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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
	-	Mr. Taukeme Koroye
	-	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
Registrars	-	Centurion Registrars 33C, Cameron Road, Ikoyi Lagos. www.centurionregistrars.com
Auditors	-	Akintola Williams Deloitte 235, Ikorodu road, Ilupeju, Lagos www.deloitte.com
Reinsurers	-	African Reinsurance Corporation, Lagos, Nigeria Swiss Reinsurance Company, Zurich, Switzerland Continental Reinsurance Plc, Lagos, Nigeria WAICA Reinsurance, Sierra Leone Arab Insurance Company, Bahrain Lloyd's Underwriter Syndicates No. 2010 MMX, London Lloyd's Underwriter Syndicates No. 0510 KLN, London Atrium Underwriters Limited @ Lloyd's Underwriter Syndicate, UK Hannover Ruck SE, Hannover, Germany
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

FINANCIAL HIGHLIGHTS

	2014 N'000	2013 N'000	Growth (%)
Comprehensive Income Statement			
Gross premium written	3,054,744	2,689,149	14
Gross premium income	3,129,064	2,131,579	47
Net premium income	1,950,854	1,585,707	23
Investment and other income	1,189,034	945,883	26
Profit before taxation	580,846	563,062	3
Profit after taxation	324,997	414,282	(22)
Statement Of Financial Position			
Total assets	18,000,568	17,738,500	1
Insurance contract liabilities	1,623,962	1,694,587	(4)

Key Ratios	2014	2013	Growth (%)
Claims ratio	0.70	0.60	16
Claims ratio (net)	0.35	0.73	(52)
Underwriting expenses ratio	0.40	0.34	19
Underwriting income ratio	0.13	0.07	94
Management expenses ratio	0.51	0.48	7

Our Performance

Despite the slow growth in penetration indices within the insurance industry, our gross premium written grew by 14% to N3.05billion in 2014 from N2.69billion. The growth was fuelled by the increased contribution of the Fire and General Accident policies to the gross premium written in 2014.

Investment income grew by 26% to N1.19billion in 2014 from N0.95billion in 2013 underscoring the successes of our investment management strategies.

Our profit before tax increased by 3% to N581million in 2014 from N563million in 2013. This is on the back of increased reinsurance expenses arising from enhanced risk cession strategies and other operational expenses incurred in the period. These are expected to pay-off in subsequent periods by reduction in future claims expense and enhanced operational efficiencies which will translate to enhanced profitability.

Outlook

Leveraging the experience in brokered businesses, corporate marketing and the vast opportunities in the insurance space due to the large population of the country, we will utilize the under-listed as a "go-to-market' strategies for 2015 and beyond:

a) **Expanding distribution channels into Retail insurance**
Having developed expertise in managing broker-relationship and corporate marketing management, we have birthed the Retail Marketing to further enhance our premium generation and expand the company's share of the non-life market.

b) **Enhance Product Development**
We will consistently explore the company's core value of being an innovative organization by constantly developing customer-friendly insurance product that will set us apart from other insurance companies and also continuously explore the regulation-approved insurance products for enhanced revenue generation

c) **Soft re-branding**
We realize that being an organization licensed by NAICOM to carry out insurance business in 1993, we will require to constantly remind customers (existing and prospective) of our presence in the insurance space, accentuate our past achievements and chronicle our potentials. This soft rebranding strategy will provide the required exposure at minimal cost.

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December, 2014.

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:

	2014 **N'000**	**2013** **N'000**
Profit before taxation	580,846	563,062
Taxation	(255,849)	(148,780)
Profit after tax	**324,997**	**414,282**

4. Directors

The Directors who served during the year were as follows:

Dr. John Anderson Eseimokumoh	Chairman
Mr. Babatunde R. Fatayi-Williams	Vice Chairman
Senator Udoma Udo Udoma	Director
Dr. Bukar Usman	Director
Mrs. Pelebo E. Banigo	Director
Mr. Taukeme Koroye	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

Report of the Directors continued

Changes on the Board

Mr Patmore Duate Iyabi resigned as a Director of the company on 29 October, 2014. Mr Taukeme Koroye was appointed to fill the casual vacancy thereby created and the appointment took immediate effect.

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 interests of the Directors in the issued share capital of the Company as recorded in the register of members as at 31 December, 2014 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:

	2014 Direct	2014 Indirect	2014 Total	2013 Total
*Dr. John Anderson Eseimokumoh				
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
Dr. Pius Apere	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. Taukeme Koroye	-	-	-	-
*Mr. Ikobho Anthony Howells	-	-	-	-
*Mr. Tamunoye Alazigha	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

Directors' indirect interests in the issued share capital of the Company as recorded in the Register of members were as follows:

1. Senator Udoma Udo Udoma — Tierce Investments Limited
2. Chief John Edozien — Stonebridge Investment Limited

6. Contracts

In accordance with Section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004, Chief Raymond Ihyembe and Mrs. Pelebo Banigo declared to the Board their interests in the following Contracts entered into by the Company during the year under review:

Chief Ihyembe is also a Director of Gresham Asset Management which managed Linkage's investment portfolio worth N220m

Mrs. Pelebo Banigo controls EF Shaw (The Executives) which provided catering services to the staff of Linkage for which a fee of N30.8m was paid for the year ended 31 December 2014.

Report of the Directors continued

7. Shareholding

The Company's issued share capital of **N3, 999,396,076** is made up of **7,998,792,151** 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 2014.

	No of shares	% holding
Bayelsa State Ministry of Finance Incorporated (BSMFI)	4,274,735,743	53.43%
Stanbic Nominees Nigeria Limited	841, 657,319	10.52%

b) Analysis of shareholders as at 31 December, 2014

LIST OF SHAREHOLDERS

Range			No Of Holders	Percent	Unit	Percent
1	-	10000	14001	61.9788	64,008,138	0.8001
10001	-	50000	5604	24.8074	145,098,691	1.8288
50001	-	100000	1494	6.6135	122,966,043	1.5371
100001	-	500000	1125	4.9801	249,913,619	3.1239
500001	-	1000000	176	0.7791	141,845,057	1.7731
1000001	-	5000000	121	0.5356	255,311,711	3.1914
5000001	-	10000000	27	0.1195	197,935,584	2.4742
10000001	-	50000000	28	0.1239	535,695,291	6.6962
50000001	-	100000000	9	0.0398	632,141,159	7.9018
100000001	-	500000000	3	0.0133	537,483,796	6.7185
500000001	-	1000000000	1	0.0044	841,657,319	10.5207
1000000001	-	10000000000	1	0.0044	4,274,735,743	53.4342
		Grand Total	**22590**	**100**	**7,998,792,151**	**100**

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 2014, 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 9 to the financial statements. In the opinion of the directors, the market value of the Company's assets is not lower than the value shown in the financial statements.

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	350,000
Children Living with Cancer	375,000
	725,000

11. Acquisition of own shares

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

The Company has a Related Party Investment Policy which covers Directors, Staff and related parties. This policy prevents employees, Directors and related individuals/companies from insider dealings in the shares of Linkage Assurance Plc and related parties. The essence of this policy is to prevent the abuse of confidential non-public information that may be gained during the execution of Company's business. In addition, the policy serves to ensure compliance with local laws and/or regulatory requirements. However, there was no case of violation within the financial year.

12. Fines and penalties

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

	₦
Late filing of financial statements to the Nigerian Stock Exchange	4,800,000
Late filing of 2012 tax returns to the Federal Inland Revenue Service	30,000
Late submission of evidence of premium remittance to NAICOM	250,000
Penalty for dealing with unregistered brokers	750,000
	5,830,000

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, 2014 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

14. Audit committee

1.	Major General E. O. Usiade (Rtd.)	Chairman/Shareholder.
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

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

24 March 2015

Corporate Governance Report

Introduction
Linkage Assurance Plc ("Linkage") is committed to implementing the best practice standards of Corporate Governance at all levels of its operations. The Board of Linkage is mindful of its obligations under the National Insurance Commission Corporate Governance Code (NAICOM Code), Companies and Allied Matters Act, 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 of Linkage Assurance Plc has the overall responsibility for ensuring the highest standards of corporate governance are maintained and adhered to by the Company. In order to promote effective governance of the Company, the following structures have been put in place for the execution of Linkage Assurance Plc's Corporate Governance strategy:

1) Board of Directors;
2) Board Committees; and
3) Executive Management Committees

Corporate Governance Structure

BOARD
The Board of Directors of Linkage 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 has continued to ensure that the Company adheres strictly to the implementation of corporate governance principles as well as all regulations guiding the operations of the Insurance Industry and other financial services Sector 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

Corporate Governance Report continued

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

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.

Executive Management Committees
These are Committees comprising of senior management of the company. They are set to ensure that all risk limits as contained in Board and regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. The Committees are risk driven as they are set up to identify, analyse, synthesise and make recommendations on risks arising from within the company's operating environment. The Committees meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. These committees include the Executive Management Committee, Management Investment Committee, Business Strategy Committee and the Management Enterprise Risk Committee.

Internal Audit Function
In consonance with the commitment of the Company to be a dynamic world class Company fully accountable to the Board of Directors and shareholders, the Internal Audit Unit has been further strengthened with the recruitment of additional staff to broaden its scope and thus enhance the control and oversight service rendered 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 Meeting held in 2014

S/N	Names of Directors	20 February, 2014	17 April, 2014	13 June, 2014	26 August, 2014	29 October, 2014	3 December, 2014
1	Dr. John Anderson Eseimokumoh	1	1	1	1	1	1
2	Mr. Inam Udo Udoma	1	-	1	1	1	1
3	Dr. Bukar Usman	-	1	1	1	1	1
4	Chief John Edozien	1	1	1	-	1	-
5	Chief Raymond Ihyembe	1	1	1	1	1	1
6	Mr. Tamunoye Alazigha	-	1	1	-	1	1
7	Dr. Samuel Edoumiekumo	1	1	1	1	*	*
8	Mrs. Pelebo Banigo	1	1	1	1	1	-
9	Mr. Ikobho Anthony Howells	1	1	1	-	1	1
10	Mr. Babatunde Fatayi-Williams	1	1	1	1	1	1
11	Mr. G.U.S Wiggle	1	1	1	1	1	1
12	Dr. Pius Apere	1	1	1	1	1	1
13	Mr. Taukeme Koroye	*	*	*	*	1	1

- Not on the Board

Attendance at the Investment & Risk Management Committee Meetings held in 2014

S/N	Names of Directors	16 April, 2014	25 August, 2014	28 October, 2014	2 December, 2014
1	Chief Raymond Ihyembe	1	1	1	1
2	Mr. Ikobho Anthony Howell	1	-	1	1
3	Dr. Bukar Usman	1	1	1	-
4	Mr. Tamunoye Alazigha	1	1	-	1
5	Mr. G.U.S Wiggle	1	1	1	1
6	Dr. Pius Apere	1	1	1	1

Attendance at the Audit Committee Meetings held in 2014

S/N	Members	Status	15 January, 2014	15 April, 2014	28 October, 2014
1	Maj. Gen. E.O Usiade (Rtd.)	Shareholder/Chairman	1	1	1
2	Mr.G.A Anono	Shareholder	1	1	1
3	Mr. Waheed Adegbite	Shareholder	1	1	1
4	Chief Raymond Ihyembe	Director	1	1	1
5	Mr. Mr. Tamunoye Alazigha	Director	1	1	-
6	Mr. Ikobho Anthony Howells	Director	1	1	1
7	Mr. G.U.S Wiggle	Director	1	1	1

Attendance at the Strategy Planning & Establishment Committee Meetings held in 2014

S/N	**Names of Directors**	**16 April, 2014**	**26 August, 2014**	**28 October, 2014**
1	Mr. Babatunde Fatayi Williams	1	1	1
2	Chief John Edozien	1	-	1
3	Mrs. Pelebo Banigo	1	1	1
4	Mr. Inam Udo Udoma	-	1	1
5	Dr. Samuel Edoumiekumo	1	1	*
6	Mr. G.U.S Wiggle	1	1	1

Attendance at the Board Audit & Compliance Committee Meetings held in 2014

S/N	**Members**	**Status**	**2 December 2014**
1	Mr. Taukeme Koroye	Chairman	1
2	Chief Raymond Ihyembe	Director	1
3	Mr. Ikobho Anthony Howells	Director	1
4.	Chief John Edozien	Director	-
5.	Mr. Tamunoye Alazigha	Director	-

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 2014 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 2014 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

23 March 2015

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

Enterprise Risk Management Declaration Statement

In accordance with the requirements of Section 2.10 of *Guidelines for Developing Risk Management Framework of 2012*, the Board of Directors of Linkage hereby declares that, to the best of its knowledge and belief, having made appropriate enquiries:

a) The company has systems in place for the purpose of ensuring compliance with this guideline;

b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company;

c) The company has in place a Risk Management Strategy, developed in accordance with the requirements of this guideline, setting out its approach to risk management; and

d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations.

