyors &Valuers* is an industry specialist in valuing these types of investment properties. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. Valuations are performed on annual basis and the fair value gains and losses are recorded within the income statement

8 Goodwill and Other intangible assets

		2012 ₦'000	2011 ₦'000	2010 ₦'000
8.1	**Summary**			
	Goodwill	-	-	-
	Intangible assets	-	-	-
		-	-	-
8.2	**Goodwill**			
	Acquisition cost	606,354	606,354	606,354
	Less impairment	(606,354)	(606,354)	(606,354)
		-	-	-
	Impairment Allowance on goodwill			
	At 1 January	606,354	606,354	-
	Addition per statement of comprehensive Income	-	-	606,354
	At 31 December	606,354	606,354	606,354

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

8.3 Intangible asset	2012 ₦'000	2011 ₦'000	2010 ₦'000
Cost			
At 1 January	39,738	39,738	39,738
	39,738	39,738	39,738
Accumulated Amortization			
At 1 January	(39,738)	(39,738)	(39,738)
Charge for the year	-	-	-
At 31 December	(39,738)	(39,738)	(39,738)
Net Book Value			
At 31 December	-	-	-

The above intangible assets(software) are fully depreciated but are still in the books as at 31 December 2012. Management is in the process of getting a new insurance package that can drive the new IFRS requirements.

8.4 Goodwill Impairment Model

(a) Introduction

Linkage Assurance PLC (Linkage) acquired Central Insurance Company Limited (CICO) on 28 February 2007. The purchase consideration of ₦1, 508,236,301 was by exchange of shares. 100 shares of Linkage were issued for every 119 shares of CICO held at an issue price of ₦1.48, that is, 1,019,078,582 shares @ ₦1.48. The net assets of CICO at acquisition dates were ₦780, 611,111; thus resulting in goodwill of ₦727. 625million.In accordance with Nigerian GAAP, goodwill was being written off over a period of five years and accordingly, an amount of ₦121.271million, being 10 months amortisation charge, was written off in the 2007 financial year. This reduced the carrying amount of the goodwill to ₦606.354million.

Subsequently back testing of the Godwill was carried out as required by IFRS and the whole carrying amunt was fully impaired.

(b) Allocation of Goodwill to Cash-generating units(CGU)

CGUs were identified on branch basis as all branches of the acquiree (Aba, Apapa, Ibadan, Ilupeju, Kano and Enugu) and financial values reasonably allocated to them. Goodwill was allocated to CGUs on the basis of assessed revenue generation capacity as follows

	Allocation of Purchase Price End of 28-02-2007 ₦'000	Amortisation End of 28-02-2007 ₦'000	Carrying Amount End of 28-02-2007 ₦'000	Fair value identifiable Assets End of 28-02-2007 ₦'000	Allocation of Goodwill End of 28-02-2007 ₦'000
ABA	116,516	(9,369)	107,147	60,305	46,842
APAPA	776,774	(62,457)	714,317	402,031	312,286
IBADAN	80,914	(6,506)	74,408	41,878	32,530
ILUPEJU	388,387	(31,228)	357,159	201,016	156,143
KANO	80,914	(6,506)	74,408	41,878	32,530
ENUGU	64,731	(5,205)	59,526	33,503	26,023
TOTAL	1,508,236	(121,271)	1,386,965	780,611	606,354

(c) Assessment of recoverable amount

The recoverable amounts of the CGUs are based on value in use. Management prepared a five budget/forecast for 2010 financial year, that is, 2011-2015

The cash flow forecasts was derived from the most recent financial data using actual first quarter income extrapolated to full year in the first year and forecasts for the next four years approved by management.

The estimate of future cash flows was based on the following assumptions:

- Inflows derived from continuing use of the assets;
- Direct operating cash outflows and overheads that can be allocated on a reasonable and consistent basis;
- No disposal is anticipated and thus no cash flow on disposal is estimated;
- The Company will experience growth in its customer base especially in the oil and gas sector.
- The quality of the Company's management will be sustained during the forecast period.

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

Assessment of recoverable amount (Continued)

The projected growth rates are stated below:

	Projected growth rate					
	Aba	**Apapa**	**Ibadan**	**Ilupeju**	**Kano**	**Enugu**
	%	%	%	%	%	%
2012	-18	-18	-12	-20	-12	-12
2013	13	-	12	18	12	12
2014	18	-	17	23	17	17
2015	4	-	2	6	2	2

(d) Choice of discount rate

Management applied a pre-tax discount rate of 14% for 2010 that it believed reflects current market assessment of the time value of money and the risks specific to the CGUs, and the expected effect of inflation. The discount rate used is reflective of the time value of money and it is the rate of return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

In effect since the cash flows projections are for a five year period, the discount rate to be applied is for a 5 year corporate bond that has similar risk profile as Linkage. Corporate bonds in issue as at 31 December 2010 issued in the same year with tenors of five years were used.

(e) Presentation

Impairment loss on goodwill is included in other operating and administrative expenses on the Statement of profit or loss and other comprehensive Income

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)
(in thousands of currency units)

9. Property, plant and equipment 2012

	Land	Building	Motor Vehicle	Office Furniture & fittings	Office & Equipment	Building (W.I.P)	Total
Cost/valuation	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	**₦'000**
At 1 January	257,136	150,698	280,158	86,167	194,801	230,553	**1,199,513**
Additions	198	-	6,100	213	3,156	-	**9,667**
Revaluation surplus/(deficit)	170,000	46,102	-	-	-	(6,093)	**210,009**
Write off	-	-	(15,000)	-	(415)	-	**(15,415)**
Disposals	-	-	(15,000)	-	(1,318)	-	**(16,418)**
At 31 December	427,334	196,800	256,158	86,380	196,224	224,460	**1,387,356**
Accumulated depreciation							
At 1 January	-	32,136	221,815	81,332	182,901	-	**518,184**
Charge for the year	-	7,980	23,302	3,536	6,493	-	**41,311**
Adjustment/Write off		-	(10,838)	-	(343)	-	**(11,181)**
Disposals		-	(15,100)	-	(851)	-	**(15,951)**
At 31 December	-	40,116	219,179	84,868	188,200	-	**532,363**
Net book value							
At 31 December 2012	427,334	156,684	36,979	1,512	8,024	224,460	**854,993**
At 31 December 2011	12,136	363,562	58,342	4,836	11,900	230,553	**681,329**

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)
(in thousands of currency units)

9 Property, plant and equipment 2011

Cost/valuation	Land ₦'000	Building ₦'000	Motor Vehicle ₦'000	Office Furniture & fittings ₦'000	Office & Equipment ₦'000	Building (W.I.P) ₦'000	Total ₦'000
At 1 January	12,136	395,698	293,855	86,167	190,893	230,553	**1,209,302**
Additions	-	-	27,845	-	3,908	-	**31,753**
Disposals	-	-	(41,542)	-	-	-	**(41,542)**
At 31 December	12,136	395,698	280,158	86,167	194,801	230,553	**1,199,513**
Accumulated depreciation							
At 1 January	-	23,847	228,360	75,970	173,631	-	**501,808**
Charge for the year	-	8,289	32,307	5,361	9,270	-	**55,227**
Disposals	-	-	(38,851)	-	-	-	**(38,851)**
At 31 December	-	32,136	221,816	81,331	182,901	-	**518,184**
Net book value							
At 31 December 2011	12,136	363,562	58,342	4,836	11,900	230,553	**681,329**
At 31 December 2010	12,136	371,851	65,495	10,197	17,262	230,553	**707,494**

Land and building includes two buildings which were revalued on 3 September 2007 and 15 October 2009 at ₦330 million and ₦51.9 million respectively by Messrs Paul Osaji& Co. The revaluation surplus of ₦264.17 and ₦34.47 million are included in revaluation reserve on property, plant and equipment. Again on 31 December 2012 another revaluation was carried out by Andy Bassey & Associate Estate Surveyors & Valuers which gave rise to surplus of ₦170m and ₦46.1m for Land and Building respectively. Under the new reporting framework (IFRS), Management has decided to revalue Land and buildings every three (3) years.

9.1 (i) There was no change in depreciation method used during the reporting period.
(ii) No leased assets are included in the property, plant and equipment.
(iii) Depreciation expense of ₦41.31 million (2011: ₦55.227million) has been included in management expenses.

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)
(in thousands of currency units)

10. Statutory deposit

This represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act, CAP 117 LFN 2004.

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Central Bank of Nigeria	**300,000**	**300,000**	**300,000**

11. Policy holder funds

		2012 ₦'000	2011 ₦'000	2010 ₦'000
Provision for claims reported by policyholders	**11.1a**	**373,495**	349,996	161,779
Provision for IBNR		**136,665**	104,727	105,787
Reinsurance projection on IBNR		**86,717**	64,685	82,889
Outstanding claims provision		**596,877**	519,408	350,455
Provision for unearned premium	**11.1b**	**460,286**	550,862	587,215
Total insurance contract liabilities		**1,057,163**	1,070,270	937,670

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

11.1a. Total outstanding claims per class of business:

	Gross Outstanding claims 2012	Reinsurance recoveries 2012	Net 2012	Gross Outstanding claims 2011	Reinsurance recoveries 2011	Net 2011	Gross Outstanding claims 2010	Reinsurance recoveries 2010	Net 2010
Motor	84,536	867	83,669	77,825	14,977	62,848	42,541	963	41,578
Fire	70,115	45,323	24,792	61,116	8,717	52,399	119,833	6,427	113,406
General Accident	139,687	8,412	131,275	148,133	28,618	119,515	76,469	33,375	43,094
Engineering	93,845	12,054	81,791	90,721	3,447	87,274	21,927	2,538	19,389
Marine	70,544	4,180	66,364	26,863	8,926	17,937	62,130	24,303	37,827
Oil & Gas	138,150	15,881	122,269	114,750	-	114,750	27,555	15,283	12,272
	596,877	86,717	510,160	519,408	64,685	454,723	350,455	82,889	267,566
Reported claims	373,495	-	373,495	349,996	-	349,996	161,779	-	161779
IBNR	223,382	86,717	136,665	169,412	64,685	104,727	188,676	82,889	105,787
	596,877	86,717	510,160	519,408	64,685	454,723	350,455	82,889	267,566

The Liability Adequacy Test (LAT) was carried out by HR Nigeria Limited (Consultant Actuary). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

Assumptions used in the valuation are as follows:	**2012**	**2011**	**2010**
Projected Inflation Rate (assume rate will remain unchanged into the future)	12%	15%	15%
Current Short-term Yield	13%	13%	13%
Discount rate	10%	9%	10%

* Future claims follow a trend pattern from the historical data, thus payment pattern will be broadly similar in each accident year.
* Run off period of five years.
* Past official inflation rates used and assumes a 15% rate for future which is expected to remain unchanged.

