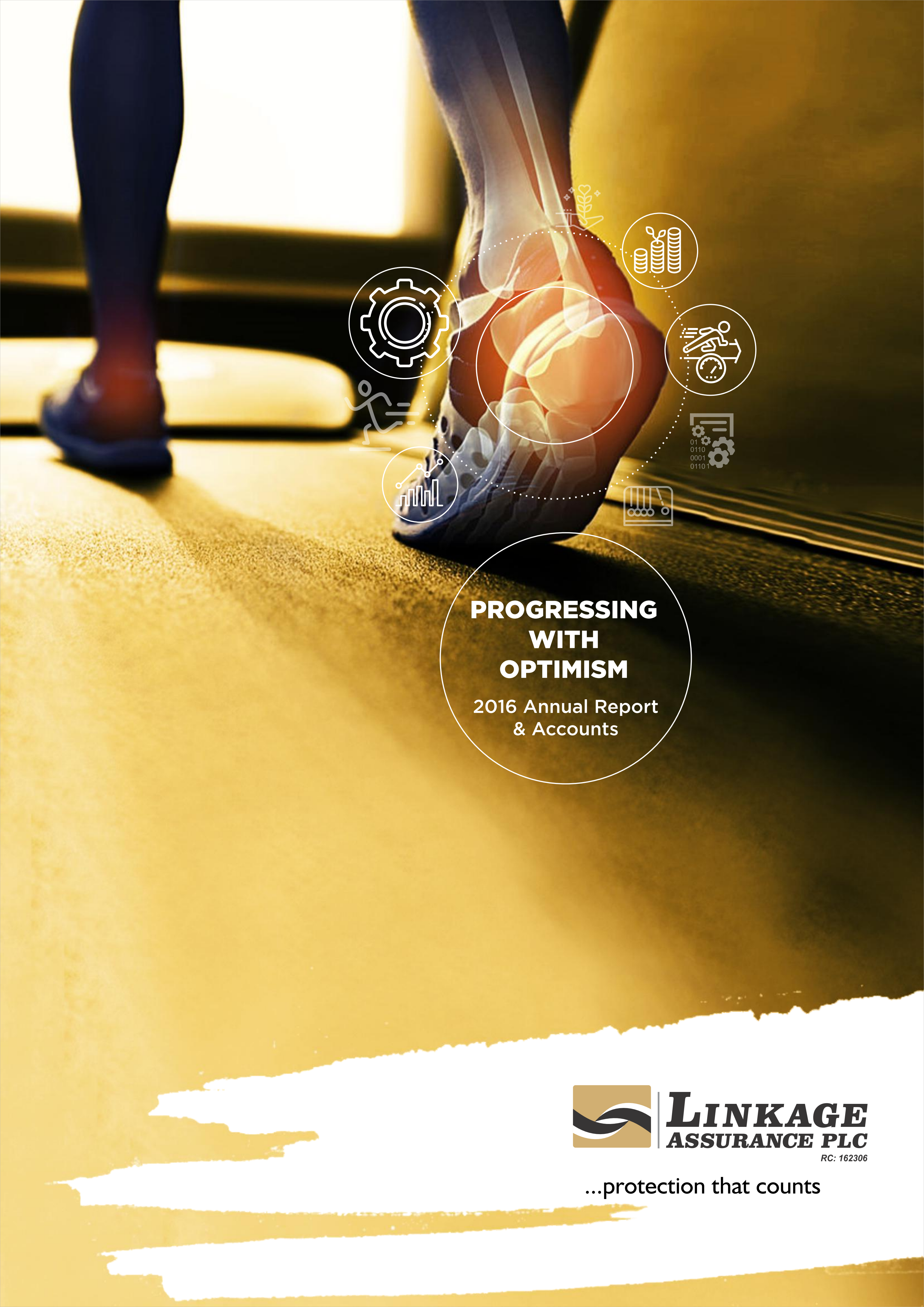


PROGRESSING WITH OPTIMISM

2016 Annual Report & Accounts

LINKAGE ASSURANCE PLC

RC: 162306

...protection that counts

Overview

Contents

About Us

Who We Are

Linkage Assurance Plc. was incorporated 26th March, 1991 and was licensed to cover and transact non-life insurance businesses on 7th October, 1993.

As part of the recapitalization and consolidation reforms of Federal Government of Nigeria, the company merged with Central Insurance Company Limited on 27th February, 2007 to form a new and bigger Linkage Assurance Plc. to further provide quality service to our clients who form the bedrock of who we are.

We are one of the leading insurance service providers in Nigeria, with a reputation for prompt and accurate service delivery, efficiency and customer satisfaction. For over two decades, we are and have been driven by our tested relationship with various respectable brokers/agents. Through our alliance with reputable financial institutions and our growing investment in human resources & information technology, we maintain the professional mien required of a global reputable insurance company.

Linkage Assurance Plc as a General Business Insurer plays very well also in the Oil & Gas and Motor Insurance market spaces in the Industry.

Our Investment Portfolio

We have developed high competence in investment management having grown our investment portfolio to N17.6 billion as at 31st December 2016. Our increasingly steady participation in fixed income, equity & debt instruments in both capital and money markets has produced returns resulting in appreciable increase in our investment portfolio.

Linkage Assurance Plc Affirms The Bbb Status

Agusto & Co., a top rating agency has rated Linkage Assurance Plc and affirmed the BBB status on the Insurer.

This rating confirms on the Company, a satisfactory financial condition and adequate capacity to meet claims obligation as well as a Stable Outlook .

Brand Platform

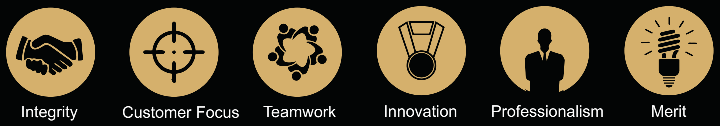
Vision

To be the Insurer of choice by using best in class technology, competent and engaged work force to deliver superior services and returns to our customers and shareholders.

Mission

To consistently exceed expectations by delivering world class insurance solutions.

Our Core Value



We believe in consistently "Walking the Talk" and keeping promises to all stakeholders through emphasis on honesty, transparency and the highest degree of ethical standards.

Our Commitment

It is our commitment to deliver speedy and accurate services exactly when our customers need them.

Driven by our tested relationship with respectable brokers/agents, our strategic alliance with reputable financial institutions and our growing investment in human resources and information technology, the quality of our services will continue to be our most reliable means of communicating with the market.

We strive to maintain the professional mien of the global insurance industry and ensure measurable gains for all stakeholders of Linkage Assurance Plc.

Service Offerings

We offer a full range of integrated non-life insurance services backed up with commitment to excellence and quality service delivery to the satisfaction of our clients.

Automobile
Private Motor
Commercial Vehicle
Motor Trade
Motor Cycle

Property
Fire and Allied Perils
Theft/Burglary
Householders
Industrial All Risks(Material Damage)

General Accident
Fidelity Guarantee
Money Insurance
Goods In Transit
Group Personal Accident/Personal Accident

Liability Group
Employer's Liability
Personal/Public Liability
General Third Party Liability

Transportation
Goods in transit
Marine Hull
Marine Cargo

Health & Compulsory Insurances
Travel Insurance
Miscellaneous/Compulsory Insurances
Builder's Liability
HealthCare Professional Indemnity

Marine
Marine Cargo
Marine Hull & Liability
Port Operators (Bailee) Liability

Aviation
Aviation Cargo
Aviation Hull & Liability
Aviation Passenger Liability

Bonds
- Advance Payment Bond
- Performance Bond
- Counter Guarantee Bond
- Bid Bond /Tender

Oil/Gas & Special Risk
- Energy Risk/Power Plants
- Oil & Gas
- Operators Extra Expenses
- Control of Well
- Gas Plants
- Refineries & Petrochemical Plants

Engineering Insurance
- Erection All Risks
- Construction All Risks
- Plant All Risks
- Boiler& Pressure Vessel
- Machinery Breakdown
- Electronic/Telecommunication Equipment
- Business Interruption (consequent upon
- Machinery. Breakdown)

Retail Products	
• Motor Third Party Plus	Budget motor insurance
• Events Insurance	Material damage + accident
• Estate Insurance	Fire + Burglary cover for homes & estates
• Purple Motor Plan	Comprehensive motor cover for women
• Shop Insurance	Comprehensive risk cover for stores, supermarkets , malls and plazas
• SME Comprehensive	Comprehensive risk cover for SMEs
• Citadel Shield Plan	Personal/Group Personal Accident cover for students and pupils

Notice of Annual General Meeting

Notice of 23rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of LINKAGE ASSURANCE PLC will hold on Thursday, December 14, 2017 at Agip Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos by 10:00 am to transact the following business:

Ordinary Business

- To receive and consider the Audited Financial Statement for the year ended 31st December, 2016 together with the Reports of the Directors, Auditors and Audit Committee thereon.
- To elect/re-elect Directors
- To appoint Auditors
- To authorize the Directors to fix the remuneration of the Auditors
- To elect members of the Audit Committee

Special Business

To transact the following special business:

Resolution 1: To consider and if approved, to pass with or without modification the following special resolutions:

1. That the Directors hereby recommends that in accordance with Article 7 of the Articles of Association of the Company, that the Authorised Share Capital of the Company be and is hereby increased from N4,000,000,000 (Four Billion Naira) to N7,500,000,000 (Seven Billion Five Hundred Million Naira) by the creation and addition thereto, of 7, 000,000,000 (Seven Billion) Ordinary Shares of 50 kobo(Fifty Kobo) each, such new shares to rank paripassu in all respects with the existing Ordinary Shares in the capital of the Company.

Resolution 2: To consider and if approved, to pass with or without modification the following special resolutions:

That Clause 6 of the Memorandum of Association and Article 6 of the Articles of Association of the Company be and are hereby amended to reflect the new authorized share capital of N7,500,000,000 (Seven Billion Five Hundred Million Naira) divided into 15,000,000,000 (Fifteen Billion) Ordinary shares of 50 kobo each.

PROXY

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member of the Company. All instruments of the proxy must be deposited at the Registered Office, Linkage Plaza, Plot 20, Block 94, Providence Street, Off Adewunmi Adebimpe Lekki Phase 1, Lagos not less than forty-eight hours before the time of the meeting.

NOTES:

(a) CLOSURE OF REGISTER
The Register of members will be closed from 4th December, 2017 to 7th December, 2017 both days inclusive for the purpose of updating the Register of Members.

(b) AUDIT COMMITTEE
In accordance with Section 369 (5) of Companies and Allied Matters Act, CAP, C20, LFN, 2004, any member may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the meeting. The National Insurance Commission Code of Corporate Governance Code, 2009, states that some of the members of Audit Committee should have knowledge of accounting, financial analysis and financial reporting.
Also the Securities and Exchange Commission's code of Corporate Governance 2011 provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. We would therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

(c) WEBSITE
A copy of this Notice and other information relating to the meeting can be found on our website at http://www.linkageassurance.com. Responses can also be sent through our email address: info@linkageassurance.com

(d) RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS
Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company not later than seven (7) days to the Meeting.

REGISTERED OFFICE
Linkage Plaza
Plot 20, Block 94,
Providence Street,
Off Adewunmi Adebimpe Lekki
Phase 1, Lagos
P.O. Box 74175
Victoria Island
Lagos

Dated this 6th day of November, 2017

BY ORDER OF THE BOARD

MOSES OMOROGBE
Company Secretary
FRC/2017/NBA/00000017141

Corporate Information

Board of Directors

Dr. John Anderson Eseimokumoh	**Chairman**
Mr Inam Udo - Udoma	Non-Executive Director
Mr. Taukeme Koroye	Non-Executive Director
Mr. Ikobho Anthony Howells	Non-Executive Director
Mr. Tamunoye Zifere Alazigha	Non-Executive Director
Mrs. Imo Oyewole*	Non-Executive Director
Mr. Daniel Braie*	Executive Director
Mr. Olakunle Agbebi*	Non-Executive Director
Mrs. Remilekun Odunlami*	Independent Director
Mrs. Obafunke Alade-Adeyefa**	Non-Executive Director
Mr. Bernard Nicolaas Griesel***	Non-Executive Director

** Appointed 17 January 2017, ** Appointed 1 January 2017 *** Appointed 27 April 2017*

Dr. Pius Apere — **Managing Director**

Moses Omorogbe *(Appointed 19th June, 2017.)* — **Company Secretary**

Registered Office

Linkage Plaza
Plot 20 Block 94
Providence Street
Off Adewunmi Adebimpe Street
Lekki Phase 1,
Lagos

Registrars

Centurion Registrars
33C, Cameron Road,
Ikoyi
Lagos.
www.centurionregistrars.com

Auditors

KPMG Professional Services
KPMG Towers,
Bishop Aboyade Cole Street,
Victoria Island, Lagos
www.ng.kpmg.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
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Keystone Bank Limited
Skye Bank Plc
Zenith Bank Plc

Actuary

HR Nigeria Ltd

RC No. 162306 **FRC Registered No.** FRC/2012/0000000000339

Authorized and regulated by National Insurance Commission RIC - 026

Financial Highlights

Comprehensive income statement	2016 ₦'000	2015 ₦'000	Growth (%)
Gross premium written	4,032,083	3,789,170	6%
Gross premium income	3,960,410	3,681,250	8%
Net premium income	2,835,885	2,436,231	16%
Underwriting profit	720,584	1,267	56773%
Investment and other income	951,349	1,497,459	-36%
Profit before taxation	942,682	925,281	2%
Profit after taxation	544,564	508,419	7%
Statement of financial position			
Total assets	20,332,447	19,492,236	8
Insurance contract liabilities	2,860,449	2,276,752	40

Key Ratios	2016	2015	Growth (%)
Claims ratio	49%	39%	-9%
Claims ratio (net)	15%	33%	18%
Underwriting expenses ratio	43%	36%	-7%
Underwriting income ratio	8%	6%	-2%
Management expenses ratio	27%	25%	-2%

Our Performance

In 2016, our gross premium written grew by 6% (2015: 24%) to ₦4.03billion from ₦3.78billion with the major contribution from Oil and Gas class to the gross premium written in 2016. The underwriting profit from operation grew by 55296% to N701million from N1.2million caused by improved underwriting process compared to 2015.

The 2015 dividend income from Stanbic IBTC Pension Limited that was not received during the year led to a drop of 36% (2015: 26% increase) to ₦951million from ₦1.4billion in 2015.Our profit before tax grew marginally by 2% (2015 60%) to ₦544million from ₦508million in 2015. This was majorly attributable to the drop in investment income.

Outlook

We will continue to refine our strategy in line with the political, economic, sociological and technological changes in the industry. Also we will continue to develop innovative products, alternative channels of distributions and strategic initiatives that will enable us achieve our corporate goals and objectives. With a medium-to-long term perspective, we believe that we will benefit from growth in these initiatives.

Retail Products

We have developed and launched a number of retail products. These include the Linkage Third Party Plus, which is a budget friendly motor insurance that provides not only the compulsory Third party protection but an additional Own damage protection to the tune of ₦250,000. This product is only available from our Company, Linkage Assurance PLC. Others are the Linkage SME Comprehensive, Citadel Shield (which provides compensation as a result of injuries from accident for pupils and students in recognized academic establishments). Linkage Events Xclusive Insurance, Linkage Shop Insurance, Purple Motor Plan (comprehensive motor cover exclusively for women), and the Linkage Estate Insurance. We are also making efforts to deploy our online portal to make our products and services available to our customers especially the digital savvy customers and enterprises.

Operational Efficiency

We will consolidate on the going initiatives to improve our operational efficiency so as to reduce the cost of doing business, improve business processes, eliminate wastages and achieve higher margins in our core business.

Dividend Policy

Having almost come out of the "woods", going forward, we will ensure that we pay dividend every year to our shareholders regardless of the changes in the business environment.


Space Usage (750 Mb)
18,321
Marketing Chart
Target

Dr. John A. Eseimokumoh (MON) JP
Chairman

Chairman's Statement

Introduction

Distinguished Shareholders, Directors, Ladies and Gentlemen, it is with great pleasure that I welcome you to the 23rd Annual General Meeting of Linkage Assurance PLC.

I am honoured to present to you, our company's performance for the 2016 financial year. The year 2016 was without question remarkable, given the significant political and economic challenges with recession and myriad of issues arising from the naira depreciation and increased cost of doing business.

The Global Economy

The past year saw the world witness a number of political uncertainties like the Brexit referendum in the United Kingdom, the US Presidential Election, terror attacks in many parts of the world which has led to rising cases of nationalistic movements across Europe and even in South Africa. All these coupled with the fluctuations in commodity markets, especially crude oil, set out a spiral effect in many economies including Nigeria. In spite of all these, the global growth continued to be driven by the advanced and developed economies. On the other hand the economic activities of emerging and developing countries were seen to be slowed down by political uncertainties and volatile commodity prices. Notwithstanding, there are indications that things are beginning to stabilize globally and also in Nigeria.

The Nigerian Economy

Just as 2016 was a remarkable year all over the world, it was also the year Nigeria experienced her first recession in over 20 years. The Nigerian economy contracted by 2.2% in Q3 2016 causing a lot of hardship and increase in cost of doing business. These downward trends can be attributed to a number of militant activities in the Niger Delta leading to reduction in oil production and the prolonged reduction in foreign exchange earnings. These impacted negatively on the Naira to US Dollar exchange and led to slow economic activities and increased inflation rate. However, positive economic indicators have started to show that the Nigerian economy is gradually improving with forecasted GDP growth of 2% in 2017 as against the 1.5% contraction (negative growth) experienced in 2016. We are optimistic that the economic agenda of the Federal Government of Nigeria will surely get the economy out of "the woods" before the end of 2017.

The Insurance Industry

Although the Nigerian Insurance Industry is the second largest industry in the Nigerian financial sector after the banking industry, the insurance penetration in Nigeria is still less than 1%. This is largely due to the apathy of most Nigerians to insurance services (including compulsory insurance services & products). However, industry analysts are optimistic that with the gradual introduction of retail products, online offerings as well as the introduction of new products with better customer value propositions, the insurance consumption and perceptions will improve. Most of the developments witnessed in the market have been regulatory driven. The regulators recently released a number of regulatory priorities and outlook for 2017 which are expected to move the industry in the right direction. These include the Capital Verification intended to ensure that operators have the required capital resources for the risks they carry.

Our Financial Performance

I am pleased to present to you the financial performance of our company, for the financial year ended 2016. Despite the daunting operating environment, our result is an indication of the tenacity and resilience of our management and staff to continuously improve on the performance of the company.

Our Gross Premium Written grew by 6% from ₦3.78b in FY2015 to ₦4.03b in FY2016. Underwriting Performance witnessed the most significant improvement with a 56,773% growth, an indication of improved technical efficiency and risk management practices.

Chairman's Statement

Our PBT grew by 2% from ₦925m in FY2015 to ₦942.6m in FY2016. This would have been higher but for the 36% drop in our investment income for the FY2016 due to non-receipt of dividend income on investments in SIPML for the year.

Future Outlook

There is no doubt that our worst days are over both for the national economy and our company, as Nigeria is gradually coming out of recession and our operating environment is improving. The future of the company is bright as the new management navigates the organization to achieve better results.

As part of our strategic initiatives, we have developed and launched a number of retail products, these include the Linkage Third Party Plus, which is a budget friendly motor insurance that provides not only the compulsory Third party cover but an additional Own damage protection to the tune of ₦250,000. This product is only available from your company Linkage Assurance PLC. We also have the Linkage Purple Motor Plan exclusive comprehensive motor insurance for women. Others are the Linkage SME Comprehensive, Citadel Shield (which provides compensation as a result of injuries from accident for pupils and students in recognized academic establishments. Linkage Events Xclusive Insurance, Linkage Shop Insurance and the Linkage Estate Insurance.

We are also making efforts to deploy our online portals to make our products and services more widespread and readily available to our customers.

Appreciation

I must commend the Board and Management for their selfless service in ensuring that we are able to achieve an impressive result during the challenging year and their resolution to do better in the coming years.