………………………………………	…………………………………….
Dr. John A. Eseimokumoh	**G.U.S Wiggle**
(Chairman)	**(Managing Director/CEO)**
FRC/2014/ICAN/00000007083	**FRC/2013/CIIN/00000002944**

Statement of Directors' Responsibilities

For the preparation and approval of the Financial Statements

The Directors of **LINKAGE ASSURANCE PLC** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2014, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act CAP 117 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

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

The Directors are responsible for:

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

Going Concern:
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 31 December 2014 were approved by directors on 24 March 2015

On behalf of the Directors of the Company

Dr. John Anderson Eseimokumoh	G.U.S Wiggle	Olawale Bakir
Chairman	Managing Director/CEO	Chief Finance Officer
FRC/2014/ICAN/00000007083	FRC/2013/CIIN/00000002944	FRC/2013/ICAN/00000002055

REPORT OF THE INDEPENDENT AUDITORS 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 statements of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity**,** statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004, the Financial Reporting Council of Nigeria Act 2011,and for such internal control as the Directors determine is necessary to enable the preparation of 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 give a true and fair view of the financial position of **LINKAGE ASSURANCE PLC** as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Other reporting responsibilities

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

  i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
  ii) The Company has kept proper books of account, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us
  iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns

The Company contravened certain sections of NAICOM circulars and guidelines during the year, the particulars thereof and penalties paid are as disclosed in Note 42 to the financial statements.

David Achugamonu, FCA-FRC/2013/ICAN/00000000840
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria

26 May 2015

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), Companies and Allied Matters Act, 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.

2. Basis of preparation

2.1 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 I17 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).

2.2 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.

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)
Amendments to IFRSs and the new Interpretation that is mandatorily effective for the current year

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services,
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

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

Company information and Accounting Policies

2.4 Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (continued)

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

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

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.
As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

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

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

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

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

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

Company information and Accounting Policies

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

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

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

IFRS 9 Financial Instruments

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

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

Key requirements of IFRS 9:

· All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI.

All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Company information and Accounting Policies

Key requirements of IFRS 9 (continued):

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

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

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

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

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

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

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

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

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

Company information and Accounting Policies

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

The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.
A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

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

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

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

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

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

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

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.
For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees’ periods of service using the projected

unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Company information and Accounting Policies

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (Cont'd)
The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Company's financial statements.

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

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

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

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

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

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

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

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

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

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

Company information and Accounting Policies

Annual Improvements to IFRSs 2011-2013 Cycle (Cont'd)

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

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

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

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

3. Significant accounting policies

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.

3.1 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.

3.2 Financial instruments

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

3.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

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

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

Financial assets at fair value through profit or loss

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

Company information and Accounting Policies

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.

3.2.2 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.

3.2.3 Subsequent measurement

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

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

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

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

Available-for-sale financial assets

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

Company information and Accounting Policies

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.

3.2.4 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

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.

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.

Company information and Accounting Policies

3.2.4 Impairment of financial assets (continued)

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.

3.2.5 De-recognition 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.

Company information and Accounting Policies

3.2.6 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.

3.2.7 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.

3.3 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.

3.4 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.

Company information and Accounting Policies

3.5 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.

3.6 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.

3.7 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.

3.8 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.

Company information and Accounting Policies

3.9 Intangible Assets

The company recognises intangible assets if and only if

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the company
- it is feasible to complete the asset so that it becomes available for sale
- there is ability to use or sell the asset; and
- the cost of the asset can be measured reliably

3.10 Computer software

The Company recognises computer software acquired as intangible asset.

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses (where this exists). Acquired intangible assets are recognised at cost on acquisitions date. Subsequent to initial recognition, these assets are carried as cost less accumulated amortisation and impairment losses in value, where appropriate.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the economic benefits embodied in the asset. The assets are usually amortised over their useful life most which do not exceed 4 years. Amortisation methods are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The differences between the carrying amounts at the date of derecognition and any disposal proceeds as applicable, is recognised in the statement of comprehensive income.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised cost of internally developed software include all cost directly attributable to developing the software and capitalised borrowing cost, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

There was no internally developed software at the date of reporting.

3.11 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.

Company information and Accounting Policies

Decreases that offset previous increases in land and buildings arising from revaluation are charged against the revaluation reserve while other decreases, if any, are charged to profit or loss.

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

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

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

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

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

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

3.12 Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset 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.

Company information and Accounting Policies

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.

3.13 Statutory Deposit

The Company maintains a statutory deposit with the Central Bank of Nigeria (CBN) which represents 10% of the minimum capitalisation in compliance with the Insurance Act. This balance is not available for the day-to-day operations of the Company Statutory deposit is measured at cost.

3.14 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 (IBNR) at the reporting date.

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 N1,623,963,000 (2013: N1,694,587,000).

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

Company information and Accounting Policies

Assumptions used in the valuation are as follows:

	2014	2013
Projected Inflation Rate (assume rate will remain unchanged into the future)	11%	10%
Current Short-term Yield	13%	13%
Discount rate	14.5%	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 eight years.
- Past official inflation rates used and assumed a 15% rate for future which is expected to remain unchanged.

3.15 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.

3.16 Other liabilities

Other financial liabilities and accruals are recognised initially as fair value and subsequently measured at amortised cost using the effective interest rate method. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the li ability is less than one year discounting is omitted.

3.17 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.

Company information and Accounting Policies

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.

Staff Severance scheme

The Company commenced the operation of a Staff Sinking Fund Scheme upon obtaining Board of directors' approval in May 2014. This Sinking Fund is non-contributory defined employee exit benefit plan under which the company alone makes fixed contributions into a separate entity and the fund can only be accessed by staff members at the point they are exiting the company for reasons other than dismissal. The amount payable to exiting staff is dependent on years of service and compensation as at date of exit. This value of this benefit is actuarially determined at each reporting date by an independent actuary and is duly backed by investment in the managed by independent Fund Managers.

3.18 Taxation

Company Income Tax

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

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

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax credits and losses, only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

3.19 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 and as note within the financial statements.

Company information and Accounting Policies

Contingency Reserves
Contingency reserve is calculated at the higher of 3% of gross premium and 20% of net profits. This amount is expected to be accumulated until it amounts to the higher of minimum paid-up capital for a non-life (general) insurance company or 50% of gross premium in accordance with section 21(2) of the Insurance Act 2003.

3.20 Valuation of available-for-sale unquoted equity

The Company fair values its unquoted investment in Stanbic IBTC Pension Ltd, which is classified as available for sale. The fair value at 31 December 2014 was N10.848 billion (2013 – N10.974 billion). Fair value was determined using the Discounted Cash Flow (DCF) method, Level 3 input of the International Financial Reporting Standards (IFRS) 13 fair value hierarchy.

Below is a summary of the significant assumptions used in arriving at the fair value.

	2014	**2013**
Growth in Gross Income(GI) %	20,15,15,15,15	20,15,15,15,15
Opex/GI (%)	37	37
Dep & Amort/GI (%)	2	2
Effective tax rate: Tax/PBT (%)	31	32
Capex/GI (%)	4	4
	11.5	12.5
Expected Market Rate of Return %	23.10	21.22
Risk free rate	15.10	13.22
Market Risk Premium	8	7
Beta	1	1
WACC	23.10	21.22
Value of Linkage's Equity Stake	₦10.848 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 (N million)									
	Terminal growth rate of FCF									
		9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	12.50%	13.00%	13.50%
	21.10%	120,935	124,594	128,598	132,999	137,858	143,251	149,271	156,034	163,687
	21.60%	116,181	119,489	123,096	127,043	131,381	136,170	141,486	147,420	154,086

	22.10%	111,806	114,808	118,070	121,625	125,515	129,791	134,512	139,752	145,602
W	22.60%	107,766	110,500	113,460	116,675	120,179	124,015	128,230	132,884	138,049
A	23.10%	104,024	106,521	109,216	112,134	115,304	118,759	122,540	126,696	131,284
C	23.60%	100,549	102,836	105,298	107,955	110,832	113,957	117,364	121,091	125,188
C	24.10%	97,313	99,413	101,669	104,096	106,716	109,553	112,634	115,992	119,668
	24.60%	94,292	96,226	98,297	100,521	102,915	105,498	108,295	111,333	114,645
	25.10%	91,466	93,251	95,158	97,200	99,393	101,753	104,301	107,059	110,055

Company information and Accounting Policies

3.20 Valuation of available-for-sale unquoted equity (Cont'd)

	Cummulative Present Value of FCF									
	Terminal growth rate of FCF									
		9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	12.50%	13.00%	13.50%
	21.10%	4.,663	43,663	43,663	43,663	43,663	43,663	43,663	43,663	43,663
	21.60%	43,237	43,237	43,237	43,237	43,237	43,237	43,237	43,237	43,237
	22.10%	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820
W	22.60%	42,409	42,409	42,409	42,408	42,409	42,409	42,409	42,409	42,409
A	23.10%	42,005	42,005	42,005	42,005	42,005	42,005	42,005	42,005	42,005
C	23.60%	41,608	41,608	41,808	41,008	41,608	41,608	41,808	41,608	41,608
C	24.60%	412,10	41,210	41,210	41,210	41,210	41,218	41,210	41,210	41,210
	24.60%	40,834	40,834	40,834	40,834	40,834	40,834	40,834	40,834	40,834
	25.10%	40,457	40,457	40,457	40,457	40,457	40,457	40,457	40,457	40,457

3.21 Contingent liabilities and assets

Possible obligations of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the company and present obligations of the Company where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognised in the Company statement of financial position but are disclosed in the notes to the financial statement.

Possible assets of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the company, are not recognised in the Company statement of financial position but are disclosed in the notes to the financial statement where an inflow of economic benefits is probable.

3.22 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'.

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 3.5.4

3.23 Insurance contracts

.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.

.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.

Company information and Accounting Policies

Claims payable
Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and incurred but not yet reported (IBNR).

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

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

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

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

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

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.

3.24 Revenue recognition

Insurance Premium Revenue
The revenue recognition policy relating to insurance contracts is set out under 3.17.2

Commission Earned
The revenue recognition policy on commission is disclosed in 3.17.2

Company information and Accounting Policies

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.

3.25 Claims

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders and/or beneficiaries. They included direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not been reported to the company.

The company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors. No provision has been made for possible claims under contracts that are not in existence at the end of the reporting period.

3.26 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition cost comprise all direct and indirect costs arising from the writing of insurance contracts. Examples include, but are not limited to, commission expense, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contracts. These are charged in the income statements.

3.27 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.

3.28 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 note 1).

Company information and Accounting Policies

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.