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

11.1b **Breakdown of unearned premium per class of business:**

	Unearned Premium 2012	Unearned premium 2011	Unearned premium 2010
Motor	144,690	208,656	217,984
Fire	80,954	102,588	89,567
General Accident	51,866	62,415	73,293
Engineering	38,734	37,381	59,820
Marine	39,902	58,141	61,126
Oil & Gas	104,140	81,681	85,425
	460,286	550,862	587,215

11.1c **Age Analysis of outstanding claims at the end of the year is shown below:**

	2012 ₦'000	2011 ₦'000
0 - 90 days	34,519	62,395
91 - 180 days	47,061	148,748
181 - 270 days	41,986	31,981
271 - 365 days	37,068	40,742
Over 365 days	212,861	66,130
	373,445	349,996

11.2 **Investments relating to insurance funds are as follows:**

Policyholders funds		
Balance with Financial Institutions	1,290,232	1,090,150
Fair value through profit or loss quoted equities	337,552	219,927
Investment properties	83,650	140,476
	1,711,434	1,450,553

11.3 **Investments relating to shareholders funds are as follows:**

Balance with Financial Institutions	1,525,960	262,841
Fair value through profit or loss unquoted equities	10,953,257	6,407,615
Fair value through profit or loss quoted equities	687,069	491,332
Loans and receivables	91,376	62,174
Held to maturity	8,811	-
	13,266,473	7,223,962

	2012 ₦'000	2011 ₦'000	2010 ₦'000
12. Other financial liabilities			
At 1 January	516,944	633,774	827,287
Additions	250,236	410,592	590,345
Interest paid	9,970	13,573	19,650
Administrative charges	(9,750)	(22,247)	(30,875)
	767,400	1,035,692	1,406,407
Less withdrawals	(345,958)	(518,748)	(772,633)
At 31 December	421,442	516,944	633,774

13. Trade payables

13.1 Summary

Insurance payables	13.2	202,827	198,903	168,304
Reinsurance payables	13.3	244,298	278,570	198,695
		447,125	477,473	366,999

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

			2012 ₦'000	2011 ₦'000	2010 ₦'000
13.2	**Insurance payables**				
	Commission payables to agents		**76,957**	81,483	62,511
	Commission payables to brokers		**98,371**	104,560	86,692
	Other payables to agents and brokers		**27,499**	12,860	19,101
			202,827	198,903	168,304
13.3	**Reinsurance payables**				
	Due to reinsurers		**244,298**	278,570	198,695
14	**Provision and other payables**				
	Back taxes		**-**	37,458	123,649
	Premium deposit - Life policy		**83**	-	-
	Other payables		**94,149**	102,420	80,645
			94,232	139,878	204,294
15.	**Retirement benefit obligation**				
	At 1 January		**47,205**	101,114	-
	Current year provision		**-**	-	101,114
	Paid during the year		**(47,205)**	(53,909)	-
	At 31 December		**-**	47,205	101,114
16.	**Income tax liabilities**				
	At 1 January		**31,057**	50,781	25,542
	Payment during the year		**(25,204)**	(42,192)	-
	Charge for the year	**16.1**	**74,960**	22,468	25,239
	At 31 December		**80,813**	31,057	50,781
16.1	**Taxation Charge**				
	Income tax		**74,960**	19,291	18,488
	Education tax		**-**	450	2,782
	Information technology		**-**	2,727	3,969
			74,960	22,468	25,239
	Deferred tax	17	**(466,933)**	45,241	-
			(391,973)	67,709	25,239

17. Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows

		2012 ₦'000	2011 ₦'000	2010 ₦'000
17.1	**Deferred tax liabilities**			
	At 1 January	**45,241**	-	-
	Charge/(Credit) to statement of comprehensive for the year	**-**	45,241	-
	At 31 December	**45,241**	45,241	-
17.2	**Deferred tax assets**			
	At 1 January	**-**	-	-
	Charge/(Credit) to statement of comprehensive for the year	**(466,933)**	-	-
	At 31 December	**(466,933)**	-	-
17.3	**The net movement in the deferred tax account is as follows:**			
	At 1 January	**45,241**	-	
	Charge/(Credit) to statement of comprehensive income for the year	**(466,933)**	45,241	-
	At 31 December	**(421,692)**	45,241	-

17.4 Reconciliation of tax Charge

The provision for income tax expense and change in deferred taxes differs from the amount which would be obtained by applying the statutory income tax rate to income (including capital items) before income taxes for the following reasons:

		2012	2011
		₦'000	₦'000
Ordinary income (loss)/profit		(212,203)	288,400
Capital gain/(loss)		-	-
Total pretax income (loss)/profit		(212,203)	288,400
Expected tax expense (benefit) at 30% statutory rate	16.1	74,960	86,520
Increase (decrease) in actual tax reported resulting from:			
Disallowable expenses		191,176	184,766
Other untaxed income	30	(332,930)	(223,695)
Differences arising from movement in unrealized gains or losses	31	(112,976)	(268,282)
Total income tax reported		(391,973)	67,709
Income taxes incurred	16.1	74,960	22,468
Change in deferred income tax	17.3	(466,933)	45,241
Total income tax reported		(391,973)	67,709

	2012	2011	2010
	₦'000	₦'000	₦'000
17.5 Deferred tax assets assessment			
Unutilized capital allowances	35,519	-	-
Unrelieved losses	269,367	-	-
Provisions and Impairment	1,401,209	-	-
	1,706,095	-	-
Deferred tax assets @ 30%	511,828	-	-
Management Assessment	466,933	-	-

18 Issued and paid share capital

Authorized - ordinary shares 50k each			
(8,000,000,000 units)	4,000,000	4,000,000	4,000,000
Ordinary shares of 50k each (7,998,792,000 units)	3,999,396	2,551,396	2,551,396
Movement in issued and paid share capital during the year			
At 1 January	2,551,396	2,551,396	2,551,396
Share issue	1,448,000	-	-
At 31 December	3,999,396	2,551,396	2,551,396

19. Share premium

At 1 January	729,044	729,044	729,044
At 31 December	729,044	729,044	729,044

	2012	2011
	₦'000	₦'000
20. Contingency reserve		
At 1 January	565,083	496,435
Transfer from profit or loss account	64,130	68,648
At 31 December	629,213	565,083

Contingency reserve for general insurance business is calculated in accordance with section 21(2) and 22(1)(b) of the insurance Act 2003, as the higher of 3% of gross premiums and 20% of net profit for the year.

21. Retained earnings		
At 1 January	(1,600,324)	(1,752,367)
Profit for the year	179,770	220,691
Transfer to contingency reserve	(64,130)	(68,648)
At 31 December	(1,484,684)	(1,600,324)

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

		2012 ₦'000	2011 ₦'000
22. Assets revaluation reserve			
At 1 January		**298,634**	298,634
Revaluation surplus on PPE - Land		**216,101**	-
Revaluation deficit on PPE - Building (WP)		**(6,093)**	-
At 31 December		**508,642**	298,634
23. Fair value reserve			
At 1 January		**5,643,118**	5,436,330
Increase	**34**	**4,831,469**	206,788
At 31 December		**10,474,587**	5,643,118

24. Gross premium written

24.1 Summary		2012	2011
Direct premium	**24.2**	**2,130,861**	995,823
Inward premium	**24.2**	**6,825**	1,292,427
		2,137,686	2,288,250

24.2 **Breakdown of gross premium written per business class is as follows:**

	2012 Direct premium ₦'000	2012 Inward premium ₦'000	2011 Direct premium ₦'000	2011 Inward premium ₦'000
Fire	**276,796**	**2,167**	149,314	165,710
Accident	**361,450**	**295**	69,325	305,054
Motor	**447,935**	**616**	412,831	242,484
Marine	**289,557**	**2,534**	270,915	190,823
Engineering	**115,745**	**554**	56,877	54,982
Oil & Gas	**639,378**	**659**	36,561	333,374
	2,130,861	**6,825**	995,823	1,292,427

25 **Gross premium income**		2012 ₦'000	2011 ₦'000
25.1 **Summary**			
Gross premium written	**24.1**	**2,137,686**	2,288,250
Changes in reserve for unexpired risks	**25.2**	**90,574**	(47,199)
		2,228,260	2,241,051
25.2 **Reserve for unexpired risks**			
At 1 January		**550,860**	503,663
(Decrease)/Increase		**(90,574)**	47,199
At 31 December		**460,286**	550,862
26. **Reinsurance expenses**			
26.1 **Premium ceded to reinsurance:**			
Reinsurance premium paid		**778.346**	589,441
Facultative outwards		**64,675**	33,316
Less: increase/(decrease) in prepaid reinsurance		**32,192**	(62,488)
		875,213	560,269

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

		2012 ₦'000	2011 ₦'000
26.2	**Breakdown of premium ceded to reinsurer per business class is as follows:**		
	Fire	**140,802**	96,815
	Accident	**102,324**	78,967
	Motor	**56,871**	88,971
	Marine	**131,381**	89,852
	Engineering	**59,716**	24,452
	Oil & Gas	**384,119**	181,212
		875,213	560,269
27	**Fees and commission income**		
27.1	**Breakdown of fees and commission income per business class is as follows:**		
	Fire	**36,005**	35,907
	Accident	**32,509**	34,415
	Motor	**5,823**	6.080
	Marine	**39,898**	30,672
	Engineering	**16,352**	10,787
	Oil & Gas	**-**	571
		130,587	118,432
28.	**Claims expenses**		
28.1	**Summary**		
	Gross claims paid	**803,778**	570,440
	Salvage recovery	**(10,421)**	(11,861)
		793,357	558,579
	Changes in reserve for outstanding claims	**77,468**	168,956
	Gross claims incurred	**870,825**	727,535
	Claims and benefits recoverable from reinsurers	**(432,892)**	(254,343)
		437,933	473,192
29.	**Underwriting expenses**		
29.1	**Summary**		
	Acquisition expenses	**425,688**	409,901
	Maintenance expenses	**534,115**	435,596
		959,803	845,497
29.2	**Analysis of acquisition expenses**		
	Commission expenses	**296,833**	362,430
	Business acquisition cost	**111,362**	125,767
	Less: increase/(decrease) in deferred acquisition cost	**17,493**	(76,296)
		425,688	409,901
29.3	**Analysis of maintenance expenses**		
	Directors' remuneration	**32,288**	26,309
	Staff costs	**258,669**	199,470
	Pension contribution	**17,496**	23,481
	Other operating expenses	**225,662**	186,336
		534,115	435,596
29.4	**Employee benefits expenses**		
	Short-term benefits	**430,647**	332,450
	Post-employment benefits	**30,097**	77,390
		460,744	409,840

Short-term benefits include salaries and wages, medical expenses. Other post-employment benefits include pension contributions on behalf of employees to the Pension Funds Administrators and gratuity paid.

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

		2012	2011
30.	**Investment income**	**₦'000**	₦'000
	Dividend income	**332,930**	238,432
	Interest income	**108,591**	54,030
	Revaluation gain on investment properties	**3,250**	-
	(Loss)/profit on disposal of investment properties	**(76)**	11,850
		444,695	304,312
30.1	**Investment income that relate to policyholders**		
	Income from money market	**100,913**	45,127
	Income from lease finance	**-**	8,903
	Dividend income	**22,249**	77,871
	Loss on disposal of investment properties	**(76)**	11,850
	Revaluation gain on investment properties	**3,250**	-
		126,336	143,751
30.2	**Investment income that relate to shareholders**		
	Dividend income	**310,681**	160,561
	Income from other sources	**7,678**	-
		318,359	160,561
31.	**Net fair value gains/(loss) on financial assets at fair value through profit or loss**		
	Appreciation in value of short-term investments - quoted securities	**112,976**	44,783
	Recoveries on investment written off	**-**	11,846
		112,976	56,629
32.	**Other operating income**		
	Sundry income	**14,607**	8,528
	(Loss)/Profit on sale of PPE	**(174)**	1,409
	Exchange gains	**-**	14,737
	Profit from managed funds revenue account	**26,001**	36,826
	Write-back of impairment on term deposit	**-**	4,693
		40,434	66,193
33.	**Management expenses**		
	Impairment loss on premium debtors	**299,125**	143,113
	Impairment loss on investment	**90,614**	-
	Provision no longer required on premium debtor	**(2,947)**	-
	Impairment loss on reinsurance recoverable	**(24)**	20,800
	Reinsurance recoverable - Cico	**(733)**	-
	Write back or excess NAICOM levy provision	**(6,669)**	-
	Other operating expenses	**516,840**	455,346
		896,206	619,259
34	**Net fair value gain on available-for-sale financial**		
	Fair value changes in available-for-sale investments -quoted equities	**188,942**	(68,832)
	Fair value changes in available-for-sale investments -quoted unit trust scheme	**7,163**	(2,380)
	Fair value changes in available-for-sale investments -unquoted equities	**4,575,000**	293,000
	(Impairment loss) / Reversal on investment - unquoted long term equities	**50,000**	(15,000)
	Fair value changes in available-for-sale investments -unquoted equities Unit trust	**10,364**	-
		4,831,469	206,788

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

35. **Earnings per Share**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding at the reporting date

The following reflects the income and share data used in the basic and adjusted earnings per share computations:

	2012	2011
	₦'000	₦'000
Net profit attributable to ordinary shareholders for basic earnings	179,770	220,691
Weighted average number of ordinary shares for basic earnings per share	7,998,792	5,102,792
Basic earnings per share attributable to equity shareholders for the year	3.4k	4.3k
Adjusted earnings per share attributable to equity shareholders for the year	3.4k	4.1k

In an extraordinary meeting held on 3rd of December 2012 the company issued new ordinary shares of 2,896,000,000 at the per value in addition to the existing number of 5,102,792,151 ordinary shares. This was paid for during the reporting year.

