Rewarding Partnership

2017 Annual Report + Accounts

LINKAGE ASSURANCE PLC

RC: 162306

...protection that counts

Rewarding Partnership

Consistent with our vision to deliver superior return to our esteemed Shareholders, we are committed to ensuring returns on your investment regardless of the changes in the business and political environment.

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Overview

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Overview

LINKAGE ASSURANCE PLC

About Us

OUR GROSS PREMIUM INCOME GREW BY 6% FROM ₦3.96B IN FY2016 TO

₦4.18B

OUR PBT GREW BY 218% FROM ₦942M IN FY2016 TO

₦2.99B

What 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 N20.50 billion as at 31st December 2017. 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 STATEMENT

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 STATEMENT

To consistently exceed expectations by delivering world class insurance solutions.

OUR CORE VALUE

Integrity | Customer Focus | Teamwork | Innovation | Professionalism | Merit

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.

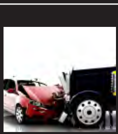
We strive to maintain the professional mien of the global insurance industry and ensure measurable gains for all stakeholders of Linkage Assurance Plc.

Service Offering

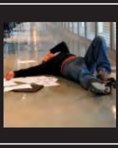
We offer a full range of integrated non-life insurance services backed up with commitment to excellence and quality service delivery to the satisfaction of our clients.

Automobile
Private Motor
Commercial Vehicle
Motor Trade
Motor Cycle

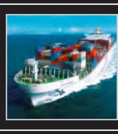
Property
Fire and Allied Perils
Theft/Burglary
Householders
Industrial All Risks(Material Damage)



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

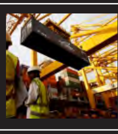


Liability Group
Employer's Liability
Personal/Public Liability
General Third Party Liability



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 24th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of LINKAGE ASSURANCE PLC will hold on Tuesday, 28th August, 2018 at Agip Recital Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos by 10:00 am to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31st December, 2017 together with the Reports of the Directors, Auditors and Audit Committee.
2. To declare dividend.
3. To ratify the appointment of Chief Joshua Bernard Fumudoh, Mrs Funkazi Koroye-Crooks and Mr. Maxwell Ebibai who were appointed as Non-Executive Directors by the Board since after the last Annual General Meeting.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect shareholders representatives of the Statutory Audit Committee.

TO TRANSACT THE FOLLOWING SPECIAL BUSINESS:

6. To approve the remuneration of the Directors for the year ended 31st December, 2018.

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 should be duly stamped at the Stamp Duties Office and must be deposited at the office of the Registrars, Centurion Registrars, 33C, Cameron Road, Ikoyi, Lagos or the Registered Office of the Company, 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.

DIVIDEND
If the dividend recommended by the Directors is approved at the meeting, the warrants or accounts of shareholders with the appropriate e-dividend mandate, will be posted/credited on Monday 3rd of September, 2018 to shareholders whose names appear on the register of shareholders at the close of business on Monday, 13th August, 2018.

(a) CLOSURE OF REGISTER
The Register of members will be closed from 14th of August, 2018 to 21st of August, 2018 both days inclusive for the purpose of updating the Register of Members.

(b) AUDIT COMMITTEE
In accordance with Section 359 (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 23rd day of July, 2018

BY ORDER OF THE BOARD

MOSES OMOROGBE
Company Secretary
FRC/2017/NBA/00000017141

Corporate Information

Board of Directors

Chief Joshua Bernard Fumudoh [4]	Chairman
Other Directors	
Mr. Tamunoye Zifere Alazigha	Non-Executive Director
Mrs. Imo Oyewole [1]	Non-Executive Director
Mr. Olakunle Agbebi [1]	Non-Executive Director
Mrs. Remilekun Odunlami [1]	Independent Director
Mrs. Obafunke Alade-Adeyefa [2]	Non-Executive Director
Mr. Bernard Nicolaas Griesel [3]	Non-Executive Director
Mrs. Funkazi Koroye-Crooks [5]	Non-Executive Director
Mr. Maxwell Ebibai [5]	Non-Executive Director
Mr. Daniel Braie [6]	Acting Managing Director

Appointed: [1] 17 January 2017, [2] 1 January 2017, [3] 27 April 2017, [4] 31 January 2018, [5] 13 December 2017, [6] 17 January 2017 (became Acting Managing Director 15 March 2018).