I also extend my gratitude to our esteemed shareholders, customers and dedicated & hardworking employees without whom we would not be here today.

Thank you all for your kind attention.

Dr. John Anderson Eseimokumoh
Chairman

Report Of The Directors

For the year ended 31 December 2016

It is the pleasure of the Directors to submit their report together with the audited financial statements for the year ended 31 December, 2016.

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 Providence Street, Off Adewunmi Adebimpe Street, Lekki Phase 1, 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:

	2016 ₦'000	2015 ₦'000
Gross premium written	4,032,083	3,789,170
Profit before taxation	942,682	925,281
Taxation	(398,118)	(416,862)
Profit after taxation	544,564	508,419

4. Directors

The Directors who served during the year were as follows:

Dr. John Anderson Eseimokumoh	Chairman
Mr. Babatunde R. Fatayi-Williams	Vice Chairman [1]
Mr Inam Udo Udoma	Director
Mr. Taukeme Koroye	Director
Mr. Tamunoye Zifere Alazigha	Director
Mr. Ikobho Anthony Howells	Director
Dr. Bukar Usman	Director [1]
Pelebo E. Banigo	Director [1]
Chief John D. Edozien	Director [1]
Chief Raymond Ihyembe	Director [2]
Mr. G.U.S Wiggle	Managing Director (Retired 31 December 2016)[3]
Dr. Pius Apere	Managing Director (Appointed 2017)

Changes on the Board:

[1] Retired effective 1st April, 2016 [2] Retired effective 1st August, 2016
[3] Following the retirement of Mr. G.U.S Wiggle as the Managing Director of the Company in December 2016, Dr. Pius Apere, an erstwhile director, was appointed as a replacement by the Board in January 2017 and approved by NAICOM in February 2017.

Report Of The Directors

For the year ended 31 December 2016

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, 2016 and as notified by them for the purpose of fulfilling Section 275 of the Companies and Allied Matters Act CAP C20 LFN 2004, are as follows:

	2016 Direct	2016 Indirect	2016 Total	2015 Total
Dr. John Anderson Eseimokumoh	-	-	-	-
Mr. Inam 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
Mr. Ikobho Anthony Howells	-	-	-	-
Mr. Tamunoye Zifere Alazigha	-	-	-	-
Mr. Taukeme Koroye	-	-	-	-
Dr. Pius Apere	-	-	-	-

**Retired effective 31 December 2016*

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

No. of Shares		2016	2015
Mr. Inam Udo Udoma	Tierce Investments Limited	80,771,282	80,771,282

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:

a. Chief Ihyembe is also a Director of Gresham Asset Management which managed the Company's investment portfolio worth ₦532.5million as at year end 31 December 2016. (2015: ₦473.5million)

b. Mrs. Pelebo Banigo manages EF Shaw (The Executives) which provided catering services to the staff of the Company for which a fee of ₦27m was paid for the year ended 31 December 2016 . (2015:₦46.7million)

7. Shareholding

The Company's issued share capital of ₦3,999,999,997 is made up of 7,999,999,995 ordinary shares of 50k each which are held by Nigerian individuals and institutional investors. According to the register of members, no shareholder other than the following held more than 5% of the issued share capital of the Company as at 31 December 2016.

Bayelsa State Ministry of Finance Incorporated (BSMFI)	4,274,735,743	53.43%
Stanbic Nominees Nigeria Limited	988,138,511	12.35%

b) Analysis of shareholding structure

i) As at 31 December, 2016

Range	No of Holders	% of Holders	Units Held	% of Held
1 - 10,000	14,057	62.68%	63,763,930	0.80%
10,001 - 50,000	5,519	24.61%	143,608,691	1.80%
5,0001 - 100,000	1,448	6.46%	118,864,108	1.49%
100,001 - 500,000	1,065	4.75%	237,003,716	2.96%
500,001 - 1,000,000	163	0.73%	131,367,839	1.64%
1,000,001 - 5,000,000	111	0.49%	230,105,812	2.88%
5,000,001 - 10,000,000	24	0.11%	172,770,435	2.16%
10,000,001 - 50,000,000	26	0.12%	469,016,255	5.86%
50,000,001 - 100,000,000	9	0.04%	632,141,159	7.90%
100,000,001 - 500,000,000	3	0.01%	538,483,796	6.73%
500,000,001 - 1,000,000,000	1	0.00%	988,138,511	12.35%
1,000,000,001 - 5,000,000,000	1	0.00%	4,274,735,743	53.43%
Grand Total	**22,427**	**100%**	**7,999,999,995**	**100%**

Report Of The Directors
For the year ended 31 December 2016

ii) **As at 31 December, 2015**

Range	No of Holders	% of Holders	Units Held	% Units of Held
1 - 10,000	14,033	62.61%	63,799,742	0.80%
10,001 - 50,000	5,520	24.63%	143,657,063	1.80%
5,0001 - 100,000	1,450	6.47%	119,087,934	1.49%
100,001 - 500,000	1,068	4.77%	237,293,748	2.97%
500,001 - 1,000,000	164	0.73%	131,294,299	1.64%
1,000,001 - 5,000,000	112	0.50%	231,830,139	2.90%
5,000,001 - 10,000,000	25	0.11%	181,566,059	2.27%
10,000,001 - 50,000,000	26	0.12%	491,075,082	6.14%
50,000,001 - 100,000,000	9	0.04%	632,141,159	7.90%
100,000,001 - 500,000,000	3	0.01%	538,483,796	6.73%
500,000,001 - 1,000,000,000	1	0.00%	955,055,230	11.94%
1,000,000,001 - 5,000,000,000	1	0.00%	4,273,527,900	53.43%
Grand Total	**22,412**	**100%**	**7,998,812,151**	**100%**

8 Insider Trading/Dealing in Company's Shares

Linkage Assurance Plc currently does not have an approved Securities Trading Policy in place however, the Code of Business Conduct and Ethics for Directors and Employees of the Company, both of which are internal policies, places stringent restrictions on Directors and Employees as insiders of the Company as it relates to their securities and transactions with the Company. These internal policies are circulated to all Directors and Employees to ensure they are aware of their obligations and responsibilities.

The Company is now aware that the Securities Trading Policy is a requirement of law as provided in Rule 17.15

Disclosure of Dealings in Issuer's Shares, Rulebook of the Nigerian Stock Exchange, 2015, and is working diligently to secure the approval of a draft Securities Trading Policy. Upon approval, this policy will be made available on the Company's website.

9 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 2016, 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.

Corporate Information

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.

10 Complaints Management Policy Framework

The Company has developed a Complaints Management Policy Framework in compliance with the Securities & Exchange Commission's ' Rules on Complaints Management Framework of the Nigerian Capital Market' which guides the Company, being a publicly listed Company on the Nigerian Stock Exchange (NSE), on how to handle and resolve complaints arising from issues regarding the Company's operations. The purpose of the policy is to establish an effective and efficient complaints management system that is, responsive, confidential, equitable and transparent.

Report Of The Directors
For the year ended 31 December 2016

The Policy:
- provides an avenue for customer complaints and dispute resolution;
- recognizes, promotes and protects the customer's rights, including the right to comment and provide feedback on service;
- provides an efficient, fair and accessible framework for resolving customer complaints and monitoring feedback to improve service delivery;
- informs customers on the customer feedback handling processes; and
- provides staff with information about the customer feedback process.

The framework functions to enable complaints to be fairly investigated and possible conflicts of interest to be identified and mitigated. The Policy is endorsed by the Board of Directors and ensures full implementation and monitors compliance through Senior Management.

The policy is accessible through the Company's website.

11 Property and equipment

Changes in property and equipment during the year under review are shown in note 15 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.

12 Acquisition of own shares

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

13 Fines and penalties

During the year, the Company paid the following as penalties to regulators:

In thousands of Naira

	2016 ₦'000	2015 ₦'000
Late filing of returns to the Nigerian Stock Exchange (NSE)	-	900
Late filing of returns to the Securities & Exchange Commission (SEC)	20,190	-
Late filing of returns to the National Insurance Commission (NAICOM)	785	-
Fines for reinstatement of financials statement paid to NAICOM	-	100
Late filing of returns to the Federal Inland Revenue (FIRS)	35	-
Late filing fee for director's particulars to the CAC	5	-
Filing fee for the extension of the Annual General Meeting to the CAC	10	-
	21,025	**1,000**

14 Events after reporting date

Subsequent to year end, the Board of directors passed a resolution to appoint five(5) new directors to replace directors that resigned from the board. This was ratified by the shareholders during the Annual General Meeting (AGM) held on 7 February 2017. The board also appointed Dr. Pius Apere as the new Managing Director on 3rd January, 2017.
(see details in Corporate Information on page 1).

Other than as stated above, there were no other significant events after reporting date which could have had a material effect on the Company as at 31 December, 2016 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

15 Audit committee

Mr. Waheed Adegbite	Chairman/Shareholder
Engr. S. A. Orji	Shareholder
Mr. Balogun Shamusideen Olalekan	Shareholder
Mr. Tamunoye Alazigha	Non-Executive Director
Mr. Ikobho Anthony Howells	Non-Executive Director
Chief Raymond Ihyembe	Non-Executive Director (Retired effective 1 August 2016)

16 Auditors

The Auditor Messrs KPMG Professional Services, was appointed as the Company's independent auditors at the last Annual General Meeting. Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

By order of the Board

KEHINDE AYODELE (MRS)
Company Secretary
FRC/2013/NBA/00000002935
27 April, 2017

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2016

Linkage Assurance Plc ("Linkage") is committed to implementing the best practice standards of Corporate Governance.

The Board of Linkage is mindful of its obligations under the National Insurance Commission Corporate Governance Code (NAICOM Code), the Securities & Exchange Commission Corporate Governance Code (SEC Code) as well as the Post Listing Rules & Requirements of the Nigerian Stock Exchange.
The Company's high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all Stakeholders. The business of the Company is conducted with high level of Integrity.

The Board of Directors of Linkage Assurance Plc. has overall responsibility for ensuring the highest standards of corporate governance is 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

THE BOARD

The Board of Directors of Linkage Assurance Plc comprising of eleven (11) members is accountable to the shareholders and also responsible for the control, management and periodic review of the Company's business strategy. The Board of Directors is also committed to ensuring that the Company adheres strictly to the regulations guiding the operations of the Insurance Industry 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:

S/N	Name	Status
1	Mr. Waheed Adegbite	Shareholder/Chairman
2	Engr. S. A. Orji	Shareholder
3	Mr. Shamusideen O. Balogun	Shareholder
4	Mr. Tamunoye Alazigha	Non-Executive Director
5	Mr. Ikobho Anthony Howells	Non-Executive Director
6	Chief Raymond Ihyembe**	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 Laws of Federation of Nigeria 2004 and the Company's Articles of Association.

Finance, Investment & Strategy Committee

The Committee is composed of 7 members as follows:

S/N	Name	Status
1	Mr. Tamunoye Alazigha	Chairman
2	Dr. Pius Apere	Member
3	Chief Raymond Ihyembe**	Member
4	Dr. Bukar Usman*	Member
5	Mr. G.U.S Wiggle***	Member
6	Mrs. Pelebo Banigo*	Member
7	Mr. Babatunde Fatayi-Williams	Member

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

CORPORATE GOVERNANCE REPORT (CONTD)

For the year ended 31 December 2016

Establishment & Governance Committee

The Committee is composed of 6 members as follows:

S/N	Name	Status
1	Mr. Ikobho Anthony Howells	Chairman
2	Mr. Babatunde Fatayi Williams*	Member
3	Chief John Edozien*	Member
4	Mrs. Pelebo Banigo*	Member
5	Mr. Taukeme Koroye	Member
6	Mr. Inam Udo Udoma	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.

Audit, Compliance & Risk Management Committee

The Committee is composed of 5 members as follows:

S/N	Name	Status
1	Mr. Taukeme Koroye	Chairman
2	Mr. Ikobho Anthony Howells	Member
3	Chief J. Edozien*	Member
4	Mr Inam Udo Udoma	Member
5	Dr Bukar Usman*	Member

This Committee assists the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the performance of the internal audit function, the identification, assessment, management of the Company's risks and adherence to internal risk management policies and procedures.

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, synthesize 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. The 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 2016 is as follows:

CORPORATE GOVERNANCE REPORT (CONTD)

For the year ended 31 December 2016

Attendance at the Board of Directors meeting held in 2016 as follows:

S/N	Names of Directors	3-Mar-16	10-Jun-16	21-Jul-15	7-Nov-16
1	Dr. John Anderson Eseimokumoh	1	1	1	1
2	Mr. Babatunde Fatayi-Williams*	1	-	-	-
3	Mr Inam Udo Udoma	1	1	1	1
4	Chief John Edozien*	1	-	-	-
5	Chief Raymond Ihyembe**	1	1	1	-
6	Mr. Tamunoye Alazigha	1	1	-	1
7	Mrs. Pelebo Banigo*	1	-	-	-
8	Mr. Ikobho Anthony Howells	1	1	1	1
9	Dr. Bukar Usman*	1	-	-	-
10	Mr. GUS Wiggle ***	1	1	1	1
11	Dr. Pius Apere	1	1	1	1
12	Mr. Taukeme Koroye	1	1	1	1

Attendance at The Finance, Investment & Strategy Committee Meetings held in 2016

S/N	Names of Directors	9-Jun-16	20-Jul-16	10-Nov-16
1	Mr. Tamunoye Alazigha	1	-	1
2	Dr. Pius Apere	1	1	1
3	Chief Raymond Ihyembe	1	1	-
4	Dr. Bukar Usman*	-	-	-
5	Mr. G.U.S Wiggle***	1	1	1
6	Mrs. Pelebo Banigo*	-	-	-
7	Mr. Babatunde Fatayi-Williams	-	-	-

Attendance at the Statutory Audit Committee Meetings held in 2016

S/N	Members	Status	20-Jul-16	10-Nov-16
1	Mr. Waheed Adegbite	Shareholder/Chairman	1	1
2	Mr. Shamusideen O. Balogun	Shareholder	1	1
3	Engr. S.A.Orji	Shareholder	1	1
4	Mr. Ikobho Anthony Howells	Non-Executive Director	1	1
5	Mr Tamunoye Alazigha	Non-Executive Director	-	1
6	Chief Raymond Ihyembe**	Non-Executive Director	1	-

Attendance at the Establishment & Governance Committee Meetings held in 2016

S/N	Names of Directors	10-Jun-16	21-Jul-16	11-Nov-16	17-Dec-16
1	Mr. Ikobho Anthony Howells	1	1	1	1
2	Mr. Babatunde Fatayi Williams*	-	-	-	-
3	Chief John Edozien*	-	-	-	-
4	Mrs. Pelebo Banigo*	-	-	-	-
5	Mr. Taukeme Koroye	1	1	1	1
6	Mr. Inam Udo Udoma	1	1	1	1

Attendance at the Board Audit, Compliance & Risk Committee Meetings held in 2016

S/N	Names of Directors	9-Jun-16	19-Jul-16	9-Nov-16
1.	Mr. Taukeme Koroye	1	1	1
2.	Mr. Ikobho Anthony Howells	1	1	1
3.	Chief J. Edozien*	-	-	-
4.	Mr Inam Udo Udoma	1	1	1
5.	Dr Bukar Usman*	-	-	-

**Retired effective 1st April 2016. **Retired effective 1st August, 2016. ***Retired effective 1st January, 2017*

Report of 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 accounts of the Company and the responses to the said letter.

2 In our opinion, the plan and scope of the audit for the period ended 31st December, 2016 were adequate. We have reviewed the Auditors' findings and we are satisfied with Management's responses thereon. On a review of related party transactions, the Committee was satisfied with their status.

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

4 The Committee therefore recommends that the audited financial statements for the year ended 31 December 2016 and the Auditors' Report thereon be presented for adoption by the Company at the Annual General Meeting.

Mr. Waheed Adegbite
FRC/2013/ICAN/00000002532
Chairman, Audit Committee
27 April, 2017.

Members of the Committee

Name	Status
1. Mr. Waheed Adegbite	Shareholder/Chairman
2. Engr. S. A. Orji	Shareholder
3. Mr. Shamusideen O. Balogun	Shareholder
4. Mr. Tamunoye Alazigha	Non-Executive Director
5. Mr. Ikobho Anthony Howells	Non-Executive Director
6. Mrs. Obafunke Alade-Adeyefa	Non-Executive Director

Enterprise Risk Management Declaration Statement

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

a) the Company has systems in place for the purpose of ensuring compliance with the 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 Eseimokumoh
(Chairman)
FRC/2014/ICAN/00000007083
27 April, 2017.

Dr. Pius Apere
(Managing Director/CEO)
FRC/2013/CIIN/00000004256
27 April, 2017.

Statement of Directors' Responsibility

For the preparation and approval of the Financial Statements

Statement of Directors' Responsibilities for the preparation and approval of the Financial Statements

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act Cap C20 LFN 2004 (CAMA), the Directors of Linkage Assurance Plc. are responsible for the preparation of the annual financial statements which gives a true and fair view of the state of the financial affairs of the Company as at 31 December, 2016 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 Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

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 IFRS 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 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, 2016 were approved by the Directors on 27 April 2017.

On behalf of the Directors of the Company

Dr. John Anderson Eseimokumoh
(Chairman)
FRC/2014/ICAN/00000007083
27 April, 2017.

Dr. Pius Apere
(Managing Director/CEO)
FRC/2013/CIIN/00000004256
27 April, 2017.

Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

LINKAGE ASSURANCE PLC

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended December 31, 2016 that:

(I) We have reviewed the report and to the best of our knowledge, the report does not contain:

- Any untrue statement of a material fact, or
- Omission to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the years presented in the report.

(ii) We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(iii) We have disclosed to the auditors of the Company and audit committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Group's auditors any material weakness in internal controls, and
- Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

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

Dr. Pius Apere
(Managing Director/CEO)
FRC/2013/CIIN/00000004256
27 April, 2017.

Mr. Johnson Fagbemi
Chief Financial Officer
FRC/2013/ICAN/00000002943
27 April, 2017.

Independent Auditor`s Report

To the Members of **Linkage Assurance PLC**

Report on the Financial Statements

Opinion

We have audited the financial statements of Linkage Assurance PLC (the Company), which comprise the statement of financial position as at 31 December, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 82.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act, 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

i) Valuation of insurance contract liabilities

The Company has significant insurance contract liabilities, the valuation of which involves high estimation uncertainties and significant judgment over uncertain future outcomes. Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions such as inflation rate and discount rates whose eventual outcome are uncertain.

The level of complexity involved in the estimation of the insurance contract liabilities made it a matter of significance to our audit.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls instituted by the Company around the gathering of data used for the valuation of insurance contract liabilities.

- We used our actuarial specialists to challenge the appropriateness of the methodology used by the Company's external actuary for calculating the insurance contract liabilities. This involved an assessment of the appropriateness of the basic chain ladder method and expected loss ratio method, taking into account available industry data and specific product features of the Company.

- We evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary including assumptions on the projected cash flows, basic chain ladder runoff period, inflation rate and discount rate by comparing them to Company specific and industry data and market trends.

  Refer to note 4.13 (accounting policies), note 2.4 (critical accounting estimates, judgments and uncertainties), note 17 (insurance contract liabilities) and note 6.2 (insurance risk).

Independent Auditor`s Report

ii) Valuation of unquoted equity instrument measured at fair value through other comprehensive income

The Company has a significant investment in an unquoted equity instrument, which is classified as available for sale and measured at fair value with fair value changes recognized in other comprehensive income. Given the non-availability of market prices for this equity investment, determination of the fair value involves the exercise of significant assumptions and judgment regarding cash flow forecasts, growth rate and discount rate to be applied. The fair value of this investment is determined based on the Discounted Cash-Flows (DCF) method.

Inputs into the DCF valuation method include the forecast cash-flows of the investee over a long-term period, key assumptions such as the discount rate, and macroeconomic assumptions such as inflation and tax rates. The assessment of long-term term forecasts and the selection of appropriate assumptions surrounding uncertain future events are key judgments and estimates made by the Directors in the determination of the fair value of the unquoted equity instrument. Changes to forecast cash-flows and the selection of different assumptions may result in a materially different valuation result.