35.1 **Managed Funds Revenue Account**

	2012	2011
	₦'000	₦'000
Income:		
Interest income	28,291	32,873
Administrative charges	9,750	22,245
	38,041	55,118
Expenses:		
Interest paid	9,970	13,574
Management expenses	2,070	4,718
	12,040	18,292
Profit on managed funds transferred tp profit & loss account	26,001	36,826

36. **Cash flows from operating activities**

	Note	2012	2011
(Loss)/ profit before taxation		(212,203)	288,400
Adjustment to reconcile profit/loss to profit after taxation			
Depreciation	12	41,311	55,227
Loss/ profit on sales Properties, Plant and Equipment	35	174	(1,409)
Profit on disposal of investment properties	30.1	76	(11,850)
Impairment losses on quoted equities		29,358	
Loan impairment provision		5,302	
Fair value gain on financial Assets (FVTPL)		(117,625)	
Revaluation of investment properties		(3,250)	-
Adjustment for deferred acquisition cost		17,491	5,257
Adjustment for fair value reserve		-	(65,462)
VAT paid		20,438	7,109
Write off of property, plant and equipment		4,234	-
Interest received	33	(108,591)	(54,030)
Dividend received	33	(332,930)	(238,432)
Net cash flow before changes in working capital		(656,215)	(15,190)
Increase in loan and receivables		(34,504)	
Increase/(Decrease) in trade and other receivables		410,354	(55,354)
Increase/(Decrease) in re-insurance assets		28,854	(94,744)
Increase in trade and other payables		(123,198)	(7,851)
Decrease)/Increase in insurance contract liabilities		(13,107)	132,600
Decrease in other financial liabilities		(95,502)	(116,830)
Net cash provided by operating activities		(483,318)	(157,369)

Notes to the Financial Statements for the year ended 31 December 2012

	Note	2012 ₦'000	2011 ₦'000
36.1 Cash and cash equivalents			
Cash in hand and at bank		**213**	204
Balances with banks & other financial institutions	**1**	**2,815,980**	1,352,882
		2,816,193	1,353,086

37. Related party disclosures

Transactions are entered into by the company during the year with related parties. Unless specifically disclosed, these transactions occurred under terms that are no less favorable than those entered into with third parties.

Related parties of the company include key management personnel, the post-employment benefits plans for LINKAGE employees and entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of LINKAGE. Key management personnel comprise both non-executive and executive directors.

Details of transactions between the Entity and related parties are disclosed as follows:

	2012 ₦'000	2011 ₦'000	2010 ₦'000
37.1 Key Management Compensation			
Short-term benefits	**81,740**	48,952	39,786
Post-employment benefits	**8,775**	8,186	8,186
	90,515	57,138	47,972
37.2 Sale of Insurance Contracts			
During the year, the Entity entered into the following contracts with related parties:			
Key Management Personnel	**6,160**	4,407	6,037
MEDIPLAN Healthcare Services Limited	**7,115**	2,236	1,561
IBTC Pension Manager	**17,361**	2,828	1,924
GLC Resources Limited	**265**	1,313	2,572
	30,901	10,784	12,094
37.3 Outstanding Balances at the end of the period			
Key Management Personnel	**425**	1,467	1,100
IBTC Pension Manager	**3,290**	173	323
GLC Resources Limited	**4,375**	355	-
	8,090	1,995	1,423

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been received. No expense has been recognized during the period for bad or doubtful debts in respect of the amounts owed by related parties

37.4 **Other Related Party Transactions**

37.4a Linkage Assurance PLC provided GLC Resources Limited with loan facility during the period, detail as follows:

	2012 ₦'000	2011 ₦'000	2010 ₦'000
At 1 January	**7,861**	23,671	15,890
Additions	**-**	10,000	30,000
Repayments	**(3,486)**	(25,810)	(22,220)
At 31 December	**4,375**	7,861	23,670

37.4b During the year, MEDIPLAN Healthcare Services limited, a company in which Linkage Assurance PLC has shareholding of 25% provided medical cover to staff of the company under the National Health Insurance Scheme. Total contribution of ₦10.4m (2011 ₦12.6m) were made to the MEDIPLAN Medical Scheme on behalf of employees of the company's staff under the National Health Insurance Scheme

Notes to the Financial Statements for the year ended 31 December 2012 (Continued)

37.4c E F Shaw (The Executives), an entity controlled by a member of the key management personnel, provided catering services to the company staff for which a fee of ₦26.9m (2011:₦20.1m) was paid, being an appropriate allocation of costs incurred by each employee.

37.4d Linkage Assurance PLC is represented on the Board of IBTC Pension Manager by a member of the key management personnel. IBTC Pension Managers is one of the Pension Funds Administrators (PFAs) to some of the Company's staff.

38. Events after the reporting period

The National Insurance Commission has decided to enforce the provisions of section 50(1) of the Insurance Act 2003. This provides that the receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance. Failure to comply with this provision of the Insurance Act shall be liable to a penalty of one million naira only for purported insurance.

This would have an impact on the credit risk management policies of the company enumerated in note 43.6.1as there would be effectively no credits for insurance cover.

39.1 **Contravention**

	2012	2011
	₦'000	₦'000
Late filing of returns to the Nigerian Stock Exchange	**3,100**	-
Late filing of Financial Report to Security and Exchange Commission	**12,600**	183
For none disclosure of prior year fine NAICOM	**600**	-
Interest and penalty on VAT to Federal Inland revenue Service	**5,463**	-
Late filing of Insurance levy returns	**-**	500
Late filing of Company income Tax	**-**	80
	21,763	763

39.2 The Company was also late in filing the 2012 Audited Financial Statement with the Nigerian Stock Exchange.

40. **Contingencies**

40.1 **Contingent liabilities**

The Company is involved in pending litigations with claim of ₦141 million (2011: ₦181m). Based on legal advice, the directors are of the opinion that no liability will eventuate therefrom.

40.2 **Contingent assets**

During the year, a suit was been instituted against Nigerian Deposit Insurance Corporation (NDIC) at the Federal High Court. From the facts of the matter, the directors are of the opinion that judgment will be given in the Company's favor and the sum of ₦893,135,471 recovered. This represents shares subscription monies not yet received from the company's 2005 public offer for which shares have been allotted as approved by the Securities and Exchange Commission in March 2006

41. **Comparatives**

Where necessary, prior year figures have been adjusted to conform with changes in the current year. There are no changes in the accounting policies that affect operating profit.

42 Consideration of IFRS 1 Optional exemptions:

		Relevant	Not Relevant	Remarks
1.	Business combinations	Yes	-	In accordance with the pronouncement from Financial Reporting Council in 2012 that first time adopters of IFRS in Nigeria should not restate any business combination, Linkage did not restate the 2007 business combination with Central Insurance Company Limited which it had accounted for under Nigerian GAAP (SAS 26).
2.	Share-based payment transactions	-	Not relevant	Linkage has never had share based payment transactions.
3.	Insurance contracts	Yes	-	Linkage took the exemption not to disclose information about claims development that occurred earlier than five years before the end of the first year in which IFRS 4 - Insurance Contract is applied.
4.	Deemed cost	-	Not relevant	Linkage has available data to support the cost of its property, plant and equipment and investment properties and decided to continue to carry its property, plant and equipment and investment property as a valuation.
5.	Leases	-	Not relevant	Linkage does not have any Lease arrangements as at the date of transition.
6.	Employee benefits	Yes		Linkage had suspended its defined benefit plan in 2009 and has opted not to restate defined employee benefits using the corridor approach.
7.	Cumulative translation differences	-	Not relevant	Linkage does not have foreign operations
8.	Investments in subsidiaries, jointly controlled entities and associates	-	Not relevant	Linkage does not have subsidiaries, associated companies or joint ventures.
9.	Assets and liabilities of subsidiaries, associates and joint ventures	-	Not relevant	Linkage does not have subsidiaries, associated companies or joint ventures.
10.	Compound financial instruments	-	Not relevant	Linkage has not had the history of issuing compound financial instruments.
11.	Designation of previously recognized financial instruments	Yes		Linkage has designated financial assets as available-for-sale and as fair value through profit or loss on the date of transition.
12.	Fair value measurement of financial assets or financial liabilities at initial recognition	Yes		Linkage measured the fair value of its financial instruments on the date of transition using valuation technique not at their transaction cost
13.	Decommissioning liabilities included in the cost of property, plant and equipment	-	Not relevant	Linkage does not have any contract to decommission assets.
14.	Financial assets or intangible assets accounted for in accordance with IFRIC 12 *Service Concession Arrangements*	-	Not relevant	Linkage is not involved in any service concession agreement.
15.	Borrowing costs	-	Not relevant	Linkage has not had to borrow for the purpose of acquiring assets for property, plant and equipment, inventory and investment properties.
16.	Transfers of assets from customers	-	Not relevant	Linkage did not receive from any customer items of property, plant and equipment to either connect the customer to a network or provide services
17.	Extinguishing financial liabilities with equity instruments	-	Not Relevant	Linkage has not had to extinguish liabilities with the issue of equity instruments.
18.	Severe hyperinflation	-	Not Relevant	Linkage is not subjected to this as Nigeria is not considered a hyper inflationary economy.

43. Risk management framework

43.1 *Governance framework*

Management, in consultation with the Board Committees, is responsible for the Company's day-to-day overall risk management to minimize potential adverse effects on its financial performance while the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Company has an ongoing process of identifying, evaluating and managing significant risks inherent in its business, by the Risk Management department. This process is also reviewed by the Internal Auditor. The Company has in place a chain of controls which include, but are not limited to:

- An annual strategic planning and budgeting process
- A regular review of strategic initiatives
- A well-defined organizational structure which is kept under regular review by the Board
- Clearly laid down authority levels, and
- A review of quarterly/half-yearly financial and operating information by Management and the Board.

In order to ensure that appropriate oversight is provided for the activities undertaken within the company, the corporate governance structure in place reflects best practice in addition to meeting regulatory requirements. The following board committees are also in place to ensure that the Board of Directors provides the necessary controls, oversight and strategic direction the company requires:

- Board Audit Committee
- Investment and Risk Management Committee

43.2 *Capital management objectives, policies and approach*

The Company's operations are subject to regulatory requirements of the National Insurance Commission (NAICOM). Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on NAICOM directives, including any additional amounts required by the regulator.

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

- maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- retain financial flexibility by maintaining strong liquidity and potential access market;
- align the profile of assets and liabilities, taking account of risks inherent in the business;
- maintain financial strength to support new business growth and satisfy the requirements of the policyholders, regulators and other stakeholders; and
- maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company has met all of its requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by NAICOM. These regulatory tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of assets held.

Risk management framework (Continued)

43.3 *Approach to capital management*

The primary source of capital used by the Company is equity (shareholders' funds). The Company's capital management strategy focuses on the creation of shareholders' value while meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The capital management process is governed by the board of directors who has the ultimate responsibility for the capital management process. The board of directors is supported by the ERM committee, Risk management department, and Financial Control Department whom all have various inputs into the capital management process.

The capital management process involves establishing the methodology for determining and maintaining an appropriate quantity and quality of capital and solvency. The capital adequacy and solvency regime comprises the:

- valuation of liabilities (including liability adequacy test);
- requirements on assets, including requirements for valuation of assets and regulatory distribution of assets;
- definition of appropriate forms of capital; and
- required solvency margin

While the company's capital model incorporates all material risks, the solvency margin reflects risks not taken into account in valuing liabilities and requirements on assets. This includes contingencies and liabilities.

Risk appetite is expressed quantitatively using the following metrics:

Solvency margin	=	Total admissible assets minus total liabilities;
Debt-to-capital ratio	=	Total debt / Capital
Shareholders equity ratio	=	Shareholders' equity/total assets.

