LINKAGE ASSURANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2013

Table of Contents

Corporate Information

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.
Board of Directors		
Chairman	-	Dr. John Anderson Eseimokumoh
Vice Chairman	-	Mr. Babatunde R. Fatayi-Williams
Other Directors	-	Senator Udoma Udo Udoma
	-	Dr. Bukar Usman
	-	Mrs. Pelebo E. Banigo
	-	Patmore Duate Iyabi/Alternate
	-	Mr. Ikobho Anthony Howells
	-	Chief Raymond Ihyembe
	-	Chief John D. Edozien
	-	Mr. Tamunoye Zifere Alazigha
Managing Director	-	Mr. G.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 Limited
	-	Guaranty Trust Bank Plc
	-	Keystone Bank Limited
	-	Skye Bank Plc
	-	Zenith Bank Plc
	-	First Bank of Nigeria Limited
Actuary	-	HR Nigeria Ltd
RC No.	-	162306
FRC Registered No.	-	FRC/2012/0000000000339

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, 2013.

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:

	2013	2012 Restated
	N'000	N'000
Profit/(Loss) before taxation	**563,062**	(345,319)
Taxation	**(148,780)**	392,639
Profit after tax	**414,282**	47,320

4. Directors

The Directors who served during the year were as follows:

1 January, 2013 – 13 August, 2013

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/Alternate	Director
Mr. Ikobho Anthony Howells	Director
Sir Chike Oyeka	Director
Chief J.D. Edozien	Director
Chief Raymond Ihyembe	Director

Report of the Directors continued

13 August, 2013 – 31 December, 2013

Dr. John Anderson Eseimokumoh	Chairman
Mr. Babatunde R. Fatayi-Williams	Vice Chairman
Senator Udoma Udo Udoma/Alternate	Director
Dr. Bukar Usman	Director
Pelebo E. Banigo	Director
Patmore Duate Iyabi/Alternate	Director
Mr. Ikobho Anthony Howells	Director
Chief Raymond Ihyembe	Director
Chief John D. Edozien	Director
Mr. Tamunoye Zifere Alazigha	Director
Mr. G.U.S Wiggle	Managing Director
Dr. Pius Apere	Deputy Managing 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 13 August, 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 CAP C20 LFN 2004, are as follows:

	2013 Direct	2013 Indirect	2013 Total	2012 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	3,000,000	-	3,000,000	3,229,652
Mrs. Aniola Durosinmi – Etti	33,000	-	33,000	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	5,700,000	11,300,000	17,000,000	16,650,000
Chief R. 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

6. Contracts

In accordance with Section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004, none of the Directors has notified the Company of any declarable interest in contracts entered into by the Company during the year under review.

Report of the Directors continued

7. Shareholding

The Company's issued share capital of **N3,999,396,076** 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 2013.

	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, 2013

Range of Shareholding			No of Shareholders	Percentage Shareholders	No of shares	Shareholding
1	-	10,000	13,933	61.53%	6,4043,331	.80%
10,001	-	50,000	5,633	24.88%	147,315,863	1.84%
50,001	-	100,000	1,513	6.68%	124,589,376	1.56%
100,001	-	500,000	1,154	5.10%	258,904,062	3.24%
500,001	-	1,000,000	181	0.80%	146,112,649	1.83%
1,000,001	-	5,000,000	133	0.59%	278,005,895	3.48%
5,000,001	-	10,000,000	31	0.13%	223,761,734	2.80%
10,000,001	-	50,000,000	51	0.23%	1,309,901,136	16.37%
50,000,001	-	100,000,000	12	0.05%	835,592,038	10.44%
100,000,001	-	500,000,000	2	0.01%	337,038,168	4.21%
1,000,000,001	-	10,000,000,000	1	0.0%	4,274,735,743	53.43%
			22,644	**100.00%**	**7,999,999,995**	**100.00%**

8. Human Resources

i. 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 2013, the Company had no disabled persons in its employment.

ii 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.

iii. 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.

Report of the Directors continued

9. Property, Plant and Equipment

Changes in Property, plant and equipment during the year under review are shown in note 11 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.

10. Social responsibility

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

Donations and charitable contributions
During the year the Company made donations to the following organizations:

Down Syndrome Foundation Nigeria	N350,000
Children Living with Cancer	N375,000
	N725,000

11. Acquisition of own shares

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

12. Fines and penalties

During the year, the Company paid the following fines and penalties:

Late filing of AML/CFT training programme to NAICOM	N250,000
Late filing of Treaty agreement – NAICOM	N500.000
To Ministry of Commerce & Industry, River State, for non-registration of business place	N596,000
Late filing of financial statements to NAICOM	N480,000
	N1,826,000

13. Event after reporting date

There are no significant events after reporting date which could have had a material effect on the financial affairs of the Company as at 31 December, 2013 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

14. Audit committee

Major General E. O. Usiade (Rtd.)	Chairman/Shareholder
Mr. Godwin A. Anono	Shareholder
Mr. Waheed Adegbite	Shareholder
Chief Raymond Ihyembe	Non-Executive Director
Mr. Tamunoye Alazigha	Non-Executive Director
Mr. Ikobho Anthony Howells	Non-Executive Director

Report of the Directors continued

15. Auditors

The auditor, Messrs Akintola Williams Deloitte, was re -appointed as the Company's independent auditors at the last Annual General Meeting and have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004.

By order of the Board

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

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 CAP C20 LFN 2004, 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.

Dr. John Anderson Eseimokumoh	**G.U.S Wiggle**
(Chairman)	**(Managing Director/CEO)**
FRC/2014/ICAN/00000007083	**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.)	Shareholder/Chairman
2.	Mr. Godwin A. Anono	Shareholder
3.	Mr. Waheed Adegbite	Shareholder
4.	Chief Raymond Ihyembe	Non-Executive Director
5.	Mr. Tamunoye Alazigha	Non-Executive Director
6.	Mr. Ikobho Anthony Howells	Non-Executive Director

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 C20 LFN 2004, Laws of Federation of Nigeria and the Company's Articles of Association.

Investment & Risk Management Committee: The Committee is composed of 6 members as follows:

	Name	**Status**
1.	Chief Raymond Ihyembe	- Chairman
2.	Dr. Bukar Usman	- Member
3.	Mr. Tamunoye Alazigha	- Member
4.	Mr. Ikobho Anthony Howell	- Member
5.	Mr. G.U.S Wiggle	- Member
6.	Dr. Pius Apere	- 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 6 members as follows:

	Name	**Status**
1.	Mr. Babatunde Fatayi Williams	- Chairman
2.	Chief John Edozien	- Member
3.	Mrs. Pelebo Banigo	- Member
4.	Dr. Samuel Edoumiekumo	- Member
5.	Mr. Inam Udo Udoma	- Member
6.	Mr. G.U.S Wiggle	- Member

Corporate Governance continued

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 2013

S/N	Names of Directors	18 February 2013	29 April 2013	15 March 2013	22 July 2013	13 August 2013
1	Mr. Babatunde Fatayi-Williams	1	1	1	1	1
2	Senator Udoma Udo Udoma	1	1	1	1	1
3	Dr. Bukar Usman	1	1	1	1	1
4	Chief John Edozien	1	1	1	1	1
5	Chief Raymond Ihyembe	1	1	1	1	1
6	Sir. Chike Oyeka	1	-	-	-	-
7	Mr. Yahaya Zekeri	1	1	1	1	1
8	Mrs. Pelebo Banigo	1	1	1	1	1
9	Mr. Ikobho Anthony Howells	1	1	1	1	1
10	Dr. Samuel Edoumiekumo	1	1	1	1	1
11	Mr. GUS Wiggle	1	1	1	1	1
12	Mrs. Aniola Durosinmi- Etti	1	1	1	1	1

Attendance at the Board of Directors Meetings held in 2013 Cont.

S/N	Names of Directors	27 September 2013	20 November 2013
1	Dr. John Anderson Eseimokumoh	1	1
2	Mr. Babatunde Fatayi-Williams	1	1
3	Senator Udoma Udo Udoma	1	1
4	Dr. Bukar Usman	1	1
5	Chief John Edozien	-	1
6	Chief Raymond Ihyembe	-	1
7	Mrs. Pelebo Banigo	1	1
8	Mr. Ikobho Anthony Howells	1	1
9	Dr. Samuel Edoumiekumo	1	1
10	Mr. Tamunoye Alazigha	1	1
11	Mr. GUS Wiggle	1	1
12	Dr. Pius Apere	-	1

Corporate Governance continued

Attendance at the Investment & Risk Management Committee Meetings held in 2013

S/N	Names of Directors	24 April 2013	16 July 2013	19 November 2013
1	Chief Raymond Ihyembe	1	1	1
2	Sir. Chike Oyeka	-	-	*
3	Mr. Yahaya Zekeri	1	1	*
4	Chief John Edozien	1	1	1
5	Mr. GUS Wiggle	1	1	1

Attendance at the Audit Committee Meetings held in 2013

S/N	Members	Status	26 March 2013	27 September 2013
1	Maj.Gen. E.O Usiade	Shareholder/Chairman	1	1
2	Mr.G.A Anono	Shareholder	1	1
3	Mr. Waheed Adegbite	Shareholder	1	1
4	Sir. Chike Oyeka	Director	1	*
5	Mr. Yahaya Zekeri	Director	-	*
6	Mr. Ikobho Anthony Howells	Director	1	1

Attendance at the Strategy Planning & Establishment Committee Meetings held in 2013

S/N	Names of Directors	29 April 2013	13 August 2013	20 November 2013
1	Senator Udoma Udo Udoma	1	1	1
2	Dr. Bukar Usman	1	1	1
3	Chief John Edozien	-	1	1
4	Mrs. Pelebo Banigo	1	1	1
5	Mr. GUS Wiggle	1	1	1
6	Mrs. Aniola Durosinmi-Etti	1	1	*
7	Dr. Pius Apere	*	*	1

*Not on the Board

Report of the Audit Committee

In accordance with the Provisions of Section 359(3) to (6) of the Companies and Allied Matters Act CAP C20 LFN 2004, 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 financial statements of the Company and the responses to the said letter.

2. In our opinion, the plan and scope of the audit for the year ended 31 December, 2013 were adequate. We have reviewed the Auditors' findings and we are satisfied with Management's responses thereon. On the 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 2013 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

15 April 2014

Members of the Committee

Name	**Status**
1. Major General E. O. Usiade (Rtd.)	Shareholder/Chairman
2. Mr. Godwin A. Anono	Shareholder
3. Mr. Waheed Adegbite	Shareholder
4. Chief Raymond Ihyembe	Non-Executive Director
5. Mr. Tamunoye Alazigha	Non-Executive Director
6. Mr. Ikobho Anthony Howells	Non-Executive Director

Deloitte.

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

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

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

Report on the Financial Statements
We have audited the accompanying financial statements of **Linkage Assurance Plc** which comprise the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended 31 December, 2013, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP I17 LFN 2004, Financial Reporting Council of Nigeria Act No 6, 2011 and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Linkage Assurance Plc** as at 31 December 2013 and the financial performance and cash flows for the year then ended 31 December 2013 in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Report on Other Legal and Regulatory Requirements
We confirm that our examination of outstanding premium was carried out in accordance with the Guidelines for Insurance Companies issued by the National Insurance Commission (NAICOM).

The company contravened certain sections of the Insurance Act CAP I17 LFN 2004 and the NAICOM Guidelines. Details of the contraventions and related penalties paid have been disclosed in note 40 to the financial statements.

Michael Daudu, FCA - FRC/2013/ICAN/00000000845

For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
7 July. **, 2014**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ACCURACY & INTEGRITY
A56956

Company information and accounting policies

1 General Information

LINKAGE Assurance PLC ("LINKAGE " or "the Company") was incorporated in Nigeria on 26th of March 1991 as a private limited liability company domiciled in Nigeria. 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 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 17 April 2014

2. Basis of preparation

2.1 Going concern

These financial statements have being prepared on the going concern basis. The company has no intention 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 the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria

The financial statements comply with the requirement of the Companies and Allied Matters Acts Cap C20 LFN 2004, Insurance Act, CAP 117 LFN 2004 and the Guidelines issued by the National Insurance Commission to the extent that they are not in conflict with the international Financial Reporting Standards (IFRS).

2.3 Application of new and revised International Financial Reporting Standards (IFRS)

2.3.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

2.3.2 Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Company has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require

entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

2.3.3 New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

The application of these standards is not relevant to the Company for the year under review; the Company did not acquire a controlling interest nor has significant influence nor has a joint control over an entity in a joint venture arrangement during the year ended 31 December 2013.

2.3.4 IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has included new disclosures, which are required by IFRS 13.

The Company has applied IFRS 13- Fair Value Measurement, in its first IFRS financial statements in 2012 ahead of the effective date in 1 January 2013.

2.3.5 Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income in 2012 in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendments introduced new terminology, which use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' [and the 'income statement' is renamed as the 'statement of profit or loss'].