How the matter was addressed in our audit

We performed the following procedures amongst others:

- We involved our own valuation specialists to assist in evaluating the appropriateness of the valuation methodology and reasonableness of assumptions used by the Company in determining the fair value of the unquoted equity instrument. This includes obtaining an understanding of the projected operating results and free cash flows and an assessment of assumptions such as the discount rate, terminal value, inflation rate and long-term growth rate. We also challenged the forecast cash flows and growth rates in the context of the historical performance of the underlying investee as well as our knowledge of the market and wider economic environment.

- We checked the mathematical accuracy of the valuation calculation.

- We assessed the robustness of the valuation model by considering the sensitivity of the resultant fair value to changes in key assumptions.

- We also considered the adequacy of the Company's disclosures including the use of estimates and judgments in arriving at the fair value of the unquoted equity instrument and sensitivity of the fair value measurement to changes in significant unobservable inputs in accordance with the requirements of the relevant accounting standard.

  Refer to note 4.2.1 (accounting policies), note 2.4 (critical accounting estimates, judgments and uncertainties) and note 8.4 (available for sale unquoted equities).

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the Directors' report, Statement of Directors' responsibilities, Enterprise Risk Management declaration statement, Corporate governance report, Report of the Audit Committee, Financial highlights and Other national disclosures, but does not include the financial statements and our audit report thereon, which we obtained prior to the date of the auditors' report and the Chairman's statement, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the

Independent Auditor`s Report

Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars, the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Independent Auditor`s Report

Compliance with the requirements of National Insurance Commission of Nigeria Guidelines
The Company incurred penalties with respect to contraventions of sections of the National Insurance Commission of Nigeria Guidelines 2011 during the year (see note 47 for details).

Signed:

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
16 May 2017
Lagos, Nigeria


OPEN
Linkage SME Comprehensive Plan
Insurance for Small & Medium Enterprise Businesses
SME
This Package is designed specifically to meet the insurance needs of most Small & Medium Sized businesses, Offices/Retail Outlets and is priced competitively. The coverage contained in this package is intended to meet most of your insurance needs.
Policy features include: • All risk loss •Fire •Burglary
Target Market: Hotels, Hospitals, Printers/Publishers, Logistics Companies, Cottage Industries, Saloons & Spas etc.
Please visit our website | or contact us on
www.linkageassurance.com
0700LINKCARE, 0700LINKAGE.
Plot 20, Block 94, Providence Street, Off Adewunmi Adebimpe Street, Lekki Phase 1, Lagos
plan also available on
LINKAGE ASSURANCE PLC
...protection that counts
NAICOM/CA/ADV/2015/1439
Authorised and regulated by the National Insurance Commission. RIC-026

Board Of Directors

Dr. John Anderson Eseimokumoh MON (JP) Chairman

- Managing Director, Hotel De Excellence, Nigeria
- Former Executive Director (Finance) Express Airway Nigeria Limited
- Former Managing Director, Jones Finance & Management Consultant Limited, Nigeria
- Former Finance Director Jafco Holdings Nigeria Limited
- Former Member, Presidential Committee on Niger Delta
- Former Chairman TCPC Implementation Committee on Privatization of Niger Delta Basin Development Authority
- Former Chairman Niger Delta Basin Development Authority
- Former Chairman Kaduna District Society of Chartered Accountants, Nigeria
- Partner, Pannell Kerr Forster Chartered Accountants, Nigeria
- Fellow, Certified & Chartered Accountants (UK)
- Fellow, Institute of Chartered Accountants Nigeria
- Alumnus, All Saints University America INC
- Alumnus, Staffordshire College of Commerce, Wednesbury (UK)
- Alumnus, Manchester University UK

Dr. Pius Apere Phd, FCII
Managing Director/CEO

- Former Deputy Managing Director, Linkage Assurance Plc
- Former Managing Director, Anchor Actuarial Services Limited, London
- Former Actuarial Analyst, Finance WP Reporting, Lloyds Bank Group, UK
- Fellow, Chartered Insurance Institute, UK
- Alumnus, CASS Business School, City University, UK
- Alumnus University of Lagos

Mr. Tamunoye Zifere Alazigha
Non-Executive Director

- Managing Director, Bayelsa Development and Investment Corporation
- Former Vice President & Group Head of Corporate Strategy, BGL Plc
- Former Director, Quantitative Research & Strategy, US Trust, Bank of America
- CEP Alumnus, Lagos Business School
- Alumnus, Courant Institute of Mathematical Sciences, New York University
- Alumnus, London Metropolitan University

Board Of Directors

Mr. Taukeme Koroye
Non-Executive Director

- Former Executive Director, Access Bank Plc
- Former Vice President, Citibank Nigeria
- Fellow Institute of Chartered Accountants Nigeria (FCA)
- Honorary Member of Chartered Institute of Bankers (HCIB)
- Alumnus, University of Lagos
- Alumnus, Harvard Business School
- Alumnus, IMD Business School
- Alumnus, INSEAD Business School

Mr. Daniel Braie
Executive Director

- Chartered Insurance Practitioner of over 37 years standing.
- Former General Manager (Operations)/ Company Secretary - Trust & Guarantee Insurance Co. Ltd.
- Former DGM/Group Head (Enterprise Marketing) - Crusader Nigeria Plc.
- Former Managing Director - Eloms Nigeria Enterprises.
- Alumnus - West African Insurance Institute, Liberia
- Alumnus - Enugu State University of Science & Technology (ESUT Business School)
- Associate - Nigerian Institute of Management.

Mr. Ikobho Anthony Howells
Non-Executive Director

- Permanent Secretary, Ministry of Finance, Bayelsa State.
- Former Head Internal Audit, Ministry of Finance Incorporated(MoFI)
- Former Acting Director of Treasury Ministry of Finance Incorporated(MoFI)
- Former Acting Director, Ministry of Finance Incorporated(MoFI) in the Office of the Accountant
- Fellow of the Institute of Chartered Accountants of Nigeria (ICAN)
- Member of the Nigeria Institute of Management(NIM)
- Associate, Institute of Chartered Accountants of Nigeria
- Alumnus, Rivers State University of Science & Technology and the
- Alumnus University of Port Harcourt

Board Of Directors

Mr Inam Udo Udoma
Non-Executive Director

- Nigeria Country Director, Matok Gateway Group UK
- Director, Polymer Extrusion Company Nigeria Limited
- Former Group Executive Director, Kuramo Group
- Alumnus, Institute of Directors, New Zealand
- Alumnus, University of Ibadan

Mr. Olakunle Agbebi
Non-Executive Director (Minority Shareholders)

- Founding/Principal Partner, Olakunle Agbebi & Co.
- Chairman, OA & C Properties Limited
- Former Director, TMC Savings & Loans Limited
- Member, Nigerian Bar Association
- Member, Business Recovery & Insolvency Practitioners Association of Nigeria
- Alumnus, Nigerian Law School
- Alumnus, University of Jos
- Alumnus University of Lagos

Mrs. Imo Oyewole
Non-Executive Director

- Managing Partner, Global Talent Network HR Consultants
- Former Vice President and Senior Generalist, Citigroup e-Business, USA.
- Former Vice President and Country Human Resources Officer (CHRO), Citibank/ NIB, Nigeria.
- Member, Society for human Resources Management (SHRM)
- Member, World-at-Work
- Alumnus, Pace University, USA
- Alumnus, Bates College, USA

Board Of Directors

Mrs. Obafunke Alade-Adeyefa
Non-Executive Director

- Independent Director, Union Bank of Nigeria Plc
- Former Managing Director/CEO Chevron Nigeria Closed PFA Limited
- Former Manager, Treasury & Insurance, Chevron Nigeria Limited
- Former Group Head Corporate Banking/Capital Markets, Marina International Bank Limited
- Fellow, Institute of Chartered Accountants of Nigeria
- Associate, The Chartered Institute of Taxation of Nigeria
- Alumnus, University of Ife, Ile- Ife

Mrs. Remilekun Odunlami
Independent Non-Executive Director

- Consultant in Risk Management
- Former Executive Director, First Bank Nigeria Plc
- Former Executive Director, Citibank Nigeria Limited
- Fellow, Chartered Association of Certified Accountants
- Honorary Member, Chartered Institute of Bankers
- Alumnus, University of Warwick, UK

Mr. Bernard Nicolaas Griesel
Non-Executive Director

- Analyst, Steyn Capital Management, South Africa
- Member, South African Institute of Chartered Accountants
- Audit Senior, Deloitte & Touch LLP USA
- Audit Senior, Deloitte & Touch South Africa
- Alumnus, University of Stellenbosch South Africa

Management Team

Dr. Pius Apere
(Managing Director)

Mr. Daniel Braie
(Executive Director, Technical)

Mrs. Joyce Ojemudia
(Generlal Manager, Marketing)



Mr. Anthony Saiki
(Head, Oil & Gas)

Mr. Johnson Fagbemi
(Chief Financial Officer)

Mr. Humphrey Ozegbe
(Head, Human Capital)



Mr. Taoheed Sikiru
(Head, Compliance)

Mrs. Oluwaseun Ajila
(Head, Internal Audit)

Ms. Mayen Umoren
(Head, Reinsurance and Claims)



Mr. Foluso Adedeji
(Deputy General Manager, Marketing)

Mr. Imo Imo
(Head, Strategy & Business Development)

Mr. Damilare Ezekiel
(Ag. Head, Information Technology)



Notes To The Financial Statements

1 Corporate Information

1.1 Reporting entity

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.

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 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.

1.2. Principal activities

The Company was registered to transact all classes of non-life insurance business, insurance claims payment and investments. Subsequently it disposed its life business in February 2007 and concentrated on the non-life insurance business.

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 in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars.

2.2 Going concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The Directors believe 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 to ensure that there are no going concern threats to the operations of the Company.

2.3 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the following:

(i) Financial instruments at fair value through profit or loss are measured at fair value
(ii) Available-for-sale financial assets are measured at fair value.
(iii) Land and buildings are carried at revalued amount.
(iv) Investment properties are measured at fair value.

2.4 Estimates, judgement and uncertainties

The preparation of these financial statements in confirmity with IFRSs requires the Company management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(a) Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant of risk of resulting in material adjustment on the amounts recognized in the financial statements are included in the following notes to the financial statements:

Notes To The Financial Statements

(i) Determination of fair value of investment properties (see note 13)
(ii) Depreciation and carrying value of property and equipment (see note 15)
(iii) Valuation of insurance contract liabilities; key actuarial assumptions (see notes 6 and 17)
(iv) Measurement of defined benefits obligations; key actuarial assumptions (see note 20)
(v) Impairment of financial and non - financial assets
(vi) Valuation of unquoted equity instruments (see note 8.4)

(b) Use of judgements

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- Note 4.3 - Fair value measurement
- Note 4.13 - Reserve for insurance contract liabilities
- Note 4.16 - Reserve for defined employee benefits obligation

2.5 Presentation Currency

The financial statements are presented in Nigeria Naira(₦) and are rounded to the nearest thousands unless otherwise stated.

2.6 Functional 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 Company is incorporated in Nigeria and has adopted Naira as its functional currency.

3 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting polices as set out in Note 4 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016.

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Disclosure Initiative (Amendments to IAS 1)
- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 34 Interim Financial Reporting
- IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)

The nature and the effects of the changes are explained below:

(a) Clarification of Acceptable Methods of Depreciation & Amortisation(Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The change did not have any impact on the Company's financial statements.

(b) Amendments to IAS 1

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position, and statement of profit or loss and other comprehensive income.
The change did not have a material impact on the Company's financial statements.

(c) Amendments to IAS 19 Employee Benefits

The amendment clarifies that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The basis for conclusions to the amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level which is consistent with the currency in which the benefits are to be paid. For currencies for which there is no deep market in such high quality bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency should be used.
The change did not have any impact on the Company's financial statements.

Notes To The Financial Statements

(d) Amendments to IAS 34 Interim Financial Reporting

The amendment clarifies the requirements relating to information required by paragraph 16A of IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendment requires that such information to be included either in the interim financial statements or incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The change did not have any impact on the Company's financial statements.

(e) IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)

The amendment provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. Also, the amendment clarifies that the offsetting disclosures are not specifically required for all interim periods. However, the disclosures may need to be included in the condensed interim financial statements to satisfy the requirements in IAS 34 Interim Financial Reporting.

The change did not have any impact on the Company's financial statements.

4 Significant accounting policies

Except for the changes explained in note 3, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 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. The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating investing or financing activities. The cash flows from operating activities are determined by using direct method.

4.2 Financial instruments

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment and strategic planning purposes. All financial instruments are initially recognised at fair value plus (or minus) directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

4.2.1 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

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changed therein, including any interest or dividend income, are recognized in profit or loss.

Notes To The Financial Statements

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. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

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.
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized or impaired, the gain or loss accumulated in equity is reclassified to profit or loss.

4.2.2 Non-derivative financial liabilities –Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

4.2.3 Impairment of non derivative financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset 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 that can be reliably estimated.

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired can includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security because of financial difficulties, adverse changes in the status of borrowers or issuers, or observable data indicating that there is a measurable decrease in the expected cash flow from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its costs. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged. The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. Those not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

An impairment loss on available-for-sale (AFS) financial assets is recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value less any impairment loss previously recognised in profit or loss. If the fair value of an impaired AFS debt securities subsequently increased and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instruments classified as available for sale is not reversed though profit or loss.

4.2.4 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.

4.2.5 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 other financial liabilities, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, insurance payables and investment contracts. The Company's financial liabilities are classified as 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 profit or loss.

4.2.6 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.

4.3 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non performance risk.

A number of the Company's accounting policies and disclosures require the measurements of fair values for both the financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that

Notes To The Financial Statements

maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

4.4 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.

4.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.

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.
Trade receivables include amounts due from agents, brokers and insurance contract holders. Trade receivables are recognised when due.

4.6 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.

4.7 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

Notes To The Financial Statements

expense and amortised over the average term of the expected premiums payable.

4.8 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. When the use of property changes from owner-occupied to investment property the property is re-measured to fair value and reclassified accordingly. Any gain arising from this re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss recognized in profit or loss

4.9 Intangible assets

The intangible assets include computer software acquired for use in the Company's operation.
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 profit or loss.

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.

4.10 Property and equipment

Recognition and measurement

All categories of property and equipment are initially recorded at cost. Items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

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

Land and buildings are revalued every three (3) years. Increases in the carrying amount of land and buildings arising from revaluation are credited to revaluation reserve in other comprehensive income.

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

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

Depreciation
Depreciation is provided on a straight line basis so as to allocate the cost/re-valued amounts less their residual values over the estimated useful lives of the 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 of the property and equipment for the current and comparative periods are as follows:

Leasehold improvements	over the unexpired lease period
Leasehold buildings	50 years
Computer hardware	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.

Land is not depreciated.

De-recognition
An item of property 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.

4.11 Impairment of non-financial assets
The carrying amounts of the Company's non-financial assets, are reviewed at 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. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows, which are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its

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

Impairment losses are recognised in profit or loss. In respect of other non-financial assets, 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 through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

4.12 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.

4.13 Insurance contract liabilities

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.

4.14 Trade payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.
Trade payables are recognised when incurred. These include amounts due to agents, brokers and insurance contract holders.

4.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Notes To The Financial Statements

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.

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.

4.16 Employee benefits

(i) 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.

(ii) Post-employment benefits

Defined contribution plans

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act, 2014. The contribution of the employee and employer is 8% 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. Prepaid contributions are recognised as asset to the extent that a cash refund or reduction in future payments is available.

Defined benefit plan

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 using the projected unit credit method.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refund from the plan or reductions in the future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements. Re-measurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in OCI.

The Company determines the net interest expense (income) on the defined benefits liability (asset) for the period by applying a discount rate used to measure the defined benefits liability (asset) taking into account any changes in the defined benefit liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan are recognised in the profit or loss.

(iii) 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.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises cost for a restructuring. If benefits are not expected to be settled within 12 months of the reporting date then they are discounted.

Notes To The Financial Statements

4.17 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.

4.18 Other receivables and prepayments

Other receivables include cash advance, sundry receivables, ex-staff loans, withholding tax recoverable. Other receivables are carried at amortised cost using the effective interest rate less accumulated impairment losses.

Prepayments include amounts paid in advance by the Company on rent, staff benefits, vehicle repairs etc. Expenses paid in advance are amortised on a straight line basis to the profit and loss account.

4.19 Share capital and reserves

a. *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.

Share premium

The Company classifies share premium as equity when there is no obligation to transfer cash or other assets.

b. *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.

c. *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 of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

d. *Asset revaluation reserve*

Subsequent to initial recognition, an item of property, plant and equipment and intangible is carried using cost model, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

Notes To The Financial Statements

e. *Fair value reserve*
The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments. Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

f. *Re-measurement reserve*
The re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan

g. *Retained earnings*
This account accumulates profits or losses from operations.

4.20 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's statement of financial position but are disclosed in the notes to the financial statement where an inflow of economic benefits is probable.

4.21 Foreign currency translation

The financial statements are presented in Nigerian naira (N), which is the presentation currency, and rounded to the nearest thousand (N000) 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 profit or loss.

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'.

4.22 Insurance contracts

(a) 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.

(b) Recognition and measurement of insurance contracts

Premium income is recognised on assumption of risks.

(i) 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.

(ii) 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.

(iii) Gross premium earned

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

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

4.23 Revenue

Revenue comprises insurance premium derived from the provision of risk underwriting services; and interest and dividend income earned on investment securities held by the Company.

Notes To The Financial Statements

Revenue recognition

Insurance premium revenue
The revenue recognition policy relating to insurance contracts is set out under 4.22.(b)

Commission earned
The revenue recognition policy on commission is disclosed in 4.22.(b)

Investment income
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. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

Other operating income
Other operating income comprises income from realized profits on sale of securities, realized foreign exchange gains/(losses), rental income and other sundry income recognised when earned.
Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.
Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4.24 Net claims expenses

Net claims expenses comprise claims incurred and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims net of recoveries/recoverable from reinsurers.

(a) 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.

(b) Reinsurance claims
Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

4.25 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 statement.

4.26 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.

Notes To The Financial Statements

4.27 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 Operating Decision Maker (in the case of the Company, 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, engineering, oil and gas and others. The other segment relates to marine and aviation business class revenue which do not meet the quantitative threshold. (Refer to note 5).

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.

4.28 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.

4.29 New standards, interpretations and amendments to existing standards that are not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning or after 1 January 2017, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(a) Effective for the financial year commencing 1 January 2017

- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)

(i) Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealized losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendment is not expected to have any significant impact on the financial statements of the Company. The Company will adopt the amendments for the year ending 31 December 2017

(ii) Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances arising from financing activities
The Company will adopt the amendments for the year ending 31 December 2017.

(b) Effective for the financial year commencing 1 January 2018

(i) Financial Instruments (IFRS 9)

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.
IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

Notes To The Financial Statements

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 9 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

(ii) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The differing effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard could have a significant impact on insurers.

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB has issued amendments to IFRS 4 Insurance Contracts.The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement. The optional solutions are:

- Temporary exemption from IFRS 9 – Some companies will be permitted to continue to apply IAS 39 Financial Instruments:
- Recognition and Measurement. To qualify for this exemption the Company's activities need to be predominantly connected with insurance.
- Overlay approach – This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

The Company will adopt the amendments for the year ending 31 December 2018.

(iii) Revenue from contracts with customers (IFRS 15)

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018.

(iv) IFRIC 22 Foreign currency transactions and advance consideration

The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt. The amendments clarifies that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when a Company:

- pays or receives consideration in a foreign currency; and
- recognises a non-monetary asset or liability – e.g. non- refundable advance consideration – before recognising the related item. The Company will adopt the amendments for the year ending 31 December 2018.

(v) Transfers of Investment Property (Amendments to IAS 40)

The IASB has amended the requirements of IAS 40 Investment Property on when a Company should transfer a property to, or from, investment property.