The adequacy level of capital determines the degree of confidence that stakeholders (suppliers, reinsurers, policyholders, investors and counterparties) would have in a business. Hence, the company ensures that adequate capital exists to buffer the following:

- absorb large unexpected losses;
- protect policyholders and other creditors;
- provide confidence to external investors and rating agencies;
- support a good credit rating; and
- run operations of the company efficiently and generate commensurate returns.

The Company maintains economic capital levels sufficient to meet internal capital needs. The capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/ political landscape, and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

To be better prepared for risks that may emerge under unforeseen conditions, stress tests are performed to assess the impact of various scenarios on capital, and also by taking account of other risks not included in the Company's risk universe. The financial control and risk management departments implement responsive capital management processes that include preparing plans for capital adequacy, setting risk limits, monitoring compliance with these plans and limits, analyzing and assessing the actual results, evaluating the level of capital adequacy, and implementing policies when necessary.

Capital is forecasted into the future on an annual basis based on the defined corporate strategy and goals. Constraints on the Company's capital by stakeholders are considered in performing the forecast. The Company ensures the availability of skilled personnel with capabilities to prepare the forecast of regulatory capital.

Risk management framework (Continued)

Capital is allocated to activities that provide the highest returns. The process clearly specifies the basis for the calculation of capital to be allocated to risk types (known as the "risk capital") and the limits on capital to be allocated to each of the risk categories, business activities and units. The allocation of capital is based on the risk profiles of the business activities and business units (i.e. based on the "contribution" of each business unit to the overall volatility of cash flows)

43.4 *Regulatory framework*

Regulators are primarily interested in protecting the rights of policyholders and monitoring them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks, natural disasters or catastrophic losses.

The operations of the Company are subject to regulatory requirements within Nigeria. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive reserves (e.g., contingency reserve, limits on recognition of revaluation reserves forsolvency purposes and asset allocation for investment purposes) to minimize the risk of default and insolvency on the part of insurance companies and to meet unforeseen liabilities as these arise.

43.4.1 *Regulatory Risk*

Regulatory risk can arise from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the Company.

The insurance industry is subject regulation, law and guidelines issued by the National Insurance Commission (NAICOM) which include:

- National Insurance Commission Act, 1997
- Insurance Act, 2003
- Operational Guidelines
- Circulars

Violation of applicable laws or regulations could result in fines, temporary or permanent prohibition of engagement in certain activities, suspension of personnel or revocation of their licenses, other sanctions which could have a material adverse effect on the Company's reputation, business, results of operations or financial performance and position.

Regulatory risk is primarily managed by the Compliance Officer of the Company who ensure that all regulatory requirements are attended to as at when due. To further manage this risk, the Company is a member of the National Insurers Association (NIA) who engages with the Regulator and generally advises all members.

43.4 *Asset liability management (ALM) framework*

The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

Furthermore, the Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each period, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

43.5 *Insurance risk*

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. **The principal risk which the Company faces under its insurance contracts are that the actual claims and benefit payments differ from (exceed) the carrying amount of the insurance liabilities**. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Risk management framework (Continued)

The Company manages these risks through its

- Underwriting strategy
- Adequate reinsurance arrangements, and
- Proactive claims handling

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance cessions are placed on both proportional, non-proportional and facultative basis. Most proportional reinsurance is placed through the surplus treaty arrangement while quota-share reinsurance is used sparingly, but both are taken out to reduce the overall exposure of the Company for certain classes of business. Non-proportional reinsurance is primarily an excess of loss reinsurance arrangement designed to mitigate the Company's net exposure in the event of a loss accumulation and catastrophe losses. Deductible limits for the excess of loss reinsurance vary by product line, loss exposure, expected premium income and territory.

Claims recovery from reinsurers are paid claims in excess of the company's deductible while amounts recoverable are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Company reinsurance arrangements are done with A rated internationally recognized reinsurers to limit our credit exposure of the inability of our reinsurers to meet its obligations assumed under such arrangement. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company substantially dependent upon any single reinsurance contract. The company's current retention and capacity limits vary on the class of business but is subject to change from time to time. The effect of such reinsurance arrangements (i.e. retention limits) is to limit the Company's overall exposure in respect of a given policy contract.

The Company has specialized claims units dealing with the mitigation of risks surrounding known reported claims. It also adopts a more conservative approach in the estimation of incurred but not reported claims as a means of proactively managing its claims liabilities and exposure. This unit investigates and adjusts all reported claims. The claims are reviewed individually at least monthly and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments

43.5.1 *Non-life insurance contracts (which comprise general insurance)*

The Company principally issues the following types of general insurance contracts: motor, fire, marine, engineering, general accident, oil and gas.
Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from pure, physical and moral hazards. For longer tail claims that take some years to settle, there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured, type of risk insured and by industry.

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

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

Risk management framework (Continued)

The Company has also limited its exposure by imposing maximum claim limits on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., flood damage) .

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by the Board. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 5% of shareholders' equity on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2.5% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

43.5.1 *Non-life insurance contracts (which comprise general insurance)*
The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

	31 December 2012			31 December 2011		
	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	84,536	867	83,669	77,825	14,977	62,848
Fire	70,115	45,323	24,792	61,116	8,717	52,399
General Accident	139,687	8,412	131,275	148,133	28,618	119,515
Marine	70,544	4,180	66,364	26,863	8,926	17,937
Engineering	93,845	12,054	81,791	90,721	3,447	87,274
Oil & Gas	138,150	15,881	122,269	114,750	-	114,750
Total	**596,877**	**86,717**	**510,160**	**519,408**	**64,685**	**454,723**

Key assumptions
The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: oneoff occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

Sensitivities

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

	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
31 December 2012					
Average claim cost	60%	277	221	(221,23)	(110)
Average claim cost	51%	467,741	374,192	(243,225)	(130,967)
Average claim settlement period	0%	-	-	-	-
31 December 2011					
Average claim cost	11%	52	42	(21)	(21)
Average claim cost	53%	234,191	187,352	(121,779)	(65,573)
Average claim settlement period	0%	-	-	-	-

*Impact on equity reflects adjustment for tax, when applicable

43. Risk management framework (continued)

43.5.1 Non-life insurance contracts (which comprise general insurance (continued)

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

43.5.2 Claims development table

The Company has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

The method adopted by the HR Nigeria Limited, the Actuaries, in conducting the Liability Adequacy Test (LAT) was the Inflation Adjusted Basic Chain Ladder Method (Discounted). Under this method, the historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

In setting claims provisions, the future claims follow a regression pattern from the historical data. Hence, payment patterns will be broadly similar in each accident year. Thus, the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods. The method assumes the gross claim amount includes all related claim expenses.

However, Expected Loss Ratio was adopted where the volume of data available is too small to be credible when using a statistical approach. Under this method, Ultimate claims were obtained by assuming loss ratio of 30%. Paid claims already emerged is then allowed for from the estimated Ultimate claims. The reserve for Oil & Gas, Bond and Workmen compensation were estimated based on this method

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Gross general insurance contract outstanding claims provision as at 31 December 2012:

	Years	Latest Paid	Dev. To date	Ultimate	IBNR	PV
		₦'000	₦'000	₦'000	₦'000	₦'000
MOTOR	**2007**	144,772	1.000	148,772	-	-
	2008	182,722	1.000	182,722	-	-
	2009	156,668	0.997	157,116	447	427
	2010	160,064	0.991	161,506	1,443	1,336
	2011	149,155	0.961	155,144	5,989	5,556
	2012	97,820	0.545	179,566	81,746	77,218
	Total	895,201	0.909	984,826	89,625	84,537
FIRE	**2007**	35,083	1.000	35,083	-	-
	2008	176,419	1.000	176,419	-	-
	2009	64,853	1.000	64,853	-	-
	2010	166,448	0.978	170,248	3,800	3,623
	2011	52,647	0.854	61,650	9,003	8,466
	2012	46,577	0.477	97,673	51,095	47,383
	Total	542,027	0.895	605,926	63,898	59,472
GENERAL ACCIDENT	**2007**	84,073	1.000	84,073	-	-
	2008	139,823	1.000	139,822	-	-
	2009	86,382	0.966	89,414	3,032	2,891
	2010	108,391	0.912	118,851	10,460	9,634
	2011	104,552	0.701	149,155	44,603	41,050
	2012	25,779	0.241	107,054	81,275	73,976
		549,000		688,369	139,370	127,551
WORKMEN COMPENSATION		-		-	-	12,136
	Total	549,000	0.798	688,369	139,370	139,687
ENGINEERING	**2007**	4,373	1.000	4,373	-	-
	2008	6,125	1.000	6,125	-	-
	2009	38,815	0.999	38,843	29	27
	2010	2,969	0.997	2,977	8	8
	2011	15,000	0.377	39,742	24,741	23,579
	2012	4,227	0.157	26,973	22,746	20,253
	Total	71,509		119,033	47,524	43,867
BOND		-	-	-	-	49,978
		71,509	0.601	119,033	47,524	93,845

Gross general insurance contract outstanding claims provision as at 31 December 2011:

	Years	Latest Paid	Dev. To date	Ultimate	IBNR	PV
MOTOR	**2007**	148,772	1.000	148,772	-	-
	2008	182,117	1.000	182,126	9	9
	2009	155,830	0.994	156,745	916	839
	2010	153,058	0.972	157,445	4,387	3,956
	2011	91,756	0.534	171,802	80,046	73,021
	Total	731,533	0.896	816,890	85,358	77,021
FIRE	**2007**	35,083	1.000	35,083	-	-
	2008	176,419	1.000	176,419	-	-
	2009	64,133	0.975	68,800	1,667	1,529
	2010	164,328	0.787	208,830	44,502	40,447
	2011	20,386	0.485	42,045	21,659	19,140
	Total	460,349	0.872	568,177	67,828	61,116
GENERAL ACCIDENT	**2007**	82,407	1.000	82,407	-	-
	2008	137,573	0.950	144,872	7,299	6,696
	2009	81,432	0.902	90,239	8,808	7,743
	2010	81,238	0.714	113,758	32,519	28,664
	2011	35,419	0.240	147,405	111,986	98,362
	Total	418,069	0.722	578,681	160,612	141,465
ENGINEERING	**2007**	4,373	1.00	4,373	-	-
	2008	6,125	0.998	6,135	11	10
	2009	38,815	0.988	39,276	461	418
	2010	2,469	0.350	7,058	4,588	3,861
	2011	9,972	0.101	98,737	88,765	81,284
	Total	61,754	0.397	155,579	93,825	85,573
MARINE	**2007**	43,434	1.00	43,434	-	-
	2008	46,680	1.000	46,680	-	-
	2009	16,301	0.954	17,090	789	724
	2010	54,438	0.847	64,257	9,819	8,791
	2011	9,002	0.318	28,342	19,340	17,348
	Total	169,855	0.850	199,803	29,948	26,863

43.5.3 Reinsurance Risk

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

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

43.6 Financial risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity credit and market risk.

43.6.1 Credit risk

Credit risk is the risk of default and change in the credit quality of issuers of securities (in the Company's investment portfolio), counter-parties (e.g. on reinsurance and coinsurance contracts) and untimely or non-payment of premiums by brokers and clients.

The Company is exposed to the following categories of credit risk:

- **Direct Default Risk** - the risk of non- receipt of the cash flows or assets to which it is entitled because brokers, clients and other debtors default on their obligations.
- **Concentration Risk** - this is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.
- **Counterparty Risk** - this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

The Company therefore ensures the establishment of principles, policies and processes and structure for the management of credit risk.

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

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

- *The Investment and Risk Management Committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.*
- *The Credit Risk Management process involves the* identification, measurement, mitigation and control, monitoring and reporting credit risk.
- The Investment department identifies the credit risk by, amongst other functions assessing/evaluating the repayment capacity of clients/counterparties, security issuers, insurance brokers, etc. The evaluation entails the analysis of counterparties' financial statements cash flow, management experience and other client risk factors.

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

The risk-rating model comprises:

- ***Client/counterparty risk rating:*** evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.
- ***Transaction risk rating:*** defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals (e.g. guarantees, and equitable and legal mortgages).