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be divided into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2.3.6 Amendments to IAS 1 Presentation of Financial Statements

(**as part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012**)
The Annual Improvements to IFRSs 2009 – 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when; (a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and (b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements as the Company is not required to present a statement of financial position and related notes at the beginning of the preceding period.

2.3.7 IAS 19 Employee Benefits (as revised in 2011)

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had no impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011).

The amendment to IAS 19 did not have material impact on the disclosures or on on amounts recognised in the financial statements.

2.4 New and revised IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments (2)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures (2)
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities (1)
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities (1)

(1) Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
(2) Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

2.4.1 IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  The Directors of the Company anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities.

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

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.

- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.

- Measure and evaluate performance of substantially all of its investments on a fair value basis.

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

The Directors of the Company do not anticipate that the investment entities amendments will have any effect on the Company's financial statements as the Company is not an investment entity.

2.4.3 Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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

The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

2.5 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 N1,694,856,000 (2012: N1,057,163,000).

3.1 Insurance Contract Liabilities – General Business continued

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:

	2013	2012
Projected Inflation Rate (assume rate will remain unchanged into the future)	10%	12%
Current Short-term Yield	13%	13%
Discount rate	10%	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 2013 was N10.974 billion (2012 – N10,785 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.

	2012	**2013**
Growth in Gross Income(GI) %	20,15,15,10,10	20,15,15,15,15
Opex/GI (%)	48	37
Dep & Amort/GI (%)	3	2
Effective tax rate: Tax/PBT (%)	31	32
Capex/GI (%)	4	4
Perpetual Growth rate Rate %	15	12.5
Expected Market Rate of Return %	20.42	21.22
Risk free rate	12.29	13.22
Market Risk Premium	8.13	7
Beta	1	1
WACC	20.42	21.22
Value of Linkage's Equity Stake	₦10.785 billion	₦10.974 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 20% 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 Analysis

	Equity Value									
		Terminal growth rate of FCF								
		10.50%	11.00%	11.50%	12.00%	12.50%	13.00%	13.50%	14.00%	14.50%
	19.22%	122,664	128,148	134,342	141,394	149,495	158,899	169,947	183,111	199,065
	19.72%	116,301	121,119	126,523	132,627	139,576	147,559	156,827	167,714	180,687
	20.22%	110,593	114,853	119,601	124,927	130,942	137,791	145,659	154,792	165,521
W	20.72%	105,445	109,233	113,431	118,110	123,359	129,288	136,038	143,793	152,794
A	21.22%	100,779	104,163	107,896	112,034	116,647	121,820	127,664	134,317	141,960
C	21.72%	96,529	99,568	102,904	106,584	110,663	115,209	120,309	126,069	132,627
C	22.22%	92,643	95,383	98,379	101,667	105,295	109,315	113,797	118,824	124,502
	22.72%	89,076	91,556	94,257	97,210	100,452	104,028	107,992	112,410	117,365
	23.22%	85,790	88,043	90,488	93,151	96,062	99,259	102,784	106,691	111,047

	Implied Equity Value/ Profit After Tax based on valuation (P/E ratio)									
		Terminal growth rate of FCF								
		10.50%	11.00%	11.50%	12.00%	12.50%	13.00%	13.50%	14.00%	14.50%
	19.22%	15.2	15.8	16.6	17.5	18.5	19.6	21.0	22.6	24.6
	19.72%	14.4	15.0	15.6	16.4	17.3	18.2	19.4	20.7	22.3
	20.22%	13.7	14.2	14.8	15.4	16.2	17.0	18.0	19.1	20.5
W	20.72%	13.0	13.5	14.0	14.6	15.2	16.0	16.8	17.8	18.9
A	21.22%	12.5	12.9	13.3	13.8	14.4	15.1	15.8	16.6	17.5
C	21.72%	11.9	12.3	12.7	13.2	13.7	14.2	14.9	15.6	16.4
C	22.22%	11.4	11.8	12.2	12.6	13.0	13.5	14.1	14.7	15.4
	22.72%	11.0	11.3	11.6	12.0	12.4	12.9	13.3	13.9	14.5
	23.22%	10.6	10.9	11.2	11.5	11.9	12.3	12.7	13.2	13.7

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.

6.1 Classification of financial assets continued

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.

6.3 Subsequent measurement continued

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 Company 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 Company of financial assets that can be reliably estimated.

Objective evidence that a financial asset or Company 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 Companies that share similar credit risk characteristics.

For the purpose of a collective evaluation of impairment, financial assets are assessed 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 Company 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 Company. 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 Company 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.

6.4 Impairment of financial assets continued

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.

7. 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.

8. 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.

9. 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 of.

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.

10. Taxation

Income tax expense comprises current Company Income tax, Education tax, Information Technology Levy 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.

10. Taxation continued

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.

11. 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.

12. 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.*

12. Property, plant and equipment continued

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.

13. 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 Company that generates cash flows that are largely independent from other assets and Company's. 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 (Company 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.

14. Insurance contracts

14.1 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.

14.2 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.

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.

14.2 Recognition and measurement of insurance contracts continued

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.

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.

15. 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.

16. 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.

17. 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.

18. 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
Dividend 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.

19. Revenue recognition

Insurance Premium Revenue
The revenue recognition policy relating to insurance contracts is set out under 18.2

Commission Earned
The revenue recognition policy on commission is disclosed in 18.2
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.

20. 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.

21. 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.

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.

22. Operating Segment

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

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, accident, motor vehicle, marine and aviation, oil and gas and others. The other segment relates to engineering business class revenue of which does not meet the quantitative threshold. (Refer to page 37).

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

.

Statement of financial position
As at 31 December 2013

	Note	2013	2012
Assets		**₦'000**	**₦'000**
Cash and cash equivalents	1	1,895,754	2,816,193
Financial assets	2	13,644,721	12,078,065
Trade receivables	3	3,494	10,397
Reinsurance assets	4	136,513	129,173
Deferred acquisition cost	5	188,159	60,804
Deferred tax assets	16.1	362,407	421,692
Other receivables and Prepayments	6	134,075	68,892
Investment Properties	7	57,382	83,650
Property, plant and equipment	8	1,015,995	854,993
Statutory deposit	9	300,000	300,000
Total assets		**17,738,500**	**16,823,859**
Liabilities			
Insurance contract liabilities	10	1,694,587	1,057,163
Other financial liabilities	12	-	421,442
Trade payables	13	441,950	447,125
Provision and other payables	14	84,326	94,233
Income tax liabilities	15	149,679	80,147
Total liabilities		**2,370,542**	**2,100,110**
Equity			
Issued and Paid share capital	17	3,999,396	3,999,396
Share premium	18	729,044	729,044
Contingency reserve	19	712,070	629,213
Retained earnings	20	(1,285,709)	(1,617,134)
Assets revaluation reserve	21	541,987	508,643
Fair value reserves	22	10,671,170	10,474,587
Total equity		**15,367,958**	**14,723,749**
Total liabilities and equity		**17,738,500**	**16,823,859**

The financial statements were approved by the Board of Directors on 17 April 2014 and signed on its behalf by:

Dr. John Anderson Eseimokumoh (Chairman)
FRC/2014/ICAN/00000007083

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

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

Statement of profit or loss and other comprehensive income

	Note	2013 N'000	2012 N'000
Gross premium written	23	**2,689,148**	**2,137,686**
Gross premium income	24	2,131,578	2,228,260
Reinsurance expenses	26.1	(545,872)	(875,213)
Net premium income		**1,585,706**	**1,353,047**
Fees and commission income	27	144,978	130,587
Net underwriting income		**1,730,684**	**1,483,634**
Net claims expenses	28	(645,993)	(571,047)
Underwriting expenses	29	(901,670)	(959,803)
Underwriting profit		**183,021**	**(47,216)**
Investment income	30	840,152	444,694
		1,023,173	**397,478**
Net fair value gains on financial assets at fair value through profit or loss	31	289,840	112,976
Other operating income	32	105,731	125,594
Management expenses	33	(855,682)	(981,367)
Profit/(loss) before taxation		**563,062**	**(345,319)**
Income tax expense	15.1	(148,780)	392,639
Profit for the year		**414,282**	**47,320**
Other comprehensive income net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation	21	33,344	210,009
Items that will be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets	34	196,583	4,831,469
Total other comprehensive income, net of tax		229,927	5,041,478
Total comprehensive income for the year		**644,209**	**5,088,798**
Basic earnings per share attributable to equity shareholders for the year	35	52k	9k

Statement of Changes in equity for the year ended 31 December 2013

	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	**N'000**
At 1 January 2013	3,999,396	729,044	629,213	508,643	10,474,587	(1,617,134)	14,723,749
Profit for the year	-	-	-	-	-	414,282	414,282
Transfer to Contingency reserve	-	-	82,857	-	-	(82,857)	-
Gain on property revaluation	-	-	-	33,344	-	-	33,344
Net fair value changes on AFS financial assets transferred from other comprehensive income	-	-	-	-	196,583	-	196,583
At 31 December 2013	3,999,396	729,044	712,070	541,987	10,671,170	(1,285,709)	**15,367,958**

Statement of Changes in equity for the year ended 31 December 2012

	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
At 1 January 2012	2,551,396	729,044	565,083	298,634	5,643,118	(1,600,324)	8,186,951
Profit for the year as restated	-	-	-	-	-	47,320	47,320
Transfer to Contingency reserve	-	-	64,130	-	-	(64,130)	-
Net balance of revaluation reserve during the year	-	-	-	210,009	-	-	210,009
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	508,643	10,474,587	(1,617,134)	**14,723,749**

Statement of cash flows

	Note	**2013** **N'000**	2012 N'000
Cash flows from operating activities			
Cash used in operations	37	(632,684)	(483,318)
Corporate tax paid	15	(19,963)	(25,204)
VAT paid		(14,823)	(20,438)
Net cash used in operating activities		(667,470)	(528,960)
Cash flows from Investing activities			
Purchase of property, plant and equipment	8	(178,868)	(9,667)
Proceeds from sale of property, plant and equipment		7,981	293
Purchase of financial instrument		(1,972,679)	(8,810)
Proceeds from sale of investment property		27,750	60,000
Proceeds from sale of financial instrument		1,169,697	60,731
Interest received	30	235,873	108,591
Dividend received	30	457,277	332,930
Net cash (used in)/from investing activities		(252,969)	544,067
Financing activities			
Proceeds from issue of shares		-	1,448,000
		-	1,448,000
Net (decrease)/increase in cash and cash equivalents		(920,439)	1,463,107
Cash and cash equivalents at 1 January		2,816,193	1,353,086
Cash and cash equivalents at 31 December	38	1,895,754	2,816,193

Segment reporting

The following is an analysis of the Company's revenue and result by reportable segment in 2013.

Income:	Motor	Fire	General Accident	Marine & Aviation	Oil & Gas	Others	2013	2012 Restated
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross premium written	601,597	279,659	359,419	330,270	908,346	209,857	2,689,148	2,137,686
Net change in unearned premium	(48,572)	(31,396)	(15,486)	(33,136)	(405,236)	(23,743)	(557,570)	90,574
	553,025	**248,263**	**343,933**	**297,134**	**503,110**	**186,114**	2,131,578	2,228,260
Re-insurance cost	(42,709)	(119,952)	(70,022)	(122,380)	(125,623)	(65,186)	(545,872)	(875,213)
Net premium income	510,316	128,311	273,911	174,754	377,486	120,928	1,585,706	1,353,047
Commision Received	14,521	38,691	29,776	36,984	-	25,006	144,978	130,587
Net underwriting Income	524,837	167,002	303,687	211,738	377,486	145,934	1,730,684	1,483,634
Expenses:								
Acqusition cost	109,820	80,870	90,922	87,138	50,028	39,939	458,716	425,688
Net claims incurred	92,637	61,087	124,477	76,242	283,702	7,849	645,993	571,047
Maintenance expenses	98,438	46,966	62,255	53,971	146,410	34,915	442,954	534,115
	300,894	188,923	277,654	217,350	480,140	82,702	1,547,663	1,530,850
Segment underwriting profit	**223,943**	**(21,922)**	**26,033**	**(5,612)**	**(102,653)**	**63,232**	**183,021**	**(47,216)**

The other segment relates to engineering business class revenue of which does not meet the quantitative threshold.

Notes to the Financial Statements

1 Cash and cash equivalents

Cash and cash equivalents comprise:	**2013**	2012
	₦'000	₦'000
Cash in hand	4,350	213
Balances with banks & other financial institutions	1,933,629	2,858,205
	1,937,979	2,858,418
Allowance for impairment	(42,225)	(42,225)
	1,895,754	2,816,193
Allowance for impairment		
At 31 December	**42,225**	42,225

These are cash and short-term placements with banks and other financial institutions with tenors of 90 days or less. 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.