Company Secretary
Moses Omorogbe *(Appointed 17th June, 2017.)*

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.kpmg.com/ng

Reinsurers
African Reinsurance Corporation, Lagos, Nigeria
Swiss Reinsurance Company, Zurich, Switzerland
Continental Reinsurance Plc, Lagos, Nigeria
WAICA Reinsurance, Sierra Leone
Arab Insurance Company, Bahrain
Cathedral @ Underwriter Syndicates No. 2010 MMX, London
Zep-pe (PTA Reinsurance Company), Nairobi, Kenya
Atrium Underwriters Limited @ Lloyd's Underwriter Syndicate, UK
Hannover Ruck SE, Hannover, Germany

Principal Bankers

Access Bank Plc.	Keystone Bank Limited
Ecobank Nigeria Plc.	Skye Bank Plc.
FCMB Limited	Stanbic IBTC Bank Limited
Fidelity Bank Plc.	Union Bank Plc.
First Bank of Nigeria Limited	United Bank for Africa Plc.
Guaranty Trust Bank Plc.	Unity Bank Plc.
Heritage Bank Limited.	Zenith Bank Plc.

Actuary
Ernst & Young

RC No.
162306

FRC Registered No.
FRC/2012/0000000000339

Authorized and regulated by National Insurance Commission RIC - 026

Financial Highlights

Comprehensive income statement	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	Growth (%)
Gross premium written	4,102,253	4,032,083	2%
Gross premium income	4,186,126	3,960,410	6%
Net premium income	2,840,378	2,835,885	0%
Underwriting profit	456,861	980,791	-53%
Investment and other income	3,426,205	951,349	260%
Profit before taxation	2,996,101	942,682	218%
Profit after taxation	2,891,268	544,564	431%
Statement of financial position			
Total assets	23,308,158	20,332,447	15%
Insurance contract liabilities	2,443,857	2,860,449	-15%

Key Ratios	31 Dec 2017	31 Dec 2016	Growth (%)
Claims ratio	29%	49%	19%
Claims ratio (net)	25%	15%	-9%
Underwriting expenses ratio	37%	36%	-1%
Underwriting income ratio	6%	8%	2%
Management expenses ratio	38%	34%	-5%

Our Performance

For the period ended 31 December 2017, our gross premium income grew by 6% to N4.18billion from N3.96billion in December 2016; with the major contribution from Oil and Gas class to the gross premium written in 2017. The underwriting profit from operations fell by 53% to a profit of N456.9 million from a profit of N980.8million caused by increased claims expenses compared to December 2016.

The 2015 and 2016 dividend income from Stanbic IBTC Pension Limited were recieved during the year and this led to a significant growth of 21,842% in the dividend income to N2.5billion from N11.5million in 2016.Our profit before tax grew significantly by 234% to N3.0billion from N942.7million in 2016. This was majorly attributable to the significant rise in investment income caused by increase in dividend 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 N250,000. 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

The Board of Directors, purusant to the powers vested on it by the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, are proposing dividend of 5kobo per ordinary share on the issued share capital subject to the appropriate witholding tax deduction. This will be presented for ratification by the shareholders at the Annual General Meeting.

Corporate Information

IN THIS SECTION

Chief Joshua Bernard Fumudoh
Chairman

Chairman's Statement

Distinguished Shareholders, fellow members of the Board, members of the press and our esteemed guests.
I am honored to welcome you all to the 24th Annual General Meeting of Linkage Assurance Plc and to present the Annual Account and Reports for the financial year ended December 31, 2017.