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

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: Client evaluation,Credit analysis, Credit limit setting, Credit approval, Security management, and Provision for impairment

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

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

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

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

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation of credit risk.

31 December 2012	Note	Gross Credit Exposure ₦'000
Financial instruments:		
Cash and cash equivalents	1	2,858,418
Financial assets at fair value through profit and loss	2.1	337,552
Held to maturity financial assets	2.4	8,811
Loan and receivables	2.3	161,217
Available-for-sale financial assets	2.2	11,640,326
Reinsurance assets	4	279,383
Trade receivables	3	815,854
Total credit risk exposure		**16,101,561**

31 December 2011	Note	Gross Credit Exposure ₦'000
Financial instruments:		
Cash and cash equivalents	1	1,395,311
Financial assets at fair value through profit and loss	2.1	273,030
Loan and receivables	2.3	126,713
Available-for-sale financial assets	2.2	6,898,947
Reinsurance assets	4	311,941
Trade receivables	3	929,050
Total credit risk exposure		**9,934,992**

43.6.1aa Age Analysis of financial assets past due but not impaired

31 December 2012

	Less Than 30 days	31 to 60 days	61 to 90 days	Over 90 days	**Total past due but not impaired**
	₦'000	₦'000	₦'000	₦'000	**₦'000**
Loan and receivables	-	-	-	91,376	**91,376**
Trade receivables	2,728	4,854	1,069	1,746	**10,397**
Reinsurance assets	-	-	-	262,287	**262,287**
Total	**2,728**	**4,854**	**1,069**	**355,409**	**364,060**

31 December 2011

	Less Than 30 days	31 to 60 days	61 to 90 days	Over 90 days	**Total past due but not impaired**
	₦'000	₦'000	₦'000	₦'000	**₦'000**
Loan and receivables	-	-	-	62,174	**62,174**
Trade receivables	-	-	-	422,718	**422,718**
Reinsurance assets	-	-	-	291,141	**291,141**
Total	**-**	**-**	**-**	**776,033**	776,033

Impaired financial assets

At 31 December 2012, there are impaired reinsurance assets of ₦17,096,000 (2011: ₦20,800,000) and impaired loans and receivables of ₦69,841,000 (2011: ₦64,539,000). For assets to be classified as 'pastdue and impaired' contractual payments must be in arrears for more than 30 days. No collateral is held as security for any past due or impaired assets. Impairment allowances for Trade receivables are recorded in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for Trade receivables is as follows:

	2012	2011
	₦'000	₦'000
At 1 January	**506,332**	390,181
Charge for the year	**377,616**	143,113
Recoveries	**(78,491)**	-
Amounts written off	**-**	(26,962)
Interest accrued on impaired loans		
At 31 December	**805,457**	**506,332**

43.6.2 Liquidity risk

Liquidity risk is the inability of a business to meet its obligations on a timely basis. It is also the inability of a business to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. In respect of catastrophic losses there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries or claim recoveries from liable parties.

Liquidity risk exposure is strongly related to the credit and investment risk profile. For instance, an increase in our credit risk exposure may increase our liquidity risk profile; poor performance of the investment portfolio may have severe liquidity risk implications for the Company

Another source of liquidity risk is the failure of insurance brokers and clients to meet their premium payment obligation as and when due.

The Company's strategy for managing liquidity risks are as follows:

- maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs

43.6.2 Liquidity risk (continued)

- ensure strict credit control and an effective management of receivables
- ensure unrestricted access to financial markets to raise funds
- develop and continuously update the contingency funding plan which specifies minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- adhere to the liquidity risk control limits
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate cash call from reinsurers to meet claim payments should claim events exceed a certain size.
- communicate to all relevant staff the liquidity risk management objectives and control limits

The liquidity risk appetite shall be defined using the following parameters:

- Liquidity gap limits
- Liquidity Ratios as mentioned below

These ratios are monitored by the Management Risk Committee.

The Liquidity Risk Management Governance Structure comprises the board of management, ERM Committee, Management Risk Committee, technical operations department, Risk management department, internal audit department.

The following early warning indicators are used to promptly identify liquidity risks:

- Negative trends in cash forecast
- Volume of outstanding premium
- Volatile liabilities
- Decline in earnings performance or projections
- Exceeding liquidity limits as indicated by relevant metrics
- Deteriorating third-party ratings of the company
- Scenario and sensitivity analysis

The following approaches are adopted to assess liquidity risk exposures:

- Liquidity ratio analysis
- Cash flow analysis
- Scenario and sensitivity analysis

Liquidity ratios are used to assess the ability to meet short-term obligations. The relevant ratios include the following:

- Claims ratio
- Receivables to capital ratio,
- Ratio of technical provision to capital,
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital
- Retention rate

Cash flow analysis shows the net future cash flows of various time-bands. It (cash forecasting) is used to compare cash inflows and outflows daily and over a series of time bands (weekly, monthly, quarterly, bi-annually and yearly). The Company's net funding requirement is determined by analysing the present and future cash flows at selected maturity dates, based on assumptions about the income and expenditures. This analysis will include the cumulative net excess or shortfall over the period of the analysis.

Liquidity risk (continued)

Liquidity risk is measured by performing scenario and sensitivity analyses based on various stress factors that differ in terms of probability, severity and duration.
Scenarios are applied, based on normal business operations and on crisis, to determine the potential impact on funding requirements.

Based on the results of the stress test and scenario analysis, the following activities are performed:

- Quantify liquidity outflows in all stress scenario for each liquidity risk drive
- Identify cash inflows to close liquidity gaps under all stress scenarios
- Determine net liquidity position for each scenario

In managing liquidity Risk Mitigation and Control, one way is having access to financial markets. This is by ensuring that the Company has sufficient and unhindered access to funding from a range of sources in the financial markets, also assessing periodically the ability to obtain funds in both local and foreign currencies.

The Risk management department maintains an independent liquidity risk-reporting framework that consistently communicates liquidity risk information across the company and ensures availability of timely information for liquidity management decisions.

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

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

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched.

31 December 2012

Financial assets	Carrying Amount ₦'000	Up to a year ₦'000	1-3 years ₦'000	3-5 years ₦'000	Over 5 years ₦'000	Maturity date (none) ₦'000	Total ₦'000
Cash and cash Equivalent	2,816,193	2,816,193	-	-	-	-	**2,816,193**
Financial assets at fair value through profit or loss	337,552	337,552	-	-	-	-	**337,552**
Held to maturity financial Assets	8,811	8,811	-	-	-	-	**8,811**
Loans and receivables	91,376	91,376	-	-	-	-	**91,376**
Available- for- sale financial Assets	11,640,326	11,640,326	-	-	-	-	**11,640,326**
Trade receivables	10,397	10,397	-	-	-	-	**10,397**
Reinsurance assets	262,287	262,287	-	-	-	-	**262,287**
	15,166,942	**15,166,942**	-	-	-	-	**15,166,942**
Financial liabilities							
Provision and Other payables	174,962	174,962	-	-	-	-	**174,962**
Trade payable	447,125	447,125	-	-	-	-	**447,125**
Insurance contract liabilities	596,877	596,877	-	-	-	-	**596,877**
Other financial liabilities	421,442	421,442	-	-	-	-	**421,442**
	1,640,490	**1,640,490**	**-**	**-**	**-**	**-**	**1,640,490**

Reinsurance assets have been presented on the same basis as insurance liabilities.

31 December 2011

Financial assets	Carrying Amount ₦'000	Up to a year ₦'000	1-3 years ₦'000	3-5 years ₦'000	Over 5 years ₦'000	Maturity date (none) ₦'000	Total ₦'000
Cash and cash Equivalent	1,353,086	1,353,086	-	-	-	-	**1,353,086**
Financial assets at fair value through profit or loss	219,928	219,928	-	-	-	-	**219,928**
Held to maturity financial assets	-	-	-	-	-	-	**-**
Loans and receivables	62,174	62,174	-	-	-	-	**62,174**
Available- for- sale financial Assets	6,898,947	6,898,947	-	-	-	-	**6,898,947**
Trade receivables	422,718	422,718	-	-	-	-	**422,718**
Reinsurance assets	291,141	291,141	-	-	-	-	**291,141**
	9,247,993	**9,247,993**	-	-	-	-	**9,247,993**
Financial liabilities							
Provision and Other payables	263,381	263,381	-	-	-	-	**263,381**
Trade payable	477,473	477,473	-	-	-	-	**477,473**
Insurance contract liabilities	519,408	519,408	-	-	-	-	**519,408**
Other financial liabilities	516,944	516,944	-	-	-	-	**516,944**
	1,777,206	**1,777,206**	**-**	**-**	**-**	**-**	**1,777,206**

43.6.3 Market risk

Market risk is the risk of possible diminution in the value of assets as a result of adverse movement in market factors such as interest rates, foreign exchange rates and security prices.

The Company is active in money and capital market instruments, and investments in these instruments are basically for trading and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.

A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors.

Investment risk is the risk of loss (partial or full) of the principal amount and/or expected returns due to changes in the market variables. Investment risk is managed effectively and on a proactive basis by developing and implementing investment risk management strategies policies and processes.

The company is exposed to the following sources of Investment risks:

- ***Interest rate risk***
  This is the risk of exposures to the volatility of interest rates. It is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.
- ***Market Risk***
  This is the risk that the value of an investment will diminish due to unfavorable changing market conditions (other than those arising from interest rate risk). The investments held by the Company are subject to normal market fluctuations and the risks inherent in investment in financial markets.
- ***Currency risk***
  This is the risk of the value of assets being affected by changes in foreign exchange rates.
- ***Credit or Default Risk***
  Credit risk is created by the possibility of loss due to a counterparty's or issuer's default, or inability to meet contractual payment terms. Higher quality bonds, including government bonds face the lowest credit risk.
- ***Event Risk***
  Event Risk is the risk of regulatory changes or other external occurrences that are significant, unanticipated and external, which impact negatively on the value of a security.
- ***Price risk***
  Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business. The Company has no significant concentration of price risk.

The Company will adopt a top down approach for defining its investment appetite. This is reviewed by senior management and approved by the Investment and Risk Management Committee (I&RMC) to ensure amongst other things that the investment risk assumed are commensurate with its strategy.

The following investment risk appetite statements guide the Company:-

- Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be
- The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or of our key officers
- Business are not transacted with any organization with perceived likelihood of failure or that shows signs of going concern challenges
- A cautious and prudent approach is adopted in engaging in investment and trading activities

43.6.3 Market risk (continued)

The strategic management of the Company's investment portfolio is the fundamental responsibility of the Board Investment Committee (BIC) and senior management. The investment management team is responsible for implementing our policies by executing trade and investment decisions.

In accordance with section 6(2) of the NAICOM guidelines (which is subject to future amendments), the Company shall invest in any of the following categories of investment assets:

- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria
- Bankers acceptance and commercial papers guaranteed by issuing bank
- Quoted equities of not more than 50% of insurance fund
- Unquoted equities not more than 10% of insurance fund
- Equipment leasing not more than 5% of insurance fund
- Property for Non-life insurance, not more than 25% insurance fund

In measuring investment risk, the following approaches, which are detailed in the Risk Management Framework are used:

- Volatility
- Value at risk (VAR)
- Sensitivity analysis
- Stress testing
- Scenario testing

Investment risk exposures are mitigated by:

- Setting internal investment risk control limits
- Complying with legal investment limits
- Establishing Investment Approval Limits
- Diversification, in order to smoothen out unsystematic risk events in our portfolios
- Clear separation of duties between the unit that initiates and executes trades, and the units that accounts for trade transactions and handle transaction settlement.

The risk management department is responsible for monitoring investment risk exposures while the financial control department provides relevant information to the risk management department for investment risk monitoring.

43.7 Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to the Company's reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

Risks related to the Company's operations include the following:

- The failure to maintain an adequate infrastructure commensurate with the size and scope of its business, including any expansion, could impede the Company's productivity and growth.

- The failure of the Company to maintain updated adequate business continuity plans, including secure backup facilities, systems and personnel could impede the Company's ability to operate upon a disruption.