	2013	2012
	₦'000	₦'000
Fair value through profit or loss (note 2.1)	2,500,562	337,552
Available-for-sale (note 2.2)	11,016,202	11,640,326
Loans and receivables (note 2.6)	87,408	91,376
Held to maturity (note 2.7)	40,549	8,811
	13,644,721	12,078,065

Financial instrument classification	2013				
	Fair value through profit or loss	Available for sale	Loan and receivables	Held to maturity	Total
	₦'000	₦'000	₦'000	₦'000	**₦'000**
- Listed	2,500,562	34,619	-	10,222	2,545,403
- Unlisted	-	10,981,583		30,327	11,011,910
- Others	-	-	87,408	-	87,408
	2,500,562	11,016,202	87,408	40,549	13,644,721
Within one year	2,500,562	-	87,408	10,222	2,598,192
More than one year	-	11,016,202	-	30,327	11,046,529
	2,500,562	11,016,202	87,408	40,549	13,644,721

Notes to the Financial Statements continued

2 Financial assets continued

Financial instrument classification	2012				
	Fair value through profit or loss	Available for sale	Loan and receivables	Held to maturity	Total
	₦'000	₦'000	₦'000	₦'000	**₦'000**
- Listed	337,552	687,069	-	8,811	1,033,432
- Unlisted	-	10,953,257		-	10,953,257
- Others	-	-	91,376	-	91,376
	337,552	11,640,326	91,376	8,811	12,078,065
Within one year	337,552		91,376	8,811	437,739
More than one year		11,640,326	-	-	11,640,326
	337,552	11,640,326	91,376	-	12,078,065

2.1 Fair value through profit or loss

Fair value through profit or loss assets comprises:	**2013**	2012
	₦'000	₦'000
Quoted equity instruments	**2,210,722**	269,781
Fair value changes	**289,840**	67,771
	2,500,562	337,552
Fair value changes		
At 1 January	**67,771**	(53,102)
Addition	**289,840**	-
No longer required	-	120,873
Write off	**(67,771)**	-
At 31 December	**289,840**	67,771

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

Notes to the Financial Statements continued

2.2 Available for sale
Available for sale financial assets comprise:

	2013	2012
	₦'000	₦'000
Quoted equities and unit trust schemes (note 2.3)	34,619	687,069
Un-quoted equities - at fair value (note 2.4)	10,974,000	10,785,000
Un-quoted equities - at cost (note 2.5)	7,583	168,257
Debt securities	-	-
	11,016,202	11,640,326

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

Investment in Quoted equities	-	837,695
Investment in Quoted unit trust schemes	34,619	76,272
Fair value changes	-	(226,898)
	34,619	687,069
Fair value changes		
At 1 January	226,898	490,456
Addition	-	9,581
No longer required	(226,898)	(216,052)
Write off	-	(57,087)
At 31 December	-	226,898

Movement in investment in quoted equities		
At 1 January	687,069	913,967
Disposal	(879,348)	-
Fair value changes	226,898	(226,898)
	34,619	687,069

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

Investment in Unquoted equities	117,647	117,647
Fair value changes	10,856,353	10,667,353
	10,974,000	10,785,000
Fair value changes		
At 1 January	10,667,353	6,092,353
Addition	189,000	4,575,000
At 31 December	**10,856,353**	10,667,353

The unquoted equity carried at fair value above represent the 117,647,058 ordinary shares (N1 each) of IBTC Pension Managers Limited held by Linkage Assurance Plc.

Notes to the Financial Statements continued

2.5 The carrying amount of available for sale unquoted equities measured at cost is as follow:

	2013	2012
	₦'000	₦'000
Unquoted equity at cost	175,368	312,615
Impairment allowance	(167,785)	(144,358)
	7,583	168,257
Impairment allowance		
At 1 January	144,358	115,000
Addition	23,427	29,358
At 31 December	**167,785**	144,358

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

Movement in investment in quoted equities		
At 1 January	168,257	312,615
Disposal	(144,830)	-
Fair value gain	7,583	-
Impairment allowance	(23,427)	(144,358)
	7,583	168,257

2.6 Loans and receivables

	2013	2012
Amortized cost	**₦'000**	₦'000
Loan facility	143,595	147,563
Loan to policy holders	13,654	13,654
	157,249	161,217
Allowance for impairment	(69,841)	(69,841)
	87,408	91,376
Impairment allowance		
At 1 January	69,841	64,539
Addition	-	5,302
At 31 December	**69,841**	69,841

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. Loans and receivables are recoverable within 12 months.

	2013	2012
2.7 Held to maturity	**₦'000**	₦'000
Investment held to maturity	**40,549**	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. These instruments are measured and carried at amortised costs.

Notes to the Financial Statements continued

		2013	2012
3	**Trade receivables**	**₦'000**	₦'000
	Due from broker	459,150	494,483
	Due from agents	272,199	321,371
		731,349	815,854
	Allowance for impairment (note 3.1)	(727,855)	(805,457)
		3,494	10,397
	Within one year	**3,494**	10,397
	More than one year	**-**	-
		3,494	10,397

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

	2013	2012
At 1 January	805,457	506,332
Addition during the year	802	377,616
Provision no longer required	(78,404)	(78,491)
Write-off during the year	-	-
At 31 December	**727,855**	805,457

All insurance receivables are designated as trade receivables and their carrying value approximate value at the statement of financial position date. The premium outstanding as at statement of position represents balance due from brokers which has been fully received as at 31st January 2014.

		2013	2012
3.2	**Analysis of debtors in days**	**₦'000**	₦'000
	0 - 90 days	3,494	50,644
	91 - 180 days	-	47,842
	181 - 270 days	-	37,454
	271 - 365 days	-	21,103
	Over 365 days	727,855	658,811
		731,349	815,854

		2013	2012
4	**Reinsurance assets**		
	Prepaid reinsurance	106,642	59,552
	Reinsurance projection on UPR	20,583	-
	Reinsurance recoverables	134,429	-
	Reinsurance projection on IBNR	25,069	86,717
		286,723	146,269
	Allowance for impairment	(17,096)	(17,096)
	Reinsurance recoverables adjustment (note 4.2)	(133,114)	-
		136,513	129,173
	Within one year	136,513	129,173
	More than one year	**-**	-
		136,513	129,173
	Impairment allowance		
	At 1 January	17,096	20,800
	No longer required	**-**	(25)
	Write off	**-**	(3,679)
	At 31 December	**17,096**	17,096

Notes to the Financial Statements continued

		2013	2012
4.1	**Breakdown of prepaid reinsurance is as follows:**	**N'000**	N'000
	Motor		-
	Fire	46,587	27,542
	General accident	16,825	7,410
	Engineering	21,858	8,206
	Marine	21,372	16,394
	Oil & Gas	-	-
		106,642	59,552
	Reinsurance projection on UPR	20,583	-
		127,225	59,552

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.

4.2 Effect of restatement in the prior year

The balance of reinsurance asset for the year 2012 was reported in excess of the Actuaries' estimated amount to the tune of N133,114,000. The financial statements of 2012 have been restated to correct this error. The effect of the restatement on the financial statements is summarized below. The adjustment has no effect on the statement of financial position as at 1 January 2012.

	Effect on 2012
	₦'000
Increase in net claims expense	(133,114)
Decrease in tax expense	666
(Decrease) in profit	(132,448)
(Decrease) in earnings per share (EPS)	(25k)

	₦'000
(Decrease) in reinsurance assets	(133,114)
(Decrease)/increase in tax payable	666
(Decrease) in equity	(132,448)

5 Deferred acquisition cost

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

	2013	2012
	₦'000	₦'000
Motor	23,510	17,831
Fire	19,583	15,793
Accident	12,879	9,862
Engineering	11,623	7,681
Marine	14,438	7,292
Oil & Gas	106,126	2,345
	188,159	60,804
Within one year	**188,159**	60,804
More than one year	**-**	-
	188,159	60,804

Notes to the Financial Statements continued

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

	2013	2012
	₦'000	₦'000
At 1 January	60,804	78,295
Increase/(decrease) during the year	127,355	(17,491)
Amortization during the year	-	-
At 31 December	**188,159**	60,804

6 Other receivables and Prepayments

Prepayments	52,289	63,601
Sundry receivables	81,878	5,383
	134,167	68,984
Impairment (note 6.1)	(92)	(92)
	134,075	68,892
Within one year	**114,529**	53,919
More than one year	**19,546**	14,973
	134,075	68,892

6.1 Allowance for impairment on prepayments and other receivables

At 31 December	**92**	92

7 Investment Properties

At 1 January	83,650	140,476
Disposal	(29,001)	(60,076)
Fair value gain	2,733	3,250
At 31 December	**57,382**	83,650

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 2013. 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. The profits or losses on disposal are also reported in the statement of profit or loss as they occur.

Notes to the Financial Statements continued

8 Property, plant and equipment - 2013

	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (W.I.P)	Total
Cost/valuation	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January	427,334	196,800	256,158	86,380	196,224	224,460	1,387,356
Additions	1,658	12,535	109,830	16,857	25,095	12,893	178,868
Revaluation surplus	33,344	-	-	-	-	-	33,344
Disposals	-	-	(40,358)	-	(1,115)	-	(41,473)
At 31 December	462,336	209,335	325,630	103,237	220,204	237,353	**1,558,095**
Accumulated depreciation							
At 1 January	-	40,116	219,179	84,868	188,200	-	532,363
Charge for the year	-	4,579	29,474	3,581	7,805	-	45,439
Disposals	-	-	(34,671)	-	(1,031)	-	(35,702)
At 31 December	-	44,695	213,982	88,449	194,974	-	**542,100**
Net book value							
At 31 December 2013	462,336	164,640	111,648	14,788	25,230	237,353	**1,015,995**
At 31 December 2012	427,334	156,684	36,979	1,512	8,024	224,460	**854,993**

Notes to the Financial Statements continued

Property, plant and equipment - 2012

	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & 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	-	-	(15,100)	-	(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
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	257,136	118,562	58,343	4,835	11,900	230,553	**681,329**

In December 2012 Andy Bassey & Associate Estate Surveyors & Valuers was engaged to revalue the Land and building this gave rise to revaluation surplus of N170 million and N46 million respectively. On 31 December 2013 the re-allocated land in Yenagoa Bayelsa State was also revalued by Andy Bassey & Associate Estate Surveyors & Valuers which gave rise to revaluation surplus of N33.3million.

(i) There was no change in depreciation method used during the reporting period.
(ii) No leased assets are included in the property, plant and equipments.
(iii) Depreciation expense of N45.439million (2012: N41.311million) has been included in management expenses.

9 Statutory deposit

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

Notes to the Financial Statements continued

		2013	2012
10	**Insurance contract liabilities**	**₦'000**	₦'000
	Provision for claims reported by policyholders (note 10.1)	556,039	373,495
	Provision for IBNR	95,622	136,665
	Reinsurance projection on IBNR	25,069	86,717
	Outstanding claims provision	676,730	596,877
	Provision for unearned premium (note 10.2)	1,017,857	460,286
	Total insurance contract liabilities	**1,694,587**	1,057,163
	Within one year	1,694,587	1,057,163
	More than one year	-	-
		1,694,587	1,057,163

Total outstanding claims per class of business:

		Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
		2013	**2013**	**2013**	**2012**	**2012**	**2012**
		₦'000	**₦'000**	**₦'000**	**₦'000**	₦'000	₦'000
	Motor	88,005	2,186	85,819	84,536	867	83,669
	Fire	80,907	2,900	78,007	70,115	45,323	24,792
	General accident	156,106	10,280	145,826	139,687	8,412	131,275
	Engineering	61,655	3,127	58,528	93,845	12,054	81,791
	Marine	82,247	665	81,582	70,544	4,180	66,364
	Oil & Gas	207,810	5,911	201,899	138,150	15,881	122,269
		676,730	25,069	651,661	596,877	86,717	510,160
10.1	Reported claims	556,039	-	556,039	373,495	-	373,495
	IBNR	120,691	25,069	95,622	223,382	86,717	136,665
		676,730	25,069	651,661	596,877	86,717	510,160

The Liability Adequacy Test (LAT) was carried out by HR Nigeria Limited (Actuary). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method. Assumptions used in the valuation are as follows:

	2013	2012
Projected Inflation Rate (assume rate will remain unchanged into the future)	10%	12%
Current Short-term Yield	13%	13%
Discount rate	10%	10%

* Run off period of five years.
* Future claims follow a trend pattern from the historical data, thus payment pattern will be broadly similar in each accident year.
* Past official inflation rates used and assumes a 10% rate for future which is expected to remain unchanged.