3.29 Earnings per Share

The Company presents earnings per share for its ordinary shares. The basic earnings per share (EPS) are calculated by dividing the net profit attributable to shareholders' by the weighted average number of ordinary shares in issue during the year. The adjusted EPS is calculated using the number of shares in issue as at balance sheet date. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

3.30 Comparatives

Except where a standard or an interpretation permits or requires otherwise, all accounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

Statement of financial position
As at 31 December 2014

	Note	2014	2013
Assets		**₦'000**	**₦'000**
Cash and cash equivalents	2	2,239,372	1,895,754
Financial assets	3	13,521,354	13,660,786
Trade receivables	4	3,895	3,494
Reinsurance assets	5	398,213	136,513
Deferred acquisition cost	6	119,415	188,159
Deferred tax assets	19	197,167	362,407
Other receivables and Prepayments	7	83,546	118,010
Investment Properties	8	71,700	57,382
Intangible assets	9	34,765	-
Property, plant and equipment	10	1,006,795	1,015,995
Statutory deposit	11	300,000	300,000
Total assets		**17,976,222**	**17,738,500**
Liabilities			
Insurance contract liabilities	12	1,623,963	1,694,587
Trade payables	14	244,617	441,950
Provision and other payables	15	249,361	84,326
Retirement benefit obligations	16	128,279	-
Income tax liabilities	17	142,313	149,679
Total liabilities		**2,388,533**	**2,370,542**
Equity			
Share capital	20	3,999,396	3,999,396
Share premium	21	729,044	729,044
Contingency reserve	22	803,712	712,070
Retained earnings	23	(1,049,054)	(1,285,709)
Assets revaluation reserve	24	567,004	541,987
Fair value reserves	25	10,537,587	10,671,170
Total equity		**15,587,689**	**15,367,958**
Total liabilities and equity		**17,976,222**	**17,738,500**

The financial Statements were approved on 24 March, 2015 and signed on behalf of the Board of Directors by:

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

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

Olawale Bakir (Chief Finance Officer)
FRC/2013/ICAN/00000002055

Statement of profit or loss and other comprehensive income

	Note	2014 N'000	2013 N'000
Gross premium written	26	**3,054,744**	**2,689,148**
Gross premium income	27	3,129,064	2,131,578
Reinsurance expenses	29	(1,178,210)	(545,872)
Net premium income		**1,950,854**	**1,585,706**
Fees and Commission income	30	223,986	144,978
Net underwriting income		**2,174,840**	**1,730,684**
Net Claims expenses	31	(552,964)	(645,993)
Underwriting expenses	32	(1,219,378)	(901,670)
Underwriting profit		**402,498**	**183,021**
Investment income	34	1,011,788	840,152
		1,414,286	**1,023,173**
Net fair value gains on financial assets at fair value through profit or loss	35	(5,196)	289,840
Other Operating income	36	177,246	105,731
Management expenses	37	(1,005,490)	(855,682)
Profit before taxation		**580,846**	**563,062**
Income taxes	17.1	(255,849)	(148,780)
Profit after tax		**324,997**	**414,282**
Other comprehensive income net of tax			
Items that will be reclassified subsequently to profit or loss:			
Net gain on revaluation reserve during the year	8	28,317	33,344
Net fair value loss on available-for-sale financial assets	38	(133,583)	196,583
Total other comprehensive income, net of tax		(105,266)	229,927
Total comprehensive income for the year		**219,731**	**644,209**
Basic earnings per share attributable to equity shareholders for the year (kobo)	39	**4.1**	**5.2**

Statement of Changes in equity for the year ended 31 December 2014

	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 2014	3,999,396	729,044	712,070	541,987	10,671,170	(1,285,709)	15,367,958
Profit for the year	-	-	-	-	-	324,997	324,997
Transfer to Contingency reserve	-	-	91,642	-	-	(91,642)	-
Realised gain on the valuation on property, plant and equipment	-	-	-	(3,300)	-	3,300	-
Revaluation surplus on conversion of owner-occupied property to rental property (note 8)	-	-	-	28,317	-	-	28,317
Net fair value changes on AFS financial assets transferred from other comprehensive income	-	-	-	-	(133,583)	-	(133,583)
At 31 December 2014	3,999,396	729,044	803,712	567,004	10,537,587	(1,049,054)	15,587,689

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 as restated	-	-	-	-	-	414,282	414,282
Transfer to Contingency reserve	-	-	82,857	-	-	(82,857)	-
Revaluation surplus				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 Cash Flows

	Note	**2014** **N'000**	2013 N'000
Cash flows from operating activities			
Cash used in operations	40	(434,184)	(632,684)
Tax paid	17	(97,975)	(19,963)
VAT paid		(16,156)	(14,823)
Net cash used in operating activities		(548,315)	(667,470)
Cash flows from investing activities			
Purchase of properties, plant and equipment	10	(108,696)	(178,868)
Purchase of intangible assets	9	(38,808)	-
Proceeds from sale of properties, plant and equipment		2,755	7,981
Purchase of investment securities		(32,489)	(1,972,679)
Proceeds from sale of investment property		47,900	27,750
Proceeds from sale of investment securities		74,974	1,169,697
Interest received	34	189,420	235,873
Dividend received	34	756,877	457,277
Net cash provided by/(used in) investing activities		891,933	(252,969)
Cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		343,618	(920,439)
Cash and cash equivalents at 1 January		1,895,754	2,816,193
Cash and cash equivalents at 31 December	2	2,239,372	1,895,754

Notes to the financial statements

1. Segment reporting

Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports of reportable segments 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:

- Motor
- Fire
- General accident
- Marine & aviation
- Oil & gas

The following is an analysis of the Company's revenue and result by reportable segment in 2014.

Income:	**Motor**	**Fire**	**General Accident**	**Marine & Aviation**	**Oil & Gas**	**Others**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross Premium Written	689,132	478,718	488,404	444,986	694,261	259,243	3,054,744	2,689,148
Net change in unearned premium	(51,411)	(29,735)	(20,853)	(50,091)	243,528	(17,118)	74,320	(557,570)
	637,721	**448,983**	**467,551**	**394,895**	**937,789**	**242,125**	3,129,064	2,131,578
Re-insurance cost	(68,654)	(215,436)	(124,419)	(207,304)	(436,338)	(126,059)	(1,178,210)	(545,872)
Net premium income	569,067	233,547	343,132	187,591	501,451	116,066	1,950,854	1,585,706
Commission Received	6,930	62,500	54,649	58,590	74	41,243	223,986	144,978
Net underwriting Income	575,997	296,047	397,781	246,181	501,525	157,309	2,174,840	1,730,684
Expenses:								
Acquisition cost	95,366	130,181	108,779	113,796	161,113	43,311	652,546	458,716
Net claims incurred	186,469	95,986	77,432	(25,179)	245,227	(26,971)	552,964	645,993
Maintenance expenses	127,748	87,787	94,008	82,337	127,331	47,621	566,832	442,954
	409,583	313,954	280,219	170,954	533,671	63,960	1,772,342	1,547,663
Segment underwriting profit	**166,414**	**(17,907)**	**117,562**	**75,227**	**(32,146)**	**93,348**	**402,498**	**183,021**

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.

The revenue of engineering segment does not meet the quantitative thresholds and therefore does not qualified as a reporting segment. The segment is accordingly reported as 'Others'.

Notes to the financial statements

2 Cash and cash equivalents

Cash and cash equivalents comprise:	2014	2013
	₦'000	**₦'000**
Cash in hand	313	4,350
Balances with banks & other financial institutions	2,281,372	1,933,629
	2,281,685	1,937,979
Allowance for impairment	**(42,313)**	(42,225)
	2,239,372	1,895,754
Allowance for impairment		
At 1 January	42,225	42,225
Addition	88	-
At 31 December	**42,313**	42,225

These are cash balances 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.

3 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.

	2014	2013
	₦'000	**₦'000**
Fair value through profit or loss (note 3.1)	2,496,892	2,500,562
Available-for-sale (note 3.2)	10,913,583	11,016,202
Loans and receivables (note 3.6)	80,177	103,473
Held to maturity (note 3.7)	30,702	40,549
	13,521,354	13,660,786

Financial Instrument Classification	**2014**				
	Fair Value through Profit or Loss ₦'000	**Available for Sale ₦'000**	**Loans and Receivables ₦'000**	**Held to Maturity ₦'000**	**Total ₦'000**
- Listed	2,496,892	33,094	-	-	2,529,986
- Unlisted	-	10,880,489	-	-	10,880,489
- Others	-	-	80,177	30,702	110,879
	2,496,892	10,913,583	80,177	30,702	13,521,354
Within one Year	2,496,892	-	80,177	-	2,577,069
More than one year	-	10,913,583	-	30,702	10,944,285
	2,496,892	10,913,584	80,177	30,702	13,521,354

Notes to the Financial Statements

Financial Instrument Classification	**2013**				
	Fair Value through Profit or Loss	**Available for Sale**	**Loans 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	-	-	103,473	-	103,473
	2,500,562	11,016,202	103,473	40,549	13,660,786
Within one Year	2,500,562	-	103,473	10,222	2,614,257
More than one year	-	11,016,202		30,327	11,046,529
	2,500,562	11,016,202	103,473	40,549	13,660,786

3.1 Fair value through profit or loss

Fair value through profit or loss assets comprises:	**2014**	**2013**
	₦'000	**₦'000**
Quoted equity instruments	2,500,562	2,210,722
Fair value changes	(3,670)	289,840
	2,496,892	2,500,562

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

3.2 Available for sale

Available for sale financial assets comprise:

	2014	2013
	₦'000	₦'000
Quoted equities and unit trust schemes (note 3.3)	33,094	34,619
Un-quoted equities - at fair value (note 3.4)	10,848,000	10,974,000
Un-quoted equities - at cost (note 3.5)	32,489	7,583
	10,913,583	11,016,202

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

Investment in Quoted unit trust schemes		
At 1 January	34,619	687,069
Disposal	-	(879,348)
Fair value changes	(1,525)	226,898
At 31 December	**33,094**	34,619

Notes to the Financial Statements

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

	2014	2013
	₦'000	₦'000
Investment in Unquoted equities		
Opening balance	10,974,000	10,785,000
Fair value change	(126,000)	189,000
	10,848,000	10,974,000

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.

3.5 The carrying amount of Available for sale unquoted equities measured at cost is as follows:

	2014	2013
	₦'000	₦'000
Unquoted equity at cost		
At 1 January	175,368	312,615
Addition	32,489	-
Disposal	(7,583)	(144,830)
Fair value gain	-	7,583
Write off	(15,000)	-
	185,274	175,368
Impairment allowance	(152,785)	(167,785)
At 31 December	**32,489**	7,583
Impairment allowance		
At 1 January	167,785	144,358
De-recognition upon write off of the underlying asset	(15,000)	-
Addition	-	23,427
At 31 December	**152,785**	167,785

3.6 Loans and receivables

	2014	2013
Amortized cost	**₦'000**	₦'000
Loan to financial institutions	114,398	143,595
Loan to staff	26,721	16,157
Loan to policy holders	13,655	13,654
	154,774	173,406
Allowance for impairment	(74,597)	(69,933)
	80,177	103,473
Impairment allowance		
At 1 January	69,933	69,841
Addition	4,664	92
At 31 December	**74,597**	69,933

Loans and receivables are measured at amortized cost using the effective interest rate. The effective interest rate for the purpose of staff loan valuation is the applicable market lending rates at the time of availment.

Notes to the Financial Statements

		2014	2013
3.7	**Held to maturity**	**₦'000**	**₦'000**
	At 1 January	40,549	40,549
	Interest receivable	1,345	-
		41,894	40,549
	Allowance for impairment	(11,192)	-
	At 31 December	**30,702**	40,549

This represents amortised cost of the Company's investment in the Nigerian Aviation Handling Company's (NAHCO) 7-year bond. Interest on the instrument is payable half-yearly at 15.25%.

		2014	2013
4	**Trade receivables**	**₦'000**	₦'000
	Due from brokers	434,826	459,150
	Due from agents	267,622	272,199
		702,448	731,349
	Allowance for impairment (note 4.1)	(698,553)	(727,855)
		3,895	3,494

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

At 1 January	727,855	805,457
Addition during the year	-	802
Provision no longer required	(29,302)	(78,404)
At 31 December	**698,553**	727,855

Net balance reported as due from brokers and agents at year end has been fully received subsequently.

4.2 Analysis of debtors in days

0 - 90 days	3,895	3,494
91 - 180 days	-	-
181 - 270 days	-	-
271 - 365 days	-	-
Over 365 days	698,553	727,855
	702,448	731,349

Notes to the Financial Statements

		2014	2013
		₦'000	₦'000
5	**Reinsurance assets**		
	Prepaid reinsurance (note 5.1)	208,698	106,642
	Reinsurance projection on unexpired risk	(909)	20,583
	Reinsurance recoverable	143,706	134,429
	Reinsurance projection on Incurred But Not Reported (IBNR)	46,718	25,069
		398,213	286,723
	Reinsurance recoverable adjustment	-	(133,114)
		398,213	153,609
	Allowance for impairment	**-**	(17,096)
		398,213	136,513
	Impairment allowance		
	At 1 January	17,096	17,096
	No longer required	(17,096)	-
	At 31 December	**-**	17,096
5.1	**Breakdown of prepaid reinsurance is as follows:**		
	Motor	10,645	-
	Fire	64,355	46,587
	General accident	28,483	16,825
	Engineering	50,418	21,858
	Marine	54,797	21,372
		208,698	106,642
	Reinsurance projection on UPR	(909)	20,583
		207,789	127,225

Notes to the Financial Statements

6 Deferred acquisition cost

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

	2014	2013
	₦'000	**₦'000**
Motor	29,993	23,510
Fire	27,621	19,583
Accident	17,190	12,879
Engineering	14,273	11,623
Marine	22,942	14,438
Oil & Gas	7,396	106,126
	119,415	188,159

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

At 1 January	188,159	60,804
(Decrease)/Increase during the year	(68,744)	127,355
At 31 December	**119,415**	188,159

7 Other receivables and Prepayments

Prepayments	51,321	52,289
Sundry receivables	32,225	65,721
	83,546	118,010

8 Investment Properties

At 1 January	57,382	83,650
Reclassification of owner-occupied property	43,384	-
Disposal	(57,383)	(29,001)
Fair value gain	28,317	2,733
At 31 December	**71,700**	57,382

Reclassification was due to change in use of the Company's property located at 11A Coker Road Ilupeju Lagos from owner-occupied building to rental property. The property was valued at N71.7m at 31 December 2014 by Emma Akpa and Co, a certified firm of actuaries with FRC registration number FRC/2013/00000000001665.