- The failure to maintain a technological advantage could result in operational difficulties and adversely impact the Company's ability to provide services to its clients.

- The failure of key clients (agents, brokers and other clients) to fulfill their obligations (premium remittance) could lead to operational issues for the Company.

Operational risks (Continued)

- Legal proceedings that could adversely affect operating results, financial status and cash flows.

- An externally caused information security incident like hacker attack and virus; or internally caused issue like failure to control access to sensitive systems, could materially interrupt the Company's operation.

Appropriate controls are however in place to check any form of operational risk facing the Company. These controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process. Additionally, proceedings, the Company ensures its operations are consistent with the confines of the enabling laws and agreements. Also, it ensures that action against the Company are thoroughly investigated and favorably defended.

44. Reconciliations and explanation between Nigerian GAAP and IFRS

Stated below are the following:

- 2010 Reconciliation of Statement of Financial Position under Nigerian GAAP to IFRS and explanations numbered A to V
- 2011 Reconciliation of Statement of Financial Position, 2011 statement of profit or loss and other comprehensive income under Nigerian GAAP to IFRS and explanations numbered A to U
- 2010 and 2011 Equity Reconciliations From Nigeria GAAP to IFRS
- There are no material adjustments between the statement of cash flows under IFRS & GAAP

2010 Reconciliation of Statement of Financial Position under Nigerian GAAP to IFRS

Assets	Note	Nigerian GAAP N'000	Reclassification N'000	Measurement N'000	Total N'000	IFRS N'000
Cash and bank balances	a	235,569	(235,569)	-	(235,569)	**-**
Short-term investments	b	1,253,448	(1,253,448)	-	(1,253,448)	**-**
Debtors and prepayments	c	608,643	(502,761)	(105,882)	(608,643)	**-**
Long term investments	d	1,125,282	(1,125,282)	-	(1,125,282)	**-**
Fixed assets	e	707,494	(707,494)	-	(707,494)	**-**
Cash and cash equivalents	f	-	1,270,418	-	1,270,418	**1,270,418**
Financial assets	g	-	1,201,441	5,692,526	6,893,967	**6,893,967**
Trade receivables	h	-	455,301	(78,620)	376,681	**376,681**
Reinsurance assets	i	-	113,508	82,889	196,397	**196,397**
Deferred Acquisition Cost	j	-	83,552	-	83,552	**83,552**
Other receivables and Prepayments	k	-	72,440	-	72,440	**72,440**
Investment property	l	-	153,155	-	153,155	**153,155**
Goodwill and Other intangible assets	m	571,361	-	(571,361)	(571,361)	**-**
Property, plant and equipment	n	-	707,494	-	707,494	**707,494**
Statutory deposit		300,000	-	-	-	**300,000**
		4,801,797	232,755	5,019,552	5,252,307	**10,054,104**
Liabilities						
Other payables	o	422,090	(422,090)	-	(422,090)	**-**
Managed funds	p	633,774	(633,774)	-	(633,774)	**-**
Insurance funds	q	681,619	(681,619)	-	(681,619)	**-**
Insurance contract liabilities	r	-	765,171	172,499	937,670	**937,670**
Investment contract liabilities	s	-	633,774	-	633,774	**633,774**
Trade payables	t	-	366,999	-	366,999	**366,999**
Provision and Other payables	u	-	204,294	-	204,294	**204,294**
Retirement benefit obligations	v	-	-	101,114	101,114	**101,114**
Income tax liabilities		50,781	-	-	-	**50,781**
		1,788,264	232,755	273,613	506,368	**2,294,632**
Equity						
Issued and Paid share capital		2,551,396	-	-	-	**2,551,396**
Share premium		729,044	-	-	-	**729,044**
Contingency reserve		496,435	-	-	-	**496,435**
Retained earnings		(1,203,688)	85,491	(634,170)	(548,679)	**(1,752,367)**
Assets revaluation reserve		-	298,634	-	298,634	**298,634**
Fair value reserves		-	56,221	5,380,109	5,436,330	**5,436,330**
Revaluation reserve		440,346	(440,346)	-	(440,346)	**-**
		3,013,533	-	4,745,939	4,745,939	**7,759,472**
Total equity and liabilities		**4,801,797**				**10,054,104**

Explanations

A. Cash and bank balances

Per Nigerian GAAP			235,569
Reclassification of cash and bank balances to cash and cash equivalent			(235,569)
Per IFRS			-

B. Short-term investments

Per Nigerian GAAP			1,253,448
Placements with banks and other financial institutions reclassified to cash and cash equivalents		1,030,961	
Short term quoted investment reclassified to financial assets - Fair		175,145	
Loans facility reclassified to financial assets - Loans and receivable		47,342	
			(1,253,448)
Per IFRS			-

C Debtors and prepayments

Per Nigerian GAAP			608,643
Gross premium receivable	455,301		
Commission payable Reclassified to Trade payable	(149,203)		
Net premium receivables Reclassified to Trade receivable		306,098	
Prepaid Reinsurance Reclassified to Re-insurance assets	29,256		
Due from reinsurers Reclassified to Re-insurance assets	84,252		
		113,508	
Staff loans & advances Reclassified to other receivable and Prepayment	6,658		
Management staff housing grants and other debtors reclassified to other receivable and prepayment	42,419		
		49,077	
Reclassified to prepaid expenses and sundry receivables of ₦19,875 and ₦3,488 to other receivables and Prepayments, and life policy loans of 6,827 to Loans and receivables		30,190	
Reclassification of accrued interest on term deposits to cash and cash equivalents.		3,888	
			(502,761)
Adjustment to correct accrued dividend income on unquoted equity investment received in 2011 which was initially recognised 2010 because it did not meet revenue recognition criteria as IFRS			
			(105,882)
Per IFRS			-

d Long term investments

Per Nigerian GAAP			1,125,282
Quoted equities investment reclassified to Financial assets - Available for sale		541,865	
Un-quoted equity investments reclassified to Financial assets - Available for sale.		430,262	
Investment properties reclassified from long term investments to investment property as per IFRS		153,155	
Per IFRS			(1,125,282)
			-

e. Fixed assets

Per Nigerian GAAP			707,494
Reclassification of Fixed assets to property, plant and equipment as per IFR			(707,494)
Per IFRS			-

f.	**Cash and cash equivalents**	
	Per Nigerian GAAP	-
	Transfer cash and bank balances	235,569
	Placements with banks and other financial institutions reclassified from short-term investments	1,030,961
	Accrued Interest on Placements reclassified from debtors & prepayments	3,888
	Per IFRS	**1,270,418**
g	**Financial Asset**	
	Per Nigerian GAAP	-
	Fair value through profit or loss reclassified from short-term investments	175,145
	Available-for-sale quoted equities transferred from long-term investments	541,865
	Available-for-sale un-quoted equities transferred from long-term investments	430,262
	Loans & Receivables (loans facility) transferred from short-term investments	47,342
	Loans & Receivables (life policy loans) transferred from debtors & prepayments	6,827
	Impairment loss on life policy loans written-off to retained earnings	(6,827)
	Fair value change on IBTC Pension Manager investment	5,799,353
	Impairment on Nigerian reinsurance	(100,000)
	Per IFRS	**6,893,967**
h.	**Trade receivables**	
	Per Nigerian GAAP	-
	Net premium receivables transferred from debtors & prepayment	455,301
	Additional impairment loss on premium receivable computed as per IFRS requirements	(78,620)
	Per IFRS	**376,681**
i.	**Reinsurance Assets**	
	Per Nigerian GAAP	-
	Prepaid Reinsurance transferred from debtors & prepayments	29,256
	Due from reinsurers transferred from debtors & prepayments	84,252
	Additional IBNR required on re-insurance as per actuarial valuation	82,889
	Per IFRS	**196,397**
j.	**Deferred Acquisition Cost**	
	Per Nigerian GAAP	-
	Reclassification from Insurance Fund	83,552
		83,552
k.	**Other receivables and prepayments**	
	Per Nigerian GAAP	-
	Staff loans & advances transferred from debtors & prepayments	6,658
	Management staff housing grants and other debtors transferred from debtors & prepayments	42,419
	Prepaid expenses transferred from debtors & prepayments	19,875
	Sundry receivables transferred from debtors & prepayments	3,488
	Per IFRS	**72,440**
l.	**Investment Property**	
	Per Nigerian GAAP	-
	Investment properties transferred from long-term investments	153,155
	Per IFRS	**153,155**
m.	**Goodwill**	
	Per Nigerian GAAP	571,361
	Allowance for impairment as per IFRS	(571,361)
	Per IFRS	**-**
n.	**Property, Plant and Equipment**	
	Per Nigerian GAAP	-
	Transferred from Fixed assets	707,494
	Per IFRS	**707,494**

o.	**Other payables**		
	Per Nigerian GAAP		422,090
	Due to agents and brokers reclassified to Trade payables	168,304	
	Commission payable Reclassified to Trade payables	(149,203)	
	Due to Reinsurers reclassified to Trade payables	198,695	
	Back taxes and other payables reclassified to provision and other payables	204,294	
			(422,090)
	Per IFRS		-
p	**Managed funds**		
	Per Nigerian GAAP		633,774
	Reclassification to other financial liabilities		(633,774)
	Per IFRS		-
q	**Insurance funds**		
	Per Nigerian GAAP		681,619
	Provision for Unearned premium	503,663	
	Provisions for outstanding claims	177,956	
			(681,619)
	Per IFRS		**-**
.r	**Insurance Contract Liabilities**		
	Per Nigerian GAAP		681,619
	Insurance Funds:		
	Provision for Unearned premium	587,215	
	Provisions for Outstanding Claims	177,956	
			765,171
	Additional provision for IBNR required on claims reserve as per actuarial valuation		172,499
	Per IFRS		**937,670**
s.	**Investment Contract Liabilities**		
	Per Nigerian GAAP		-
	Reclassification from managed funds		633,774
	Per IFRS		**633,774**
t	**Trade payables:**		
	Insurance Payables		
	Per Nigerian GAAP	-	
	Due to agents and brokers reclassified from other payables	168,304	
	Per IFRS		168,304
.	*Reinsurance Payables*		
	Per Nigerian GAAP	-	
	Due to Reinsurers reclassified from other payables	198,695	
	Per IFRS		198,695
			366,999
u.	**Provision and Other payables**		
	Per Nigerian GAAP		-
	Back taxes and other payables transferred from other payables		204,294
	Per IFRS		**204,294**
v.	**Retirement benefits obligations**		
	Per Nigerian GAAP		-
	Provision for gratuity as required by IFRS		101,114
	Per IFRS		**101,114**