Notes to the Financial Statements continued

10.2 Breakdown of unearned premium per class of business:

	Unearned premium 2013	Unearned premium 2012
	₦'000	₦'000
Motor	193,263	144,690
Fire	112,350	80,954
General accident	67,352	51,866
Engineering	62,477	38,734
Marine	73,038	39,902
Oil & Gas	509,377	104,140
	1,017,857	460,286

10.3 Age Analysis of Outstanding Claims at the end of the year is show below:

Days	2013	2012
	₦'000	₦'000
0 - 90 days	87,605	34,519
91 - 180 days	96,689	47,061
181 - 270 days	38,429	41,986
271 - 365 days	56,149	37,068
Over 365 days	277,167	212,861
TOTAL	**556,039**	373,495

11 Hypothecation of investment

Investments relating to insurance funds (note 11.1)	1,883,919	1,711,434
Investments relating to shareholders funds (note 11.2)	13,713,868	13,266,473
	15,597,787	14,977,907

11.1 Investments relating to insurance funds are as follows:

Balance with financial institutions	1,275,866	1,290,232
Fair value through profit or loss quoted equities	550,670	337,552
Investment properties	57,383	83,650
	1,883,919	1,711,434

11.2 Investments relating to shareholders funds are as follows:

Balance with financial institutions	619,816	1,525,960
Available-for-sale (unquoted equities)	11,016,202	10,953,257
Fair value through profit or loss (quoted equities)	1,949,892	687,069
Loans and receivables	87,409	91,376
Held to maturity	40,549	8,811
	13,713,868	13,266,473

Notes to the Financial Statements continued

		2013	2012
		₦'000	₦'000
12	**Other financial liabilities**		
	At 1 January	421,442	516,944
	Additions	18,688	250,236
	Interest paid	19,046	9,970
	Administrative charges	-	(9,750)
		459,176	767,400
	Withdrawals	(447,771)	(345,958)
	Provision No Longer Required	(11,405)	-
	At 31 December	**-**	421,442
	Within one year	**-**	421,442
	More than one year	**-**	
		-	421,442

The transaction relates to pension fund held by the Company on behalf of Michael Okpara University of Agriculture, Umudike , under an underwriting agreement on staff pension scheme. The Company had notified the University of its intention to terminate the agreement in accordance with the provisions thereof, following NAICOM directive to the Company to decease from the transaction. The balance of the fund had consequently been transferred to an escrow account pending the payment of the same to the University's appointed pension fund administrator (PFA) in line with NAICOM directive.

		2013	2012
		₦'000	₦'000
13	**Trade payables**		
	Insurance payables (note 13.1)	207,861	202,827
	Reinsurance payables (note 13.2)	234,089	244,298
		441,950	447,125
	Within one year	441,950	447,125
	More than one year	-	-
		441,950	447,125
13.1	**Insurance payables**		
	Commission payables to agents	71,104	76,957
	Commission payables to brokers	97,056	98,371
	Other payables to agents and brokers	39,701	27,499
		207,861	202,827
13.2	**Reinsurance payables**		
	Due to reinsurers	**234,089**	244,298
14	**Provision and Other payables**		
	Other payables	**84,326**	94,233
	Within one year	**84,326**	94,233
	More than one year	**-**	-
		84,326	94,233
15	**Income tax liabilities**		
	At 1 January	80,147	31,057
	Payment during the year	(19,963)	(25,204)
	Charge for the year (note 15.1)	89,495	74,294
	At 31 December	**149,679**	80,147
	Within one year	**149,679**	80,147
	More than one year	**-**	-
		149,679	80,147

Notes to the Financial Statements continued

15.1 Taxation Charge

Income tax	81,407	74,294
Education tax	2,245	-
Information technology	5,843	-
	89,495	74,294
Deferred tax (note 16)	59,285	(466,933)
	148,780	(392,639)

15.2 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:

	2013 ₦'000	2012 ₦'000
Ordinary income profit/(loss)	563,062	(345,318)
Capital gain (loss)	-	-
Total pretax income profit/(loss)	563,062	(345,318)
Expected tax expense (benefit) at 30% statutory rate	89,494	74,294
Disallowable expenses	243,338	191,176
Other untaxed income	(457,277)	(199,816)
Differences arising from movement in unrealized gains or losses	(289,840)	(112,976)
Total income tax reported	148,777	(392,640)
Income taxes incurred	89,494	74,294
Change in deferred income tax	59,285	(466,933)
Total income tax reported	148,779	(392,640)

16 Deferred tax liabilities

At 1 January	**-**	45,241
Charge to statement of comprehensive income for the	59,285	-
Transfer to deferred tax assets (note 16.1)	(59,285)	(45,241)
At 31 December	-	-

16.1 Deferred tax assets

At 1 January	421,692	-
Charge to statement of comprehensive income for the year	-	466,933
Transfer from deferred tax liabilities	(59,285)	(45,241)
At 31 December	**362,407**	421,692
Within one year	-	-
More than one year	**362,407**	421,692
	362,407	421,692

Notes to the Financial Statements continued

		2013	2012
17	**Issued and Paid share capital**		
		₦'000	**₦'000**
	Authorised - ordinary shares of 50k each (8,000,000,000 units)	**4,000,000**	4,000,000
	Ordinary shares of 50k each (7,998,792,000 units)	**3,999,396**	3,999,396
	At 31 December	**3,999,396**	3,999,396
18	**Share premium**		
	At 1 January	729,044	729,044
	Movement during the year	**-**	-
	At 31 December	**729,044**	729,044

		2013	2012
		₦'000	₦'000
19	**Contingency reserve**		
	At 1 January	629,213	565,083
	Transfer from profit or loss account	82,857	64,130
	At 31 December	**712,070**	629,213

Contingency reserve for general insurance business is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act CAP I17 LFN 2004, as the higher of 3% of gross premiums and 20% of net profit for the year.

		2013	2012
		₦'000	₦'000
20	**Retained earnings**		
	At 1 January	(1,617,134)	(1,600,324)
	Profit for the year	414,282	47,320
	Transfer to contingency reserve	(82,857)	(64,130)
	At 31 December	**(1,285,709)**	(1,617,134)
21	**Revaluation reserve**		
	At 1 January	508,643	298,634
	Revaluation surplus on Proper, Plant & Equipment - Land	33,344	216,102
	Revaluation deficit on Proper, Plant & Equipment - Building (WIP)	-	(6,093)
	At 31 December	**541,987**	508,643
22	**Available for sale reserves**		
	Movement during the year:		
	At 1 January	10,474,587	5,643,118
	Movement during the year (note 34)	196,583	4,831,469
	At 31 December	**10,671,170**	10,474,587
23	**Gross premium written**		
	Direct premium (note 23.1)	2,658,677	2,130,861
	Inward premium (note 23.1)	30,471	6,825
		2,689,148	2,137,686

Notes to the Financial Statements continued

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

	2013			2012		
	Direct premium ₦'000	**Inward premium ₦'000**	**Total ₦'000**	Direct premium ₦'000	Inward premium ₦'000	Total ₦'000
Fire	275,328	4,331	279,659	276,796	2,167	278,963
Accident	359,419	-	359,419	361,450	295	361,745
Motor	591,600	9,997	601,597	447,935	616	448,551
Marine	315,881	14,389	330,270	289,557	2,534	292,091
Engineering	208,103	1,754	209,857	115,745	554	116,299
Oil & Gas	908,346	-	908,346	639,378	659	640,037
	2,658,677	**30,471**	**2,689,148**	2,130,861	6,825	2,137,686

		2013	2012
		₦'000	₦'000
24	**Net premium income**		
	Gross premium written (note 23)	2,689,148	2,137,686
	Changes in reserve for unexpired risks (note 25)	(557,570)	90,574
		2,131,578	2,228,260
25	**Reserve for unexpired risks**		
	At 1 January	460,286	550,860
	Increases/(decrease)	557,570	(90,574)
	At 31 December	**1,017,856**	460,286
26	**Reinsurance expenses**	**545,872**	875,213
26.1	**Premium ceded to reinsurance:**		
	Reinsurance premium paid	546,336	778,346
	Facultative outwards	67,208	64,675
	(Decrease)/increase in prepaid reinsurance	(67,672)	32,192
		545,872	875,213
26.2	**Breakdown of premium ceded to reinsurer per business class is as follows:**		
	Fire	119,952	140,802
	Accident	70,022	102,324
	Motor	42,709	56,871
	Marine	122,380	131,381
	Engineering	65,186	59,716
	Oil & Gas	125,623	384,119
		545,872	875,213
27	**Fees and commission income**	**144,978**	130,587
27.1	**Breakdown of fees and commission income per business class is as follows:**		
	Fire	38,691	36,005
	Accident	29,776	32,509
	Motor	14,521	5,823
	Marine	36,984	39,898
	Engineering	25,006	16,352
	Oil & Gas	-	-
		144,978	130,587

Notes to the Financial Statements continued

28 Net claims expenses

Gross claims paid	775,699	803,778
Salvage recovery	(5,631)	(10,421)
	770,068	793,357
Change in reserve for outstanding claims	79,853	77,468
Gross claims incurred	849,921	870,825
Claims and benefits recoverable from reinsurers	(203,928)	(299,778)
	645,993	571,047

	2013	**2012**
	₦'000	**₦'000**
29 Underwriting expenses		
Acquisition expenses (note 29.1)	458,716	425,688
Maintenance expenses (note 29.2)	442,954	534,115
	901,670	959,803

29.1 Analysis of acquisition expenses

Commission expense	446,709	296,833
Business acquisition cost	139,363	111,362
(Decrease)/increase in deferred acquisition cost	(127,356)	17,493
	458,716	425,688

29.2 Analysis of maintenance expenses

Directors' remuneration	32,978	32,288
Staff costs	270,048	258,669
Pension contribution	17,851	17,496
Other operating expenses	122,077	225,662
	442,954	534,115

29.2.1 Number of employees

The number of employees of the company, other than directors, who received emoluments in the following ranges was:

			Number	Number
Below		250,000	27	9
250,001	-	500,000	16	10
500,001	-	750,000	24	24
750,001	-	1,000,000	31	27
1,000,001	-	1,250,000	28	28
1,250,001	-	1,500,000	13	12
1,500,001	-	1,750,000	8	17
1,750,001	-	2,000,000	10	0
2,000,001	-	2,250,000	8	12
2,250,001	-	2,500,000	13	14
2,500,001	-	Above	46	42
			224	195

Notes to the Financial Statements continued

		2013	2012
29.3	**Directors' Emoluments**		
	Directors:	**₦'000**	**₦'000**
	Fees and allowances	13,550	15,720
	Emoluments as executives	38,923	38,094
		52,473	53,814
	Fees and other emoluments disclosed above include amounts paid to:		
	Chairman	**1,620**	2,000
	Highest paid directors	**19,445**	19,445
29.4	**Employee benefits expenses**		
	Short-term benefits	450,079	430,647
	Post-employment benefits	29,752	30,097
		479,831	460,744

Short-term benefits include salaries and wages, medical expenses and others.

Post-employment benefits include pension contributions on behalf of employees to the Pension Funds Administrators and gratuity paid.

		2013	2012
		₦'000	**₦'000**
30	**Investment income**		
	Dividend income	457,277	332,930
	Interest income	235,873	108,591
	Revaluation gain on investment properties	2,733	3,250
	Profit on disposal of unquoted stock	123,138	-
	Profit on disposal of quoted stock	22,380	-
	(Loss) on disposal of investment properties	(1,250)	(77)
		840,152	444,694
30.1	**Hypothecation of investment income**		
	Investment income that relate to policyholders (note 30.2)	227,269	126,335
	Investment income that relate to shareholders (note 30.3)	612,883	318,359
		840,152	444,694
30.2	**Investment income that relate to policyholders**		
	Income from money market	225,786	100,913
	Dividend income	-	22,248
	Loss on disposal of investment properties	(1,250)	(76)
	Revaluation gain on investment properties	2,733	3,250
		227,269	126,335
30.3	**Investment income that relate to shareholders**		
	Income from lease finance	10,086	-
	Dividend income	457,276	310,681
	Profit from disposal of un-quoted stock	123,140	-
	Income from other sources	22,381	7,678
		612,883	318,359

Notes to the Financial Statements continued

31 Net fair value gains/(loss) on financial assets at fair value through profit or loss

	2013	2012
	₦'000	₦'000
Appreciation in value of short-term investments - quoted securities	289,800	112,976
	289,840	112,976

32 Other operating income

	2013	2012
Sundry income	6,664	14,607
Profit on sale of PPE	2,211	(174)
Exchange gains	2,197	-
Profit from managed funds revenue account (note 36)	-	26,001
Write back of excess NAICOM levy provision	4,850	6,669
Provision no longer required on managed funds (note 12)	11,405	-
Write back of impairment on trade receivables (note 3.1)	78,404	78,491
	105,731	125,594

33 Management expenses

	2013	2012
Impairment loss on premium debtors (note 3.1)	802	377,616
Impairment loss on investment	-	90,614
Provision no longer required on premium debtors	-	(2,947)
Impairment loss on reinsurance recoverable	-	(24)
Reinsurance recoverable - Cico	-	(733)
Audit fee	20,000	20,000
Impairment loss on investment	31,910	-
Other operating expenses	802,970	496,841
	855,682	981,367

34 Net fair value gain on available-for-sale financial assets

	2013	2012
Fair value changes in available-for-sale investments -quoted equities	7,583	188,942
Fair value changes in available-for-sale investments -quoted unit trust scheme	-	7,163
Fair value changes in available-for-sale investments -unquoted equities	189,000	4,575,000
(Impairment loss) / Reversal on investment - unquoted long term equities	-	50,000
Fair value changes in available-for-sale investments -unquoted equities Unit trust	-	10,364
	196,583	4,831,469

35 Earnings per share

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

Notes to the Financial Statements continued

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

	2013	2012
	₦'000	**₦'000**
Net profit attributable to ordinary shareholders for basic earnings	**414,282**	47,321
Weighted average number of ordinary shares for basic earnings per share	**7,998,792**	5,344,125
Basic earnings per share attributable to equity shareholders for the year	**52k**	9k

36 Managed Funds Revenue Account

	2013	2012
Income:		
Interest income	**-**	28,291
Administrative charges	**-**	9,750
	-	38,041
Expenses:		
Maintenance expenses	**-**	-
Interest paid	**-**	9,971
Management expenses	**-**	2,069
	-	12,040
Profit on managed funds transferred to profit & loss account	**-**	26,001

This relates to income earned by the Company from the management of pension fund under a staff pension scheme agreement between it and some universities. The balance of the remaining fund belonging to Michael Okpara University,Umudike, had been transferred to an escrow account pending payment of the same to the University's appointed pension fund administrator in line with NAICOM directive. Refer to note 11 for more details on the managed fund.