The amendments state that a transfer is made when and only when there is a change in use – i.e. an asset ceases to meet the definition of investment property and there is evidence of a change in use. A change in management intention alone does not support a transfer. A company has a choice on transition to apply:

- the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or
- the retrospective approach – i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight. The Company will adopt the amendments for the year ending 31 December 2018.

(c) Effective for the financial year commencing 1 January 2019

(i) Leases (IFRS 16)

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard is effective 1 January 2019 and early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16. The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

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Statement of Financial Position

As at 31 December 2016

In thousands of Naira

Assets	**Note**	**2016 ₦'000**	**2015 ₦'000**
Cash and cash equivalents	7	2,843,284	2,414,144
Financial assets	8	14,819,772	14,806,482
Trade receivables	9	18,637	18,432
Reinsurance assets	10	784,347	315,694
Deferred acquisition cost	11	189,626	188,128
Other receivables and prepayments	12	149,341	130,865
Investment properties	13	92,000	97,000
Intangible assets	14	24,101	26,069
Property and equipment	15	1,111,339	1,195,422
Statutory deposit	16	300,000	300,000
Total assets		**20,332,447**	**19,492,236**
Liabilities			
Insurance contract liabilities	17	2,860,449	2,276,752
Trade payables	19	43,749	229,316
Other payables	20	264,261	327,273
Defined benefit obligations	21	68,948	84,225
Income tax liabilities	22	337,109	147,355
Deferred tax liabilities	23	224,639	117,921
Total liabilities		**3,799,155**	**3,182,842**
Equity			
Share capital	24	3,999,999	3,999,396
Share premium	25	729,044	729,044
Contingency reserve	26	1,038,349	917,387
Retained earnings	27	(230,708)	(654,310)
Assets revaluation reserve	28	733,656	733,656
Re-measurement reserve	29.2	42,368	13,547
Fair value reserve	29.1	10,220,584	10,570,674
Total equity		**16,533,292**	**16,309,394**
Total liabilities and equity		**20,332,447**	**19,492,236**

The financial statements were approved on 27 April 2017 and signed on behalf of the Board of Directors by:

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

Dr. Pius Apere (Managing Director)
FRC/2013/CIIN/00000004256

Johnson Fagbemi (Chief Finance Officer)
FRC/2013/ICAN/00000002943

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

In thousands of Naira	Note	2016 ₦'000	2015 ₦'000
Gross premium written	30	4,032,083	3,789,170
Unearned premium		(71,673)	(107,920)
Gross premium income	31	**3,960,410**	**3,681,250**
Reinsurance expenses	33	(1,124,525)	(1,245,019)
Net premium income		**2,835,885**	**2,436,231**
Fees and commission income	34	221,838	136,296
Net underwriting income		**3,057,723**	**2,572,527**
Net claims expenses	35	(613,196)	(1,221,900)
Underwriting expenses	36	(1,723,943)	(1,349,360)
Underwriting profit		**720,584**	**1,267**
Investment income	37	357,811	1,271,098
Impairment loss on financial assets	38	(8,623)	(18,125)
Net fair value gains on financial assets at fair value through profit or loss	39	363,575	349,065
Other operating income	40	593,538	226,361
Fair value changes on investment property	37.2	(5,000)	25,129
Management expenses	41	(1,079,203)	(929,514)
Profit before taxation		**942,682**	**925,281**
Income taxes	22	(398,118)	(416,862)
Profit after taxation		**544,564**	**508,419**
Other comprehensive income net of tax			
Items that will be reclassified subsequently to profit or loss:			
Net fair value (loss)/gain on available-for-sale financial assets	42	(387,143)	29,259
Exchange gains on available-for-sale financial assets	29.1	37,053	3,828
Related tax		-	-
Total other comprehensive income, net of tax		(350,090)	33,087
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	29.2	28,821	13,547
Gain on revaluation of property and equipment	28	-	166,652
Related tax		-	-
Other comprehensive (loss)/income, net of taxes		**(321,269)**	**213,286**
Total comprehensive income for the year		**223,295**	**721,705**
Basic and diluted earnings per share (kobo)	43	6.8	6.4

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

Statement of changes in equity
For the year ended 31 December 2016

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measurement reserve	Fair value reserve	Retained earnings	Total
At 1 January 2016	3,999,396	729,044	917,387	733,656	13,547	10,570,674	(654,310)	16,309,394
Comprehensive income								
Profit for the year	-	-	-	-	-	-	544,564	544,564
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	28,821	-	-	28,821
Exchange gain on AFS financial assets	-	-	-	-	-	37,053	-	37,053
Net fair value changes on AFS financial assets	-	-	-	-	-	(387,143)	-	(387,143)
Related tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	**28,821**	**(350,090)**	**544,564**	**223,295**
Transfer to contingency reserve	-	-	-	-	-	-	(120,962)	(120,962)
Transfer from retained earnings	-	-	120,962	-		-	-	120,962
	-	-	120,962	-	-	-	(120,962)	-
Transactions with owners of the Company								
Issue of shares during the year	603	-	-	-	-	-	-	603
At 31 December 2016	**3,999,999**	**729,044**	**1,038,349**	**733,656**	**42,368**	**10,220,584**	**(230,708)**	**16,533,292**

Statement of changes in equity for the year ended 31 December 2015

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measurement reserve	Fair value reserve	Retained earnings	Total
At 1 January 2015	3,999,396	729,044	803,712	567,004	-	10,537,587	(1,049,054)	15,587,689
Comprehensive income								
Profit for the year	-	-	-	-	-	-	508,419	508,419
Other comprehensive income:								
Fair value gain on property and equipment				166,652	-	-	-	166,652
Remeasurement of defined benefit obligation	-	-	-	-	13,547	-	-	13,547
Exchange gain on AFS financial assets	-	-	-	-	-	3,828	-	3,828
Net fair value changes on AFS financial assets	-	-	-	-		29,259	-	29,259
Related tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	**166,652**	**13,547**	**33,087**	**508,419**	**721,705**
Transfer to contingency reserve	-	-	-	-	-	-	(113,675)	(113,675)
Transfer from retained earnings	-	-	113,675	-	-	-	-	113,675
	-	-	113,675	-	-	-	(113,675)	-
At 31 December 2015	**3,999,396**	**729,044**	**917,387**	**733,656**	**13,547**	**10,570,674**	**(654,310)**	**16,309,394**

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

Statement of Cash Flows

For the year ended 31 December 2016

	Note	2016 ₦'000	2015 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	44(b)	4,070,495	3,774,633
Reinsurance payments	44(d)	(1,198,998)	(1,279,641)
Claims paid	35	(1,412,380)	(897,835)
Reinsurance claim recoveries	44(c)	842,881	235,290
Salvage recovery	35	58,008	19,535
Commission paid	44(e)	(785,662)	(736,650)
Commission received	44(f)	229,329	171,619
Cash payment to and on behalf of employees		845,420	714,289
Other operating cash payments	44(a)	(2,468,834)	(1,996,072)
Corporate tax paid	22	(101,646)	(96,732)
VAT paid		(26,887)	(21,736)
Net cash generated from/(used in) operating activities		51,726	(113,300)
Cash flows from Investing activities			
Purchase of property and equipment	44(i)	(47,344)	(118,933)
Purchase of intangible assets	14	(8,797)	(1,071)
Purchase of investment property		-	(171)
Proceeds from sale of property and equipment		4,479	-
Purchase of investment securities	44(h)	(17,739)	(862,850)
Proceeds from sale of investment securities	44(h)	9,312	-
Dividend received	37	11,458	971,228
Rental income received	40	2,500	-
Interest received	44(g)	304,314	299,870
Net cash from investing activities		258,183	288,073
Financing activities			
Proceeds from issue of shares		603	-
		603	-
Net increase in cash and cash equivalents		310,512	174,773
Cash and cash equivalents at 1 January		2,414,144	2,239,371
Impact of exchange difference on cash held		118,628	-
Cash and cash equivalents at 31 December	7	2,843,284	2,414,144

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

Notes to the financial statements

For the year ended 31 December 2016

5. 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 2016:

Income:	**Fire**	**General Accident**	**Motor**	**Marine & Aviation**	**Oil & Gas**	**Others**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Gross premium written	609,912	480,579	721,489	485,638	1,461,445	273,020	4,032,083
Net change in unearned premium	(105,939)	(31,248)	(2,851)	(21,640)	103,004	(12,999)	(71,673)
	503,973	**449,331**	**718,638**	**463,998**	**1,564,449**	**260,021**	**3,960,410**
Re-insurance cost	(249,689)	(128,263)	(9,990)	(108,198)	(543,214)	(85,171)	(1,124,525)
Net premium income	254,284	321,068	708,648	355,800	1,021,235	174,850	2,835,885
Commision received	69,534	35,339	7,647	32,518	50,472	26,328	221,838
Net underwriting Income	323,818	356,407	716,295	388,318	1,071,707	201,178	3,057,723
Expenses:							
Net claims incurred	226,559	(137,699)	(242,233)	(68,405)	(165,328)	(226,089)	(613,196)
Acqusition cost	(113,937)	(107,683)	(97,015)	(126,345)	(325,965)	(45,671)	(816,616)
Maintenance expenses	(137,247)	(108,142)	(162,354)	(109,282)	(328,865)	(61,437)	(907,327)
	(24,625)	(353,524)	(501,602)	(304,032)	(820,158)	(333,197)	(2,337,139)
Segment underwriting profit	**299,193**	**2,883**	**214,693**	**84,286**	**251,549**	**(132,019)**	**720,584**

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 marine & aviation segment does not meet the quantitative thresholds and therefore does not qualified as a reporting segment. The segments is accordingly reported as 'Others'.

Investment income represents income earned as placement interest and dividend income on unquoted equity investment. This has been included to ensure that revenue reported in operating segment is at least 75% of total revenue.

31 December 2015

Income:	**Fire**	**General Accident**	**Motor**	**Marine & Aviation**	**Oil & Gas**	**Others**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Gross premium written	455,466	427,461	780,457	330,374	1,488,101	307,311	3,789,170
Net change in unearned premium	(8,676)	20,627	17,608	(25,081)	(77,723)	(34,675)	(107,920)
	446,790	**448,088**	**798,065**	**305,293**	**1,410,378**	**272,636**	**3,681,250**
Re-insurance cost	(172,897)	(222,315)	(20,586)	(86,887)	(553,950)	(188,382)	(1,245,017)
Net premium income	273,893	225,773	777,479	218,406	856,428	84,254	2,436,233
Commision Received	57,716	45,953	441	12,489	-	19,695	136,294
Net underwriting Income	331,609	271,726	777,920	230,895	856,428	103,949	2,572,527
Expenses:							
Net claims incurred	506,582	138,301	329,604	158,211	46,499	42,703	1,221,900
Acqusition cost	94,414	99,551	101,629	43,795	227,102	110,175	676,666
Maintenance expenses	80,859	75,929	138,513	58,652	264,183	54,558	672,694
	681,855	313,781	569,746	260,658	537,784	207,436	2,571,260
							-
Segment underwriting profit	**(350,246)**	**(42,055)**	**208,174**	**(29,763)**	**318,644**	**(103,487)**	**1,267**

Notes to the financial statements
For the year ended 31 December 2016

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

The objective of our capital management is to ensure that the Company is adequately capitalized at all times, even after experiencing significant adverse events. In addition, we 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 policyholders.

Our capital management policy is to hold sufficient capital to meet regulatory capital requirements (RCR) and also to sufficiently accommodate our risk exposures as determined by our risk appetite. Other objectives include to:

- maintain the required level of capital that guarantee security to our policyholders;
- maintain financial strength that would support business growth in line with strategy;
- maintain strong credit ratings and healthy capital ratios to support business objectives;
- retain financial flexibility by maintaining strong liquidity and consistent positive equity returns;
- allocate capital efficiently to ensure that returns on capital employed meet the requirements of capital providers and shareholders.

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 and market conditions, and risk characteristics.

The primary source of capital used is equity shareholders' funds. In addition, we utilize adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims.

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

Analysis of shareholders funds	**2016**	**2015**
In thousand of Naira		
Total assets	20,332,447	19,492,236
Less: Total liabilities	3,799,155	3,182,842
Shareholders funds as at year end	**16,533,292**	**16,309,394**
Adjustment for non-capital items	213,727	214,197
Available capital resources	**16,319,565**	**16,095,197**
Changes in available capital	1%	6%

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-capital assets, is ₦16, 319,565 (2015: ₦16, 095,197) amounting to 1% increase (increase) over corresponding period.

The Minimum Capital Requirement

The statutory minimum capital requirement for Non-life business is ₦3billion.

In thousands of naira	**2016**	**2015**
Total shareholders' funds	16,533,292	16,309,394
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	13,533,292	13,309,394
Capitalisation rate	551%	544%

The solvency margin requirement

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against its risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital whichever is greater.

During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

Notes to the financial statements
For the year ended 31 December 2016

The Company's solvency margin as at 31 December is as follows:

In thousands of naira	2016 ₦'000	2015 ₦'000
Assets		
Cash and cash equivalents	2,843,284	2,414,144
Financial assets	4,441,419	4,041,129
Trade receivables	18,637	18,432
Reinsurance assets	784,347	315,694
Deferred acquisition cost	189,626	188,128
Investment properties	92,000	97,000
Property and equipment	1,111,339	1,195,422
Statutory deposit	300,000	300,000
Total admissible assets	**9,780,652**	**8,569,949**
Liabilities		
Insurance contract liabilities	2,860,449	2,276,752
Trade payables	43,749	229,316
Other payables	264,261	327,273
Defined benefit obligations	68,948	84,225
Income tax liabilities	337,109	147,355
Total admissible liabilities	**3,574,516**	**3,064,921**
Excess of total admissible assets over admissible liabilities	**6,206,136**	**5,505,028**
Higher of:		
Gross premium income	3,960,410	3,681,250
Less: Reinsurance expense	(1,124,525)	(1,245,019)
Net premium	2,835,885	2,436,231
15% of net premium	425,383	365,435
Minimum paid up capital	3,000,000	3,000,000
The higher thereof:	**3,000,000**	**3,000,000**
Excess of solvency margin over minimum capital base	**3,206,136**	**2,505,028**
Solvency margin ratio	**207%**	**184%**

6.2 Insurance Risk

The Company issues contracts that transfer insurance risk. This section summarizes this risk and the way it is being managed.

(a) Types of Insurance Risk Contracts

The Company principally issues the following types of general insurance contracts: Motor, Fire, General Accidents, Aviation, Marine, Engineering, Bond and Oil & Gas. The risks under this policies usually cover twelve months duration. The most significant risks in this policies 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 however do not vary significantly with the risk location, type of insured and industry.

(b) Management of insurance risk

The risks facing us in any insurance contract arise from fluctuations in the timing, frequency and severity of claims and claims 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 that the Company faces under its insurance contracts is that the actual claims and benefits payments, or its timing thereof, exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. In addition, the Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Notes to the financial statements
For the year ended 31 December 2016

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all of claims costs.

The Company purchases reinsurance as part of its insurance risk mitigation programme. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses in any one year. Amount recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

The Company has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments. Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

(c) Insurance risk concentration per policy type

Line of business	**31 December 2016**			**31 December 2015**		
In thousands of naira	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Motor	721,441	249,689	471,752	780,457	20,586	759,871
Fire	607,487	128,263	479,224	455,456	172,887	282,569
Accident	483,064	9,990	473,074	427,460	222,314	205,146
Engineering	273,019	108,198	164,821	307,311	188,381	118,930
Marine	485,628	85,171	400,457	330,375	86,888	243,487
Oil & Gas	1,461,444	543,214	918,230	1,488,101	553,953	934,148
	4,032,083	1,124,525	2,907,558	3,789,160	1,245,009	2,544,151

(d) 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 claims costs, claim handling costs, claim inflation factors and claims numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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

(e) Sensitivity Analysis

The insurance claims liabilities above are sensitive to the key assumptions that follow. However, 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 fund. 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 the movements in these assumptions are not linear.

(f) Insurance risk concentration per policy type

Line of business	**31 December 2016**			**31 December 2015**		
In thousands of naira	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**
Motor	172,364	7,599	164,765	115,488	9,977	105,511
Fire	570,526	419,793	150,733	493,010	18,088	474,922
Accident	282,628	61,438	221,190	208,759	9,567	199,192
Engineering	71,607	71,861	(254)	67,211	2,189	65,022
Marine	291,016	6,033	284,983	129,368	8,785	120,583
Oil & Gas	349,179	-	349,179	211,460	-	211,460
	1,737,321	566,724	1,170,597	1,225,296	48,606	1,176,690

Notes to the financial statements
For the year ended 31 December 2016

(g) Claims Development Table

The Company has reported and disclosed its claims reserves based on the requirements of IFRS 4 - Insurance Contracts. We however shown below our claims development information over the period 2007 – 2016 as follows:

	Claims Development Table									
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2007	151,460	134,625	41,902	10,416	2,964	1,834	1,080	5	470	0
2008	271,568	285,238	51,796	8,056	3,139	334	345	162	0	
2009	175,944	225,955	93,091	64,576	31,461	1,507	606	1,139		
2010	280,328	257,899	117,497	136,000	16,732	1,406	1,058			
2011	188,021	209,088	119,363	172,367	2,056	5,150				
2012	206,910	265,358	85,262	83,530	6,970					
2013	184,702	380,558	36,518	8,111						
2014	390,700	282,279	26,057							
2015	490,091	708,228								
2016	655,500									

The claims development information over the period 2007 – 2015 is as follows:

	Claims Development Table								
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	152,755	134,625	41,902	10,416	2,964	1,834	1,080	5	470
2008	271,568	285,238	51,796	8,056	3,139	334	345	162	
2009	175,944	225,974	93,072	64,576	31,461	1,507	606		
2010	280,328	257,899	117,497	136,000	16,732	1,406			
2011	188,021	209,088	119,363	172,367	2,056				
2012	206,910	264,899	85,262	83,530					
2013	184,702	380,558	36,518						
2014	390,700	282,279							
2015	490,091								

Notes to the financial statements

For the year ended 31 December 2016

(h) **Sensitivity Analysis of Liability for Claims**

31 December 2016 Criteria	**Changes in Assumption**	**Gross Liabilities ₦'000**	**Impact on Variables** Net Liabilities ₦'000	**Profit before tax ₦'000**	**Equity Fund ₦'000**
Average claims cost	10%	73	33	(39)	(27)
Number of claims	10%	14,124	6,447	(7,677)	(5,374)
Average claims settlement period	Reduction by 3 months	(176,987)	(80,792)	96,195	67,337

31 December 2015 Criteria	**Changes in Assumption**	**Gross Liabilities ₦'000**	**Impact on Variables** Net Liabilities ₦'000	**Profit before tax ₦'000**	**Equity Fund ₦'000**
Average claims cost	10%	57,837	43,377	(72,296)	(46,992)
Number of claims cost	10%	18,818	14,113	(23,522)	(15,289)
Average claims settlement period	Reduction by 3 months	(32,450)	(24,338)	40,563	26,366

6.3 Financial Risk

The Company is exposed to a range of financial risks through its financial instruments and reinsurance assets.

The key financial risk is that in the long term its investments proceeds are not sufficient to meet the obligations arising from its insurance contracts. The most important components of the financial risks are:

- Credit risks
- Liquidity risks
- Market risks
- Property risks.

(a) Credit Risks

Credit risk is the risk of default and change in credit quality of issuers of securities, counter-parties and untimely or non-payment of premiums by policyholders as at when due.

The categories of credit risk exposed to by the Company are:

(i) Direct default risk: which is the risk of non-receipt of cash flows or assets due to the Company because brokers, policyholders and other debtors default on their obligations.

(ii) Concentration risk: which 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.

(iii) Counterparty risk: this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

In managing credit exposures to counterparties, the Company had instituted the following policies and procedures:

(i) A credit risk management policy, which sets out the assessment and determination of credit risk components. In addition, it sets out the net exposure limits for each counterparty, based on geographical and industry segmentation. The policy is regularly reviewed for pertinence and for changes in the risk environment.