Notes to the Financial Statements

9	**Intangible assets**	**2014**	2013
		₦'000	₦'000
	Cost		
	Acquisition in the year	38,808	-
	Accumulated Amortization		
	Charge for the year	4,043	-
	Net Book Value		
	At 31 December	**34,765**	-

Acquisition relates to purchase and implementation costs of IES-Online, a new software application purchased during the year.

Notes to the Financial Statements

10 Property, plant and equipment

	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 2014	462,336	209,335	325,630	103,237	220,204	237,353	1,558,095
Additions	-	1,350	87,435	3,353	16,558	-	108,696
Disposals	-	-	(35,040)	-	-	-	(35,040)
Reclassification (note 8)	-	(48,335)	-	-	-	-	(48,335)
At 31 December 2014	462,336	162,350	378,025	106,590	236,762	237,353	**1,583,416**
Accumulated depreciation							
At 1 January 2014	-	44,695	213,982	88,449	194,974	-	542,100
Charge for the year	-	4,318	52,768	4,656	11,266	-	73,008
Reclassification/adjustment		(4,951)					(4,951)
Disposals			(33,536)			-	(33,536)
At 31 December 2014	-	44,062	233,214	93,105	206,240	-	**576,621**
Net book value							
At 31 December 2014	462,336	118,288	144,811	13,485	30,522	237,353	**1,006,795**
At 31 December 2013	462,336	164,640	111,648	14,788	25,230	237,353	**1,015,995**

Notes to the Financial Statements

Property, plant and equipment

	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 2013	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/(deficit)	33,344						**33,344**
Disposals	-	-	(40,358)		(1,115)	-	**(41,473)**
At 31 December 2013	462,336	209,335	325,630	103,237	220,204	237,353	**1,558,095**
Accumulated depreciation							
At 1 January 2013	-	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 2013	-	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**

11 Statutory deposit

This represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act, CAP 117 LFN 2004. The amount is not available for the day-to-day funding operations of the company.

Notes to the Financial Statements

		2014 ₦'000	2013 ₦'000
12	**Insurance contract liabilities**		
	Provision for claims reported by policyholders (note 12.1)	384,236	556,039
	Provision for IBNR	249,471	95,622
	Reinsurance projection on IBNR	46,718	25,069
	Outstanding claims provision	680,425	676,730
	Provision for unearned premium (note 12.2)	943,538	1,017,857
	Total insurance contract liabilities	**1,623,963**	1,694,587

Total outstanding claims per class of business:

		Gross Outstanding claims 2014 ₦'000	Reinsurance recoveries 2014 ₦'000	Net 2014 ₦'000	Gross Outstanding claims 2013 ₦'000	Reinsurance recoveries 2013 ₦'000	Net 2013 ₦'000
	Motor	78,042	2,971	75,071	88,005	2,186	85,819
	Fire	116,413	6,175	110,238	80,907	2,900	78,007
	General accident	128,672	30,593	98,079	156,106	10,280	145,826
	Engineering	30,477	(6,110)	36,587	61,655	3,127	58,528
	Marine	70,712	4,603	66,109	82,247	665	81,582
	Oil & Gas	256,109	8,486	247,623	207,810	5,911	201,899
		680,425	46,718	633,707	676,730	25,069	651,661
12.1	Reported claims	384,236	-	384,236	556,039	-	556,039
	IBNR	296,189	46,718	249,471	120,691	25,069	95,622
		680,425	46,718	633,707	676,730	25,069	651,661

The Liability Adequacy Test (LAT) was carried out by HR Nigeria Limited, a firm of certified actuaries with FRC number FRC/NAS/00000000738. The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.
Assumptions used in the valuation are as follows:

Projected Inflation Rate (assume rate will remain unchanged into the future)	11%	10%
Current Short-term Yield	13%	13%
Discount rate	15%	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 assumed is 11% for future which is expected to remain unchanged.

Notes to the Financial Statements

12.2 Breakdown of unearned premium per class of business:

	Unearned premium 2014	Unearned premium 2013
	₦'000	₦'000
Motor	244,674	193,263
Fire	142,085	112,350
General accident	88,207	67,352
Engineering	79,594	62,477
Marine	123,129	73,038
Oil & Gas	265,849	509,377
	943,538	1,017,857

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

Days	2014	2013
	₦'000	₦'000
0 - 90 days	162,262	87,605
91 - 180 days	41,001	96,689
181 - 270 days	47,301	38,429
271 - 365 days	18,868	56,149
Over 365 days	114,854	277,167
TOTAL	**384,286**	556,039

13 Hypothecation of investment

Investments relating to insurance funds (note 13.1)	2,767,181	1,883,918
Investments relating to shareholders funds (note 13.2)	13,246,221	13,713,868
	16,013,402	15,597,786

13.1 Investments relating to insurance funds are as follows:

Balance with financial institutions	2,106,866	1,275,866
Fair value through profit or loss quoted equities	588,615	550,670
Investment properties (note 8)	71,700	57,382
	2,767,181	1,883,918

13.2 Investments relating to shareholders funds are as follows:

Balance with financial institutions	313,482	619,816
Available-for-sale (unquoted equities)	10,913,584	11,016,202
Fair value through profit or loss (quoted equities)	1,908,276	1,949,892
Loans and receivables	80,177	87,409
Held to maturity	30,702	40,549
	13,246,221	13,713,868

Notes to the Financial Statements

		2014	2013
		₦'000	**₦'000**
14	**Trade payables**		
	Insurance payables (note 14.1)	213,341	207,861
	Reinsurance payables (note 14.2)	31,276	234,089
		244,617	441,950
14.1	**Insurance payables**		
	Commission payables to agents	73,092	71,104
	Commission payables to brokers	97,841	97,056
	Other payables to agents and brokers (note 14.1a)	42,408	39,701
		213,341	207,861
14.1a	**Other payables to agents and brokers**		
	Due to Agents	18,028	11,418
	Due to Brokers	14,094	27,283
	Due to insurance companies- claims overpayment	9,286	-
	Due to Bayelsa state government.	1,000	1,000
		42,408	**39,701**
14.2	**Reinsurance payables**		
	Due to reinsurers	**31,276**	234,089
15	**Provision and other payables**		
	Auditor's fee	22,000	20,000
	NAICOM Levy	40,174	30,593
	Expenses payable (note15.1)	156,311	23,519
	Other payables (note 15.2)	30,876	10,214
		249,361	84,326
15.1	**Expenses payable**		
	IES online insurance software installation & Implementation	14,000	-
	Premium without debit notes	74,326	12,136
	Treaty premium payable for 3rd quarter 2014	67,985	-
	Cash collateral for advance performance bonds	-	10,000
	Stale cheques	-	1,383
		156,311	**23,519**
15.2	**Other payables**		
	National Social Trust Fund (NSITF)	2,690	2,690
	Travel insurance	10,430	5,118
	National Housing Fund (NHF)	1,025	1,039
	Pension for Life agents	603	603
	Stale cheques	15,626	
	Sundry payables	502	764
		30,876	**10,214**

		2014	2013
		₦'000	**₦'000**
16	**Retirement benefit obligations**		
	At 1 January	**-**	**-**
	Current year provision	128,279	-
	At 31 December	**128,279**	**-**

The company operates an unfunded defined benefit plans for qualifying employees on services rendered. With effect from 1 January 2014, employees who have served at least 5 years are entitled to a Gratuity of annual gross salary for each year of service rendered from the sixth year.

Actuarial valuation of the defined benefit obligation was carried out by HR Nigeria Limited.

The principal assumptions used for the purpose of the actuarial valuations were as follows.

	2014	2013
	%	**%**
Long term discount rate (p.a.)	15%	-
Average pay increase (p.a.)	13%	-
Average rate of inflation (p.a.)	9%	-

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.

	2014	2013
	₦'000	**₦'000**
Current service cost	42,048	-
Past service cost	48,394	-
Interest cost	37,837	-
	128,279	

The amount included in the statement of financial position in respect of its defined benefit plans is as follows.

	2014	2013
	₦'000	**₦'000**
At 1 January	-	-
Current service cost	42,048	-
Past service cost	48,394	
Interest cost	37,837	-
At 31 December	**128,279**	-

Notes to the Financial Statements

		2014	2013
		₦'000	**₦'000**
17	**Income tax liabilities**		
	At 1 January	149,679	80,147
	Payment during the year	(97,975)	(19,963)
	Charge for the year (note 17.1)	90,609	89,495
	At 31 December	**142,313**	149,679
17.1	**Taxation charge**		
	Income tax	81,989	81,407
	Education tax	2,812	2,245
	Information technology	5,808	5,843
		90,609	89,495
	Deferred tax (note 18)	165,240	59,285
		255,849	148,780

17.2 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:

	2014 Amount **₦'000**	2013 Amount ₦'000
Profit before tax	580,846	563,062
Capital gain (loss)	-	-
Expected tax expense (benefit) at 30% statutory rate	174,254	168,919
Information technology levy	5,808	5,843
Education tax	2,812	2,245
Disallowable expenses	128,395	114,950
Other untaxed income	(260,464)	(252,561)
Balancing charge	542	1,377
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	(2,537)	(36,056)
Effect of capital allowance	(28,124)	-
Effect of minimum tax	69,923	84,777
Effect of timing difference in operating assets and investment property	165,240	59,285
	255,849	148,780
Income taxes incurred	90,609	89,495
Change in deferred income tax	165,240	59,285
Total income tax reported	255,849	148,780

Notes to the Financial Statements

		2014	2013
18	**Deferred tax liabilities**	**₦'000**	₦'000
	At 1 January	**-**	**-**
	Charge to statement of comprehensive income for the year	165,240	59,285
	Transfer to deferred tax assets (note 19)	(165,240)	(59,285)
	At 31 December	-	-
19	**Deferred tax assets**		
	At 1 January	362,407	421,692
	Transfer from deferred tax liabilities	(165,240)	(59,285)
	At 31 December	**197,167**	362,407
20	**Share capital**		
	Authorized - ordinary shares of 50k each (8,000,000,000 units)	**4,000,000**	4,000,000
.1	**Issued and Fully Paid**		
	Ordinary shares of 50k each (7,998,792,151 units)		
	At 31 December	**3,999,396**	3,999,396
21	**Share premium**		
	At 31 December	**729,044**	729,044
22	**Contingency reserve**		
	At 1 January	712,070	629,213
	Transfer from profit or loss account	91,642	82,857
	At 31 December	**803,712**	712,070

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.