Notes to the Financial Statements continued

		Note	2013 N'000	2012 N'000
37	**Cash flows from operating activities**			
	Profit/(loss) before taxation		563,062	(345,319)
	Adjustment to reconcile profit/loss to loss after taxation:			
	Depreciation	8	45,439	41,311
	(Profit)/loss on sales property, plant and equipment	32	(2,211)	174
	Loss on disposal of investment properties	30	1,250	76
	Profit on disposal of unquoted investment	30	(123,138)	-
	Profit on disposal of quoted investment	30	(22,381)	-
	Impairment losses on quoted equities		(226,898)	29,358
	Adjustment for impairment loss on unquoted equities		23,427	-
	Loan impairment provision		-	5,302
	Fair value again on Financial Assets - (FVTPL)		(222,069)	(117,625)
	Revaluation of investment properties		(2,733)	(3,250)
	Adjustment for deferred acquisition cost		(127,356)	17,491
	VAT paid		14,823	20,438
	Write off of property, plant and equipment		-	4,234
	Interest received	30	(235,873)	(108,591)
	Dividend received	30	(457,277)	(332,929)
	Net cash flow before changes in working capital		(771,935)	(789,330)
	(Decrease /increase in Loans and receivables		3,968	(34,504)
	Increase/(decrease) in trade and other receivables		(58,279)	410,353
	Increase/(decrease) in re-insurance assets		(7,339)	161,970
	Increase in trade and other payables		(15,081)	(123,198)
	Increase/(decrease) in insurance contract liabilities		637,424	(13,107)
	Decrease in other financial liabilities		(421,442)	(95,502)
	Cash used in operations		**(632,684)**	**(483,318)**
38	**Cash and cash equivalents**			
	Cash in hand		4,350	213
	Balances with banks & other financial institutions	1	1,891,404	2,815,980
			1,895,754	**2,816,193**

39 **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 favourable than those entered into with third parties.

Details of transactions between Linkage Assurance Plc and related parties are disclosed below:

Notes to the Financial Statements continued

39.1 Compensation of key management personnel

Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of Linkage Assurance Plc. It comprises both executive and non-executive directors. The remuneration of directors and other members of key management personnel during the year was as follows:

	2013 N'000	2012 N'000
Short-term benefits	82,347	81,740
Post-employment benefits	2,374	8,775
Other long-term benefits	-	-
Termination benefits	-	-
	84,721	90,515

39.2 Sale of Insurance Contracts

During the year, the Entity entered into the following contracts with related parties:

Key Management Personnel	11,545	6,160
MEDIPLAN Healthcare Services Limited	4,345	7,115
IBTC Pension Manager	5,478	17,361
GLC Resources Limited	4,439	265
	25,807	30,901

39.3 Balance due from related parties

Key Management Personnel	-	425
IBTC Pension Manager	-	3,290
GLC Resources Limited	-	4,375
MEDIPLAN Healthcare Services Limited	3,367	-
	3,367	8,090

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

40 Contravention

	2013 N'000	2012 N'000
Late filing of returns to the Nigerian Stock Exchange	-	3,100
Late filing of Financial Report to Security and Exchange Commission	-	12,600
For none disclosure of prior year fine -NAICOM	-	600
Interest and penalty on VAT to Federal Inland revenue Service	-	5,463
Late filing of AML/CFT training programme to NAICOM	250	-
Late filing of Treaty agreement - NAICOM	500	-
To Ministry of Commerce & Industry, River State for non-registration of Business place	596	-
Late filing of financial statements to NAICOM	480	-
	1,826	21,763

41 Other Related Party Transactions

41.1 Linkage Assurance Plc provided GLC Resources Limited with loan facility during the period, detail as follows:

	2013	2012
	N'000	N'000
At 1 January	4,375	7,861
Additions	-	-
Repayments	(4,375)	(3,486)
At 31 December	-	4,375

41.2 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 N12.9m (2012 N10.4m) were made to MEDIPLAN Medical Scheme on behalf of employees of the company under the National Health Insurance Scheme. On 13 August 2013, the Company disposed all her interest in MEDIPLAN Healthcare Service Limited.

41.3 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 N26.5m (2012:N26.9m) was paid during the year.

41.4 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.

41.5 Linkage Assurance Plc has a common directorship with Gresham Asset Management which managed the entity's investment portfolio worth of N220m.

41.6 Linkage Assurance Plc has a common directorship with Superior Equipment Ltd which supplied some computer equipment worth of N3.8m to the entity during the year.

42 Events after the reporting period

There are no events after the reporting period that could have had a material effect on the state of affair of the company as at 31st December 2013.

43 Contingencies

43.1 Contingent liabilities

The Company is involved in pending litigations with claim of N264.3 million. Based on legal advice, the directors are of the opinion that no liability will arise therefrom.

Notes to the Financial Statements continued

43.2 Contingent assets

The Federal High Court, Abuja on 3 December 2013 gave judgement in favour of Linkage Assurance Plc in a matter instituted against the Nigerian Deposit Insurance Corporation (NDIC) for the recovery of the sum of N893,135,471 being balance of proceeds for shares subscription from the company's 2005 Public Offer for which shares have been allotted as approved by the Securities and Exchange Commission in March 2006. However, in January 2014, the NDIC served the Company with Notice of Appeal.

There is an on-going litigation against the Inspector General of Police at the Federal High Court, Lagos Division. NEM & Others V. IG & Others, the Plaintiffs are suing for the sum of N295M being the balance due on the premium of a Entity Personal Accident Scheme known as the Nigerian Police Welfare Insurance Scheme. The amount due to Linkage Assurance Plc under the claim is N23.8m.

44 Commitments

The company had no capital commitments at the balance sheet date.

45 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.

Risk Management Framework

(a) Approach to Risk

Risk is an inherent part of Linkage Assurance Plc.'s business activities and the Company's overall risk tolerance is established in the context of its earnings power, capital and dynamic business model. Thus, effective risk management is critical for achieving financial soundness and maximizing value returns to all stakeholders.

In view of this, aligning risk management to the Company's organizational structure and business strategy has become an integral part of our business. Linkage's risk management framework and governance structure are intended to provide comprehensive controls and continuous management of the major risks inherent in our business operations. It is also intended to create a culture of risk awareness, responsibility and sound risk ownership throughout the Company.

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

The Board of Directors determines the overall objectives in terms of risk by issuing risk policies. These policies define acceptable levels of risk for day-to-day operations as well as the willingness of the Company to assume risk, weighed against the expected rewards. The umbrella risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market and operational risks.

The evolving nature of risk management practices and the dynamic character of the insurance industry necessitate regular review of the effectiveness of each enterprise risk management component. In light of this, the Company's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring by the Enterprise Risk Management Department in conjunction with Internal Audit Department; and through independent evaluation by external auditor.

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

Overall, we view risk not only as a threat or uncertainty, but also as a potential opportunity to grow and develop the business, within the context of risk appetite. Hence, our approach to risk management is not limited to considering downside impacts or risk avoidance; it also encompasses taking risk knowingly for competitive advantage.

Risk Management Framework continued

(b) Risk Management Philosophy, Culture, Appetite and Objectives

The Company has embedded risk management practices into its operating structure. This is to limit adverse variations in earnings and capital, by managing risk exposures within agreed levels of risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from business activities and events, and the prudent management of liquidity.

The Company's risk management framework is yet to be mature but the integration of risk practices into core business functions is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, executive management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, as well as managing risk portfolios. Our main goal is to embed risk management practices in the role and purpose of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

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

The Company believes that enterprise risk management provides the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks. This will provide us with:

- Responsible acceptance of risk
- Adequate risk management Support for Executive Management and the Board of Directors
- Improved outcomes – productivity, returns on investment, etc., and
- Strengthened accountability and stewardship.

This philosophy is supported by following the **guiding principles**. Management and staff shall:

- Consider all forms of risk in decision-making.
- Create and evaluate business-unit level and Company-level risk profile to consider what's best for their individual business unit and department and what's best for the Company as a whole.
- Support Executive Management's creation of a Company-level portfolio view of risk.
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level. Risk management does not defer accountability to others.
- Strive to achieve best practices in enterprise risk management.
- Monitor compliance with policies and procedures and the state of enterprise risk management.
- Lever existing risk management practices, wherever they exist within the Company.
- Document and report all significant risks and enterprise risk management deficiencies.
- Accept that enterprise risk management is mandatory, not optional.

Risk Management Framework continued

(c) Risk Oversight Approach

In Linkage, risk oversight starts with the strategy setting and business planning process. This helps us to articulate our appetite for risk, which is then set as risk appetite limits for each business units to work within.

The Enterprise Risk Management Department provides a central, coordinated oversight of risk management across the Company to ensure that the full spectrum of risks facing the Company are properly identified, measured and controlled in order to minimize adverse outcomes.

The ERM Department is complemented by the Asset-Liability Management Committee, Insurance Operations Risk Committee and the Compliance and Regulatory Risk Committee in the management of the Company's entire risk portfolio.

The Chief Risk Officer coordinates the process of monitoring and reporting risks across the Company while the Internal Audit Department is responsible for auditing the risk management functions to ensure all units charged with risk management perform their roles effectively on a continuous basis. Internal Audit also tests the adequacy of internal control and makes appropriate recommendations where there are weakness.

(d) Risk Appetite

Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Linkage is willing to accept in pursuit of its strategy, duly set and monitored by the Executive Management and the Board, and integrated into its strategy, business, risk and capital plans. It reflects the Company's capacity to sustain potential losses arising from a range of potential outcomes under different test scenarios.

The Company defines its risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. Our risk appetite can be expressed in terms of how much variability of return the Company is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return.

We measure and express risk appetite qualitatively and in terms of quantitative risk metrics. The quantitative metrics include earnings at risk (or earnings volatility) and, related to this, the chance of regulatory insolvency, chance of experiencing a loss and economic capital adequacy. These comprise our entity-level risk appetite metrics. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (eg credit, market and asset and liability management risks).

The Company's risk profile is assessed through a 'bottom-up' analytical approach covering all major businesses, countries and products.
The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

Risk Management Framework continued

(e) Risk Management Objectives

The primary purpose of the Company's enterprise-wide risk management policy is to promote an integrated, holistic approach to strategic risk management and to ensure that all risks that could affect the achievement of our objectives are identified, assessed and treated to an acceptable level.

Other objectives of this policy are to ensure:

- existing and potential material risks that could impact the achievement of strategic objectives are identified, managed or mitigated in a planned and coordinated with minimum disruption and cost;
- techniques to manage risk (i.e., avoidance, reduction, transforming, sharing and retention) are applied appropriately;
- appropriate resources are allocated to controllable, accepted risk areas to maximize earnings potentials and protect all stakeholders;
- appropriate controls are in place for controllable, accepted risk areas;
- non-controllable risks are identified, monitored, understood and mitigated where possible;
- responsibility for the implementation of the ERM is allocated to the Board, Committees of the Board and Management;
- protection of unforeseen losses and stability of earnings;
- a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions.

(f) Scope of Risks

The scope of risks that are directly managed by the Company are as follows:

- Underwriting and Reserving and Provisioning risks
- Claims Management risk
- Reinsurance risk
- Credit risk
- Operational risk
- Market and liquidity risk
- Legal and compliance risk
- Strategic and Business risk
- Reputational risk

These risks and the framework for their management are detailed in the enterprise risk management framework.

For effective coordination and management of risks, the Company further categorizes risks into three main Entitys as shown below:

S/n	Risk Category	Components
1	Financial Risk	Market risk, liquidity risk, credit risk, property risk
2	Insurance Operations Risk	Underwriting risk, reserving risk, provisioning risk, reinsurance risk and Claims management risk
3	Compliance and Reputational Risk	Legal risk, compliance risk, reputation risk, operational risk.