2011 Reconciliation of Statement of Financial Position under Nigerian GAAP to IFRS

			Adjustments			
		Nigerian GAAP	Reclassification	Measurement	Total	IFRS
Assets	**Note**	₦'000	₦'000	₦'000	₦'000	**₦'000**
Cash and bank balances	a	320,843	(320,843)	-	(320,843)	**-**
Short-term investments	b	1,310,077	(1,310,077)	-	(1,310,077)	**-**
Debtors and prepayments	c	852,891	(544,455)	(308,438)	(852,891)	**-**
Long term investments	d	1,047,070	(1,047,070)	-	(1,047,070)	**-**
Fixed assets	e	681,329	(681,329)	-	(681,329)	**-**
Cash and cash equivalents	f	-	1,353,086	-	1,353,086	**1,353,086**
Financial assets	g	-	1,188,695	4,384,353	5,573,048	**7,181,049**
Trade receivables	h	-	432,850	(10,132)	422,718	**422,718**
Reinsurance assets	i	-	226,456	64,685	291,141	**291,141**
Deferred acquisition cost		78,295	-	-	-	**78,295**
Other receivables and Prepayments	j	-	66,925	-	66,925	**66,925**
Investment property	k	-	140,476	-	140,476	**140,476**
Goodwill and Other intangible assets	l	554,446	-	(554,446)	(554,446)	**-**
Property, plant and equipment	m	-	681,329	-	681,329	**681,329**
Statutory deposit		300,000	-	-	-	**300,000**
Total Assets		**5,144,951**	**186,044**	**5,184,025**	**5,370,069**	**10,515,019**
Liabilities						
Other payables	n	431,307	(431,307)	-	(431,307)	**-**
Managed funds	o	516,944	(516,944)	-	(516,944)	**-**
Insurance funds	p	935,858	(935,858)	-	(935,858)	**-**
Insurance contract liabilities	q	-	935,858	134,412	1,070,270	**1,070,270**
Investment contract liabilities	r	-	516,944	-	516,944	**516,944**
Trade payables	s	-	477,473	-	477,473	**477,473**
Provision and Other payables	t	-	139,878	-	139,878	**139,878**
Retirement benefit obligations	u	-	-	47,205	47,205	**47,205**
Income tax liabilities		31,057	-	-	-	**31,057**
Deferred taxation		45,241	-	-	-	**45,241**
Total liabilities		**1,960,407**	**186,044**	**181,617**	**367,661**	**2,328,068**
Capital and reserves						
Issued and Paid share capital		2,551,396	-	-	-	**2,551,396**
Share premium		729,044	-	-	-	**729,044**
Contingency reserve		585,083	-	-	-	**585,083**
Assets revaluation reserve		-	298,634	-	298,634	**298,634**
Retained earnings		(1,101,32)	85,491	(584,490)	(498,999)	**(1,101,324)**
Fair value reserves		-	56,221	5,586,897	5,643,118	**5,643,118**
Revaluation reserve		440,346	(440,346)	-	(440,346)	**-**
Total equity		**3,184,544**	**-**	**5,002,407**	**5,002,407**	**8,186,951**
Total equity and liabilities		**5,144,951**				**10,515,019**

Explanations

A. Cash and bank balances

Per Nigerian GAAP			320,843
Reclassification of cash and bank balances to cash and cash equivalent			(320,843)
Per IFRS			-

B. Short-term investments

Per Nigerian GAAP			1,310,077
Reclassification of placement with banks and othe financial		1,027,976	
Short term quoted investment reclassified to financial assets - Fair		219,927	
Loans facility reclassified to financial assets - Loans and receivable		62,174	
			(1,310,077)
Per IFRS			-

C Debtors and prepayments

Per Nigerian GAAP			852,891
Gross premium receivable	432,850		
Commission payable Reclassified to Trade payable	(186,044)		
Net premium receivables Reclassified to Trade receivable		246,806	
Prepaid Reinsurance Reclassified to Re-insurance assets	91,744		
Due from reinsurers Reclassified to Re-insurance assets	134,712		
		226,456	
Staff loans & advances Reclassified to other receivable and	19,196		
Management staff housing grants and other debtors reclassified to other receivable and prepayment	26,981		
		46,177	
Reclassified to prepaid expenses and sundry receivables of ₦19,875 and ₦3,488 to other receivables and Prepayments, and life policy loans of 6,827 to Loans and receivables		20,748	
Reclassification of accrued interest on term deposits to cash and cash equivalents.		4,268	
			(544,455)
Adjustment to correct accrued dividend income on unquoted equity investment received in 2012 which was initially recognised 2011 because it did not meet revenue recognition criteria as IFRS			
			(308,436)
Per IFRS			-

d Long term investments

Per Nigerian GAAP			1,047,070
Available for sale quoted equities investment reclassified from Long - Term investments		476,332	
Available for sale un-quoted equities investment reclassified from Long - Term investments		430,262	
Investment properties reclassified from long term investments		140,476	
Per IFRS			(1,047,070)
			-

e. Fixed assets

Per Nigerian GAAP			681,329
Reclassification of Fixed assets to property, plant and equipment as per IFR			(681,329)
Per IFRS			-

F.	**Cash and cash equivalents**	
	Per Nigerian GAAP	-
	Transfer cash and bank balances	320,843
	Placements with banks and other financial institutions reclassified from short-term investments	1,027,976
	Accrued Interest on Placements reclassified from debtors & prepayments	4,267
	Per IFRS	**1,353,086**
g	**Financial Asset**	
	Per Nigerian GAAP	-
	Fair value through profit or loss reclassified from short-term investments	219,927
	Available-for-sale quoted equities transferred from long-term investments	476,332
	Available-for-sale un-quoted equities transferred from long-term investments	430,262
	Loans & Receivables (loans facility) reclassified from short-term investments	62,174
	2010 Fair value change on IBTC Pension Manager investment posted in 2011	5,799,354
	Fair value change on IBTC Pension Manager investment posted in 2011	293,000
	Impairment on investment in Nigerian reinsurance	(100,000)
	Per IFRS	**7,181,049**
h.	**Trade receivables**	
	Per Nigerian GAAP	-
	Net premium receivables transferred from debtors & prepayment	432,850
	Additional allowance for impairment on premium receivable as per IFRS requirements	(10,132)
	Per IFRS	**422,718**
i.	**Reinsurance Assets**	
	Per Nigerian GAAP	-
	Prepaid Reinsurance transferred from debtors & prepayments	91,744
	Due from reinsurers transferred from debtors & prepayments	134,712
	Reinsurance projection on IBNR	64,685
	Per IFRS	**291,141**
j	**Other receivables and prepayments**	
	Per Nigerian GAAP	-
	Staff loans & advances transferred from debtors & prepayments	19,196
	Management staff housing grants and other debtors transferred from debtors & prepayments	26,981
	Prepaid expenses transferred from debtors & prepayments	11,686
	Sundry receivables transferred from debtors & prepayments	9,062
	Per IFRS	**66,925**
k.	**Investment Property**	
	Per Nigerian GAAP	-
	Investment properties transferred from long-term investments	140,476
	Per IFRS	**140,476**
i.	**Goodwill and other intangible assets**	
	Goodwill	
	Per Nigerian GAAP	554,446
	Allowance for impairment as per IFRS	(554,446)
	Per IFRS	-
m.	**Property, Plant and Equipment**	
	Per Nigerian GAAP	-
	Reclassification of Fixed assets	681,329
	Per IFRS	**681,329**

n.	**Other payables**		
	Per Nigerian GAAP		431,307
	Due to agent and brokers reclassified to Trade payables	198,903	
	Commission payable reclassified to Trade payables	(186,044)	
	Due to reinsurers reclassified to Trade payables	278,570	
	Back taxes and other payables reclassified to Provision and other payables	139,878	
			(431,307)
	Per IFRS		-
o.	**Managed funds**		
	Per Nigerian GAAP		516,944
	Reclassification to other financial liabilities		(516,944)
	Per IFRS		-
p	**Insurance funds**		
	Per Nigerian GAAP		935,858
	Insurance funds:		
	Provision for Unearned premium	550,862	
	Provisions for Outstanding claims	384,996	
			(935,858)
	Per IFRS		-
q.	**Insurance Contract Liabilities**		
	Per Nigerian GAAP		
	Insurance Funds		
	Provision for Unearned premium	550,862	
	Provisions for Outstanding Claims	384,996	
			935,858
	Additional provision for IBNR required on claims reserve as per actuarier valuation		134,412
	Per IFRS		**1,070,270**
r.	**Other financial liabilities**		
	Per Nigerian GAAP		-
	Reclassification from managed funds		516,944
	Per IFRS		**516,944**
s.	**Trade Payables**		
	Insurance Payables:		
	Per Nigerian GAAP	-	
	Due to agents and brokers reclassified from other payables	198,903	
	Per IFRS		198,903
	Reinsurance Payables		
	Per Nigerian GAAP	-	
	Due to Reinsurers reclassified from other payables	278,570	
	Per IFRS		278,570
			477,473
t.	**Provision and Other payables**		
	Per Nigerian GAAP		-
	Back taxes and other payables reclassified from other payables		139,878
	Per IFRS		**139,878**
u.	**Retirement benefit obligations**		
	Per Nigerian GAAP		-
	Outstanding balance on gratuity payable to employees		47,205
	Per IFRS		**47,205**

Reconciliation of 2011 Statement of comprehensive income under Nigerian GAAP to IFRS

	Note	Nigerian GAAP	Adjustments Reclassification	Measurement	Total	IFRS
		₦'000	₦'000	₦'000	₦'000	₦'000
Gross premium written		**2,288,250**				**2,288,250**
Gross premium income		2,241,051	-	-	-	**2,241,051**
Reinsurance expenses		(560,269)	-	-	-	**(560,269)**
Net premium income		1,680,782	-	-	-	**1,680,782**
Fees and commission income		118,432	-	-	-	**118,432**
Net underwriting income		1,799,214	-	-	-	**1,799,214**
Gross claims expenses	**a**	(590,323)	-	19,883	19,883	**(570,440)**
Claims and benefits recoverable from reinsurers	a	272,547	-	-	-	**272,547**
Changes in reserve for outstanding claims	a	(175,299)	-	-	-	**(175,299)**
Underwriting expenses	b	(868,450)	(30,956)	53,909	22,953	**(845,497)**
Underwriting profit /(loss)		446,499	(30,956)	73,792	42,836	**480,525**
Investment income	c	506,866	-	(202,554)	(202,554)	**304,312**
Underwriting results		953,365	(30,956)	(128,762)	(159,718)	**784,837**
Net f ir value gains / (loss) on financial assts at FVTPL	d	-	56,629	-	56,629	**56,629**
Other operating income	e	24,674	41,519	-	41,519	**66,193**
Profit from managed funds revenue	f	36,826	(36,826)	-	(36,826)	**-**
Management expenses	g	(486,302)	(225,187)	92,230	(132,957)	**(619,259)**
Exceptional item	h	(26,429)	(44,187)	71,212	26,429	**-**
Provision for losses	i	(254,604)	239,604	15,000	254,604	**-**
Profit (loss) before taxation		238,720		49,680	49,680	**288,400**
Income taxes		(67,709)	-	-	-	**(67,709)**
Profit (loss) after taxation		171,011	-	49,680	49,680	**220,691**
Contingency reserve		(68,648)				
		102,363				**220,691**

Explanations

a.	**Claims expenses**		
	Per Nigerian GAAP		
	Gross Claims expenses	(590,323)	
	Claims and benefits recoverable from reinsurers	272,547	
	Change in reserve for outstanding claims	175,299	
			(493,075)
	2010 adjustments of charge on provision for claims - (₦38,087) and reinsurance projection on IBNR - ₦18,204 as per actuarial valuation passed in 2011 respectively		19,883
	Per IFRS		**(473,192)**
b.	**Underwriting expenses**		
	Per Nigerian GAAP		(868,450)
	Reclassification of gratuity paid directly attributable to underwriting operation from Management expenses	(30,956)	
	Gratuity paid in 2011 directly attributable to underwriting operations	53,909	
			22,953
	Per IFRS		**(845,497)**
c.	**Investment income**		
	Per Nigerian GAAP		506,866
	Reclassification of profit on disposal on investment properties to Other operating income		-
	Accrued dividend income on quoted equity which was received in 2012 and recognised in profit or loss in 2011 written-off to retained earnings because it did not meet revenue recognition criteria as per IFRS	(308,436)	
	Being dividend income on STANBIC IBTC PENSION MANAGER received in 2011 now posted	105,882	
			(205,554)
	Per IFRS		**304,312**
d	**Net fair value gain/(loss) on financial assets at FVTPL**		
	Per Nigerian GAAP		-
	Reclassification of Appreciation in value of short-term quoted investment - ₦44,783 and recoveries on short-term investment - ₦11,846 to Net gain / loss on fair value through profit or loss as per IFRS		56,629
	Per IFRS		**56,629**
e.	**Other operating income**		
	Per Nigerian GAAP		24,674
	Profit on disposal of investment properties reclassified from investment income	11,850	
	Reclassification from Profit from managed funds revenue account	36,826	
	Provision no longer required on term deposit reclassified from provision for losses	4,693	
			53,369
	Per IFRS		**78,043**
f.	**Profit from managed funds revenue**		
	Per Nigerian GAAP		36,826
	Reclassified to other operating income		(36,826)
	Per IFRS		-

g. **Management expenses**

Per Nigerian GAAP		486,302
Transfer of gratuity paid directly attributable to underwriting expenses	(30,956)	
Transfer of doubtful reinsurance provision (₦20,800); impairment of goodwill (₦16,915) and provision for doubtful life policy (₦6,827) amounting to ₦44,542,000 from Provision for losses	44,542	
Transfer of Provision for premium debtor from provision for loss	211,601	
		225,187
Additional allowance of ₦10,132,000 as per IFRS guideline added to provision for impairment loss on insurance receivables at December 2011	10,132	
Additional allowance of ₦78, 620 as per IFRS guideline added to provision for impairment loss on insurance receivables at December 2010 passed in 2011	(78,620)	
Additional provision as per IFRS guideline added to provision for impairment loss on Goodwill in 2010 passed in 2011.	(16,915)	
Impairment loss on life policy loans written-off to retained earnings in 2010 passed in 2011 .	(6,827)	
		(92,230)
Per IFRS		**619,259**

h. **Exceptional item**

Per Nigerian GAAP		26,604
Transfer of appreciation in value of short-term quoted investment - N44,783 to Net gain / loss on fair value through profit or loss as per IFRS		44,783
Changes in fair value on long term investments now classified as AFS investments recognised in exceptional item in 2011 transferred to Fair value reserve in compliance with IFRS		(71,212)
Per IFRS		-