Our 2017 results no doubt demonstrated both strength and potential for growth. However, before we look into the details of the performance, it is customary to do an overview of the global and domestic economies in the year 2017. This will enable us to have a good perspective of our 2017 performance and aspirations for the future.

The Global Economy

According to the International Monetary Fund (IMF) Year Review, 2017 was a tumultuous year marked by natural disasters, geopolitical tensions, and deep political divisions in many countries.

These include the uncertainty over Brexit negotiations in Europe, bipolar confrontations between Saudi Arabia and Iran in the Middle East causing instability in Security environment. However, the global economic landscape in 2017 ended on a high note with 4.7% growth in emerging markets and developing economies.

Our Domestic Economy

The Nigerian economy had its own share of economic and geopolitical events that shaped 2017 with its spiral effects on many sectors of the economy. Foremost among them was the late passage of the budget which affected the implementation, especially the capital components of the budget. The Naira remained stable, due to the successful efforts of CBN in achieving convergence of the parallel market and interbank exchanges.

Sequel to the stability and increase in oil price in 2017, the CBN injected over $14 billion into the interbank foreign exchange market and created investors and exporters (I&E) window. During the year under review, two of the nation's main refineries (Kaduna & Warri) were shut over high operations costs to allow for turnaround maintenance. This led to decline in output of refined products. It also resulted in a contraction in oil refining subsector, which largely contributed to overall decline in manufacturing GDP. All these affected in no small measure the financial industry including the insurance sector.

Despite all these, Nigerian real annual GDP grew to 0.83% compared to -1.58% growth recorded in 2016. One things is certain about the Nigerian economy in 2018, it is going to be expansionary.

The Nigerian Insurance Industry

In 2017, the Nigerian insurance sector recorded ₦235 billion gross premium income according to NAICOM. This was a decline of 27.7% from 2016 GPI of ₦325 billion. While the contribution of insurance to the GDP in terms of penetration is currently 0.48%.

The Commission plans to further improve the level of compliance of compulsory insurance through developing and implementing frameworks for coordinated enforcement of compulsory insurance, and also to promote a policy that will facilitate public access to insurance services nationwide. The Commission early this year released guidelines for

Chairman's Statement

Bancassurance distribution. The guidelines set out the regulatory framework for insurance and bank partnership for the distribution of insurance products. The developments in the Insurance industry have continued to be regulatory driven rather than market. NAICOM in 2016 initiated the implementation of a new risk-based supervision model as part of a gradual move to Solvency II type regime. This development could lead to request for injection of funds for most operators very soon.

Recent report by Fast Market Research of USA claims that the Nigerian Insurance Industry will grow at a cumulative average growth rate (CAGR) OF 7.5% in 2018. This according to the study was linked to a strong performance by the Life Insurance sector and rise in disposable income. Similarly, Fitch Ratings Inc. reported that the Nigerian Insurance Market would benefit from additional scale and that consolidation and technological improvements would lead to lower costs of doing business for the industry.

Our Financial Performance

During the period under review our Gross Premium Income grew by 6% to N4.18billion from N3.96billion in 2016 with the major contribution from Oil and Gas class to the gross premium written in 2017. We also achieved a Profit before Tax (PBT) of N2.99billion as against N942million recorded in 2016, majority of these came from dividend income from Stanbic IBTC Pensions Limited for 2015 & 2016 which were received during the year. Our total assets increased to N23.3billion from N20.3billion in 2016.

We paid out a total of N1.038billion in claims as against N613.2million in 2016. This therefore impacted on our underwriting profit, which dropped 53% to close at N456.86million as against N980.79 million in 2017.

No doubt our financial position remains robust as indicated by the strength of our Balance Sheet.

It will interest you to know that we are one of the underwriters in the Nigerian market with strong fundamentals and solvency position.

Dividend

Based on the performance highlighted above, I am pleased to announce that the Board of Directors has proposed a dividend of 5k per share to be paid to the Shareholders for the financial year ended December 31, 2017.

2018 Outlook

Analysts have predicted that the Nigerian economy is expected to grow by 2.1% in 2018 up from the 0.8% in 2017. This no doubt will boost growth in the insurance market.