(ii) Reinsurance arrangement is entered with counterparties that have a good credit rating. Concentration risk is avoided by following policy guidelines on counterparties' limits that are set each year by the board of directors and reviewed regularly. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment, if need be.

(iii) The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in Section 50 of the Insurance Act.

(iv) The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

Notes to the financial statements
For the year ended 31 December 2016

Credit risk exposure and concentration
The Company's maximum credit risk exposure as per its statement of financial position as at 31 December, 2016 and 2015 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. Credit risk is spread across many industries, firms and individuals. The Company monitors concentration of credit risk by sector as shown below.

In summary, our credit exposure is highly concentrated in the financial institutions sector – commercial banks, insurance companies, finance houses, etc. The maximum exposure is shown gross, before the effect of mitigation through the use of netting and collateral agreements, below.

31 December 2016 *In thousands of Naira*	**Financial institutions**	**Manufacturing**	**Aviation**	**Others**	**Total**
Cash and cash equivalents	2,843,284	-	-	-	2,843,284
Financial assets:					
Fair value through profit or loss	4,039,496	-	-	-	4,039,496
Available-for-sale	10,523,210	-	-	101,082	10,624,292
Loans and receivables	134,594	-	-	-	134,594
Held to maturity	-	-	21,390	-	21,390
Reinsurance assets (less unearned premium)	755,912	-	-	-	755,912
Trade receivables	18,637	-	-	-	18,637
Other receivables	-	-	-	110,475	110,475
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	18,615,133	-	21,390	211,557	18,848,080

31 December 2015 In thousands of Naira	**Financial institutions**	**Manufacturing**	**Aviation**	**Others**	**Total**
Cash and cash equivalents	671,439	1,742,705	-	-	2,414,144
Financial assets:					-
Fair value through profit or loss	3,675,921	-	-	-	3,675,921
Available-for-sale	10,939,697	-	-	39,860	10,979,557
Loans and receivables	-	-	30,702	-	30,702
Held to maturity	74,982	-	-	45,320	120,302
Reinsurance assets (less unearned premium)	281,926	-	-	-	281,926
Trade receivables	18,432	-	-	-	18,432
Other receivables	-	-	-	73,553	73,553
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	15,962,397	1,742,705	30,702	158,733	17,894,537

Notes to the financial statements
For the year ended 31 December 2016

Credit Risk Quality
One of the principal criteria used to judge the risk of default (or quality) of our credit risk exposure is credit quality of the counterparty we are exposed to. This we determine by using our internal credit rating criteria, which is benchmarked against Global Credit Rating Co.'s rating criteria as comparatively shown below:

Credit Quality	GRC Rating Scale	Linkage Rating Scale	Definition of Criteria
LOW	AAA AA+ - AA-	AAA	Highest Credit Quality: The risk factors are negligible, being only slightly more than risk-free government instruments.
	A+ - A-	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.
MEDIUM	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's conditions or company's 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.
HIGH	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 development.
	DD		Defaulted debt obligations. Issuer failed to meet scheduled principals and/or interest payments. Company has been, or is likely to be, placed under the order of the court.

Using the above rating table, the position of the Company's credit quality as at 31 December, 2016 is as shown below. Overall, our credit risk exposure has maintained a low risk profile. This is because our exposure to high risk counterparties has been low in order to protect policyholder funds and secure the liquidity of operating funds.

Credit Risk Quality

31 December 2016

In thousands of Naira	AAA	AA	BBB	BB	Not rated	Total
Assets						
Cash and cash equivalents	1,801	761,853	379,792	430,048	1,269,790	2,843,284
Financial assets:						
- FVTPL	2,325,513	1,181,390	-	-	532,593	4,039,496
- Available-for-sale	10,496,000	14,326	12,884	-	101,082	10,624,292
- Held-to-maturity	-	21,390	-	-	-	21,390
- Loans and receivable	-	-	-	-	134,594	134,594
Reinsurance assets	-	784,347	-	-	-	784,347
Trade receivables	-	-	-	-	18,637	18,637
Other receivables	-	-	-	-	110,475	110,475
Statutory deposit	300,000	-	-	-	-	300,000
Total credit exposure	**13,123,314**	**2,763,306**	**392,676**	**430,048**	**2,167,171**	**18,876,515**

31 December 2015

In thousands of Naira	AAA	AA	BBB	BB	Not rated	Total
Assets						
Cash and cash equivalents	1,689,875	603,527	120,705	-	-	2,414,107
Financial assets:						
- FVTPL	735,184	1,286,572	1,102,776	367,592	183,796	3,675,921
- Available-for-sale	10,946,464	33,094	-	-	-	10,979,558
- Held-to-maturity	-	30,702	-	-	-	30,702
- Loans and receivable	74,982	-	-	-	41,776	116,758
Reinsurance assets	-	350,532	-	-	-	350,532
Trade receivables	-	-	-	-	18,432	18,432
Other receivables	-	-	-	-	73,553	73,553
Statutory deposit	300,000	-	-	-	-	300,000
Total credit exposure	**13,746,505**	**2,304,427**	**1,223,482**	**367,592**	**317,557**	**17,959,563**

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, geography 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 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 limit was exceeded.

We provide a further analysis of our credit risk exposure in terms of counterparty's financial instruments as investment grades or non-investment grades, as well as Neither Past Due or Past Due but Not Impaired. All our financial assets during the period are neither past due or past due but not impaired with the exception of trade receivables as shown below.

As at 31 December 2016

	Neither Past Due nor Impaired			Past Due but not Impaired	Total
	Investment Grades	Non-Investment Grades			
In thousands of Naira		Satisfactory	Unsatisfactory		
Assets					
Cash and cash equivalents	2,843,284	-	-	-	2,843,284
Financial assets:					-
- FVTPL	4,039,496	-	-	-	4,039,496
- Available-for-sale	10,624,292	-	-	-	10,624,292
- Held-to-maturity	21,390	-	-	-	21,390
- Loans and receivables	60,225	74,369	-	-	134,594
Reinsurance assets	-	784,347	-	-	784,347
Trade receivables	-	18,637	-	-	18,637
Other receivables	-	110,475	-	-	110,475
Statutory deposit	300,000	-	-	-	300,000
Total credit exposure	17,888,687	987,828	-	-	18,876,515

As at 31 December 2015

	Neither Past Due nor Impaired			Past Due but not Impaired	Total
	Investment Grades	Non-Investment Grades			
In thousands of Naira		Satisfactory	Unsatisfactory		
Assets					
Cash and cash equivalents	2,414,107	-	-	-	2,414,107
Financial assets:					-
- FVTPL	3,675,921	-	-	-	3,675,921
- Available-for-sale	10,979,558	-	-	-	10,979,558
- Held-to-maturity	30,702	-	-	-	30,702
- Loans and receivables	74,982	41,776	-	-	116,758
Reinsurance assets	-	350,532	-	-	350,532
Trade receivables	-	18,432	-	-	18,432
Other receivables	-	73,553	-	-	73,553
Statutory deposit	300,000	-	-	-	300,000
Total credit exposure	17,475,270	484,293	-	-	17,959,563

Notes to the financial statements

For the year ended 31 December 2016

Impaired Financial Assets
As at 31 December, 2016, there are no impaired reinsurance assets (2015: Nil) and impaired loans and receivables amounted to N74,369 (2015: N74,369).

For assets to be classified "past-due and impaired" contractual payments must be in arrears for than 90 days. No collateral is held as security for any past due or impaired assets. There were no past due and impaired assets in the books of the Company as at 31 December 2016 (2015: Nil)

Credit Collateral
The amount and type of collateral required depends on an assessment of 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 replaced 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 pledged this year.

Liquidity Risk
Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The characteristic nature of our business requires the availability of adequate cash flow to meet our contractual obligations to policyholders (and other third parties) in the event of claim settlement.

This is the risk of loss arising due to insufficient liquid assets to meet cash flow requirements or to fulfil financial obligation once claims crystallize. In the case of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

Our exposure to liquidity risk comprises of:

(i) Funding (Cash-flow) Liquidity Risk: This is the risk of not meeting current and future cash flow and collateral needs, both expected and unexpected, without materially affecting daily operations or overall financial condition of the Company.

(ii) Market (Asset) Liquidity Risk: This is the risk of loss which is occasioned by the incapacity to sell assets at or near their carrying value at the time needed.

The Company mitigates its exposure to liquidity risk through the following mechanisms:

- Liquidity policy, which sets out the assessment and determination of what constitutes the Company's liquidity risk. Compliance with the policy is monitored and exposures and breaches are reported to the Assets and Liability Management Committee. The policy is regularly reviewed for pertinence ad 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 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.

Below is a maturity profile summary of the Company's undiscounted contractual obligations cash flows of financial assets matched with financial liabilities. For insurance contract liabilities and reinsurance assets, maturity profile estimates are based on timing of net cash flows 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.

In addition, 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.

Notes to the financial statements
For the year ended 31 December 2016

Maturity Analysis (Undiscounted cashflow basis)
The table below summarizes the undiscounted cashflow profile of the Company's financial assets and liabilities :

As at 31 December 2016
In thousands of Naira

	Notes	Carrying Amount	Gross Amount	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	> 5 years
Assets								
Cash and cash equivalents	7	2,843,284	2,843,284	2,843,284	-	-	-	-
Financial assets:								
- FVTPL	8.1	4,039,496	4,039,496	2,827,647	1,211,849	-	-	-
- Available-for-sale	8.2	10,624,292	10,624,292	-	-	27,210	10,496,000	101,082
- Held-to-maturity	8.3	21,390	32,582	-	-	-	32,582	-
- Loans and receivable	8.6	134,594	208,963	208,963	-	-	-	-
Reinsurance assets	10	784,347	784,347	194,537	-	589,810	-	-
Trade receivables	9	18,637	18,647	18,647	-	-	-	-
Other receivables	12	115,306	154,717	154,717	-	-	-	-
Total undiscounted liquid assets		**18,581,346**	**18,706,328**	**6,247,795**	**1,211,849**	**617,020**	**10,528,582**	**101,082**
Liabilities								
Trade payables	19	43,749	43,749	43,749	-	-	-	-
Other payables	20	264,261	264,261	264,261	-	-	-	-
Total undiscounted liabilities		**308,010**	**308,010**	**308,010**	**-**	**-**	**-**	**-**

Notes to the financial statements

For the year ended 31 December 2016

As at 31 December 2015
In thousands of Naira

Assets		Carrying Amount	Gross Amount	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	> 5 years
Cash and cash equivalents	7	2,414,107	2,414,107	2,414,107	-	-	-	-
Financial assets:								
- FVTPL	8.1	3,675,921	3,675,921	2,573,145	1,102,776	-	-	-
- Available-for-sale	8.2	10,979,558	10,979,558	56,698	-	-	10,883,000	39,860
- Held-to-maturity	8.3	30,702	30,702	-	-	-	30,702	-
- Loans and receivable	8.6	116,758	265,497	223,721	41,776	-	-	-
Reinsurance assets	10	350,532	350,532	350,532	-	-	-	-
Trade receivables	9	18,432	18,432	18,432	-	-	-	-
Other receivables	12	73,553	73,553	45,238	-	28,315	-	-
Total undiscounted liquid assets		**17,659,563**	**17,808,302**	**5,681,873**	**1,144,552**	**28,315**	**10,913,702**	**39,860**
Liabilities								
Trade payables	19	229,316	229,316	229,316	-	-	-	-
Other payables	20	298,688	298,688	298,688	-	-	-	-
Total undiscounted liabilities		**528,004**	**528,004**	**528,004**	**-**	**-**	**-**	**-**

Maturity Analysis (on Expected maturity basis)
The table below summarizes the expected utilization or settlement of assets and liabilities:

	31 December 2016			31 December 2015		
In thousands of Naira	Current	Non-Current	Total	Current	Non-Current	Total
Assets						
Cash and cash equivalents	2,843,284	-	2,843,284	2,414,144	-	2,414,144
Financial assets	4,195,480	10,624,292	14,819,772	3,883,622	10,922,860	14,806,482
Trade receivables	18,637	-	18,637	18,432	-	18,432
Reinsurance assets	784,347	-	784,347	315,694	-	315,694
Deferred acquisition cost	189,626	-	189,626	188,128	-	188,128
Other receivables & prepayments	149,341	-	149,341	130,865	-	130,865
Investment property	-	92,000	92,000	-	97,000	97,000
Intangible assets	24,101	-	24,101	26,069	-	26,069
Property & equipment	-	1,111,339	1,111,339	-	1,195,422	1,195,422
Statutory deposit	300,000	-	300,000	300,000	-	300,000
Total Assets	8,504,816	11,827,631	20,332,447	7,276,954	12,215,282	19,492,236
Liabilities						
Insurance Liabilities	2,860,449	-	2,860,449	2,247,730	-	2,247,730
Trade payables	43,749	-	43,749	229,316	-	229,316
Other payables	264,261	-	264,261	298,688	-	298,688
Retirement benefit obligations	-	68,948	68,948	-	84,225	84,225
Income tax liabilities	337,109	-	337,109	251,613	-	251,613
Deferred tax liabilities	-	224,639	224,639	-	117,921	117,921
Total Liabilities	3,505,568	293,587	3,799,155	3,027,347	202,146	3,229,493

(c) 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. The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

- Equity price risk
- Foreign exchange risk
- Interest-rate 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 Asset Liability Management Committee and Board through its Audit, Compliance and Risk Management 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.

(i) Currency (Foreign Exchange) 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 contract liabilities and investment. 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.

Notes to the financial statements

For the year ended 31 December 2016

Analysis of assets and liability by major currencies

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

31 December 2016	Naira	Euro	Pound Sterling	US Dollars	Total
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	2,460,533	13,233	793	368,725	2,843,284
Financial assets	14,718,690	-	-	101,082	14,819,772
Trade receivables	18,637	-	-	-	18,637
Reinsurance assets	784,347	-	-	-	784,347
Deferred acquisition cost	189,626	-	-	-	189,626
Other receivables	110,475	-	-	-	110,475
Statutory deposit	300,000	-	-	-	300,000
TOTAL ASSETS	**18,582,308**	**13,233**	**793**	**469,807**	**19,066,141**
Liabilities					
Trade payables	43,749	-	-	-	43,749
Other payables	264,261	-	-	-	264,261
TOTAL LIABILITIES	**308,010**	**-**	**-**	**-**	**308,010**

31 December 2015	Naira	Euro	Pound Sterling	US Dollars	Total
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	2,319,041	12,983	293	81,791	2,414,107
Financial assets	14,696,682	-	-	106,257	14,802,939
Trade receivables	18,432	-	-	-	18,432
Reinsurance assets	350,532	-	-	-	350,532
Deferred acquisition cost	197,442	-	-	-	197,442
Other receivables	73,553	-	-	-	73,553
Statutory deposit	300,000	-	-	-	300,000
TOTAL ASSETS	**17,955,681**	**12,983**	**293**	**188,048**	**18,157,005**
Liabilities					
Trade payables	229,316	-	-	-	229,316
Other payables	298,688	-	-	-	298,688
TOTAL LIABILITIES	**528,004**	**-**	**-**	**-**	**528,004**

The Company has no significant concentration of foreign currency risk.

Sensitivity analysis - foreign currency risk

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.

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

Sensitivity analysis of major currencies

	31 December 2016			31 December 2015		
Major Currencies	**Changes in exchange rate (%)**	**Impact on Profit before tax**	**Impact on Profit before tax**	**Changes in exchange rate (%)**	**Impact on Profit before tax**	**Impact on Profit before tax**
EURO	+10%	142	99	+10%	29	19
GBP	+10%	130	91	+10%	1,298	844
USD	+10%	10,892	7,624	+10%	8,221	5,344
EURO	-10%	(142)	(99)	-10%	(29)	(19)
GBP	-10%	(130)	(91)	-10%	(1,298)	(844)
USD	-10%	(10,892)	(7,624)	-10%	(8,221)	(5,344)

*Note * = impact on equity reflects adjustments for tax, where possible.*

Notes to the financial statements

For the year ended 31 December 2016

(ii) ***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 Company has no significant concentration of interest rate risk.

Sensitivity analysis - interest rate risk

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

31 December 2016

Interest earning assets	Basis points	Impact on Profit before tax	Up to 1 Year	1 -3 Years	3 - 5 Years	> 5 years	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Short term deposit							
Treasury Bill	+100	96	96	-	-	-	96
Bonds	+100	71	70	-	-	-	70
	+100	(3,908)	(40)	(48)	(2,482)	(1,338)	(3,908)
Short term deposit							
Treasury Bill	-100	(96)	(96)	-	-	-	(96)
Bonds	-100	(71)	(70)	-	-	-	(70)
	-100	3,908	40	48	2,482	1,338	3,908

31 December 2015

Interest earning assets	Basis points	Impact on Profit before tax	Up to 1 Year	1 -3 Years	3 - 5 Years	> 5 years	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Short term deposit	+100	247	257	210	-	-	714
Treasury bill	+100	324	384	158	-	-	866
Bonds	+100	298	254	145	325	158	1,180
Short term deposit	-100	(247)	(257)	(210)	-	-	(714)
Treasury bill	-100	(324)	(384)	(158)	-	-	(866)
Bonds	-100	(298)	(254)	(145)	(325)	(158)	(1,180)

(iii) **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 - equity price risk
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 2016. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Sensitivity Analysis - equity price risk

		31 December 2016			31 December 2015		
Market Indices	Changes in variables	Fair Value	Impact on Profit before tax	Impact on Equity	Fair Value	Impact on Profit before tax	Impact on Equity
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Fair value through profit or loss	+20%	4,039,496	807,899	565,529	3,675,921	735,184	514,629
Available-for-sale - Quoted	+20%	27,210	5,442	3,809	56,698	11,340	7,938
Available-for-sale - Unquoted	+40%	10,597,082	2,119,416	1,483,591	10,922,860	2,184,572	1,529,200
Fair value through profit or loss	-20%	4,039,496	(807,899)	(565,529)	3,675,921	(735,184)	(514,629)
Available-for-sale - Quoted	-20%	27,210	(5,442)	(3,809)	56,698	(11,340)	(7,938)
Available-for-sale - Unquoted	-40%	10,597,082	(2,119,416)	(1,483,591)	10,922,860	(2,184,572)	(1,529,200)

(d) 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 Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. 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.

(e) 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.

Notes to the financial statements
For the year ended 31 December 2016

The table below shows financial assets carried at fair value:

In thousands of Naira	31 December 2016 Level 1	31 December 2016 Level 2	31 December 2016 Level 3	31 December 2015 Level 1	31 December 2015 Level 2	31 December 2015 Level 3
Financial assets						
Quoted investments	4,039,496	-	-	3,675,921	-	-
Investment in unit trust scheme	27,210	-	-	27,353	-	-
Unquoted equity investments	-	-	10,496,000			10,883,000
	4,066,706	**-**	**10,496,000**	**3,703,274**	**-**	**10,883,000**

Fair value measurements recognized in the 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).

7 Cash and cash equivalents

Cash and cash equivalents comprise:	2016 ₦'000	2015 ₦'000
Cash in hand	369	809
Balances with banks & other financial institutions	2,895,239	2,465,658
	2,895,608	2,466,467
Allowance for impairment (see (a) below)	(52,324)	(52,323)
Cash and bank balance as at year end	**2,843,284**	**2,414,144**
(a) Allowance for impairment		
At 1 January	52,323	42,313
Addition	1	10,010
At 31 December	**52,324**	**52,323**

These are cash balances and short-term placements with banks and other financial institutions with tenor 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.
Allowance for impairment represents funds placed with financial institutions that are no longer operational.