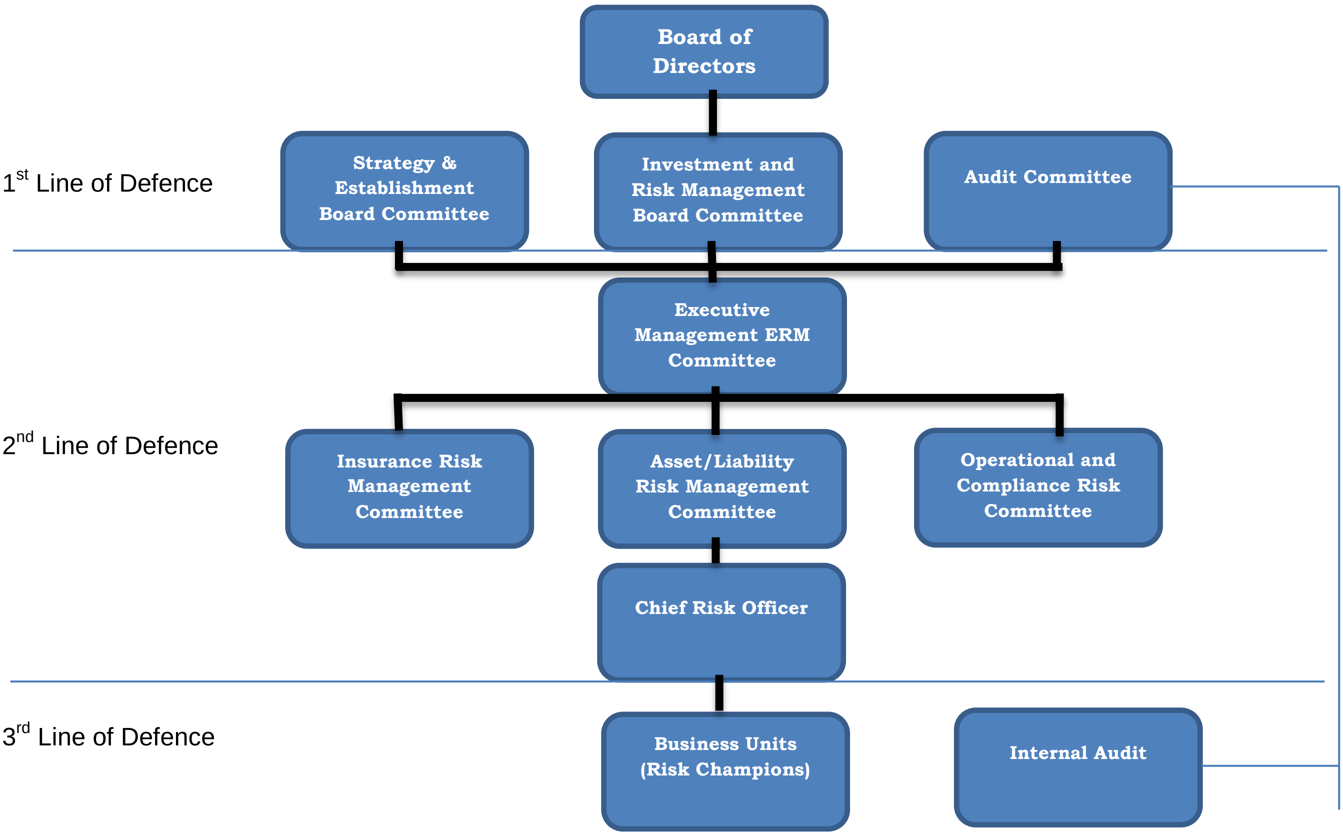
Risk Management Framework continued

(g) Risk Governance Framework

The framework details the Company's risk universe and governance structure comprising three distinct lines of defence against risks:

1. The Corporate Governance Committee;
2. The Executive Management Committees; and
3. Risk Management responsibilities per risk area.

The Company's risk management governance structure is depicted below.



The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, an enterprise-wide risk management policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

The board of directors approves the Company's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements. For example, following the regulatory changes brought about by the National Insurance Commission, which came into effect on 1 July 2012, the Company has placed a greater emphasis on assessment and documentation of risks and controls, including the development of an articulation of 'risk appetite'.

Risk Management Framework continued

(h) Capital management objectives, policies and approach

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

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

The operations of the Company are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.
The Company met all of these requirements throughout the financial year.

In reporting financial strength, capital and solvency are measured using the rules prescribed by Solvency II. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written.

The Company's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements based on the EFSA directives, including any additional amounts required by the regulator.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company’s approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An

important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders. The primary source of capital used by the Company is equity shareholders’ funds. The Company also utilises, where it is efficient to do so, sources of capital such as reinsurance and securitisation, in addition to more traditional sources of funding.

The capital requirements are routinely forecasted on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board. The Company has developed an Individual Capital Assessment (ICA) framework to identify the risks and quantify their impact on the economic capital. The ICA estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The ICA has also been considered in assessing the capital requirement.

Risk Management Framework continued

The Company has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Available Capital Resources as at 31st December	2013	2012
	=N='000	=N='000
Total shareholders' fund available:		
Total Assets	17,738,500	16,823,859
Less: Liabilities	(2,370,542)	(2,100,110)
Available Funds as per Financial Statement	**15,367,958**	**14,723,749**
Adjustment to Regulatory basis	(11,426,589)	(11,035,885)
Available Capital Resources	**3,941,369**	**3,687,864**

Of the available capital resources, **₦11,426,589** (2012: ₦11,035,885) are restricted and may not be transferred to other uses. The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

Minimum Capital Requirement
During the year, the Company has consistently exceeded the regulatory minimum Capital requirement. The regulatory capital (as required under Section 24 of the Insurance Act 2003 and NAICOM Operating Guidelines) has been defined using the Solvency Margin Model. The Section defines Solvency Margin of a Non-Life Insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of the Net Premium Income or the minimum capital base (₦3 billion), whichever is higher.

The table below shows our capital base and solvency margin.

Minimum Capital Requirement	2013	2012
	=N='000	=N='000
Capital Base	**3,941,369**	**3,687,864**
Minimum Capital Requirement	3,000,000	3,000,000
Solvency Margin (%)	**131%**	**123%**

(i) Regulatory framework
Regulators are primarily interested in protecting the rights of policyholders and monitor 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 or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

Risk Management Framework continued

(j) Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk. The Company manages these positions within an ALM framework that has been developed to achieve long–term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is:

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

(k) Insurance and financial risk

(1) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

Risk Management Framework continued

Non–life insurance contracts liabilities
The Company principally issues the following types of general insurance contracts: motor, fire, general accident, marine, engineering and Oil and Gas. Risks under non–life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., storms, earthquakes and 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 management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 10% of shareholders' equity on a gross basis and 5% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

The Company assesses catastrophe exposure internally. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an unmodelled event are greater than those arising from a modelled event.

As a further guide to the level of catastrophe exposure written by the Company, the following table shows hypothetical claims arising for various realistic disaster scenarios based on the Company's average risk exposures during 2013.

	Modelled industry Claims	Estimated Gross Claims	Estimated Net Claims
	₦'000	₦'000	₦'000
Boko Haram Activities	Nil	10,000	2,000
Niger Delta Oil Pollution	90,000,000	8,000	1,500
Flood/Erosion	40,000,000	7,000	1,200
Fire Disaster	40,000,000	7,000	1,200

Risk Management Framework continued

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

	Gross Outstanding claims 2013	Reinsurance recoveries 2013	Net 2013	Gross Outstanding claims 2012	Reinsurance recoveries 2012	Net 2012
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	88,005	2,186	85,819	84,536	867	83,669
Fire	80,907	2,900	78,007	70,115	45,323	24,792
General accident	156,106	10,280	145,826	139,687	8,412	131,275
Engineering	61,655	3,127	58,528	93,845	12,054	81,791
Marine	82,247	665	81,582	70,544	4,180	66,364
Oil & Gas	207,810	5,911	201,899	138,150	15,881	122,269
	676,730	25,069	651,661	596,877	86,717	510,160

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 judgements are used to assess the extent to which past trends may not apply in the future, for example: once–off 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. Judgement 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 and changes in foreign currency rates.

Sensitivities
The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

Sensitivity Analysis					
As at 31 December 2013					
	Change in assumptions	**Impact on gross liabilities**	**Impact on net liabilities**	**Impact on profit before tax**	**Impact on equity***
		=N='000	**=N='000**	**=N='000**	**=N='000**
Average Claims Cost	+10%	392,620	261,592	(130,299)	(65,150)
Average number of claims	+10%	112,056	112,056	(98,745)	(49,373)
Average claims settlement period	Reduce from 30 months to 24 months	1,856	659	328	145

Risk Management Framework continued

As at 31 December 2012					
	Change in assumptions	**Impact on gross liabilities**	**Impact on net liabilities**	**Impact on profit before tax**	**Impact on equity***
		=N='000	**=N='000**	**=N='000**	**=N='000**
Average Claims Cost	+60%	467,741	374,192	(243,225)	(130,967)
Average number of claims	+51%	277	221	(221,230)	(110,615)
Average claims settlement period	Reduce from 36 months to 30 months	2,385	865	462	382

impact on equity reflects adjustments for tax, when applicable.

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

Claims development table

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. The cumulative claims estimates and cumulative payments are translated to euros at the rate of exchange that applied at the end of the accident year. The impact of exchange differences is shown at the bottom of the 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 claims development information disclosed has however increased from five years to seven years over the period 2007–2013.
Gross Non-life insurance contract outstanding claims provision for 2013:

Class of Business	Year	Latest Paid	Dev. To Date	Ultimate Claim	IBNR	PV OF IBNR
		=N=	=N=	=N=	=N=	=N=
Motor	2007	160,787,282.97	1.000	160,787,282.97	-	-
	2008	204,614,714.11	1.000	204,614,714.11	-	-
	2009	183,819,226.65	1.000	183,819,226.65	-	-
	2010	193,028,926.15	0.986	195,738,512.21	2,709,586.06	1,850,683.74
	2011	175,160,815.11	0.965	181,528,578.28	6,367,763.17	6,784,194.72
	2012	150,392,222.63	0.935	160,881,873.13	10,489,650.50	10,031,840.30
	2013	96,725,317.34	0.570	169,697,985.50	72,972,668.16	69,338,789.24
		1,164,528,504.96	**0.926**	**1,257,590,178.14**	**92,539,667.89**	**88,005,508.00**
Fire	2007	39,197,439.86	1.000	39,197,439.86	-	-
	2008	197,737,678.11	1.000	197,737,678.11	-	-
	2009	73,120,422.71	1.000	73,120,422.71	-	-
	2010	187,677,366.88	1.000	187,677,366.88	-	-
	2011	93,960,535.95	0.990	95,032,443.05	1,071,907.10	928,888.74
	2012	78,586,814.64	0.670	117,203,304.65	38,616,490.01	35,457,161.72
	2013	16,871,539.57	0.270	63,524,461.25	46,652,921.68	44,520,850.54
		687,151,797.72	**0.890**	**719,179,891.22**	**86,341,318.79**	**80,906,901.00**

Risk Management Framework continued

General Accident	2007	92,900,803.41	1.000	92,900,803.41	-	-
	2008	157,205,591.75	0.988	159,046,146.19	1,840,554.44	1,038,945.00
	2009	104,112,246.03	0.981	106,120,395.56	2,008,149.53	1,454,563.07
	2010	123,337,861.40	0.947	130,304,474.06	6,966,612.66	6,558,290.19
	2011	135,884,847.49	0.912	149,066,412.57	13,181,565.08	12,703,504.94
	2012	125,122,978.88	0.741	168,952,854.57	43,829,875.69	45,223,037.76
	2013	29,790,920.07	0.246	121,231,749.81	91,440,829.74	89,128,027.04
		768,355,249.03	**0.828**	**927,622,836.17**	**159,267,587.14**	**156,106,368.00**
Marine	2007	47,224,786.84	1.000	47,224,786.84	-	-
	2008	52,458,978.56	1.000	52,458,978.56	-	-
	2009	74,793,926.84	1.000	74,793,926.84	-	-
	2010	63,805,854.84	1.000	63,805,854.84	-	-
	2011	62,805,034.47	0.747	84,061,990.84	21,256,956.37	20,831,038.34
	2012	22,347,976.62	0.582	38,398,840.42	16,050,863.80	15,265,176.69
	2013	11,566,382.63	0.200	57,932,548.59	46,366,165.96	46,151,059.96
		335,002,940.80	**0.800**	**418,676,926.93**	**83,673,986.13**	**82,247,275.00**

(2) Financial risks

(2.1) 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 and untimely or non-payment of premiums by brokers and clients. It is also the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

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

- **Direct Default Risk** – the risk on non-receipt of the cash flows or assets to which it is entitled because of brokers, clients and other debtors default on their obligations.
- **Concentration Risk** – this is the exposure of losses due to excessive concentration of business activities to individual counterparties, Entitys of individuals or related entities, counterparties in specific geographical locations, industry sector, 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 following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- 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's Asset Liability Management risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange exposures and minimum credit ratings for investments that may be held).
- The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in offsetting the statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis.