		2014	2013
		₦'000	₦'000
23	**Retained earnings**		
	At 1 January	(1,285,709)	(1,617,134)
	Profit for the year	324,997	414,282
	Transfer to contingency reserve	(91,642)	(82,857)
	Surplus realized on owner-occupied building converted to rental property (note 24)	3,300	-
	At 31 December	**(1,049,054)**	(1,285,709)

Notes to the Financial Statements

		2014 ₦'000	2013 ₦'000
24	**Assets revaluation reserve**		
	At 1 January	541,987	508,643
	Revaluation surplus on conversion of owner-occupied building to rental property (note 8)	28,317	33,344
	Surplus realized on owner-occupied building converted to rental property	(3,300)	-
	At 31 December	**567,004**	541,987
25	**Fair value reserves**		
	At 1 January	10,671,170	10,474,587
	Movement during the year (note 38)	(133,583)	196,583
	At 31 December	**10,537,587**	10,671,170
26	**Gross premium written**		
	Direct premium (note 26.1)	2,849,725	2,658,677
	Inward premium (note 26.1)	205,019	30,471
		3,054,744	2,689,148

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

	2014			2013		
	Direct premium	**Inward premium**	**Total**	Direct premium	Inward premium	**Total**
	₦'000	**₦'000**	**₦'000**	₦'000	₦'000	**₦'000**
Fire	393,273	85,445	478,718	275,328	4,331	279,659
Accident	433,292	55,111	488,404	359,419	-	359,419
Motor	681,546	7,586	689,132	591,600	9,997	601,597
Marine	404,886	40,100	444,986	315,881	14,389	330,270
Engineering	247,805	11,439	259,243	208,103	1,754	209,857
Oil & Gas	688,923	5,338	694,261	908,346	-	908,346
	2,849,725	**205,019**	**3,054,744**	2,658,677	30,471	2,689,148

Notes to the Financial Statements

		2014	2013
		₦'000	**₦'000**
27	**Net premium income**		
	Gross premium written (note 26)	3,054,744	2,689,148
	Changes in reserve for unexpired risks (note 28)	74,320	(557,570)
		3,129,064	2,131,578
28	**Reserve for unexpired risks**		
	At 1 January	1,017,856	460,286
	(Decrease)/increase	(74,320)	557,570
	At 31 December	**943,536**	1,017,856
29	**Reinsurance expenses**	**1,178,210**	545,872
29.1	**Premium ceded to reinsurance:**		
	Reinsurance premium paid	1,063,217	546,336
	Facultative outwards	195,556	67,208
	(Decrease) in prepaid reinsurance	(80,563)	(67,672)
		1,178,210	545,872
29.2	**Breakdown of premium ceded to reinsurer per business class is as follows:**		
	Fire	192,347	119,952
	Accident	134,638	70,022
	Motor	30,907	42,709
	Marine	170,335	122,380
	Engineering	98,653	65,186
	Oil & Gas	436,338	125,623
		1,063,217	545,872
30	**Fees and commission income**	**223,986**	144,978
30.1	**Breakdown of fees and commission income per business class is as follows:**		
	Fire	62,500	38,691
	Accident	54,649	29,776
	Motor	6,930	14,521
	Marine	58,590	36,984
	Engineering	41,242	25,006
	Oil & Gas	74	-
		223,986	144,978

Notes to the Financial Statements

		2014	2013
		₦'000	₦'000
31	**Net claims expenses**		
	Gross claims paid	1,093,393	775,699
	Salvage recovery	(10,899)	(5,631)
		1,082,494	770,068
	Change in reserve for outstanding claims	3,695	79,853
	Gross claims incurred	**1,086,189**	849,921
	Claims and benefits recoverable from reinsurers	(533,225)	(203,928)
		552,964	645,993
32	**Underwriting expenses**		
	Acquisition expenses (note 32.1)	652,546	458,716
	Maintenance expenses (note 32.2)	566,832	442,954
		1,219,378	901,670
32.1	**Analysis of acquisition expenses**		
	Commission expense	495,597	446,709
	Business acquisition cost	88,205	139,363
	(Decrease)/increase in deferred acquisition cost	68,744	(127,356)
		652,546	458,716
32.2	**Analysis of maintenance expenses**		
	Staff costs	210,048	270,048
	Directors' remuneration	36,116	32,978
	Pension contribution	77,587	39,712
	Other operating expenses	243,081	100,216
		566,832	442,954

The above expenses represent part of the entity's operating expenses that were allocated to operations. Non-specific operating expense of the entity are allocated between operational and administrative expenses in the ratio 40:60 respectively. Refer to notes 37 and 37.1

33 Employees and directors

.1 Employees

The average number of persons employed by the Company during the year was as follows:

	2014 Number	2013 Number
Managing Director	1	1
Executive Directors	1	1
Management	12	7
Non-Management	174	169
	188	178

The number of employees of the Company who received emoluments in the following ranges (excluding pension contributions) were:

	2014 Number	2013 Number
N300,001 - N2,000,000	101	96
N2,000,001 - N2,800,000	35	43
N2,800,000 - N3,500,000	14	16
N3,500,001 - N4,000,000	14	-
N4,000,001 - N5,500,000	10	10
N5,500,001 - N6,500,000	5	3
N6,500,001 - N7,800,000	-	2
N7,800,001 - N9,000,000	2	2
N9,000,001 and above	7	6
	188	178

.2 Directors' Emoluments

	2014 ₦'000	2013 ₦'000
Directors:		
Non-executives	52,196	43,522
Executives	38,094	38,923
	90,290	82,445

Amount disclosed for non-executives above includes amount paid to chairman as follows; 2014: N2.4million; 2013: N1.62million.

Highest paid directors	**19,445**	19,445

The fees and other emoluments (excluding pension contributions) fell within the following ranges:

	Number	Number
Less than N5,000,000	**-**	-
N5,000,001 - N25,000,000	11	11
Above N25,000,000	2	2

Notes to the Financial Statements

		2014	2013
		₦'000	₦'000
.3	**Employee benefits expenses**		
	Short-term benefits	525,119	450,079
	Post-employment benefits	230,632	29,752
		755,751	479,831

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.

		2014	2013
		₦'000	₦'000
34	**Investment income**		
	Dividend income	756,877	457,277
	Interest income	189,420	235,873
	Revaluation gain on investment properties	-	2,733
	Profit on disposal of unquoted stock	74,974	123,138
	Profit on disposal of quoted stock	-	22,381
	Loss on disposal of investment properties	(9,483)	(1,250)
		1,011,788	840,152
34.1	**Hypothecation of investment income**		
	Investment income that relate to policyholders (note 34.2)	175,810	227,269
	Investment income that relate to shareholders (note 34.3)	835,978	612,883
		1,011,788	840,152
34.2	**Investment income that relate to policy holders**		
	Income from money market	181,357	225,786
	Dividend income	3,936	-
	Loss on disposal of investment properties	(9,483)	(1,250)
	Revaluation gain on investment properties	-	2,733
		175,810	227,269
34.3	**Investment income that relate to shareholders**		
	Income from lease finance	8,063	10,086
	Dividend income	752,941	457,276
	Profit from disposal of un-quoted stock	74,974	123,140
	Income from other sources	-	22,381
		835,978	612,883

Notes to the Financial Statements

		2014 ₦'000	2013 ₦'000
35	**Net fair value gains/(loss) on financial assets at fair value**		
	Appreciation in value of short-term investments - quoted securities	**(5,196)**	289,840

		2014 ₦'000	2013 ₦'000
36	**Other operating income**		
	Sundry income	-	6,664
	Write back of excess legacy reinsurance payables	126,742	-
	Profit on sale of PPE	1,251	2,211
	Exchange gains	9,951	2,197
	Rental income	10,000	-
	Write back of excess NAICOM levy provision	-	4,850
	Provision no longer required on managed funds	-	11,405
	Write back of impairment on trade receivables (note 4.1)	29,302	78,404
		177,246	105,731

The sum of N126,742,000 was written back to income in 2014 (nil: 2013) being various legacy balances recognized as liabilities during the pre-merger period of the Company with the Central Insurance Company (CICO). They represent amounts recognized as payables but are no longer eligible for settlement.

		2014 ₦'000	2013 ₦'000
37	**Management expenses**		
	Audit fee	22,000	20,000
	Impairment loss on investment	13,470	31,910
	Operating expenses (note 37.1)	970,020	803,772
		1,005,490	855,682

Notes to the Financial Statements

37.1 Apportioned operating expenses

	2014		2013	
	Maintenance Expenses	Management Expenses	Maintenance Expenses	Management Expenses
Staff cost	210,048	315,071	180,164	270,246
Director emolument	36,116	54,174	32,939	49,408
Retirement benefits	77,587	116,381	33,762	50,642
Advertising & public relation	25,817	38,726	1,830	2,745
AGM Expenses	7,696	11,544	-	-
Bank charges	4,713	7,069	5,049	7,573
Computer consumables	5,570	8,355	8,810	13,214
Contract staff cost	6,078	9,118	6,087	9,130
Depreciation & Amortisation	-	77,063	-	45,438
Diesel and fuel	13,028	19,541	11,545	17,317
Entertainment	3,234	4,851	2,461	3,692
Fines & Penalties	2,332	3,498	730	1,096
Impairment charges on staff loans		4,664		802
Industrial Training Fund	4,616	6,924	-	-
Insurance	7,271	10,907	28,207	42,310
Insurance supervision fee	-	24,002	-	24,000
Legal and secretarial expenses	-	14,045	-	2,999
Lighting & heating	1,807	2,710	1,597	2,396
Maintenance expense	11,196	16,793	13,863	20,794
Marketing expenses	11,750	17,625	8,401	12,601
Medical	8,691	13,036	5,841	8,762
Newspapers & periodicals	612	917	320	480
Postage and Telephone	4,717	7,075	3,522	5,283
Professional fees	29,379	44,068	12,283	18,425
Rent & Rate	18,918	28,377	19,110	28,665
Stationaries	2,755	4,133	1,944	2,916
Subscriptions & Donations	6,056	9,085	5,162	7,743
Transport and business travels	4,799	7,199	6,210	9,316
Public offer expenses	-	-	12,110	18,165
Managed fund expenses	-	-	-	19,857
Withholding tax & VAT	42,628	63,941	32,310	48,466
Others	19,420	29,128	8,696	59,289
	566,832	**970,020**	**442,954**	**803,772**

		2014	2013
		₦'000	**₦'000**
38	**Net fair value gain on available-for-sale financial assets**		
	Fair value changes in available-for-sale investments.	-	7,583
	De-recognition on disposal of the underlying investment (note 3.5)	(7,583)	-
	Fair value changes in available-for-sale investments -unquoted equities	(126,000)	189,000
		(133,583)	196,583

39 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.

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

	2014	2013
	₦'000	**₦'000**
Profit attributable to ordinary shareholders (N'000)	**324,997**	414,282
Weighted average number of ordinary shares for basic earnings per share	**7,998,792**	7,998,792
Basic earnings per share attributable to equity shareholders for the year (Kobo)	**4.1**	5.2

Notes to the Financial Statements

			2014	2013
			₦'000	₦'000
40	**Cash flows from operating activities**			
	Profit before taxation		580,846	563,062
	Adjustment for non-cash items:			
	Depreciation and amortization		77,051	45,439
	Profit from sale of properties, plant and equipment	36	(1,251)	(2,211)
	Loss on disposal of investment properties	34	9,483	1,250
	Current service cost		42,048	-
	Past service cost		48,394	-
	Interest Cost		37,837	-
	Profit from disposal of AFS securities (unquoted)	34	(74,974)	(123,138)
	Profit from disposal of AFS securities (quoted)	34	-	(22,381)
	Fair value change on AFS securities (quoted)		1,525	(226,898)
	Impairment charge on AFS securities (cost)		-	23,427
	Impairment charge on loan and advances		4,664	-
	Impairment charge on held to maturity securities		11,192	-
	Impairment write back on trade receivables		(29,302)	(77,602)
	Fair value charge on FVTPL securities		3,670	(222,069)
	Fair value gain on investment properties		-	(2,733)
	Interest receivable - held to maturity investment		(1,345)	-
	VAT paid		16,156	14,823
	Interest received	34	(189,420)	(235,873)
	Dividend received	34	(756,877)	(457,277)
	Net cash flow before changes in working capital		**(220,303)**	**(722,181)**
	Decrease in Loans and advances		18,632	3,968
	Decrease in trade receivables		28,901	84,505
	Decrease/(increase) in other receivables and prepayments		34,464	(65,182)
	Notes to the Financial Statements			
	Decrease/(increase) in deferred acquisition cost		68,744	(127,356)
	Increase in re-insurance assets		(261,700)	(7,339)
	Increase in trade and other payables		(32,298)	(15,081)
	(Decrease)/increase in insurance contract liabilities		(70,624)	637,424
	Decrease in other financial liabilities		-	(421,442)
	Cash used in operations		**(434,184)**	(632,684)

41 Cash and cash equivalents

	2014	2013
Cash in hand and at bank	313	4,350
Balances with banks & other financial institutions	2,239,059	1,891,404
	2,239,372	1,895,754

Notes to the Financial Statements

		2014 N'000	2013 N'000
42	**Contravention**		
	Late filing of returns to the Nigerian Stock Exchange	4,800	-
	Late filing of 2012 tax returns - FIRS	30	-
	Penalty for dealing with unregistered brokers to NAICOM	750	-
	Late submission of evidence of premium remittance for 3rd qtr., 2013 and 2014 M&D premium to NAICOM	250	-
	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 Financials to NAICOM	-	480
		5,830	1,826

The Company paid =N=900,000 for late filing of 2014 audited financial statements to the Nigerian Stock Exchange (NSE).