8 Financial assets

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

	2016 ₦'000	2015 ₦'000
Fair value through profit or loss (note 8.1)	4,039,496	3,675,921
Available-for-sale (note 8.2)	10,624,292	10,979,557
Loans and receivables (note 8.6)	134,594	120,302
Held to maturity (note 8.7)	21,390	30,702
	14,819,772	**14,806,482**

Notes to the financial statements

For the year ended 31 December 2016

Financial instrument classification	31 December 2016				
In thousands of Naira	Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	4,039,496	27,210	-	-	4,066,706
- Unlisted	-	10,597,082	-	-	10,597,082
- Other financial assets	-		134,594	21,390	155,984
	4,039,496	10,624,292	134,594	21,390	14,819,772
Within one year	4,039,496	-	134,594	-	4,174,090
More than one year	-	10,624,292	-	21,390	10,645,682
	4,039,496	10,624,292	134,594	21,390	14,819,772

Financial instrument classification	31 December 2015				
In thousands of Naira	Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	3,675,921	27,353	-	-	3,703,274
- Unlisted	-	10,952,204	-	-	10,952,204
- Others	-	-	120,302	30,702	151,004
	3,675,921	10,979,557	120,302	30,702	14,806,482
Within one year	3,675,921	-	120,302	-	3,796,223
More than one year	-	10,979,557	-	30,702	11,010,259
	3,675,921	10,979,557	120,302	30,702	14,806,482

8.1 Fair value through profit or loss

The movement in the investment at fair value through profit or loss is as follows:

In thousands of Naira	2016	2015
At 1 January	3,675,921	2,496,892
Addition	-	829,964
	3,675,921	3,326,856
Fair value changes	363,575	349,065
At 31 December	**4,039,496**	**3,675,921**

The fair value of quoted financial instruments is determined by reference to published price quotations in an active market. The resulting far value changes have been recognised in profit or loss.

8.2 Available for sale
Available for sale financial assets comprise:

In thousands of Naira	2016	2015
Quoted equities and unit trust schemes (note 8.3)	27,210	27,353
Un-quoted equities - at fair value (note 8.4)	10,496,000	10,883,000
Un-quoted equities - at cost (note 8.5)	101,082	69,204
	10,624,292	**10,979,557**

Reconciliation of carrying amount

In thousands of naira	2016	2015
Balance at 1 January	10,979,557	10,913,583
Net purchase of AFS assets	3,447	32,887
Impairment loss provision on AFS investment at cost	(8,622)	-
Unrealised exchange gain	37,053	3,828
Fair value (loss)/gain	(387,143)	29,259
Balance at 31 December	**10,624,292**	**10,979,557**

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

In thousands of Naira	2016	2015
At 1 January	27,353	33,094
Fair value changes	(143)	(5,741)
At 31 December	**27,210**	**27,353**

8.4 The fair value of available for sale unquoted equities was derived as follows:

In thousands of Naira	2016	2015
At 1 January	10,883,000	10,848,000
Fair value change	(387,000)	35,000
At 31 December	**10,496,000**	**10,883,000**

The unquoted equity carried at fair value above represent the 117,647,058 ordinary shares of ₦1 each of Stanbic IBTC Pension Managers Limited held by Linkage Assurance Plc. The financial reports of Stanbic IBTC Pension Managers Limited for the 2016 financial year (wherein inputs was obtained for the purpose of our valuation) was approved for issue by the directors on 26 January 2017.
The fair value of the investment as at 31 December 2016 is ₦10.496 billion (2015: ₦10.848 billion) and was determined using the discounted cashflow (DCF) method and level 3 input of IFRS 13 fair value heirarchy.

Summary of Significant Assumptions

Description	2016	2015
Growth in gross income (GI) % over the next 5 years	12, 8, 8, 8, 8	10,7.5,7.5,7.5,7.5
Operating expenses / Gross income %	33	34
Depreciation and amortisation / Gross income %	1	1
Effective tax rate (Tax / Profit before tax) %	32	32
Capital expenditure / Gross income %	3	4
Perpetual growth rate %	5.02	5
Period counts	0.5,1.5,2.5,3.5,4.5	-
Expected market rate of return %	24.04	19
Risk-free rate %	16.04	11
Market risk premium %	8	8
Beta	1	1
Weighted average cost of capital %	24.04	19.04
Liquidity discount %	20	-
Value of Linkage Assurance PLC's equity stake	₦10.496 billion	₦10.883 billion

Notes to the financial statements

For the year ended 31 December 2016

Sensitivity Analysis

		Equity Value (₦ million)								
		Terminal growth rate of FCF								
		3.02%	3.52%	4.02%	4.52%	5.02%	5.52%	6.02%	6.52%	7.02%
	22.04%	115,639	117,003	118,442	119,964	121,575	123,284	125,099	127,031	129,092
	22.54%	113,318	114,593	115,938	117,357	118,857	120,445	122,129	123,919	125,823
	23.04%	111,113	112,308	113,565	114,891	116,290	117,769	119,334	120,995	122,759
W	23.54%	109,016	110,137	111,315	112,555	113,861	115,241	116,699	118,242	119,879
A	24.04%	107,020	108,072	109,177	110,338	111,561	112,849	114,209	115,647	117,169
C	24.54%	105,117	106,106	107,144	108,233	109,378	110,584	111,854	113,195	114,612
C	25.04%	103,301	104,232	105,208	106,231	107,305	108,434	109,623	110,875	112,198
	25.54%	101,566	102,443	103,362	104,324	105,333	106,392	107,506	108,678	109,913
	26.04%	99,907	100,735	101,600	102,506	103,454	104,449	105,494	106,592	107,748

		Cummulative Present Value of FCF								
		Terminal growth rate of FCF								
		3.02%	3.52%	4.02%	4.52%	5.02%	5.52%	6.02%	6.52%	7.02%
	22.04%	52,644	52,644	52,644	52,644	52,644	52,644	52,644	52,644	52,644
	22.54%	52,173	52,173	52,173	52,173	52,173	52,173	52,173	52,173	52,173
	23.04%	51,709	51,709	51,709	51,709	51,709	51,709	51,709	51,709	51,709
W	23.54%	51,253	51,253	51,253	51,253	51,253	51,253	51,253	51,253	51,253
A	24.04%	50,805	50,805	50,805	50,805	50,805	50,805	50,805	50,805	50,805
C	24.54%	50,364	50,364	50,364	50,364	50,364	50,364	50,364	50,364	50,364
C	25.04%	49,930	49,930	49,930	49,930	49,930	49,930	49,930	49,930	49,930
	25.54%	49,503	49,503	49,503	49,503	49,503	49,503	49,503	49,503	49,503
	26.04%	49,083	49,083	49,083	49,083	49,083	49,083	49,083	49,083	49,083

8.5 The carrying amount of available for sale unquoted equities measured at cost is as follows:

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	221,989	185,274
Addition	3,447	32,887
Disposal	(10,671)	-
Foreign exchange gain	37,053	3,828
	251,818	221,989
Impairment allowance	(150,736)	(152,785)
At 31 December	**101,082**	**69,204**

Impairment allowance

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	152,785	152,785
Disposal	(10,671)	-
Addition	8,622	-
At 31 December	**150,736**	**152,785**

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

8.6 Loans and receivables

	2016 ₦'000	2015 ₦'000
Placements with financial institutions	159,560	152,895
Loan to staff	35,748	28,121
Loan to policy holders	13,655	13,655
	208,963	**194,671**
Allowance for impairment	(74,369)	(74,369)
	134,594	**120,302**

Impairment allowance

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	74,369	74,597
Write back	-	(228)
At 31 December	**74,369**	**74,369**

Loans and receivables are measured at amortised 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.

8.7 Held to maturity

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	41,894	40,549
Redemption	(9,312)	-
Interest receivable	-	1,345
	32,582	**41,894**
Allowance for impairment	(11,192)	(11,192)
At 31 December	**21,390**	**30,702**

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%.

9 Trade receivables

In thousands of Naira	2016 ₦'000	2015 ₦'000
Due from broker	18,637	449,363
Due from agents	-	267,622
	18,637	**716,985**
Allowance for impairment (note 9.1)	-	(698,553)
	18,637	**18,432**

9.1 Movement in allowance for impairment of trade receivables

The movement in allowance for impairment of trade receivables during the year was as follows:

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	698,553	698,553
Write-off during the year	(698,553)	-
At 31 December	**-**	**698,553**

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

Notes to the financial statements
For the year ended 31 December 2016

9.2 Analysis of debtors in days

In thousands of Naira	2016 ₦'000	2015 ₦'000
0 - 90 days	18,637	18,432
91 - 180 days	-	-
181 - 270 days	-	-
271 - 365 days	-	-
Over 365 days	-	698,553
	18,637	**716,985**

10 Reinsurance assets

In thousands of Naira	2016 ₦'000	2015 ₦'000
Prepaid reinsurance	165,608	126,936
Reinsurance treaty premium surplus	28,435	33,768
Reinsurance projection on UPR	23,580	(1,415)
Total prepaid reinsurance (note 10.1)	217,623	159,289
Reinsurance recoverable on outstanding claims (note 10(b))	481,413	107,799
Reinsurance projection on IBNR (note 10(c))	85,311	48,606
	784,347	**315,694**

(a) Movement in prepaid reinsurance costs

In thousands of Naira	2016 ₦'000	2015 ₦'000
Balance at 1 January	125,521	207,789
Additions during the year	1,188,192	1,162,751
Reinsurance expense in the year (see note 33.1)	(1,124,525)	(1,245,019)
Balance at 31 December	**189,188**	**125,521**

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	2016 ₦'000	2015 ₦'000
Balance at 1 January	107,799	143,706
Changes during the year (see note 17.1(a))	373,614	(35,907)
Balance at 31 December	**481,413**	**107,799**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	2016 ₦'000	2015 ₦'000
Balance at 1 January	48,606	46,718
Changes during the year (see note 17.1(b))	36,705	1,888
Balance at 31 December	**85,311**	**48,606**

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	2016 ₦'000	2015 ₦'000
Motor	2,031	4,088
Fire	105,032	58,723
General accident	23,176	25,979
Engineering	17,723	24,469
Marine	26,348	12,262
Oil & Gas	14,878	-
	189,188	125,521
Treaty premium surplus	28,435	33,768
	217,623	**159,289**

Notes to the financial statements
For the year ended 31 December 2016

LINKAGE ASSURANCE PLC

11 Deferred acquisition cost

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

In thousands of Naira	2016 ₦'000	2015 ₦'000
Motor	31,083	32,798
Fire	39,193	25,796
Accident	23,995	21,609
Engineering	13,718	10,664
Marine	22,556	16,793
Oil & Gas	59,081	80,468
	189,626	**188,128**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	188,128	119,415
Increase during the year	1,498	68,713
At 31 December	**189,626**	**188,128**

12 Other receivables and prepayments

In thousands of Naira	2016 ₦'000	2015 ₦'000
Prepayments (see (a) below)	38,866	57,313
Other receivables (see (b) below)	115,306	78,383
	154,172	135,696
Allowance for impairment	(4,831)	(4,831)
	149,341	**130,865**

(a) Prepayments

In thousands of Naira	2016 ₦'000	2015 ₦'000
Prepaid staff benefits	20,541	36,414
Deposits with stock broker	2,602	2,602
Prepaid rent	13,135	14,699
Other prepaid expenses	2,588	3,598
	38,866	**57,313**

(b) Other receivables

In thousands of Naira	2016 ₦'000	2015 ₦'000
Prepaid business acquisition expenses	4,507	4,499
Ex-staff loans	9,572	5,413
Withholding tax recoverable	57,318	40,157
Sundry receivables	43,909	28,315
	115,306	78,384
Allowance for impairment	(4,831)	(4,831)
	110,475	**73,553**

Movement in allowance for impairment

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	4,831	-
Addition during the year	-	4,831
At 31 December	**4,831**	**4,831**

13 Investment property

(a) The balance in this account can be analysed as follows:

In thousands of Naira	2016 ₦'000	2015 ₦'000
Cost	48,335	48,335
Fair value (loss)/gain	43,665	48,665
Carrying amount	**92,000**	**97,000**

(b) Reconciliation of carrying amount

In thousands of Naira	2016 ₦'000	2015 ₦'000
At 1 January	97,000	71,700
Addition during the year	-	171
Fair value (loss)/gain	(5,000)	25,129
At 31 December	**92,000**	**97,000**

(c) Measurement of fair values

(i) Fair value hierarchy

The Company's investment property located at 11A Coker Road Ilupeju Lagos was revalued as at 31 December 2016 by Emma Akpa & Co., a firm of Estate Surveyors and Valuers with FRC registration number FRC/2013/0000000003378 (2015: Jide Taiwo and Co., FRC/2012/0000000000254). Investment property is stated at fair value. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	-Prices per square meter -Rate of development in the area -Quality of the building. -Influx of people and/or businesses to the area	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).

14 Intangible assets

In thousands of Naira	2016 ₦'000	2015 ₦'000
Cost		
At 1 January	39,879	38,808
Addition during the year	8,797	1,071
At 31 December	**48,676**	**39,879**
Accumulated Amortisation		
At 1 January	13,810	4,043.00
Charge for the year	10,765	9,767
At 31 December	24,575	13,810
Net Book Value		
At 31 December	**24,101**	**26,069**

Notes to the financial statements
For the year ended 31 December 2016

15 Property and equipment

At 31 December 2016

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2016	573,336	218,002	432,187	113,685	220,918	237,353	1,795,481
Additions	-	-	10,782	10,838	36,506	-	58,126
Disposal	-	-	(9,881)	-	-	-	(9,881)
Write off	(30,000)	-	-	(609)	-	-	(30,609)
At 31 December 2016	543,336	218,002	433,088	123,914	257,424	237,353	1,813,117
Accumulated depreciation							
At 1 January 2016	-	48,003	265,078	99,267	187,711	-	600,059
Charge for the year	-	5,439	73,177	8,316	20,426	-	107,358
Disposal	-	-	(5,290)	-	-	-	(5,290)
Write off	-	-	-	(349)			(349)
At 31 December 2016	-	53,442	332,965	107,234	208,137	-	701,778
Net book value							
At 31 December 2016	543,336	164,560	100,123	16,680	49,287	237,353	1,111,339
At 31 December 2015	573,336	169,999	167,109	14,418	33,207	237,353	1,195,422

Property and equipment
At 31 December 2015

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2015	462,336	162,350	378,025	106,590	236,762	237,353	1,583,416
Additions	-	-	94,590	7,095	17,248	-	118,933
Revaluation surplus	111,000	55,652	-	-	-	-	166,652
Written off	-	-	(40,428)	-	(33,092)	-	(73,520)
At 31 December 2015	573,336	218,002	432,187	113,685	220,918	237,353	1,795,481
Accumulated depreciation							
At 1 January 2015	-	44,062	233,214	93,105	206,240	-	576,621
Charge for the year	-	3,941	72,292	6,162	14,563	-	96,958
Written off	-	-	(40,428)	-	(33,092)	-	(73,520)
At 31 December 2015	-	48,003	265,078	99,267	187,711	-	600,059
Net book value							
At 31 December 2015	573,336	169,999	167,109	14,418	33,207	237,353	1,195,422
At 31 December 2014	462,336	118,288	144,811	13,485	30,522	237,353	1,006,795

Notes to the financial statements
For the year ended 31 December 2016

In December 2015 Andy Bassey & Associate Estate Surveyors & Valuers with FRC number FRC/2012/0000000000438 was engaged to revalue the land and building this gave rise to revaluation surplus of ₦111 million and ₦55.7 million respectively.

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2015:nil)
(b) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements as at year end.
(c) The Company had no capital commitments as at the reporting date (2015:nil)
(d) There was no item of plant and equipment that has been pledged as security for borrowings as at year end (2015:nil)
(e) An impairment assessment was conducted and no impairment was required.
(f) The addition of N10.8million to motor vehicle represents the salvage value of a Toyota Prado taken over after repair by the Company during the year. The salvage recovery is also recognised as a reduction in claims expenses during the year.
(g) Cost of land written off relates to land that was transferred to investment properties but was erroneously double counted in this account.

16 Statutory deposit
This represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria. The amount is not available for the day-to-day funding operations of the Company. It is therefore regarded as restricted cash.

17	Insurance contract liabilities	2016 ₦'000	2015 ₦'000
	Provision for claims reported by policyholders (note 17.1)	1,267,284	856,867
	Provision for IBNR (note 17.1)	470,036	368,429
	Outstanding claims provision	1,737,320	1,225,296
	Provision for unearned premium (note 17.2)	1,123,129	1,051,456
	Total insurance contract liabilities	**2,860,449**	**2,276,752**

17.1 Analysis of claims reserve based on nature

	31 December 2016			31 December 2015		
In thousands of Naira	Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
Reported claims (see (a) below)	1,267,284	481,413	785,871	856,867	107,799	749,068
IBNR (see (b) below)	470,036	85,311	384,725	368,429	48,606	319,823
	1,737,320	**566,724**	**1,170,596**	**1,225,296**	**156,405**	**1,068,891**

(a) The movement in claims reported by policyholders is shown below:

	2016			2015		
In thousands of Naira	Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
Balance at 1 January	856,867	107,799	749,068	384,236	143,706	240,530
Movement during the year	410,417	373,614	36,803	472,631	(35,907)	508,538
Balance at 31 December	**1,267,284**	**481,413**	**785,871**	**856,867**	**107,799**	**749,068**

Analysis of outstanding claims per class of business:

Notes to the financial statements
For the year ended 31 December 2016

	31 December 2016			31 December 2015		
In thousands of Naira	Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
Motor	75,750	4,095	71,655	90,393	(2,645)	93,038
Fire	539,754	383,563	156,191	450,088	85,800	364,288
General accident	164,709	31,749	132,960	143,473	16,507	126,966
Engineering	261,465	57,369	204,096	69,906	610	69,296
Marine	34,054	4,637	29,417	22,746	7,527	15,219
Oil & Gas	191,552	-	191,552	80,261	-	80,261
	1,267,284	**481,413**	**785,871**	**856,867**	**107,799**	**749,068**

(b) The movement in incurred but not reported reserves is shown below:

	2016			2015		
In thousands of Naira	IBNR claims	Reinsurance	Net	IBNR claims	Reinsurance	Net
At 1 January	368,429	48,606	319,823	296,189	46,718	249,471
Movement during the year	101,607	36,705	64,902	72,240	1,888	70,352
At 31 December	**470,036**	**85,311**	**384,725**	**368,429**	**48,606**	**319,823**

Analysis of IBNR claims per class of business:

	31 December 2016			31 December 2015		
In thousands of Naira	IBNR claims	Reinsurance recoveries	Net	IBNR claims	Reinsurance recoveries	Net
Motor	96,614	3,504	93,110	25,095	9,977	15,118
Fire	30,772	36,231	(5,459)	42,922	18,088	24,834
General accident	117,919	29,689	88,230	65,286	9,567	55,719
Engineering	29,551	14,492	15,059	59,462	8,785	50,677
Marine	37,554	1,395	36,159	44,465	2,189	42,276
Oil & Gas	157,626	-	157,626	131,199	-	131,199
	470,036	**85,311**	**384,725**	**368,429**	**48,606**	**319,823**

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:

	2016	2015
Projected inflation rate (assume rate will remain unchanged into the future)	15%	10%
Current short-term yield	19%	13%
Discount rate	16%	10%

* Run off period of five years.

* Future claims follow a trend pattern from the historical data, thus payment pattern will be broadly similar in each accident year.

* Past official inflation rates used and assumes a 11% rate for future which is expected to remain unchanged.