We are determined to take great advantage of this, by developing strategic initiatives such as deployment of online portal for selling of motor insurance as well as

> "During the period under review our Gross Premium Income grew by 6% to N4.18billion from N3.96billion in 2016 with the major contribution from Oil and Gas class to the gross premium written in 2017."

Chairman's Statement

repositioning our bouquet of retail products like the Third Party Plus (a budget friendly motor insurance plan) to ensure sustainable growth for our company in 2018 and beyond. Continuous growth in customer satisfaction, productive sales in the market and impeccable underwriting and risk management practices will set us up for achievable greatness in 2018.

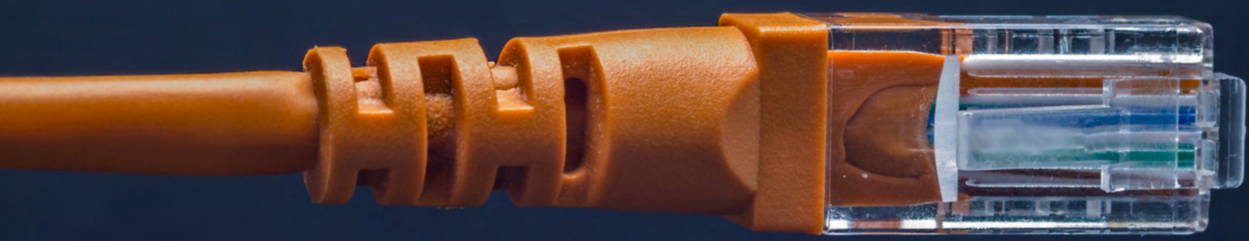
We are focused on sustaining and surpassing the gains of 2017 and enhancing reputation and performance. We will further develop our strategy to deliver value to all our stakeholders within a governance framework of prudence and effective oversight as a board.

Conclusion
I am immensely thankful to all our shareholders, customers and other stakeholders for their support and patronage. We will continually strive to carry out our responsibilities. I look forward to an exciting future for our company in 2018 and beyond.
My special thanks to our management and staff, these results are a testament to their hard work and dedication.

Thank you for your rapt attention.

God bless!

Chief Joshua Bernard Fumudoh
Chairman



Report Of The Directors

For the year ended 31 December 2017

It is the pleasure of the Directors to submit their report together with the audited financial statements for the period ended 31 December 2017.

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:

	31 Dec 2017 ₦'000	31 Dec 2017 ₦'000
Gross premium written	4,102,253	4,032,083
Profit before taxation	2,996,101	942,682
Taxation	(104,833)	(398,118)
Profit after taxation	**2,891,268**	544,564

4. Directors

The Directors who served during the period were as follows:

Dr. John Anderson Eseimokumoh	Chairman [6]
Mr. Inam Udo Udoma	Director[8]
Mr. Tamunoye Zifere Alazigha	Director
Mrs. Obafunke Alade-Adeyefa	Director [1]
Mr. Olakunle Bomo Agbebi Esq.	Director [2]
Mrs. Remilekun Odunlami	Director [2]
Mrs. Imo Oyewole	Director [2]
Mr. Daniel Braie	Director [2]
Mr. Bernard Nicolaas Griesel	Director [3]
Mrs. Funkazi Koroye-Crooks	Director [4]
Mr. Maxwell Ebibai	Director [4]
Mr. Taukeme Koroye	Director [5]
Mr. Ikobho Anthony Howells	Director [5]
Dr. Pius Apere	Managing Director [7]

Changes on the Board

[1] Appointed effective 1 January, 2017
[2] Appointed effective 17 January, 2017
[3] Appointed effective 27 April, 2017
[4] Appointed effective 13 December 2017
[5] Died on 18 November 2017
[6] Resigned effective 31 January 2018
[8] Died on 13 March, 2018
[7] 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 November 2016 and approved by NAICOM in February 2017.