43 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 with third parties. Details of transactions between Linkage Assurance Plc and related parties are disclosed below:

43.1 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:

		2014 N'000	2013 N'000
	Short-term benefits	90,290	82,347
	Post-employment benefits	2,552	2,374
		92,842	84,721
43.2	**Sale of Insurance Contracts**		
	During the year, the Entity entered into the following contracts with related parties:		
	Key Management Personnel	1,426	11,545
	MEDIPLAN Healthcare Services Limited	-	4,345
	IBTC Pension Manager	-	5,478
	GLC Resources Limited	-	4,439
		1,426	25,807
43.3	**Balance due from related parties**		
	MEDIPLAN Healthcare Services Limited		3,367
		-	3,367

Notes to the Financial Statements

44 Other Related Party Transactions

44.1 E F Shaw (The Executives), an entity controlled by a member of the key management personnel, provided catering services to the company staff for a fee of N30.3m (2013:N26.5m) which was paid during the year.

44.2 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.

44.3 Linkage Assurance Plc has a common directorship with Gresham Asset Management which managed the entity's investment portfolio worth of N233m.

44.4 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.

45 Events after the reporting period

There are no events after the reporting period that could have a material effect on the state of affair of the company as at 31 December 2014.

46 Contingencies

.1 Contingent liabilities

The Company is involved in pending litigations with claim of N153.6 million. Based on legal advice, the directors are of the opinion that no liability will eventuate therefrom.

.2 Contingent assets

The Federal High Court, Abuja on December 3, 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 on the suit.

There is an ongoing 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 N221M being the balance due on the premium of a Group Personal Accident Scheme known as the Nigerian Police Welfare Insurance Scheme. The amount due to Linkage Assurance Plc under the claim is N11.8m.

47 Commitments

The company had no capital commitments at the balance sheet date. (2013: NIL)

Enterprise Risk Management Disclosure

(a) Our Approach to Risk

The Company recognizes that risk is an inherent part of its business activities and as such has designed a risk management framework that forms an integral part of its governance structure and decision-making framework in order to achieve financial soundness and maximize values to all stakeholders. This framework is intended to provide comprehensive controls and continuous management of major risks inherent in our operations; and to create a culture of risk awareness, responsibility and sound risk ownership throughout the Company.

Our enterprise risk management approach is aimed at actively identifying, measuring, managing, monitoring and reporting significant existing and emerging risks. Risks are measured considering the significance of the risk to the business and its internal and external stakeholders. To promote a consistent and rigorous approach to risk management, the Linkage Assurance Plc. has set out formal risk management policies and business standards which set out the risk strategy, framework and minimum requirements for the Company's operations.

The Board of Directors recognise the critical importance of having efficient and effective risk management systems in place and acknowledge that they are responsible for the Company's framework of internal control and of reviewing its effectiveness. The framework is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives, and can only provide reasonable assurance against misstatement or loss. The directors of the Company are satisfied that their adherence to this framework provides an adequate means of managing risk in the Company.

Overall, we view risk not only as a threat or uncertainty but also as a potential opportunity to explore to grow and develop our business within set 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.

(b) Risk Management Philosophy and Culture

We regard our risk management philosophy and culture as a set of shared beliefs, values, attitudes and practices that characterizes how risk is considered in everything we do – from strategy development to implementation in our day-to-day operation activities.

In this regard, our risk philosophy is to take a moderate and guarded risk attitude in order to ensure sustainable growth in our reputation and shareholders' values. In addition, we believe that embedding enterprise risk management practices into our operations will provide us with the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understanding and manage risks. This will provide us with:

- responsible acceptance of risk,
- adequate risk management support from Executive Management and the Board of Directors,
- improved outcomes productivity, returns on investment, etc; and
- accountability and stewardship.

Underlying our risk philosophy are the following principles that: 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 is best for their individual business unit and department and what is 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 its management at the business unit or other point of influence level;
- 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; and
- accept that enterprise risk management is mandatory, not optional.

Enterprise Risk Management Disclosure

(c) Risk Management Objectives

The primary purpose of our 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 underlying our policy are to ensure that:

- existing and potential material risks that could impact on the achievement of strategic objectives are identified, managed or mitigated in a planned and coordinated manner with minimum disruption and cost;
- techniques to manage risks (i.e., avoidance, reduction, transforming, sharing and retention) are applied appropriately;
- appropriate resources are allocated to controllable, acceptable risk areas to maximize earnings potentials and protect all stakeholders;
- appropriate controls are in place for controllable, acceptable risk areas;
- non-controllable risks are identified, monitored, understood and mitigated where possible;
- responsibility for the implementation of the enterprise risk management is allocated to the Board, its Committees and Executive 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.

(d) Risk Appetite and its Oversight

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

We defined our risk appetite in terms of volatility of earnings and maintenance of minimum regulatory capital under different stress scenarios. Thus, our risk appetite expresses how much variability of return we are prepared to accept in order to achieve our desired level of result having considered the empirical relationship risk and return.

We measure and express our risk appetite both in quantitative and qualitative terms. The quantitative metrics include earnings are risk (earnings volatility), and related to this, the chance of regulatory solvency, 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 financial risks.

We adopt a “bottom-up” analytical approach to assess our risk profile covering all major businesses, geographical locations and products.

The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the business must operate, including policies, concentration limits and business mix.

(e) The Scope of Risks

The scope of risks that we directly managed are as follows:

- ✓ Underwriting Risk
- ✓ Reserving Risk
- ✓ Provisioning Risk
- ✓ Claims Risk
- ✓ Reinsurance Risk
- ✓ Operational Risk
- ✓ Market Risk
- ✓ Liquidity Risk
- ✓ Credit Risk
- ✓ Legal Risk
- ✓ Reputational Risk
- ✓ Compliance Risk
- ✓ Regulatory Risk
- ✓ Strategic Risk
- ✓ Business Risk
- ✓ Property risk
- ✓ Equity risk

Enterprise Risk Management Disclosure

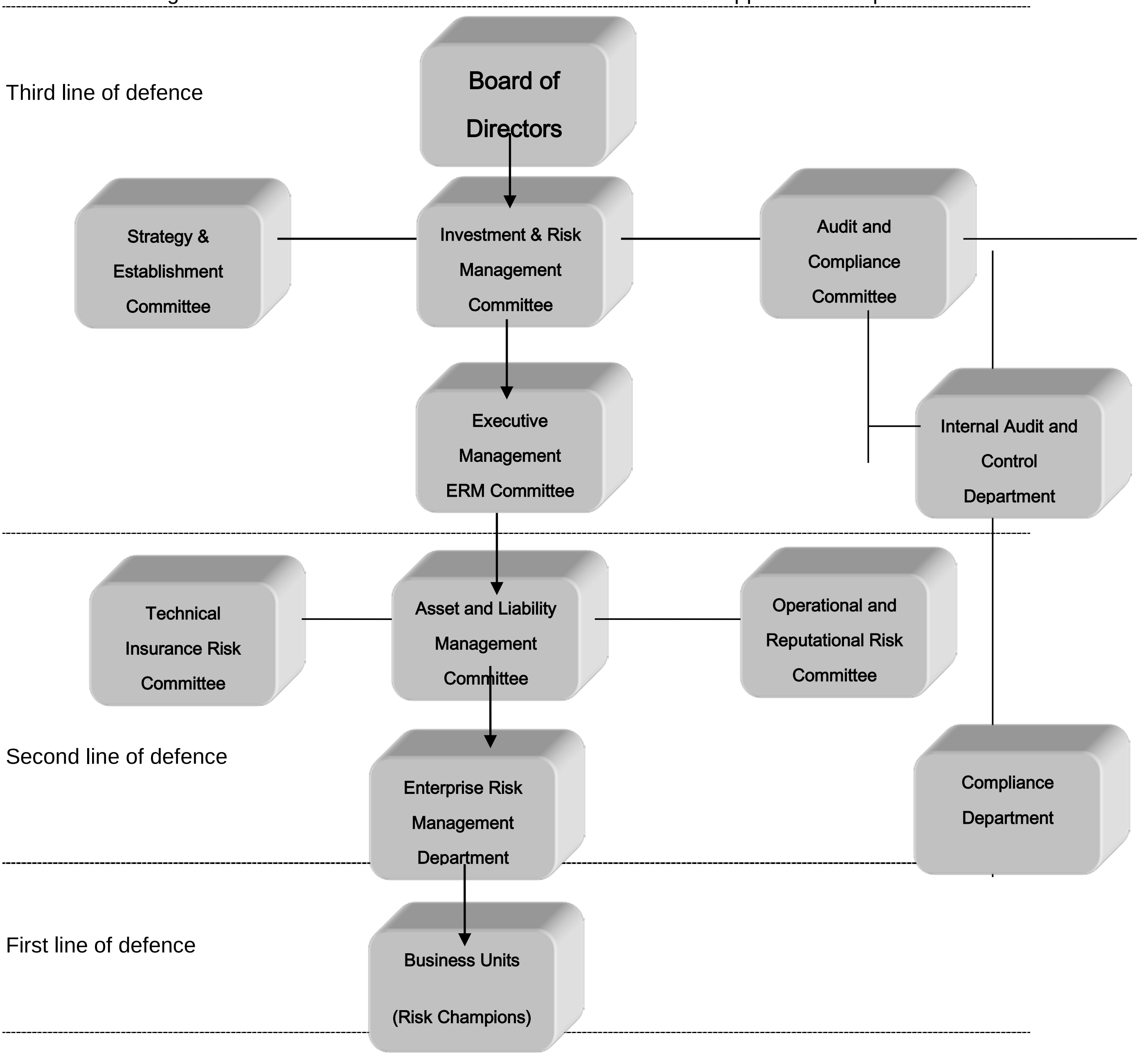
These risks as well as the respective framework for their management are detailed in our Enterprise Risk Management Framework.

For effective coordination and management of risks, we further categorized these risks into three main Risk Categories as shown below:

S/n	Risk Category	Risk Type
1	Insurance Operations Risk	Underwriting risk, reserving risk, provisioning risk, reinsurance risk and claims risk.
2	Financial Risk	Market risk, credit risk, liquidity risk, property risk, equity risk, strategic risk and business risk.
3	Operational and Compliance Risk	Legal risk, compliance risk, operational risk, reputation risk, conduct risk and regulatory risk.

(f) Risk Governance Structure

Our risk governance framework models the three lines of defence approach as depicted below.



Enterprise Risk Management Disclosure

(g) Capital Management Objectives, Policies and Approach

It is our aim to ensure that we are adequately capitalized at all times, even after significant adverse events. We also seek to optimize the structure and sources of our capital to ensure that it consistently delivers maximum returns to our shareholders and guarantees adequate protection of our customers. To this end, risk capital and cost of capital have become important aspects for our business decisions making process.

Our capital management policy is therefore to hold sufficient capital to adequately cover regulatory capital requirements (RCR) and also to sufficiently accommodate our risk exposures as determined by our risk appetite. The objectives of our capital management policy are:

- 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 our business by ensuring that returns on capital employed meet the requirements of our capital providers and shareholders;
- to retain financial flexibility by maintaining strong liquidity and consistent positive equity returns;
- to align the profile of our assets and liabilities taking account of risks inherent in our business;
- to maintain financial strength to support new business growth and to satisfy 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 our business objectives.

We recognize that our operations are also subject to regulatory requirements, which 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 in order to meet unforeseen liabilities as they arise. The Company met all of these requirements throughout the financial year

Our approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence our capital position in the light of changes in economic conditions and risk characteristics.

An important aspect of our overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that we are committed and focused on the creation of value for shareholders. The primary source of capital used by the Company is equity shareholders' funds. Other sources, where it is efficient to do so, include reinsurance and securitisation.

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

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

Enterprise Risk Management Disclosure

Available Capital Resources as at 31st December	2014 =N='000	2013 =N='000
Total Shareholders' Funds Available:		
Total Assets	17,976,222	17,738,500
Less: Total Liabilities	(2,388,533)	(2,370,542)
Available Funds as per Financial Statements	**15,587,689**	**15,367,958**
Adjustment for Non-cash Capital items	(375,693)	(550,566)
Available Capital Resources	**15,211,996**	**14,817,392**

Our available capital is based on the shareholders' equity/fund as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. Thus, available capital resources, after adjusting for non-cash assets, is **₦15,211,996** (2013: ₦14, 817,392) amounting to 3% increase over corresponding 2013 position.