Risk Management Framework continued

- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings.
- The credit risk in respect of customer balances incurred on non–payment of premiums will only persist during the grace period specified in the Section 50 of the Insurance Act as well as policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Credit exposure
The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2013 and 2012 is the carrying amounts of each component. The maximum risk exposure presented below does not include the exposure that arises in the future as a result of the changes in values. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

Credit Risk Exposure		
At as 31 December	**2013**	**2012**
	=N='000	**=N='000**
Cash and Cash Equivalent	1,937,979	2,858,418
Financial Assets:		
- At Fair Value Through Profit or Loss	2,500,562	337,552
- Held-To-Maturity	40,549	8,811
- Loans and Receivables	157,249	161,217
- Available-for-Sale	327,634	1,945,581
Reinsurance Assets (excluding unearned premium)	159,498	86,717
Trade Receivables	731,349	815,854
TOTAL CREDIT RISK EXPOSURE	**5,854,820**	**6,214,150**

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit risk exposure based on the carrying value of the financial instruments.

Risk Management Framework continued

Credit Risk Exposure- Industry Analysis

As at 31 December 2013	Co-Insurers	Reinsurers	Other Financial Institutions	Government	Brokers/ Agents	Others	Total	2012
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	-	-	1,883,362	-	-	12,393	**1,895,754**	2,816,193
Financial Assets:								
- FVTPL	-	-	2,500,562	-	-	-	**2,500,562**	337,552
- Held-To-Maturity	-	-	-	-		40,549	**40,549**	8,811
- Loans and Receivables	-	-	73,754	-	-	13,654	**87,408**	91,376
- Available-for-Sale	-	-	11,016,202	-	-	-	**11,016,202**	11,640,326
Reinsurance Assets	-	136,513	-	-	-	-	**136,513**	129,173
Trade Receivables	-	-	-	-	3,494	-	**3,494**	10,397
Total Credit Risk Exposure	**-**	**136,513**	**15,473,880**	**-**	**3,494**	**66,596**	**15,680,482**	**15,033,828**

Credit exposure by Credit Rating:
The internal rating of the Company's credit exposure is benchmarked against Global Credit Rating Co.'s rating criteria as comparatively summarized below:

GRC Rating Scale	Linkage Rating Scale	Definition of Criteria
Investment Grade:		
AAA		Highest Credit Quality: The risk factors are negligible, being only slightly more than for risk-free government bonds.
AA+ - AA-	**AAA**	Very high Credit Quality: Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk, although not significant.
A+ - A-	**AA**	High Credit Quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.
BBB+ - BBB-		Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.
BB+ - BB-	**BBB**	Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall, quality may move up or down frequently within this categories.
B+ - B-	**BB**	Below investment grade and possessing risk that obligations will not be met when due. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes.
CCC	**NOT RATED**	Well below investment grade securities. Considerable uncertainty exists as to timely payment of principal or interest. Protection factors are narrow and risk can be substantial with unfavourable economic/industry conditions, and/or with unfavourable company developments.
DD		Defaulted debt obligations. Issuer failed to meet scheduled principals and/or interest payments. Company has been, or is likely to be, placed under an order of the court.

Using the above rating guide, the table below provides information regarding the credit exposure of the Company as at 31st December 2013 according to the Company's categorization of counterparties by the Global Credit Rating and Co's credit rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

Risk Management Framework continued

Credit Risk Exposure - by Classifying assets based on Credit rating of GRC Co.						
As at 31 December 2013	**AAA**	**AA**	**BBB**	**BB**	**Not rated**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent	1,887,746	8,008				1,895,754
Financial Assets:						
- FVTPL		2,500,562				2,500,562
- Held-To-Maturity	40,549					40,549
- Loans and Receivables		87,408				87,408
- Available-for-Sale	10,974,000	34,619	7,583			11,016,202
Reinsurance Assets		136,513				136,513
Trade Receivables	3,494					3,494
	12,905,789	**2,767,110**	**7,583**	**-**	**-**	**15,680,482**
As at 31 December 2012	**AAA**	**AA**	**BBB**	**BB**	**Not rated**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent	2,815,980	213				2,816,193
Financial Assets:						
- FVTPL		337,552				337,552
- Held-To-Maturity		8,811				8,811
- Loans and Receivables			91,376			91,376
- Available-for-Sale	687,069	10,785,000	168,257			11,640,326
Reinsurance Assets		129,173				129,173
Trade Receivables	10,397					10,397
	3,513,446	**11,260,749**	**259,633**	**-**	**-**	**15,033,828**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties:

Credit Risk Exposure- according to credit ratings of counterparties					
As at 31 December 2013	**Neither Past due nor Impaired**				
	Investment Grades	**Non-Investment Grades: Satisfactory**	**Non-Investment Grades: Unsatisfactory**	**Past due but not impaired**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent	1,166,542	721,204	-	8,008	**1,895,754**
Financial Assets:					
- At Fair Value Through Profit or Loss	2,500,562	-	-	-	**2,500,562**
- Held-To-Maturity	40,549	-	-	-	**40,549**
- Loans and Receivables	87,408	-	-	-	**87,408**
- Available-for-Sale	11,016,202	-	-	-	**11,016,202**
Reinsurance Assets	-	136,513	-	-	**136,513**
Trade Receivables	-	3,494	-	-	**3,494**
	14,811,263	**861,211**	**-**	**8,008**	**15,680,482**

Risk Management Framework continued

As at 31 December 2012	Neither Past due nor Impaired				
	Investment Grades	Non-Investment Grades: Satisfactory	Non-Investment Grades: Unsatisfactory	Past due but not impaired	Total
	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	2,815,980	213	-	-	**2,816,193**
Financial Assets:					
- At Fair Value Through Profit or Loss	337,552				**337,552**
- Held-To-Maturity	8,811				**8,811**
- Loans and Receivables				91,376	**91,376**
- Available-for-Sale	11,640,326				**11,640,326**
Reinsurance Assets				129,173	**129,173**
Trade Receivables				10,397	**10,397**
	14,802,669	**213**	**-**	**230,946**	**15,033,828**

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the company's rating policy. The attributable risk ratings are assessed and updated regularly.

During the year, no credit exposure limits were exceeded. The company actively manages its product mix to ensure that there is no significant concentration of credit risk.

Age analysis of financial assets past due but not impaired

Age Analysis of Financial Assets past due but not impaired					
As at 31 December 2013					
	< 30days	**31 to 60 days**	**61 - 90 days**	**Above 90 days**	**Total past due but no impaired**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent	8,008				8,008
Loans & Receivables					-
Reinsurance Assets					-
Trade Receivables					-
Financial Assets					-
Total	**8,008**	**-**	**-**	**-**	**8,008**
As at 31 December 2012					
	< 30days	**31 to 60 days**	**61 - 90 days**	**Above 90 days**	**Total past due but no impaired**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent					-
Loans & Receivables				91,376	91,376
Reinsurance Assets	-	-	-	262,287	262,287
Trade Receivables	2,728	4,854	1,069	1,746	10,397
Financial Assets					
Total	**2,728**	**4,854**	**1,069**	**355,409**	**364,060**

Risk Management Framework continued

Impaired financial assets
At 31 December 2013, there are impaired reinsurance assets of ₦Nil (2012: ₦17,096,000) and impaired loans and receivables of ₦NIL (2012: ₦69,841,000).

For assets to be classified as "past–due and impaired" contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The company records impairment allowances for loans and receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for loans and receivables is, as follows:

Impaired Financial Assets	2013	2012
	=N='000	=N='000
At 1 January	805,457	506,332
Charge for the year	802	377,616
Recoveries	(78,404)	(78,491)
Amounts written off	-	-
Interest accrued on impaired loans	-	-
At 31 December	**727,855**	**805,457**

Collateral
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending and for cash purposes. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable.

For over–the–counter derivative transactions undertaken by the Entity, collateral is received from the counterparty. The collateral can be sold or repledged by the Entity and is repayable if the contract terminates or the contract's fair value decreases. No collateral received from the counterparty has been sold or repledged (2009: Nil).

(2.2) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

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

- A Entity liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Entity. Compliance with the policy is monitored and exposures and breaches are reported to the Entity risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Entity's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

Risk Management Framework continued

Maturity profiles

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

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

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Maturity Analysis (undiscounted cash flow basis)							
As at 31 December 2013	**Carrying Amount**	**Up to Year**	**1 - 3 years**	**3 - 5 years**	**5 - 15 years**	**No Maturity Date**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent	**1,895,754**	1,895,754					**1,895,754**
Financial Assets:							
- FVTPL	**2,500,562**	2,500,562	-	-	-	-	**2,500,562**
- Held-To-Maturity	**40,549**	-	40,549	-	-	-	**40,549**
- Loans and Receivables	**87,408**	87,408	-	-	-	-	**87,408**
- Available-for-Sale	**11,016,202**	11,008,619	7,583	-	-	-	**11,016,202**
Reinsurance Assets	**136,513**	136,513	-	-	-	-	**136,513**
Trade Receivables	**3,494**	3,494	-	-	-	-	**3,494**
Other Receivables and Prepayments	**134,075**	72,583	61,492	-	-	-	**134,075**
Total Undiscounted Assets	**15,814,557**	**15,704,933**	**109,624**	**-**	**-**	**-**	**15,841,557**
Insurance Contract Liabilities	**676,730**	676,730	-	-	-	-	**676,730**
Other Financial Liabilities	**-**	-	-	-	-	-	**-**
Trade Payables	**441,950**	441,950	-	-	-	-	**441,950**
Provisions and Other Payables	**84,326**	84,326	-	-	-	-	**84,326**
Income tax liabilities	**149,679**	88,829	60,850	-	-	-	**149,679**
Total Undiscounted Liabilities	**1,352,685**	**1,291,835**	**60,850**	**-**	**-**	**-**	**1,352,685**
TOTAL LIQUIDITY GAP	**14,461,872**	**14,413,098**	**48,774**	**-**	**-**	**-**	**14,461,872**

Risk Management Framework continued

As at 31 December 2012	Carrying Amount	Up to Year	1 - 3 years	3 - 5 years	Over 5 years	No Maturity Date	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='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	**8,811**	-	8,811	-	-	-	**8,811**
- Loans and Receivables	**91,376**	91,376	-	-	-	-	**91,376**
- Available-for-Sale	**11,640,326**	11,640,326	-	-	-	-	**11,640,326**
Reinsurance Assets	**129,173**	129,173	-	-	-	-	**129,173**
Trade Receivables	**10,397**	10,397	-	-	-	-	**10,397**
Other Receivables and Prepayments	**68,892**	68,892	-	-	-	-	**68,892**
Total Undiscounted Assets	**15,102,720**	**15,102,720**	**8,811**	**-**	**-**	**-**	**15,186,370**
Insurance Contract Liabilities	**460,286**	460,286	-	-	-	-	**460,286**
Other Financial Liabilities	**421,442**	421,442	-	-	-	-	**421,442**
Trade Payables	**447,125**	447,125	-	-	-	-	**447,125**
Provisions and Other Payables	**94,233**	94,233	-	-	-	-	**94,233**
Income tax liabilities	**80,147**	74,294	5,853	-	-	-	**80,147**
Total Undiscounted Liabilities	**1,503,233**	**1,497,380**	**5,853**	**-**	**-**	**-**	**1,503,233**
TOTAL LIQUIDITY GAP	**13,599,487**	**13,596,529**	**2,958**	**-**	**-**	**-**	**13,599,487**

The table below summarizes the expected utilization or settlement of assets and liabilities.

Maturity Analysis on expected maturity bases			
As at 31 December 2013	**Current***	**Non-current**	
Assets	**(Less than 12 months)**	**(12 months and above)**	**Total**
	=N='000	**=N='000**	**=N='000**
Cash and Cash Equivalent	**1,895,754**		1,895,754
Financial Assets	**13,644,721**		
Trade Receivables	**3,494**		3,494
Reinsurance Assets	**136,513**		136,513
Deferred Acquisition Cost	**188,159**		188,159
Deferred Tax Assets	**362,407**		362,407
Other Receivables and Prepayments	**134,075**		134,075
Investment Property	**57,382**		57,382
Property, Plant and Equipment	**1,015,995**		1,015,995
Statutory Deposit	**300,000**		300,000
Total Assets	**17,738,500**	**-**	17,738,500
Liabilities			
Insurance Contract Liabilities	**1,694,587**		1,694,587
Other Financial Liabilities	**-**		-
Trade payables	**441,950**		441,950
Provisions and Other payables	**84,326**		84,326
Income tax liabilities	**149,679**		149,679
Total Liabilities	**2,370,542**	**-**	**2,370,542**

Risk Management Framework continued

	Current*	Non-current	
As at 31 December 2012	**(Less than 12 months)**	**(12 months and above)**	**Total**
Assets	**=N='000**	**=N='000**	**=N='000**
Cash and Cash Equivalent	**2,816,193**		2,816,193
Financial Assets	**12,078,065**		12,078,065
Trade Receivables	**10,397**		10,397
Reinsurance Assets	**129,173**		129,173
Deferred Acquisition Cost	**60,804**		60,804
Deferred Tax Assets	**421,692**		421,692
Other Receivables and Prepayments	**68,892**		68,892
Investment Property	**83,650**		83,650
Property, Plant and Equipment	**854,993**		854,993
Statutory Deposit	**300,000**		300,000
Total Assets	**16,823,859**	**-**	**16,823,859**
Liabilities			
Insurance Contract Liabilities	**1,057,163**		1,057,163
Other Financial Liabilities	**421,442**		421,442
Trade payables	**447,125**		447,125
Provisions and Other payables	**94,233**		94,233
Income tax liabilities	**80,147**		80,147
Total Liabilities	**2,100,110**	**-**	**2,100,110**

(3) Market risk

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

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's ALM Committee and Board's Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and those assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.
- The Company stipulates diversification benchmarks by type of instrument and geographical area based on exposure to variations in interest rates, equity prices and foreign exchange.
- There is strict control over hedging activities.