I. **Provision for losses**

Per Nigerian GAAP		254,604
Reclassification of recoveries on short-term investment written off to Net gain / loss on fair value through profit or loss as per IFRS	11,846	
Transfer of doubtful reinsurance provision (N20,800); impairment of goodwill (N16,915) and provision for doubtful life policy (N6,827) amounting to N44,542 from Provision for losses to Management expenses	(44,542)	
Transfer of Provision for premium debtor - (N211,601) and provision no longer required on term deposit - N4,693 amounting to (N206,908) to Management expenses	(206,908)	
		(239,604)
Adjustment of changes in fair value on unquoted investment recognised in exceptional item under NGAAP now classified as Available-for-sale Financial assets under IFRS		(15,000)
		-

2010 Equity Reconciliations From Nigeria GAAP to IFRS	Share Capital (Note 21)	Share premium (Note 21)	Contingency reserve (Note 21)	Retained earnings (Note 21)	Revaluation reserve (Note 21)	Asset revaluation reserve (Note 21)	Fair value reserve (Note 21)	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance as per Nigerian GAAP (Audited FS)	2,551,396	729,044	496,435	(1,203,688)	440,346			3,013,533
Reclassification of revaluation reserve on property plant and equipment					(298,634)	298,634		-
Reclassification of revaluation reserve on investment properties				85,491	(85,491)			-
Additional Provision for impairment loss on insurance receivables				(78,620)				(78,620)
Accrued income on STANBIC IBTC received in 2011 written-off				(105,882)				(105,882)
Impairment loss on life policy loans				(6,827)				(6,827)
Additional provision for impairment loss on Goodwill				(571,361)				(571,361)
Changes in fair value credited to profit or loss on AFS investments transferred to Fair value reserve				(30,508)			(30,508)	-
Reclassification of gain on quoted equity and unit trust scheme to fair value reserve					(56,221)		56,221	-
Changes in fair value charged to profit or loss account in periods prior to 2010 on AFS investments transferred to Fair value reserve				449,752			(449,752)	
Additional claim reserve as per actuarial valuation				(89,610)				(89,610)
Fair value reserve on IBTC Pensions Managers investment							5,799,353	5,799,353
Impairment on Nigerian reinsurance				(100,000)				(100,000)
Provision for gratuity as required by IFRS				(101,114)				(101,114)
IFRS figures	**2,551,396**	**729,044**	**496,435**	**(1,752,367)**	**-**	**298,634**	**5,436,330**	**7,759,472**

2011 Equity Reconciliations From Nigeria GAAP to IFRS	Share Capital (Note 21)	Share premium (Note 21)	Contingency Reserve (Note 23)	Retained earnings (Note 24)	Revaluation reserve	Fair value Reserve (Note 26)	**Total**
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	**₦'000**
Balance as per Nigerian GAAP Audited Financial Statements	2,551,396	729,044	565,083	(1,101,325))	298,634	**56,221**	**3,099,053**
Revaluation gain on investment properties				85,491			**85,491**
Allowance impairment loss on insurance receivables				(10,132)			**(10,132)**
Accrued income on UAC Nigeria received in 2011 written-off				(318)			**(318)**
Accrued income on STANBIC IBTC Pension Received in 2011 written-off				(308,118)			**(308,118)**
Fair value reserve on IBTC Pension Managers investment in 2010						5,799,353	**5,799,353**
Fair value reserve on IBTC Pension Managers investment in 2011						293,000	**293,000**
Additional claim reserve as per actuarial valuation				(69,727)			**(69,727)**
Impairment on Nigerian reinsurance				(100,000)			**(100,000)**
Cumulative Net Changes in fair of quoted securities (equity And unit trust scheme) classified as AFS financial asset Transferred to fair value reserve				419,244		(419,244)	-
Changes in fair value debited to exceptional item (Quoted Equities and nuit trust) Classified as AFS investments transferred To fair value reserve				86,212		(86,212)	-
Outstanding balance on gratuity payable to employees				(47,205)			**(47,205)**
Balance per IFRS ar 31 December 2011	2,551,396	729,044	565,083	(1,600,324)	298,634	5,643,118	**8,186,951**

Statement of Value Added
For the year ended 31 December 2012

	₦'000	%	₦'000	%
Net premium	**1,353,047**		1,680,782	
Investment income	**444,695**		304,312	
Other income	**171,021**		184,625	
Claims incurred, commissions paid and operating expenses (local)	**(1,614,782)**		(1,557,974)	
Value added	**353,981**		611,745	
Distribution:				
Employees and directors (staff cost)	**460,744**	**130**	199,470	33
Government (taxes)	**(391,974)**	**(111)**	67,709	11
Asset replacement (depreciation)	**41,311**	**12**	55,227	9
Contingency reserve	**64,130**	**18**	68,648	11
Expansion (retained on the business)	**179,770**	**51**	220,691	36
Value added	**353,981**	**100**	**611,745**	**100**

Financial Summary

Statement of financial position as at 31 December 2012: (in thousands of currency units)	2012	IFRS 2011	2010
	₦'000	**₦'000**	**₦'000**
Assets			
Cash and cash equivalents	**2,816,193**	1,353,086	1,270,418
Financial assets	**12,078,065**	7,181,049	6,893,967
Trade receivables	**10,397**	422,718	376,681
Reinsurance assets	**262,287**	291,141	196,397
Deferred acquisition cost	**60,804**	78,295	83,552
Deferred tax asset	**421,692**	-	-
Other receivables and Prepayments	**68,892**	66,925	72,440
Investment Property	**83,650**	140,476	153,155
Goodwill and Other intangible assets	**-**	-	-
Property, plant and equipment	**854,993**	681,329	707,494
Statutory deposit	**300,000**	300,000	300,000
Total assets	**16,956,973**	**10,515,019**	**10,054,104**
Liabilities			
Insurance contract liabilities	**1,057,163**	1,070,270	937,670
Other financial liabilities	**421,442**	516,944	633,774
Trade payables	**447,125**	477,473	366,999
Provision and Other payables	**94,232**	139,878	204,294
Retirement benefit obligations	**-**	47,205	101,114
Income tax liabilities	**80,813**	31,057	50,781
Deferred tax liabilities	**-**	45,241	-
Total liabilities	**2,100,775**	**2,328,068**	**2,294,632**
Capital and reserves			
Issued and Paid share capital	**3,999,396**	2,551,396	2,551,396
Share premium	**729,044**	729,044	729,044
Contingency reserve	**629,213**	565,083	496,435
Retained earnings	**(1,484,684)**	(1,600,324)	(1,752,367)
Assets revaluation reserve	**508,642**	298,634	298,634
Fair value reserves	**10,474,587**	5,643,118	5,436,330
Total equity	**14,856,198**	**8,186,951**	**7,756,472**
Total liabilities and equity	**16,956,973**	**10,515,019**	**10,054,104**

Financial Summary (Continued)

Statement of financial position as at 31 December 2012:		IFRS
(in thousands of currency units)	**2012**	2011
Profit and loss account	**₦'000**	₦'000
Premium income less reinsurance	**1,353,047**	1,680,782
Underwriting results	**85,989**	480,525
(Loss)/profit before taxation	**(212,203)**	288,400
Taxation	**391,973**	(67,709)
Profit/(loss) after taxation	**179,770**	220,691
Transfer to contingency reserve	**(64,130)**	68,648
Transfer to revenue reserve	**115,640**	152,043
Basic earnings per share	**3.4k**	4.3k
Adjusted earnings per share	**3.4k**	4.1k

E-DIVIDEND MANDATE FORM

In view of the robust developments in the financial sector, Linkage Assurance Plc is pleased to introduce our e-dividend module to you. This is to facilitate the payment of your dividend through direct credit to your bank account irrespective of the type of account, current / saving. It makes dividend payment faster and safer. We advise that you take advantage of this service by supplying the information as required below and return same to us accordingly.

Please ensure you state the actual name used in purchasing the shares and the signature(s) you signed at that time and fill in BOLD prints

Thanks

Basil Aharanwa
Registrar
Diamond Registrar
70, Acme Road,
Ogba, Ikeja
Lagos.

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s) due on my/our shareholding particulars of which are stated below from the date hereof:

Shareholders' name

(Surname) (other names)

Shareholders account no(s)

CSCS investor account no.

CSCS clearing house no

Name of stock broker

Mobile phone no(s)

Fax number E-mail address

Bank name Branch

Bank account number Type of account

Dated this……………………………………………………………………………

Dayof……………20………

....

Authorised signatory / bank stamp Authorised signatory / bank stamp Shareholder signature(s)

Your completed forms should be returned to Diamond Registrar Limited or any of the Linkage Assurance Plc branches nearest to you. Please note that it is very important that you clearly state your bank name, bank account number, E-mail address and mobile phone numbers to ensure proper processing of your mandate.

For more information, contact Funmi (01-876933), Glory (01-8147153) or E-mail: info@linkageassurance.com

Diamond Registrar Limited 70, Acme Road, Ogba, Ikeja Lagos.

PROXY FORM

NOTICE IS HEREBY GIVEN that the 19th **Annual General Meeting** of **LINKAGE ASSURANCE PLC** will be held at Agip Hall, Muson Centre, 8/9 Marina, Onikan, Lagos on Thursday, February 20th 2014 by 12 noon to transact the following business:

I/We……

……

…………………….. being a member/members of the above named Company Hereby appoint* …………………………………………………………………… or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, February 20th 2014.

Dated this …………………………….. day of …………………………………… 2014

Signature of Shareholder……………………………………………………………………………………………………

Name of Shareholder……

Please sign the Proxy in the Proxy Form and post it so as to reach the address shown overleaf not later than 11:00am on Monday, February 17,2014.The Proxy form should NOT be completed and sent to the address if the member will be attending the meeting.

1. A member who is to attend an Annual General Meeting is allowed to vote by Proxy. The above form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Provision has been made on this form for the Chairman to act as your proxy, but if you wish, you may insert in the blank space on the form (marked **) the name of any person whether a member of the company or not who will attend the meeting on your behalf instead of the Chairman of the meeting.
3. If the Proxy Form is executed by a corporate body, it should be sealed with its common seal.
4. The admission form beside must be produced by the Shareholder or his Proxy in order to obtain an entrance to the Annual General Meeting.

……

ADMISSION FORM

Before posting the above form, tear off this part and retain it.

Please admit ……………………………………………………………………to the Extraordinary General

Meeting of Linkage Assurance Plc to be held...

Name of Shareholder ……………………………………………………………………………………………………..

Signature of Person attending …………………………………………………………………………………………

Signature of Shareholder …………………………………………………………………………………………………

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

NUMBER OF SHARES		
RESOLUTIONS	**For**	**Against**
1. To receive the Report and Financial Statements.		
2. To receive the Report of Audit Committee.		
3. To elect/re -elect the Directors		
4. To authorize the Directors to fix the remuneration of Auditors		
5. To elect / re-elect members of the Audit Committee		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion

Get to know more of our products