The Solvency Margin Requirement

The regulatory capital (as required under Section 24 of the Insurance Act CAP I17 LFN 2004 and NAICOM Guideline) within the Company have been maintained and preserved over the reporting periods. 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 Net Premium Income (Gross Premium Income less Re-insurance premium paid) or the minimum capital base (N3 billion), whichever is higher. The regulatory capital within the Insurance Industry in Nigeria, in which the entity has its major operations is as follows:

Minimum Capital Requirement
The statutory minimum capital requirement for Non-life business is ₦3 Billion

The Solvency Margin for the Company as at 31 December 2014 is as follows:

ASSETS	TOTAL N'000	INADMISSIBLE N'000	ADMISSIBLE N'000
Cash and cash equivalent	2,239,372	-	2,239,372
Financial asset	13,521,354	10,796,874	2,724,480
Deferred acquisition cost	119,415	-	119,415
Trade receivables	3,895	-	3,895
Other receivables and prepayments	83,546	83,546	-
Reinsurance assets	398,213	-	398,213
Investment properties	71,700	-	71,700
Intangible assets	34,765	34,765	-
Property, plant and equipment	1,006,795	-	1,006,795
Deferred tax asset	197,167	197,167	-
Statutory deposits	300,000	-	300,000
TOTAL ASSETS	**17,976,222**	**11,112,352**	**6,863,870**

Less:			
LIABILITIES			
Trade payables	244,617	-	244,617
Provision and other payables	249,361	-	249,361
Insurance contract liabilities	1,623,963	-	1,623,963
Income tax payable	142,313	-	138,595
Retirement benefit obligations	128,279	128,279	-
TOTAL LIABILITIES	**2,388,533**	**128,279**	**2,260,254**
NET ASSETS	**15,587,689**	**10,984,073**	**4,603,616**

SOLVENCY MARGIN	
A. MINIMUM CAPITAL REQUIREMENT	3,000,000
B. 15% OF NET PREMIUM (PREMIUM LESS REINSURANCE)	292,628
C. HIGHER OF A and B	3,000,000
D. SOLVENCY MARGIN ACHIEVED	4,603,616

(h) Management of financial and non-financial risks

(1) Insurance risk

The insurance risks facing us arise from:

- fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations;
- unexpected claims arising from a single source or cause;
- inaccurate pricing of risks or inappropriate underwriting of risks when underwritten; and
- inadequate reinsurance protection or other risk transfer techniques.

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.

Enterprise Risk Management Disclosure

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.

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 2014.

Loss Exposures due to:	Modelled industry claims	Estimated Gross Claims Paid	Estimated Net Claims Paid
	=N='000	=N='000	=N='000
Terrorism	Nil	10,000	8,000
Pollution	900,000	8,000	6,500
Flood/Erosion	400,000	6,000	4,800
Fire Disaster	400,000	6,000	3,520

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

Insurance Contract Concentration	Gross Outstanding Claims 2014	Reinsurance Recoveries 2014	Net 2014	Gross Outstanding Claims 2013	Reinsurance Recoveries 2013	Net 2013
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Motor	78,042	2,971	75,071	88,005	2,186	85,819
Fire	116,413	6,175	110,238	80,907	2,900	78,007
General accident	128,672	30,593	98,079	156,106	10,280	145,826
Engineering	30,477	(6,110)	36,587	61,655	3,127	58,528
Marine	70,712	4,603	66,109	82,247	665	81,582
Oil & Gas	256,109	8,486	247,623	207,810	5,911	201,899
Total	680,425	46,718	633,707	676,730	25,069	651,661

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: 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. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement 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.

Enterprise Risk Management Disclosure

Sensitivity Analysis As at 31st December 2014					
Criteria	**Change in Assumption**	**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%	68,043	61,239	(109,340)	(82,005)
Average Number of Claims	+10%	21,506	16,450	(21,408)	(16,056)
Average Claims Settlement Period	Reduce from 24 months to 18 months	(25,400)	(16,420)	5,218	3,653
Sensitivity Analysis As at 31st December 2013					
Criteria	**Change in Assumption**	**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 24 months to 18 months	1,856	659	328	145

NB - 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 Company has reported and disclosed its claims reserves based on the requirements of IFRS 4. We however shown below our claims development information over the period 2007–2014.

Gross Non-life insurance contract outstanding claims provision for 2014:

	Claims Development Table (All Lines of Business)							
Accident Year	0	1	2	3	4	5	6	7
2007	77,290	121,321	19,191	10,114	2,964	1,834	1,080	5
2008	171,095	170,040	50,597	8,056	3,140	18	345	-
2009	173,657	159,139	37,557	9,697	13,873	1,507	-	-
2010	137,798	192,140	29,737	3,813	14,028	-	-	-
2011	175,950	181,787	39,373	6,811	-	-	-	-
2012	193,450	151,282	38,577	-	-	-	-	-
2013	160,002	217,863	-	-	-	-	-	-
2014	222,450	-	-	-	-	-	-	-

Enterprise Risk Management Disclosure

(2) Financial risks

(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, groups 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.
- 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.

Enterprise Risk Management Disclosure

Credit exposure

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2014 and 2013 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 and collateral agreements.

Credit Risk Exposure as at 31 Dec.,	2014	2013
	=N='000	=N='000
Cash and Cash Equivalent	2,281,685	1,937,979
Financial Assets:		
At fair value through Profit or Loss	2,496,892	2,500,562
Available-for-sale	10,913,583	11,016,202
Held-to-Maturity	30,702	40,549
Loans and Receivables	154,774	173,406
Reinsurance Assets (excluding Unearned premium)	399,122	266,140
Trade Receivables	3,895	3,494
TOTAL CREDIT RISK EXPOSURE	16,280,653	15,938,332

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.

Credit Risk Exposure by Industry Analysis							
As at 31st Dec., 2014	Insurance	Other Financial Insitutions	Government	Manufacturing	Others	Total	2013
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	-	2,281,685	-	-	-	2,281,685	1,937,979
Financial Assets:							
At fair value through Profit or Loss	49,938	1,622,980	74,907	749,068	-	2,496,892	2,500,562
Available-for-sale	-	10,913,583	-	-	-	10,913,583	11,016,202
Held-to-Maturity	-	30,702	-	-	-	30,702	40,549
Loans and Receivables	-	113,528	-	-	41,246	154,774	173,406
Reinsurance Assets (excluding Unearned premium)	399,122	-	-	-	-	399,122	266,140
Trade Receivables	3,895	-	-	-	-	3,895	3,494
TOTAL CREDIT RISK EXPOSURE	452,955	14,962,477	74,907	749,068	41,246	16,280,653	15,938,332

Enterprise Risk Management Disclosure

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	**AAA**	Highest Credit Quality: The risk factors are negligible, being only slightly more than for risk-free government bonds.
AA+ - AA-		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-	**BBB**	Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.
BB+ - BB-		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 2014 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.

Enterprise Risk Management Disclosure

Credit Risk Exposure by Asset Classification based on GRC Co.'s Credit Rating						
As at 31st Dec., 2014	AAA	AA	BBB	BB	Not rated	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	2,281,372	313				2,281,685
Financial Assets:						-
At fair value through Profit or Loss	-	2,496,892	-	-	-	2,496,892
Available-for-sale	10,848,000	65,583	-	-	-	10,913,583
Held-to-Maturity	-	30,702				30,702
Loans and Receivables	-	114,398	27,592	12,785	-	154,774
Reinsurance Assets (excluding Unearned premium)	-	399,122	-	-	-	399,122
Trade Receivables	3,895					3,895
TOTAL CREDIT RISK EXPOSURE	13,133,267	3,107,010	27,592	12,785	-	16,280,653

Credit Risk Exposure by Asset Classification based on GRC Co.'s Credit Rating						
As at 31st Dec., 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	50,233	-	-	-	1,937,979
Financial Assets:						
At fair value through Profit or Loss	-	2,500,562	-	-	-	2,500,562
Available-for-sale	10,974,000	34,619	7,583	-	-	11,016,202
Held-to-Maturity	40,549	-	-	-	-	40,549
Loans and Receivables	-	173,406	-	-	-	173,406
Reinsurance Assets (excluding Unearned premium)	-	266,140	-	-	-	266,140
Trade Receivables	3,494	-	-	-	-	3,494
TOTAL CREDIT RISK EXPOSURE	12,905,789	3,024,960	7,583	-	-	15,938,332

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 Exposure - according to credit ratings of counterparties.					
As at 31st Dec., 2014	Niether 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	2,239,147	313	42,225	-	2,281,685
Financial Assets:					-
At fair value through Profit or Loss	2,496,892	-	-	-	2,496,892
Available-for-sale	10,913,583	-	-	-	10,913,583
Held-to-Maturity	30,702	-	-	-	30,702
Loans and Receivables	113,528	41,246	-	-	154,774
Reinsurance Assets (excluding Unearned premium)	-	399,122	-	-	399,122
Trade Receivables	-	3,895	-	-	3,895
TOTAL CREDIT RISK EXPOSURE	15,793,852	444,576	42,225	-	16,280,653

Enterprise Risk Management Disclosure

Credit Exposure - according to credit ratings of counterparties.					
As at 31st Dec., 2013	Niether Past due nor impaired			Past due but not impaired	Total
	Investment Grades	Non-Investment Grades Satisfactory	Non-Investment Grades Unsatisfactory		
	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	1,166,542	721,204	42,225	8,008	1,937,979
Financial Assets:					
At fair value through Profit or Loss	2,500,562	-	-	-	2,500,562
Available-for-sale	11,016,202	-	-	-	11,016,202
Held-to-Maturity	40,549	-	-	-	40,549
Loans and Receivables	173,406	-	-	-	173,406
Reinsurance Assets (excluding Unearned premium)	-	266,140	-	-	266,140
Trade Receivables	-	3,494	-	-	3,494
TOTAL CREDIT RISK EXPOSURE	14,897,261	990,838	42,225	8,008	15,938,332

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					
As at 31st Dec., 2014	< 30 days	31 - 60 days	61 - 90 days	Above 90 days	Total past due but not impaired
	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	-	-	-	-	-
Financial Assets:					-
At fair value through Profit or Loss	-	-	-	-	-
Available-for-sale	-	-	-	-	-
Held-to-Maturity	-	-	-	-	-
Loans and Receivables	-	-	-	-	-
Reinsurance Assets (excluding Unearned premium)	-	-	-	-	-
Trade Receivables	-	-	-	-	-
TOTAL CREDIT RISK EXPOSURE	-	-	-	-	-

Enterprise Risk Management Disclosure

Age Analysis of financial assets past due but not impaired					
As at 31st Dec., 2013	< 30 days	31 - 60 days	61 - 90 days	Above 90 days	Total past due but not impaired
	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and Cash Equivalent	8,008	-	-	-	8,008
Financial Assets:					-
At fair value through Profit or Loss	-	-	-	-	-
Available-for-sale	-	-	-	-	-
Held-to-Maturity	-	-	-	-	-
Loans and Receivables	-	-	-	-	-
Reinsurance Assets (excluding Unearned premium)	-	-	-	-	-
Trade Receivables	-	-	-	-	-
TOTAL CREDIT RISK EXPOSURE	8,008	-	-	-	8,008

Impaired financial assets
At 31 December 2014, there are impaired reinsurance assets of Nil (2013: ₦17,096,000) and impaired loans and receivables of ₦74,597 (2013: ₦69,933,000).

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 as at 31st Dec.,	2014	2013
	=N='000	=N='000
At 1st January	727,855	805,457
Charge for the year	15,856	802
Recoveries	(30,727)	(78,404)
Amount written off	-	-
Interest accrued on impaired loans	-	-
As at 31 December	712,984	727,855

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. The collateral can be sold or repledged by the Company, where necessary 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 this year.

Enterprise Risk Management Disclosure

(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 Company's exposure to liquidity risk:

- A liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Asset-Liability 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.
- Our 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.

Maturity profiles
The table that follows summarizes the maturity profile of the non–derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized 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.