(a) Currency risk

Currency risk is the potential risk of loss from fluctuating foreign exchange rates as a result of the company's exposure to foreign currency denominated transactions. It is also the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk arises primarily with respect to transactions denominated in foreign currencies. The Company's financial assets are primarily denominated in local currency as its insurance and investment contract liabilities. This mitigates the foreign currency exchange rate risk for its operations. Thus, the main foreign exchange risk arises from translation of recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled

Risk Management Framework continued

The table below summarizes the Company's assets and liabilities by major currencies:

Assets and Liabilities by Major Currencies:

As at 31st December 2013	Naira	Euro	Pound Sterling	US Dollars	Others	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	1,234,724	5,491	462	655,077	-	**1,895,754**
Financial Assets						
- At Fair Value Through Profit or Loss	2,500,562	-	-	-	-	**2,500,562**
- Held-To-Maturity	40,549	-	-	-		**40,549**
- Loans and Receivables	87,408	-	-	-	-	**87,408**
- Available-for-Sale	11,016,202					**11,016,202**
Trade Receivables	3,494	-	-	-	-	**3,494**
Reinsurance Assets	136,513	-	-	-	-	**136,513**
Deferred Acquisition Cost	188,159	-	-	-	-	**188,159**
Deferred Tax Assets	362,407	-	-	-	-	**362,407**
Other Receivables and Prepayments	134,075	-	-	-	-	**134,075**
Investment Property	57,382	-	-	-	-	**57,382**
Property, Plant and Equipment	1,015,995	-	-	-	-	**1,015,995**
Statutory Deposit	300,000	-	-	-	-	**300,000**
TOTAL	**17,077,470**	**5,491**	**462**	**655,077**	**-**	**17,738,500**
Insurance Contract Liabilities	1,694,587	-	-	-	-	**1,694,587**
Trade Payables	441,950	-	-	-	-	**441,950**
Provision and Other Payables	84,326	-	-	-	-	**84,326**
Income Tax Liabilities	149,679	-	-	-	-	**149,679**
Total Liabilities	**2,370,542**	**-**	**-**	**-**	**-**	**2,370,542**
As at 31st December 2012	**Naira**	**Euro**	**Pound Sterling**	**US Dollars**	**Others**	**Total**
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	2,816,193					**2,816,193**
Financial Assets						
- FVTPL	337,552					**337,552**
- Held-To-Maturity	8,811					**8,811**
- Loans and Receivables	91,376					**91,376**
- Available-for-Sale	11,640,326					**11,640,326**
Trade Receivables	10,397					**10,397**
Reinsurance Assets	129,173					**129,173**
Deferred Acquisition Cost	60,804					**60,804**
Deferred Tax Assets	421,692					**421,692**
Other Receivables & Prepayments	68,892					**68,892**
Investment Property	83,650					**83,650**
Property, Plant and Equipment	854,993					**854,993**
Statutory Deposit	300,000					**300,000**
TOTAL	**16,823,859**					**16,823,859**
Insurance Contract Liabilities	1,057,163					**1,057,163**
Other Financial Liabilities	421,442					**421,442**
Trade Payables	447,125					**447,125**
Provision and Other Payables	94,233					**94,233**
Income Tax Liabilities	80,147					**80,147**
Total Liabilities	**2,100,110**	**-**	**-**	**-**	**-**	**2,100,110**

The Company has no significant concentration of currency risk.

Risk Management Framework continued

Sensitivity Analysis
The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The movements in these variables are non–linear.

Sensitivity Analysis - Currency Risk					
		31 December 2013		31 December 2012	
Currency	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	impact on equity
		=N='000	=N='000	=N='000	=N='000
Euro	+10%	152	112	79	65
GBP	+10%	102	94	86	76
USD	+10%	396	287	264	204
Euro	-10%	-152	-112	-79	-65
GBP	-10%	-102	-94	-86	-76
USD	-10%	-396	-287	-264	-204
Note: impact on equity reflects adjustments for tax, where applicable.					

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

(b) Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment in fixed interest rate instruments exposes the Company to cash flow interest risk and fair value interest risk. This is because the Company’s investment approach is conservative with high investment in Fixed Income instruments. The company does not have interest-rate based liabilities. However, the Company’s investment income moves with interest rate over the time creating unrealized gains or losses.

The Company’s interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity or terminated.

The Entity has no significant concentration of interest rate risk.

Sensitivity Analysis
The table below details analysis of the impact of interest rate changes on reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of floating rate financial assets and liabilities, including the effect of fair value hedges) and equity (that reflects adjustments to profit before tax). The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

Risk Management Framework continued

Sensitivity Analysis - Interest Rate Risk								
As at 31 December 2013			**Impact on Equity**					
	Changes in variables	**Impact on profit before tax**	**Up to a year**	**1-3years**	**3-5years**	**Over 5 years**	**Total**
Interest Earning Assets		**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Short-term Deposit	+100 basis points	195	255	221	182	164	**822**
Treasury Bills	+100 basis points	163	201	198	186	153	**738**
Bond	+100 basis points	98	94	86	79	68	**327**
Short-term Deposit	-100 basis points	(195)	(255)	(221)	(182)	(164)	**(822)**
Treasury Bills	-100 basis points	(163)	(201)	(198)	(186)	(153)	**(738)**
Others	-100 basis points	(98)	(94)	(86)	(79)	(68)	**(327)**
Note: impact on equity reflects adjustments for tax, where applicable.							

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

(c) Equity 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 whose values will fluctuate as a result of changes in market prices, principally quoted stocks and shares securities.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.
The Company has no significant concentration of price risk.

Sensitivity Analysis

The following table contains the fair value and related equity price risk sensitivity of the Company's listed and non-listed equity securities. The equity price risk sensitivity has been calculated based on what the company views to be reasonably possible changes in the equity prices for the coming year. For listed securities a 20% change in the equity price has been used in the calculation of the sensitivity for 2012 and 2013. For the non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity for 2012 and 2013.
For the listed equity securities, changes in fair values would be recognized as gains or losses in the Profit or Loss Statement or OCI. While for the non-listed equity securities that are classified as available-for-sale assets, a decline in fair value would be recognized in the OCI as an impairment loss, while an increase in the fair value would be recognized in OCI.

Risk Management Framework continued

	31 December 2013				31 December 2012		
Market Indices	**Fair Value**	**Changes in variables**	**Impact on profit before tax**	**Impact on equity**	**Fair Value**	**Impact on profit before tax**	**impact on equity**
	=N='000		**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
FVTPL - Quoted Equities	2,500,562	+20%	278,246	347,808	337,552	65,060	81,325
AVS - Quoted Equities	34,619	+20%	13,294	16,617	687,069	(217,822)	(272,278)
AVS - Unquoted Equities	10,974,000	+40%	6,584,399	15,198,894	10,785,000	11,947,435	14,934,294
FVTPL - Quoted Equities	2,500,562	-10%	(185,498)	(231,872)	337,552	(43,373)	(54,217)
AVS - Quoted Equities	34,619	-20%	(13,294)	(16,617)	687,069	145,215	181,518
AVS - Unquoted Equities	10,974,000	-40%	(5,211,049)	(6,513,812)	10,785,000	(5,120,329)	(6,400,412)

(4) Operational Risk

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 reputation, have legal or regulatory implications or can lead to financial loss. The Entity cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Entity is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation 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.

(5) Valuation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the entity applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

The table below shows financial assets carried at fair value.

	2013	**2012**
	₦	**₦**
Quoted prices in active markets (level 1)	2,535,181	1,024,621
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	10,974,000	10,785,000
	13,509,181	11,809,621

Risk Management Framework continued

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total
	₦	₦	₦	₦
Financial assets at FVTPL:				
Equity shares	2,500,562	-	-	2,500,562
Bonds/debentures	-	-	-	-
Redeemable notes	-	-	-	-
	2,500,562	-	-	2,500,562
Financial Assets at AFS:				
Equity shares	34,619		10,974,000	11,008,619
Bonds/debentures	-	-	-	-
Redeemable notes	-	-	-	-
	34,619	-	10,974,000	11,008,619
Total financial assets at fair value	**2,535,181**	**-**	**10,974,000**	**13,509,181**

FINANCIAL LIABILITIES	Level 1	Level 2	Level 3	Total
	₦	₦	₦	₦
Financial liabilities at FVTPL:				
Derivative financial liabilities	-	-	-	-
Bonds/debentures	-	-	-	-
Other derivative financial liabilities	-	-	-	-
	-	-	-	-
Financial Liabilities at amortised cost:				
Bank loans	-	-	-	-
Bank overdrafts	-	-	-	-
Bonds/debentures	-	-	-	-
	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

Risk Management Framework continued

FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total
	₦	₦	₦	₦
Financial assets at FVTPL:				
Equity shares	337,552	-	-	337,552
Bonds/debentures	-	-	-	-
Redeemable notes	-	-	-	-
	337,552	-	-	337,552
Financial assets at AFS:				
Equity shares	687,069	-	10,785,000	11,472,069
Bonds/debentures	-	-	-	-
Redeemable notes	-	-	-	-
	687,069	-	10,785,000	11,472,069
Held to maturity (HTM)	-	-	-	-
Bonds/debentures	-	-	-	-
Redeemable notes	-	-	-	-
	-	-	-	-
Total financial assets	**1,024,621**	**-**	**10,785,000**	**11,809,621**

FINANCIAL LIABILITIES	Level 1	Level 2	Level 3	Total
	₦	₦	₦	₦
Financial liabilities at amortised cost:				
Bank Loans	-	-	-	-
Bank Overdrafts	-	-	-	-
Bonds/Debentures	-	-	-	-
	-	-	-	-
Total Financial Liabilities	-	-	-	-

Statement of Value Added

	2013		2012	
	N'000	**%**	N'000	%
Net premium	1,585,706		1,353,047	
Investment income	840,152		444,694	
Other income	250,709		177,690	
Claims incurred, commissions paid and operating expenses (local)	(1,505,378)		(1,754,565)	
Value added	**1,171,189**		**220,866**	
Distribution:				
Employees and directors (staff cost)	479,831	41	460,744	209
Government (taxes)	148,780	13	(392,639)	(178)
Asset replacement (depreciation)	45,439	4	41,311	19
Contingency reserve	82,857	7	64,130	29
Expansion (retained on the business)	414,282	35	47,320	21
Value added	**1,171,189**	**100**	**220,866**	**100**

Financial Summary

Statement of financial position
As at 31 December

	2013	2012	2011	2010
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	1,895,754	2,816,193	1,353,086	1,270,418
Financial assets	13,644,721	12,078,065	7,181,049	6,893,967
Trade receivables	3,494	10,397	422,718	376,681
Reinsurance assets	136,513	129,173	291,141	196,397
Deferred acquisition cost	188,159	60,804	78,295	83,552
Deferred tax assets	362,407	421,692	-	-
Other receivables and Prepayments	134,075	68,892	66,925	72,440
Investment Property	57,382	83,650	140,476	153,155
Property, plant and equipment	1,015,995	854,993	681,329	707,494
Statutory deposit	300,000	300,000	300,000	300,000
Total assets	**17,738,500**	**16,823,859**	**10,515,019**	**10,054,104**
Liabilities				
Insurance contract liabilities	1,694,587	1,057,163	1,070,270	937,670
Other financial liabilities	-	421,442	516,944	633,774
Trade payables	441,950	447,125	477,473	366,999
Provision and Other payables	84,326	94,233	139,878	204,294
Retirement benefit obligations	-	-	47,205	101,114
Income tax liabilities	149,679	80,147	31,057	50,781
Deferred tax liabilities	-	-	45,241	-
Total liabilities	**2,370,542**	**2,100,110**	**2,328,068**	**2,294,632**
Capital and reserves				
Issued and Paid share capital	3,999,396	3,999,396	2,551,396	2,551,396
Share premium	729,044	729,044	729,044	729,044
Contingency reserve	712,070	629,213	565,083	496,435
Retained earnings	(1,285,709)	(1,617,134)	(1,600,324)	(1,752,367)
Assets revaluation reserve	541,987	508,643	298,634	298,634
Fair value reserves	10,671,170	10,474,587	5,643,118	5,436,330
Total equity	**15,367,958**	**14,723,749**	**8,186,951**	**7,759,472**
Total liabilities and equity	**17,738,500**	**16,823,859**	**10,515,019**	**10,054,104**