Notes to the financial statements

For the year ended 31 December 2016

17.2 Breakdown of unearned premium per class of business:

In thousands of Naira	31 December 2016 Unearned Premium	31 December 2016 Prepaid Reinsurance	31 December 2016 Net	31 December 2015 Unearned Premium	31 December 2015 Reinsurance recoverable	31 December 2015 Net
Motor	264,941	2,031	262,910	262,090	4,088	258,002
Fire	239,443	105,032	134,411	133,506	58,723	74,783
General accident	139,847	23,176	116,671	108,597	25,979	82,618
Engineering	67,792	17,723	50,069	54,793	24,469	30,324
Marine	112,051	26,348	85,703	90,411	12,262	78,149
Oil & Gas	299,055	14,878	284,177	402,059	-	402,059
	1,123,129	**189,188**	**933,941**	**1,051,456**	**125,521**	**925,935**

(a) The movement in the unexpired risk reserves is shown below:

In thousands of Naira	2016 Unexpired Risk reserve	2016 Reinsurance	2016 Net	2015 Unexpired Risk reserve	2015 Reinsurance	2015 Net
At 1 January	1,051,456	125,521	925,935	943,536	207,789	735,747
Premium written in the year	4,032,083	1,188,192	2,843,891	3,789,170	1,162,751	2,626,419
Premium earned during the year	(3,960,410)	(1,124,525)	(2,835,885)	(3,681,250)	(1,245,019)	(2,436,231)
At 31 December	**1,123,129**	**189,188**	**933,941**	**1,051,456**	**125,521**	**925,935**

In thousands of Naira	2016 Unexpired Risk reserve	2016 Reinsurance	2016 Net	2015 Unexpired Risk reserve	2015 Reinsurance	2015 Net
Unexpired risk reserve	1,044,473	165,608	878,865	1,051,456	125,521	925,935
Additional unexpired risk reserve from actuarial valuation	78,656	23,580	55,076	-	-	-
At 31 December	**1,123,129**	**189,188**	**933,941**	**1,051,456**	**125,521**	**925,935**

17.3 Age analysis of outstanding claims at the end of the year is show below:

Days outstanding	2016 ₦'000	2015 ₦'000
0 - 90 days	235,074	457,252
91 - 180 days	63,503	61,250
181 - 270 days	113,950	132,840
271 - 365 days	540,416	25,528
Over 365 days	314,341	179,997
Total	**1,267,284**	**856,867**

18 Hypothecation of investment

	2016 ₦'000	2015 ₦'000
Investments relating to insurance funds (note 18.1)	2,864,674	4,408,506
Investments relating to shareholders funds (note 18.2)	14,788,549	12,537,306
	17,653,223	**16,945,812**

18.1 Investments relating to insurance funds are as follows:

	2016 ₦'000	2015 ₦'000
Balance with financial institutions	2,864,674	2,444,846
	2,864,674	**2,444,846**

Notes to the financial statements

For the year ended 31 December 2016

18.2 Investments relating to shareholders funds are as follows:

	2016 ₦'000	2015 ₦'000
Available-for-sale (unquoted equities)	10,624,291	10,881,094
Fair value through profit or loss (quoted equities)	4,039,495	3,675,921
Loans and receivables	103,373	89,829
Held to maturity	21,390	30,702
	14,788,549	**14,677,546**

19 Trade payables

	2016 ₦'000	2015 ₦'000
Insurance payables (note 19.1)	43,749	213,177
Reinsurance payables (note 19.3)	-	16,139
	43,749	**229,316**

19.1 Insurance payables

	2016 ₦'000	2015 ₦'000
Commission payables to agents	-	-
Commission payables to brokers	3,463	179,662
Other payables to agents and brokers (see note 19.1)	40,286	33,515
	43,749	**213,177**

Movement in insurance payables

	2016 ₦'000	2015 ₦'000
Balance at 1 January	213,177	213,341
Addition in the year	39,223	(164)
Reclass of commission liability to other income (see (a) below)	(208,651)	-
Balance at 31 December	**43,749**	**213,177**

(a) The board approved the write back to income of the related commission liability for long outstanding premium receivable from brokers which was considered irrecoverable and fully provided for as at year end (see note 40).

19.2 Other payables to agents and brokers

	2016 ₦'000	2015 ₦'000
Due to agents	-	16,960
Due to brokers	40,286	15,555
Due to insurance companies- claims overpayment	-	-
Due to Bayelsa state government.	-	1,000
	40,286	**33,515**

19.3 Reinsurance payables

	2016	2015
Due to reinsurers	-	**16,139**

20 Other payables

	2016 ₦'000	2015 ₦'000
Due to Auditors	22,000	22,000
NAICOM levy	24,687	21,000
Expenses payable (see note 20.1)	110,968	163,736
Investment payables-money market	-	42,039
Deferred commission revenue (see (a) below)	42,814	35,323
Other payables (see note 20.2)	63,792	43,175
	264,261	**327,273**

(a) Deferred commission revenue represents the acquisition commission income received in advance on insurance contract policies ceded to reinsurers and co-insurers with maturity beyond the reporting period.

Notes to the financial statements
For the year ended 31 December 2016

20.1 Expenses payable

	2016 ₦'000	2015 ₦'000
IES online insurance software installation & implementation	-	5,251
Premium without debit notes	-	120,296
Professional fee	5	-
Employee compensation	2	-
Expenses accrued	110,961	38,189
	110,968	**163,736**

Included in expenses accrued is provision of ₦87.7m for Stamp duties for 2012 to 2015 as proposed by FIRS. This liability is still in dispute while ₦11.78 is meant for the 2016 variable pay.

20.2 Other payables

	2016 ₦'000	2015 ₦'000
National Social Trust Fund (NSITF)	239	2,690
Travel insurance	12,078	25,183
Staff fleet premium advance	-	2,159
National Housing Fund (NHF)	1,025	1,025
Pension for Life agents	603	603
Premium paid in advance	38,617	-
Payroll tax	715	-
Sundry payables	10,515	11,515
	63,792	**43,175**

21 Defined benefit obligations

	2016 ₦'000	2015 ₦'000
At 1 January	84,225	128,279
Benefit expense/(gain) recognised in P or L in the financial year	31,542	(27,515)
Benefits paid by the employer	(17,998)	(2,992)
Actuarial (gain)/loss on liability during the year due to assumptions	(17,332)	6,456
Actuarial gain on liability during the year due to experience	(11,489)	(20,003)
At 31 December	**68,948**	**84,225**

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 on a defined benefit scale which is graduated. A plan amendment occurred during the year 2015. The benefit formula was changed leading to a past service credit of ₦ 84.23 million. The new benefit formula applies to benefit accruing from services rendered in the prior and future years.

Actuarial valuation of the defined benefit obligation was carried out by HR Nigeria Limited with FRC number FRC/2012/0000000000339.

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

	2016 %	2015 %
Long term discount rate (p.a.)	16%	12%
Average pay increase (p.a.)	12%	11%
Average rate of inflation (p.a.)	12%	9%

Notes to the financial statements
For the year ended 31 December 2016

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

In thousands of Naira	2016	2015
Current service cost	20,412	37,837
Past service cost	1,186	(84,225)
Interest cost	9,944	18,873
	31,542	(27,515)

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

In thousands of Naira	2016	2015
Defined benefit obligation at 1 January	84,225	128,279
Current service cost	20,412	37,837
Past service cost	1,186	(84,225)
Interest cost	9,944	18,873
Actuarial gains	(28,821)	(13,547)
Benefits paid	(17,998)	(2,992)
Defined benefit at 31 December	68,948	84,225

The sensitivity of defined employee benefits (gratuity) liability to changes in the principal assumptions is:

31 December 2016	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	74,608	63,917
Future salary increases	-1.00%	+1.00%	63,427	75,090
Mortality experience	-1 year	+1 year	68,751	69,166

31 December 2015	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	92,687	76,832
Future salary increases	-1.00%	+1.00%	76,360	93,104
Mortality experience	-1 year	+1 year	84,414	84,054

22 Income tax liabilities

In thousands of Naira	2016	2015
At 1 January	147,355	142,313
Payment during the year	(101,646)	(96,732)
Charge for the year (note 22.1)	291,400	101,774
At 31 December	337,109	147,355

22.1 Tax charge

In thousands of Naira	2016	2015
Income tax	259,956	86,358
Tertiary education tax	21,581	6,376
NITDA Levy	9,863	9,040
	291,400	101,774
Deferred tax (note 23.1)	106,718	315,088
	398,118	416,862

Notes to the Financial Statements

As at 31 December 2016

22.2 Reconciliation of tax charge

The income tax expense for the year can be reconciled to the accounting profit as follows;

	2016		2015	
	Rate	₦'000	Rate	₦'000
Profit before tax		942,682		1,053,350
Expected income tax expense at statutory rate	30%	282,805	30%	316,005
Information technology levy	1%	9,863	1%	9,040
Tertiary education tax	2%	21,581	1%	6,376
Disallowable expenses	17%	160,176	73%	769,025
Other untaxed income	-8%	(76,306)	-86%	(903,980)
Effect of capital allowance	0	-	8%	79,446
Effect of minimum tax	0	-	8%	86,357
Effect of timing difference in operating assets and investment property	0	-	5%	54,593
	42%	**398,118**	**40%**	**416,862**

23 Deferred taxation

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

The net deferred tax assets/(liabilities) are attributable to the following:

2016

In thousands of Naira	Balance at 1 January	Recognised in OCI	Recognised in P or L	Deferred tax assets /(Liabilities)
Defined benefit obligation	-	-	(1,208)	(1,208)
Property and equipment	23,257	-	(83,673)	(60,416)
Investment property	(2,513)	-	(2,332)	(4,845)
Fair value through profit or loss investments	(138,665)	-	16,083	(122,582)
Unrealised exchange gain	-	-	(35,588)	(35,588)
	(117,921)	-	(106,718)	(224,639)

2015

In thousands of Naira	Balance at 1 January	Recognised in OCI	Recognised in P or L	Deferred tax assets /(Liabilities)
Defined benefits obligations	-	-	-	-
Property and equipment	(2,501)	-	25,758	23,257
Investment property	286,900	-	(289,413)	(2,513)
Fair value through profit or loss investments	(87,232)	-	(51,433)	(138,665)
	197,167	-	(315,088)	(117,921)

Notes to the Financial Statements
As at 31 December 2016

24 Share capital

	2016 ₦'000	2015 ₦'000
Authorised - ordinary shares of 50k each (8,000,000,000 units)	4,000000	4,000000

Issued and fully paid

	2016 ₦'000	2015 ₦'000
At 1 January	3,999,396	3,999,396
Additions (1,207,844 units of ordinary shares at 50k each) (see (a) below)	603	-
7,999,999,995 units (2015: 7,998,792,151 units) of Ordinary Shares of 50k each at 31 December	3,999,999	3,999,396

(a) The addition to the paid-up share capital represents the value of shares allocated to subscribers who were previously allocated shares less than the amount subscribed during the Company's public offer in 2012 following a reconciliation with the Company's registrar during the year under review.

25 Share premium

	2016 ₦'000	2015 ₦'000
At 31 December	729,044	729,044

26 Contingency reserve

	2016 ₦'000	2015 ₦'000
At 1 January	917,387	803,712
Transfer from profit or loss account	120,962	113,675
At 31 December	1,038,349	917,387

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

27 Retained earnings

	2016 ₦'000	2015 ₦'000
At 1 January	(654,310)	(1,049,054)
Profit for the year	544,564	508,419
Transfer to contingency reserve	(120,962)	(113,675)
At 31 December	(230,708)	(654,310)

28 Assets revaluation reserve

	2016 ₦'000	2015 ₦'000
At 1 January	733,656	567,004
Surplus realised on owner-occupied building	-	166,652
At 31 December	733,656	733,656

29 Other reserves

Other reserves include fair value and re-measurement reserves and are presented below:

29.1 Fair value reserve

	2016 ₦'000	2015 ₦'000
At 1 January	10,570,674	10,537,587
Exchange gains	37,053	3,828
Net fair value gain on available for sale financial assets (see note 42)	(387,143)	29,259
At 31 December	10,220,584	10,570,674

29.2 Re-measurement reserve

	2016 ₦'000	2015 ₦'000
At 1 January	13,547	-
Actuarial gain during the year	28,821	13,547
At 31 December	42,368	13,547

Notes to the Financial Statement
As at 31 December 2016

30 Gross premium written

	2016	2015
	₦'000	₦'000
Direct premium (note 30.1)	3,937,078	3,719,481
Inward premium (note 30.1)	95,005	69,689
	4,032,083	**3,789,170**

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

31 December 2016	**Direct premium**	**Inward premium**	**Total**
	₦'000	₦'000	₦'000
Fire	599,060	8,427	607,487
Accident	480,531	2,533	483,064
Motor	713,355	8,086	721,441
Marine	429,988	55,640	485,628
Engineering	268,992	4,027	273,019
Oil & Gas	1,445,152	16,292	1,461,444
	3,937,078	**95,005**	**4,032,083**

31 December 2015	**Direct premium**	**Inward premium**	**Total**
	₦'000	₦'000	₦'000
Fire	443,015	12,451	455,466
Accident	419,470	7,990	427,460
Motor	769,706	10,751	780,457
Marine	297,600	9,711	307,311
Engineering	326,121	4,254	330,375
Oil & Gas	1,463,569	24,532	1,488,101
	3,719,481	**69,689**	**3,789,170**

31 Net premium income

	2016	2015
	₦'000	₦'000
Gross premium written (note 30)	4,032,083	3,789,170
Changes in reserve for unexpired risks (note 32)	(71,673)	(107,920)
	3,960,410	**3,681,250**

32 Reserve for unexpired risks

	2016	2015
	₦'000	₦'000
At 1 January	1,051,456	943,536
Increase during the year	71,673	107,920
At 31 December	**1,123,129**	**1,051,456**

33 Reinsurance expenses

	2016	2015
33 Reinsurance expenses	**1,124,525**	**1,245,019**

Notes to the Financial Statement
As at 31 December 2016

33.1 Premium ceded to reinsurance:

	2016 ₦'000	2015 ₦'000
Reinsurance premium paid	906,420	1,060,456
Facultative outwards	281,772	102,295
(Decrease)/increase in prepaid reinsurance	(63,667)	82,268
	1,124,525	**1,245,019**

33.2 Breakdown of premium ceded to reinsurer per business class is as follows:

	2016 ₦'000	2015 ₦'000
Fire	249,689	172,897
Accident	128,263	222,314
Motor	9,990	20,586
Marine	108,198	188,381
Engineering	85,171	86,888
Oil & Gas	543,214	553,953
	1,124,525	**1,245,019**

	2016	2015
34 Fees and commission income	**221,838**	**136,296**

34.1 Breakdown of fees and commission income per business class is as follows:

	2016 ₦'000	2015 ₦'000
Fire	66,379	57,716
Accident	19,391	45,953
Motor	26,001	441
Marine	32,463	19,695
Engineering	19,087	12,491
Oil & Gas	58,517	-
	221,838	**136,296**

34.2 Breakdown of fees and commission income line is as follows:

	2016 ₦'000	2015 ₦'000
Lead underwriting commission	26,155	8,484
Reinsurance commission	195,683	163,135
Changes in deferred commission revenue	-	(35,323)
	221,838	136,296

35 Net claims expenses

	2016 ₦'000	2015 ₦'000
Gross claims paid	1,412,380	897,835
Movement in IBNR reserve	101,607	72,240
Movement in reserve for outstanding claims	410,417	472,631
Gross claims incurred	**1,924,404**	**1,442,706**
Salvage recovery	(58,008)	(19,535)
Claims recovered and recoverable from reinsurers	(1,253,200)	(201,271)
	613,196	**1,221,900**

Notes to the Financial Statement
As at 31 December 2016

a) Analysis of claims recovered and recoverable from reinsurers

	2,016	2,015
	₦'000	₦'000
Reinsurance claims recoveries (see note 44c)	842,881	235,290
Change in re-insurance recoverable (see note 10b)	373,614	(35,907)
Change in recoverable in IBNR (see note 10c)	36,705	1,888
	1,253,200	**201,271**

36 Underwriting expenses

Acquisition expenses (note 36.1)	816,616	676,666
Maintenance expenses (note 36.2)	907,327	672,694
	1,723,943	**1,349,360**

36.1 Analysis of acquisition expenses

Commission expense	800,994	726,760
Business acquisition cost	17,119	18,619
Decrease in deferred acquisition cost	(1,497)	(68,713)
	816,616	**676,666**

36.2 Analysis of maintenance expenses

Staff costs	289,852	248,507
Directors' remuneration	27,612	37,534
Retirement benefit cost	27,903	16,709
Other operating expenses (note 41)	561,960	369,944
	907,327	**672,694**

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.

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

	2016	2015
	Number	Number
Managing Director	1	1
Executive Director	1	1
Management	11	12
Non-Management	138	185
	151	**199**

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

	2016	2015
	Number	Number
N300,001 - N2,000,000	63	107
N2,000,001 - N2,800,000	39	40
N2,800,000 - N3,500,000	12	14
N3,500,001 - N4,000,000	14	14
N4,000,001 - N5,500,000	10	10
N5,500,001 - N6,500,000	5	5
N6,500,001 - N7,800,000	-	-
N7,800,001 - N9,000,000	2	2
N9,000,001 and above	6	7
	151	**199**

Notes to the Financial Statement
As at 31 December 2016

36.4 Directors' emoluments

	2016	2015
	₦'000	₦'000
Non-executive directors	69,031	55,741
Executive directors	38,094	38,094
	107,125	93,835

Amount disclosed for non-executives above includes amount paid to chairman as follows; 2016: ₦2.4million; 2015: ₦2.4million.

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	11	11
N5,000,001 - N25,000,000	2	2
Above N25,000,000	13	13

36.5 Employee benefits expenses

	2016	2015
Short-term benefits	724,630	621,267
Post-employment benefits	69,757	41,772
	794,387	663,039

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.

37 Investment income

	2016	2015
Dividend income	11,458	971,228
Interest income	346,353	299,870
	357,811	1,271,098
Other investment income		
Revaluation (loss)/gain on properties	(5,000)	25,129
Fair value change on FVTPL securities	363,575	349,065
	716,386	1,645,292

37.1 Hypothecation of investment income

	2016	2015
Investment income that relate to policyholders (note 37.2)	551,358	518,222
Investment income that relate to shareholders (note 37.3)	165,028	1,127,070
	716,386	1,645,292

37.2 Investment income that relate to policy holders

	2016	2015
Income from money market	346,353	299,870
Revaluation (loss)/gain on investment properties	(5,000)	25,129
Fair value change on FVTPL securities	210,005	193,223
	551,358	518,222

Notes to the Financial Statement
As at 31 December 2016

37.3 Investment income that relate to shareholders

	2016	2015
	₦'000	₦'000
Dividend income	11,458	971,228
Fair value change on FVTPL securities	153,570	155,842
	165,028	1,127,070

38 Net impairment loss on financial assets

	2016	2015
Impairment loss on placement with financial institutions (note 7)	1	10,010
Write back of impairment on trade loans and receivables (note 8.6)	-	(228)
Impairment loss on trade receivables (note 12)	-	4,831
Impairment loss on unquoted AFS financial assets (note 8.2)	8,622	3,512
	8,623	18,125

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

	2016	2015
Appreciation in value of short-term investments - quoted securities	363,575	349,065

40 Other operating income (net)

	2016	2015
Sundry (loss)/income	(41,335)	93,344
Loss on sale of property & equipment	(111)	-
Exchange gains	423,833	133,017
Rental income	2,500	-
Write back of commission liability on trade receivable written off (note 19.1)	208,651	-
	593,538	226,361

Sundry income represent net balance of unsubstantiated accumulated reinsurance payable that were written back to income. Management investigation revealed these balances have been expensed in the prior periods and were not confirmed as payable by the various companies credited to in the Company's records.