Enterprise Risk Management Disclosure

Maturity Analysis (undiscounted cashflow basis)							
As at 31st Dec., 2014	Carrying Amount	Up to 1 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	2,239,372	2,239,372	-	-	-	-	2,239,372
Financial Assets:							-
At fair value through Profit or Loss	2,496,892	2,496,892	-	-	-	-	2,496,892
Available-for-sale	10,913,583	-	10,913,583	-	-	-	10,913,583
Held-to-Maturity	30,702	-	30,702	-	-	-	30,702
Loans and Receivables	80,177	80,177	-	-	-	-	80,177
Reinsurance Assets (excluding Unearne	398,213	398,213	-	-	-	-	398,213
Trade Receivables	3,895	3,895	-	-	-	-	3,895
Other receivables and Prepayments	83,546	83,546	-	-	-	-	83,546
Total Undiscounted Liquid Assets	16,246,380	5,302,095	10,944,285	-	-	-	16,246,380
Insurance Contract Liabilities	680,425	680,425	-	-	-	-	680,425
Other Financial Liabilities	-	-	-	-	-	-	-
Trade Payables	244,617	244,617	-	-	-	-	244,617
Provisions and Other Payables	382,475	382,475	-	-	-	-	382,475
Retirement Benefits Obligations	128,279	128,279	-	-	-	-	128,279
Income Tax Liabilities	142,313	142,313	-	-	-	-	142,313
Total Undiscounted Liabilities	1,578,109	1,578,109	-	-	-	-	1,578,109
TOTAL LIQUIDITY GAP	14,668,271	3,723,986	10,944,285	-	-	-	14,668,271

Maturity Analysis (undiscounted cashflow basis)							
As at 31st Dec., 2013	Carrying Amount	Up to 1 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:							-
At fair value through Profit or Loss	2,500,562	2,500,562	-	-	-	-	2,500,562
Available-for-sale	11,016,202	-	11,016,202	-	-	-	11,016,202
Held-to-Maturity	40,549	10,222	30,327	-	-	-	40,549
Loans and Receivables	103,473	103,473	-	-	-	-	103,473
Reinsurance Assets (excluding Unearned premium)	136,513	136,513	-	-	-	-	136,513
Trade Receivables	3,494	3,494	-	-	-	-	3,494
Other receivables and Prepayments	118,010	118,010	-	-	-	-	118,010
Total Undiscounted Liquid Assets	15,814,557	4,768,028	11,046,529	-	-	-	15,814,557
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
Retirement Benefits Obligations	-	-	-	-	-	-	-
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	3,476,193	10,985,679	-	-	-	14,461,872

Enterprise Risk Management Disclosure

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

Maturity Analysis on expected maturity bases			
As at 31st Dec., 2014	Current*	Non-Current	
	(>12 months)	(< 12 months)	Total
	=N='000	=N='000	=N='000
Cash and cash equivalents	2,239,372	-	2,239,372
Financial assets	2,577,069	10,944,285	13,521,354
Trade receivables	3,895	-	3,895
Reinsurance assets	398,213	-	398,213
Deferred acquisition cost	119,415	-	119,415
Deferred tax assets	221,513	-	221,513
Other receivables and Prepayments	83,546	-	83,546
Investment Property	71,700	-	71,700
Intangible assets	34,765	-	34,765
Property, plant and equipment	1,006,795	-	1,006,795
Statutory deposit	300,000	-	300,000
Total assets	7,056,283	10,944,285	18,000,568
Insurance contract liabilities	1,623,963	-	1,623,963
Other financial liabilities	-	-	-
Trade payables	244,617	-	244,617
Provision and Other payables	249,361	-	249,361
Retirement benefit obligations	128,279	-	128,279
Income tax liabilities	142,313	-	142,313
Deferred tax liabilities	-	-	-
Total liabilities	2,388,533	-	2,388,533

Maturity Analysis on expected maturity bases			
As at 31st Dec., 2013	Current*	Non-Current	Total
	(>12 months)	(< 12 months)	
	=N='000	=N='000	=N='000
Cash and cash equivalents	1,895,754	-	1,895,754
Financial assets	2,614,257	11,046,529	13,660,786
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	118,010	-	118,010
Investment Property	57,382	-	57,382
Intangible assets	-	-	-
Property, plant and equipment	1,015,995	-	1,015,995
Statutory deposit	300,000	-	300,000
Total assets	6,691,971	11,046,529	17,738,500
Insurance contract liabilities	1,694,587	-	1,694,587
Other financial liabilities	-	-	-
Trade payables	441,950	-	441,950
Provision and Other payables	84,326	-	84,326
Retirement benefit obligations	-	-	-
Income tax liabilities	149,679	-	149,679
Deferred tax liabilities	-	-	-
Total liabilities	2,370,542	-	2,370,542

Enterprise Risk Management Disclosure

(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 recognized assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled
The table below summarizes the Company's assets and liabilities by major currencies:

Assets and Liabilities by Major Currencies:	Naira	Euro	Pound Sterling	US Dollars	Other	Total
As at 31 December 2014	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	2,172,556	8,735	510	57,571	-	2,239,372
Financial assets	13,521,354	-	-	-	-	13,521,354
Trade receivables	3,895	-	-	-	-	3,895
Reinsurance assets	398,213	-	-	-	-	398,213
Deferred acquisition cost	119,415	-	-	-	-	119,415
Deferred tax assets	221,513	-	-	-	-	221,513
Other receivables and Prepayments	83,546	-	-	-	-	83,546
Investment Property	71,700	-	-	-	-	71,700
Intangible assets	34,765	-	-	-	-	34,765
Property, plant and equipment	1,006,795	-	-	-	-	1,006,795
Statutory deposit	300,000	-	-	-	-	300,000
Total assets	17,933,752	8,735	510	57,571	-	18,000,568
Insurance contract liabilities	1,623,963	-	-	-	-	1,623,963
Other financial liabilities	-	-	-	-	-	-
Trade payables	244,617	-	-	-	-	244,617
Provision and Other payables	249,361	-	-	-	-	249,361
Retirement benefit obligations	128,279	-	-	-	-	128,279
Income tax liabilities	142,313	-	-	-	-	142,313
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	2,388,533	-	-	-	-	2,388,533

Enterprise Risk Management Disclosure

Assets and Liabilities by Major Currencies:	Naira	Euro	Pound Sterling	US Dollars	Other	Total
As at 31 December 2013	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	1,234,724	5,491	462	655,077	-	1,895,754
Financial assets	13,660,786	-	-	-	-	13,660,786
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	118,010	-	-	-	-	118,010
Investment Property	57,382	-	-	-	-	57,382
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	1,015,995	-	-	-	-	1,015,995
Statutory deposit	300,000	-	-	-	-	300,000
Total assets	17,077,470	5,491	462	655,077	-	17,738,500
Insurance contract liabilities	1,694,587	-	-	-	-	1,694,587
Other financial liabilities	-	-	-	-	-	-
Trade payables	441,950	-	-	-	-	441,950
Provision and Other payables	84,326	-	-	-	-	84,326
Retirement benefit obligations	-	-	-	-	-	-
Income tax liabilities	149,679	-	-	-	-	149,679
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	2,370,542	-	-	-	-	2,370,542

The Company has no significant concentration of currency risk.

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.

Enterprise Risk Management Disclosure

Sensitivity Analysis - Currency Risk					
As at 31 December		2014		2013	
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%	714	518	152	112
GBP	+10%	62	45	102	94
USD	+10%	89,746	65,066	396	287
EURO	-10%	(714)	(518)	(152)	(112)
GBP	-10%	(62)	(45)	(102)	(94)
USD	-10%	(89,746)	(65,066)	(396)	(287)

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. Any gap between fixed and variable rate instruments and their maturities are effectively managed by the Company through derivative financial instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity or terminated.

The Group 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.

Enterprise Risk Management Disclosure

Sensitivity Analysis - Interest Rate Risk							
As at 31 December, 2014							
	Changes in variables	Impact on Profit before tax	Up to 1 year	1 - 3 years	3-5 years	Over 5 years	Total
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Interest Earning Assets:							
Short term deposit	+100 basis point	365	254	102	95	64	880
Treasury Bill	+100 basis point	284	354	215	541	231	1,625
Bond	+100 basis point	214	264	325	387	425	1,615
Short term deposit	-100 basis point	(365)	(254)	(102)	(95)	(64)	(880)
Treasury Bill	-100 basis point	(284)	(354)	(215)	(541)	(231)	(1,625)
Bond	-100 basis point	(214)	(264)	(325)	(387)	(425)	(1,615)

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 equities a 20% change in the equity price has been used in the calculation of the sensitivity for 2014. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Enterprise Risk Management Disclosure

Sensitivity Analysis - Equity Price Risk							
As at 31 December,		2014			2013		
Market Indicies	Change in variable	Fair Value	Impact on Profit before tax	Impact on Equity	Fair Value	Impact on Profit before tax	Impact on Equity
FVTPL	+20%	2,496,892	499,378	362,049,340	2,500,562	278,246	347,808
AVS - Quoted	+20%	33,094	6,619	4,798,685	34,619	13,294	16,617
AVS - Unquoted	+40%	10,880,489	4,352,196	3,155,341,937	10,974,000	6,584,399	15,198,894
FVTPL	-20%	(2,496,892)	(499,378)	(362,049,340)	(2,500,562)	(278,246)	(347,808)
AVS - Quoted	-20%	(33,094)	(6,619)	(4,798,685)	(34,619)	(13,294)	(16,617)
AVS - Unquoted	-40%	(10,880,489)	(4,352,196)	(3,155,341,937)	(10,974,000)	(6,584,399)	(15,198,894)

(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 Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

(5) Valuation Bases

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 Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Enterprise Risk Management Disclosure

The table below shows financial assets carried at fair value.

	2014	2013
	=N='000	=N='000
Quoted prices in active markets (level 1)	2,529,986	2,545,403
Valuation technique:		
Market observable data (level 2)	-	-
Other than obsevable market data (level 3)	10,880,489	10,981,583
	13,410,475	13,526,986

Fair value measurements recognized in the consolidated statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Company 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).

Statement of Value Added

	2014 N'000	**%**	2013 N'000	%
Net premium	1,950,854		1,585,706	
Investment income	1,011,788		840,152	
Other income	401,232		250,709	
Claims incurred, commissions paid and operating expenses (local)	(1,859,327)		(1,505,378)	
Value added	**1,504,547**	**100**	**1,171,189**	**100**
Distribution:				
Employees and directors (staff cost)	755,751	50	479,831	41
Government (taxes)	255,849	17	148,780	13
Asset replacement (depreciation)	73,008	5	45,439	4
Contingency reserve	91,642	6	82,857	7
Expansion (retained on the business)	328,297	22	414,282	35
	1,504,547	**100**	**1,171,189**	**100**

Financial Summary
Statement of financial position

	2014	2013	2012	2011	2010
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	2,239,372	1,895,754	2,816,193	1,353,086	1,270,418
Financial assets	13,521,354	13,660,786	12,078,065	7,181,049	6,893,967
Trade receivables	3,895	3,494	10,397	422,718	376,681
Reinsurance assets	398,213	136,513	129,173	291,141	196,397
Deferred acquisition cost	119,415	188,159	60,804	78,295	83,552
Deferred tax assets	197,167	362,407	421,692	-	-
Other receivables and Prepayments	83,546	118,010	68,892	66,925	72,440
Investment Property	71,700	57,382	83,650	140,476	153,155
Intangible assets	34,765	-	-	-	-
Property, plant and equipment	1,006,795	1,015,995	854,993	681,329	707,494
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Total assets	**17,976,222**	**17,738,500**	**16,823,859**	**10,515,019**	**10,054,104**
Liabilities					
Insurance contract liabilities	1,623,963	1,694,587	1,057,163	1,070,270	937,670
Other financial liabilities	-	-	421,442	516,944	633,774
Trade payables	244,617	441,950	447,125	477,473	366,999
Provision and Other payables	249,361	84,326	94,233	139,878	204,294
Retirement benefit obligations	128,279	-	-	47,205	101,114
Income tax liabilities	142,313	149,679	80,147	31,057	50,781
Deferred tax liabilities	-	-	-	45,241	-
Total liabilities	**2,388,533**	**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	3,999,396	2,551,396	2,551,396
Share premium	729,044	729,044	729,044	729,044	729,044
Contingency reserve	803,712	712,070	629,213	565,083	496,435
Retained earnings	(1,049,054)	(1,285,709)	(1,617,134)	(1,600,324)	(1,752,367)
Assets revaluation reserve	567,004	541,987	508,643	298,634	298,634
Fair value reserves	10,537,587	10,671,170	10,474,587	5,643,118	5,436,330
Total equity	**15,587,689**	**15,367,958**	**14,723,749**	**8,186,951**	**7,759,472**
Total liabilities and equity	**17,976,222**	**17,738,500**	**16,823,859**	**10,515,019**	**10,054,104**

Financial Summary

Statement of profit or loss

	2014	**2013**	**2012**	**2011**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Net premium income	1,950,854	1,585,706	1,353,047	1,680,782
Underwriting results	402,498	183,021	(47,216)	480,525
Profit/(loss) before taxation	580,846	563,062	(345,319)	288,400
Taxation	(255,849)	(148,780)	392,639	(67,709)
Profit/(loss) after taxation	324,997	414,282	47,320	220,691
Transfer to contingency reserve	91,642	82,857	64,130	68,648
Dividend	-	-	-	-
Transfer to revenue reserve	236,655	331,425	(16,810)	152,043
Basic earnings per share (Kobo)	**4.1**	**5.2**	**0.9**	**4.3**