Notes to the Financial Statement
As at 31 December 2016

41 Maintenance and management expenses
Maintenance and management expenses comprise:

In thousands of Naira	2016 Maintenance Expenses	2016 Management Expenses	2015 Maintenance Expenses	2015 Management Expenses
Staff cost	289,852	434,778	248,507	372,760
Director emolument	27,612	41,419	37,534	56,301
Pension contribution	15,286	22,929	15,837	23,756
Retirement benefits	12,617	18,925	872	1,307
Advertising & public relation	4,936	7,405	7,048	10,571
AGM expenses	4,200	6,300	3,781	5,672
Bank charges	9,263	13,894	6,587	9,881
Computer consumables	1,472	2,209	3,450	5,175
Contract staff cost	23,978	35,967	5,184	7,776
Depreciation & amortisation	47,249	70,874	4,151	103,451
Diesel and fuel	16,856	25,284	13,414	20,121
Entertainment	308	462	1,915	2,874
Fines & penalties	8,406	12,609	400	600
Industrial training fund	1,400	2,100	-	-
Staff training & development	22,315	33,472	18,693	28,039
Insurance expenses	7,984	11,975	7,784	11,677
Insurance supervision fee	-	31,045	-	21,042
Legal and secretarial expenses	-	9,061	-	14,856
Lighting & heating	2,490	3,736	2,490	3,735
Maintenance expense	32,220	48,331	13,825	20,738
Marketing expenses	9,196	13,794	9,055	13,583
Medical	8,888	13,332	6,210	9,316
Newspapers & periodicals	487	731	563	844
Postage and telephone	38,465	57,697	4,450	6,675
Professional fees	20,672	31,007	29,324	43,986
Rent & rate	14,187	21,280	13,158	19,736
Stationaries	2,980	4,469	2,818	4,227
Subscriptions & donations	4,646	6,969	4,703	7,052
Transport and business travels	4,211	6,317	11,844	17,766
Withholding tax & VAT	9,578	16,132	961	1,441
Corporate Expense	232,440	-	156,432	-
Audit fee	-	22,500	-	22,000
Others	33,133	52,200	41,704	62,556
Total	**907,327**	**1,079,203**	**672,694**	**929,514**

42 Net fair value (loss)/gain on available-for-sale financial assets

	2016 ₦'000	2015 ₦'000
Fair value loss in available-for-sale investments - quoted equities	(143)	(5,741)
Fair value (loss)/gain in available-for-sale investments - unquoted equities	(387,000)	35,000
	(387,143)	**29,259**

Notes to the Financial Statement
As at 31 December 2016

43 Basic and diluted 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:

	2016 ₦'000	2015 ₦'000
Profit attributable to ordinary shareholders (₦'000)	544,564	508,419
Weighted average number of ordinary shares	7,999,999	7,998,792
Basic and diluted earnings per share (Kobo)	6.8	6.4

44 Cashflow reconciliation

a) Other operating cash payments

	2016	2015
Management, maintenance and commission expenses (less employee benefits)	(2,849,948)	(2,319,489)
Adjustment for items not involving movement of cash		
Changes in unearned premium	(71,673)	(107,920)
Depreciation and amortisation expense	118,123	106,725
Impairment loss	(8,623)	(18,125)
Exchange gain	423,833	133,017
Sundry (loss)/income	(75,741)	70,432
Loss on sale of PPE	(111)	-
Operating cash flows before movements in working capital	(2,464,140)	(2,135,360)
Increase in trade payables	6,771	(8,893)
Change in insurance contract liabilities	583,697	652,789
Decrease in other assets	(23,853)	(52,150)
Increase in loans and receivables	(14,292)	(39,897)
Changes in outstanding claims	(512,024)	(544,871)
Increase in other payables	(44,993)	132,310
	(2,468,834)	(1,996,072)

b) Premium received from policy holders

	2016	2015
Trade receivable at 1 January	18,432	3,895
Gross premium written during the year	4,032,083	3,789,170
Trade receivable at 31 December	(18,637)	(18,432)
Premium received in advance	38,617	-
	4,070,495	3,774,633

c) Recovery and recoverable from reinsurers

	2016	2015
Reinsurance claims recoveries	842,881	235,290
Salvage recovery	58,008	19,535
	900,889	254,825

Notes to the Financial Statement
As at 31 December 2016

d) Reinsurance premium paid

	2016	2015
	₦'000	₦'000
Reinsurance premium payable at 1 January	16,139	31,276
Reinsurance premium paid	906,420	1,060,456
Facultative outwards	281,772	102,295
Movement in treaty premium surplus	(5,333)	101,753
Reinsurance premium payable at 31 December	-	(16,139)
	1,198,998	**1,279,641**

e) Commission paid

	2016	2015
Commission payable to brokers at 1 January	179,662	170,933
Commission expense (Note 36.1)	800,994	726,760
Business acquisition cost (Note 36.1)	17,119	18,619
Write-off in commission payable to brokers (Note 40)	(208,651)	-
Commission payable to brokers at 31 December	(3,463)	(179,662)
	785,661	**736,650**

f) Commission received

	2016	2015
Deferred commission revenue at 1 January	35,323	-
Commission income earned during the year	(221,838)	(136,296)
Deferred commission revenue at 31 December	(42,814)	(35,323)
Commission income received during the year	**(229,329)**	**(171,619)**

g) Interest received

	2016	2015
Reclassification of investment payable to interest income	(42,039)	-
Interest income earned during the year	346,353	299,870
Interest received during the year	**304,314**	**299,870**

h) Movement in financial assets

	Fair value through profit or loss	Available for sale	Loans & receivables	Held to maturity	Total Movement
Exchange gain	-	37,053	-	-	37,053
Addition	-	3,447	14,292	-	17,739
Disposal	-	-	-	(9,312)	(9,312)
Impairment	-	(8,765)	-	-	(8,765)
Fair value element	363,575	(387,000)	-	-	(23,425)
	363,575	**(355,265)**	**14,292**	**(9,312)**	**13,290**

I) Purchase of property and equipment

	2016	2015
	₦'000	₦'000
Addition for the year per movement schedule	58,126	118,933
Less: Salvage value of motor vehicle taken over	(10,782)	-
Cash flow on addition to property and equipment	**47,344**	**118,933**

45 Cash and cash equivalents

	2016	2015
Cash in hand	369	809
Balances with banks & other financial institutions	2,842,915	2,413,335
	2,843,284	**2,414,144**

Notes to the Financial Statement
As at 31 December 2016

46 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:

46.1 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:

	2016	2015
	₦'000	₦'000
Short-term benefits	250,375	93,835
Post-employment benefits	2,244	2,552
	252,619	**96,387**

46.2 Sale of insurance contracts
During the year, the Company entered into the following contracts with related parties:

	2016	2015
Sale of insurance contract to key management personnel	30	1,426

47 Contravention

	2016	2015
Late filing of returns to the Nigerian Stock Exchange	-	900
Late filing of returns to the Securities & Exchange Commission	20,190	-
For reinstatement of financials Statement to NAICOM	-	100
Late filing of returns to the National Insurance Commission (NAICOM)	785	-
	20,975	1,000

48 Other related party transactions
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.

49 Events after the reporting period
Subsequent to year end, the Board of directors passed a resolution to appoint four new directors to replace directors that resigned from the board, this was ratified by the shareholders during the annual general meeting (AGM) held on 7 February 2017. The board also appointed the Dr. Pius Apere as the new managing director with effect from 3 February 2017. (see details in Corporate Information on page 1).
Other than as presented above, there were no other major events after the reporting period that require adjustments or disclosure in the financial statements.

Notes to the Financial Statement

As at 31 December 2016

50 Contingencies

50.1 Contingent liabilities

The Company is involved in pending litigations with claims of N137.4million (2015: N150.38 million). Based on legal advice, the directors are of the opinion that no liability will eventuate therefrom.

50.2 Contingent assets

The Federal High Court, Abuja on 3 December, 2013 gave judgement in favour of Linkage Assurance PLC in a matter instituted against the Nigerian Deposit Insurance Corporation (NDIC) for the recovery of the sum of N893,135,471 being balance of proceeds for shares subscription from the Company's 2005 Public Offer for which shares have been allotted as approved by the Securities and Exchange Commission in March 2006. However, in January 2014, the NDIC served the Company with Notice of Appeal on the suit. The defendant (NDIC) filed a Notice of Appeal challenging the decision of the court entering judgment in favour of the plaintiff, Linkage Assurance Plc. A date is yet to be fixed for the hearing.

There is an on going litigation against the Inspector General of Police at the Federal High Court, Lagos Division. In 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.

The Company is also involved in other pending litigation with contingent assets of N43.8million (2015: N50.11million) if the court rules in its favour.

51 Commitments

The Company had no capital commitments at the reporting date.

52 Comparatives

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

Other National Disclosure

Statement of Value Added

As at 31 December 2016

	2016		2015	
	₦'000	%	₦'000	%
Net premium	2,835,885	153	2,436,231	143
Investment income	357,811	19	1,271,098	75
Other income	815,376	44	366,485	22
Claims incurred, commissions paid and operating expenses (local)	(2,153,880)	(116)	(2,374,941)	(140)
Value added	**1,855,192**	**100**	**1,698,873**	**100**
Distribution:				
Employees and directors (staff cost)	794,387	43	663,039	39
Government (taxes)	398,118	21	416,862	25
Asset replacement (depreciation)	118,123	6	106,725	6
Contingency reserve	120,962	7	113,675	7
Expansion (retained on the business)	423,602	23	398,572	23
	1,855,192	**100**	**1,698,873**	**100**

Financial Summary
As at 31 December 2016

	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000
Statement of financial position					
Assets					
Cash and cash equivalents	2,843,284	2,414,144	2,239,372	1,895,754	2,816,193
Financial assets	14,819,772	14,806,482	13,521,354	13,660,786	12,078,065
Trade receivables	18,637	18,432	3,895	3,494	10,397
Reinsurance assets	784,347	315,694	398,213	136,513	129,173
Deferred acquisition cost	189,626	188,128	119,415	188,159	60,804
Deferred tax assets	-	-	197,167	362,407	421,692
Other receivables and prepayments	149,341	130,865	83,546	118,010	68,892
Investment property	92,000	97,000	71,700	57,382	83,650
Intangible assets	24,101	26,069	34,765	-	-
Property and equipment	1,111,339	1,195,422	1,006,795	1,015,995	854,993
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Total assets	**20,332,447**	**19,492,236**	**17,976,222**	**17,738,500**	**16,823,859**
Liabilities					
Insurance contract liabilities	2,860,449	2,276,752	1,623,963	1,694,587	1,057,163
Other financial liabilities	-	-	-	-	421,442
Trade payables	43,749	229,316	244,617	441,950	447,125
Provision and other payables	264,261	327,273	249,361	84,326	94,233
Retirement benefit obligations	68,948	84,225	128,279	-	-
Income tax liabilities	337,109	147,355	142,313	149,679	80,147
Deferred tax liabilities	224,639	117,921	-	-	-
Total liabilities	**3,799,155**	**3,182,842**	**2,388,533**	**2,370,542**	**2,100,110**
Capital and reserves					
Issued and paid-up share capital	3,999,999	3,999,396	3,999,396	3,999,396	3,999,396
Share premium	729,044	729,044	729,044	729,044	729,044
Contingency reserve	1,038,349	917,387	803,712	712,070	629,213
Retained earnings	(230,708)	(654,310)	(1,049,054)	(1,285,709)	(1,617,134)
Assets revaluation reserve	733,656	733,656	567,004	541,987	508,643
Re-measurement reserve	42,368	13,547	10,537,587	-	-
Fair value reserves	10,220,584	10,570,674	-	10,671,170	10,474,587
Total equity	**16,533,292**	**16,309,394**	**15,587,689**	**15,367,958**	**14,723,749**
Total liabilities and equity	**20,332,447**	**19,492,236**	**17,976,222**	**17,738,500**	**16,823,859**
Statement of profit or loss					
Net premium income	2,835,885	2,436,231	1,950,854	1,585,706	1,353,047
Underwriting results	720,584	1,267	402,498	183,021	(47,216)
Profit/(loss) before taxation	942,682	929,109	580,846	563,062	(345,319)
Taxation	(398,118)	(416,862)	(255,849)	(148,780)	392,639
Profit/(loss) after taxation	544,564	512,247	324,997	414,282	47,320
Transfer to contingency reserve	120,962	113,675	91,642	82,857	64,130
Dividend	-	-	-	-	-
Transfer to revenue reserve	423,602	398,572	233,355	331,425	(16,810)
Basic earnings per share (kobo)	6.8	6.4	4.1	5.2	0.9

Revenue Account
For the year 31 December 2016

LINKAGE ASSURANCE PLC

31 December 2016

In thousands of naira	Fire	Accident	Motor	Marine & Aviation	Engineering	Oil & Gas	Total
Direct receipted premium	601,485	450,069	713,451	457,928	268,992	1,445,152	3,937,077
Inward premium	8,427	30,510	8,038	27,710	4,028	16,293	95,006
Gross premium written	**609,912**	**480,579**	**721,489**	**485,638**	**273,020**	**1,461,445**	**4,032,083**
Changes in reserve for unexpired risk	(105,939)	(31,248)	(2,851)	(21,640)	(12,999)	103,004	(71,673)
Gross premium earned	**503,973**	**449,331**	**718,638**	**463,998**	**260,021**	**1,564,449**	**3,960,410**
Reinsurance expenses (Note 33)	(249,689)	(128,263)	(9,990)	(108,198)	(85,171)	(543,214)	(1,124,525)
Net earned premium	**254,284**	**321,068**	**708,648**	**355,800**	**174,850**	**1,021,235**	**2,835,885**
Commissions received	69,534	35,339	7,647	32,518	26,328	50,472	221,838
Total underwriting income	**323,818**	**356,407**	**716,295**	**388,318**	**201,178**	**1,071,707**	**3,057,723**
Underwriting expenses							
Claims expenses (Note 35)	226,559	(137,699)	(242,233)	(68,405)	(226,089)	(165,328)	(613,196)
Acquisition expenses (Note 36)	(113,937)	(107,683)	(97,015)	(126,345)	(45,671)	(325,965)	(816,616)
Maintenance expenses	(137,247)	(108,142)	(162,354)	(109,282)	(61,437)	(328,865)	(907,327)
Underwriting profit	**299,193**	**2,883**	**214,693**	**84,286**	**(132,019)**	**251,549**	**720,584**

31 December 2015

In thousands of naira	Fire	Accident	Motor	Marine & Aviation	Engineering	Oil & Gas	Total
Direct receipted premium	443,015	419,470	769,706	297,600	326,120	1,463,568	3,719,479
Inward premium	12,450	7,990	10,750	9,710	4,253	24,531	69,684
Gross premium written	**455,465**	**427,460**	**780,456**	**307,310**	**330,373**	**1,488,099**	**3,789,163**
Changes in reserve for unexpired risk	8,578	(21,663)	(17,415)	33,918	24,802	(136,140)	(107,920)
Gross premium earned	**464,043**	**405,797**	**763,041**	**341,228**	**355,175**	**1,351,959**	**3,681,243**
Reinsurance expenses (Note 33)	(201,276)	(238,257)	(19,427)	(174,039)	(89,335)	(522,682)	(1,245,016)
Net earned premium	**262,767**	**167,540**	**743,614**	**167,189**	**265,840**	**829,277**	**2,436,227**
Commissions received	56,740	52,719	(2,688)	17,464	12,057	-	136,292
Total underwriting income	**319,507**	**220,259**	**740,926**	**184,653**	**277,897**	**829,277**	**2,572,519**
Underwriting expenses							
Claims expenses (Note 35)	(506,582)	(138,305)	(329,603)	(42,701)	(158,210)	(46,499)	(1,221,900)
Acquisition expenses (Note 36)	(94,555)	(99,204)	(101,887)	(109,250)	(47,066)	(224,698)	(676,660)
Maintenance expenses	(80,859)	(75,929)	(138,513)	(54,557)	(58,651)	(264,183)	(672,692)
Underwriting profit	**(362,489)**	**(93,179)**	**170,923**	**(21,855)**	**13,970**	**293,897**	**1,267**

E-Dividend Mandate Form

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

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

Thank you.

Basil Aharanwa
Registar
Centurion Registrars
33C Cameron Road,
Ikoyi
Lagos.

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

Shareholders` name...
(Surname) (Other names)

Shareholders account no(s)...

CSCS investor account no...

CSCS clearing house no...

Name of stock brokers...

Mobile phone no(s)..

Fax number...E-mail address...............................

Bank name...Branch...............................

Bank account number...Type of account.......................

Dated this..

Day of.......................20...............

.... Authorized signatory/ bank stamp

.... Authorized signatory /bank stamp

.... Shareholder signature(s)

Your completed forms should be returned to Centurion Registrars Limited or any of the Linkage Assurance Plc. branches nearest to you. Please note that it is very important that you clearly state your bank name, bank account number, E-mail address and mobile phone numbers to ensure proper processing of your mandate.
For more information, contact Ifeyinwa (+234 704 535 5922) or E-mail: info@linkageassurance.com
Centurion Registrars Limited 33C Cameron Road, Ikoyi, Lagos.

Proxy Form

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of members of LINKAGE ASSURANCE PLC will hold on Thursday, December 14, 2017 at Agip Hall,MUSON Centre, 8/9 Marina, Onikan, Lagos by 10:00 am to transact the following business:

I/We...
....

.... being a member/members of the above named Company Hereby appoint* .... or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on..2017.

Dated this ....day of 2017

Signature of Shareholder..

Name of Shareholder..

Please sign the Proxy in the Proxy Form and post it so as to reach the address shown overleaf not later than 12:00pm on.................................2017.The Proxy form should NOT be completed and sent to the address if the member will be attending the meeting.

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

THIS CARD IS TO BE SIGNED AT THE

NUMBER OF SHARES		
RESOLUTIONS	**FOR**	**AGAINST**
1. To receive the Report and Financial Statements.		
2. To ratify the appointment of the following Directors: a) Mrs. Remi Odunlami as Independent Non-Executive Director b) Mrs. Imo Oyewole as Non-Executive Director c) Mr. Olakunle Agbebi as Non-Executive Director d) Mr. Bernard Nicolaas Griesel as Non-Executive Director		
3. To appoint Auditors		
4. To authorize the Directors to fix the remuneration of Auditors		
5. To elect / re-elect members of the Audit Committee		

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

ADMISSION FORM

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

Please admit ....to the Annual General Meeting of

Linkage Assurance Plc. to be held...

Name of Shareholder ....

Signature of Person attending ....

Signature of Shareholder ....

Corporate Directory

HEAD OFFICE
Linkage Plaza
Plot 94, Block 20 Providence Street,
Off Adewunmi Adebimpe Street,
Lekki Phase 1, Lekki, Lagos
Tel: **01-8511193-7, 8510568, 8510569,8510590**
Email: **info@linkageassurance.com**

ABA
Address: **62, Aba Owerri Road, Abia State**
Contact Person: **GODSGIFT IGBO**
Tel: **07054492383**
Email: **aba@linkageassurance.com**

AKURE
Address: **5th Floor, Right wing, Bank of Industry (BOI) House Opposite First Bank, Alagbaka, Akure, Ondo State. Tel: 08112524488**
Contact Person: **Olugbenga Babalola**
Email: **akure@linkageassurance.com**

BENIN
Address: **56B, Sokponba Road off Ring Road, Benin City Edo State**
Contact Person: **Datimi Ojokojo**
Tel/Fax: **07054492385,052-885259, 08055290072**
Email: **benin@linkageassurance.com**

CALABAR
Address: **Davandy House No. 43, Murtala Mohammed Highway Calabar**
Contact Person: **Victoria Efoli**
Tel: **07054492386, 08055299945**
Email: **calabar@linkageassurance.com**

ENUGU
Address: **Suite C8 Bethel Plaza, Garden Avenue, Enugu State**
Contact Person: **Ngozi Obioha-Nkemdirim**
Tel/Fax: **07054492387,046- 873052, 08058792180**
Email: **enugu@linkageassurance.com**

FCT (ABUJA)
Address: **No 24 Ouagadougou Street, Off Mambolo Street, Wuse Zone 2, Abuja.**
Contact Person: **Adesoye Ayodeji**
Tel/Fax: **07054492384, 09-8708141, 08053099120**
Email: **abuja@linkageassurance.com**

IBADAN
Address: **Horizon House 2nd Floor, Vitas Bus stop, Ring Road, Ibadan, Oyo State**
Contact Person: **Charles Amolegbe**
Tel/Fax: **07054492388, 07086586796.**
Email: **ibadan@linkageassurance.com**

KADUNA
Address: **Hafsat Plaza, Plot 4, Constitution Road, Kaduna State**
Contact Person: **Isibor Fidelis**
Tel/Fax: **07054492925,062-889119, 08055290064**
Email: **kaduna@linkageassurance.com**

KANO
Address: **48, Bompai Road, Kano.**
Contact Person: **Aminu Isiya - Gaya**
Tel: **07054492927,064-890710, 08055300607**
Email: **kano@linkageassurance.com**

ILUPEJU, LAGOS
Address: **11A, Coker road, Ilupeju, Lagos.**
Contact Person:
Tel/Fax: **07054492389, 08055299942**
Email: **ilupeju@linkageassurance.com**

PORT HARCOURT
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Notes

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