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 2017 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:

Report Of The Directors

For the year ended 31 December 2017

	31 Dec 2017 Direct	Indirect	Total	31 Dec 2016 Total
Dr. John Anderson Eseimokumoh *	-	-	-	-
Mr. Inam Udo Udoma	-	80,771,282	80,771,282	80,771,282
Mr. Bernard Nicolaas Griesel		1,053,340,552	1,053,340,552	
Mr. Ikobho Anthony Howells*	-	-	-	-
Mr. Tamunoye Zifere Alazigha*	-	-	-	-
Mr. Taukeme Koroye*	-	-	-	-

**Directors representing the interest of Bayelsa State Ministry of Finance Incorporated (BSMFI)*

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

Name of shareholder	Institution represented	No. of Shares 31 Dec 2017	31 Dec 2016
Mr. Inam Udo Udoma	Tierce Investments Limited	80,771,282.00	80,771,282
Mr. Bernard Nicolaas Griesel	Stanbic IBTC Nominees Nigeria	1,053,340,552	-

6. Contracts

In accordance with Section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004, all contracts with related parties were conducted at arms length. Information relating to related parties transactions are contained in Note 48 to the financial statements.

7. Shareholding

The Company's issued share capital of N3,999,999,997 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 2017.

Bayelsa State Ministry of Finance Incorporated (BSMFI)	4,274,735,743	53.43%
Stanbic IBTC Nominees Nigeria Limited	1,053,340,552	13.17%

b) Analysis of shareholding structure

i) As at 31 December, 2017

Range	No of Holders	% of Holders	Units Held	% Units Held
1 - 10,000	14,097	63.18%	63,383,534	0.79%
10,001 - 50,000	5,452	24.43%	141,724,701	1.77%
50,0001 - 100,000	1,413	6.33%	115,682,459	1.45%
100,001 - 500,000	1,021	4.58%	226,341,955	2.83%
500,001 - 1,000,000	155	0.69%	126,000,595	1.58%
1,000,001 - 5,000,000	112	0.50%	232,223,654	2.90%
5,000,001 - 10,000,000	22	0.10%	158,304,007	1.98%
10,000,001 - 50,000,000	30	0.13%	570,206,104	7.13%
50,000,001 - 100,000,000	7	0.03%	512,998,717	6.41%
100,000,001 - 500,000,000	3	0.01%	541,719,196	6.77%
500,000,001 - 5,000,000,000	2	0.01%	5,311,415,073	66.39%
Grand Total	**22,314**	**100%**	**7,999,999,995**	**100%**

Report Of The Directors

For the year ended 31 December 2017

ii) As at 31 December, 2016

Range	No of Holders	% of Holders	Units Held	% Units 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%**

8 Human Resources

i. Employment of disabled persons

As a matter of policy, the Company does not discriminate against disabled persons. Full and fair consideration is given to applications for employment received from disabled persons, with due regard to their particular aptitudes and abilities. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2017, the Company had no disabled persons in its employment.

ii. Employee's development and training

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

iii. Health, safety at work and staff welfare

Health, safety and fire drills are regularly organized to keep employees alert at all times. The Company engages the services of health care providers towards meeting the medical needs of the employees and their immediate families at its expense.

The Company also provides adequate transportation and housing facilities for all levels of employees.

iv. Gender Composition

Our employment policy shows no discrimination to gender or nationality. In accordance with international best practice, women are well represented at both the Board, Senior Management and the entire workforce.

Total	166	100%	151	100%
Board Composition by Gender	4	36%	3	25%
Female	7	64%	9	75%
Male	11	100%	12	100%
Total				
Top Management (Executive Director to CEO)				
Female	0	0%	0	0%
Male	2	100%	2	100%
Total	2	100%	2	100%
Top Management (GM to Principal Manager)				
Female	3	43%	3	43%
Male	4	57%	4	57%
Total	7	100%	7	100%

9 Securities Trading Policy

The Company has a Securities Trading Policy which governs the trading of the Company's Securities by Insiders. The Policy has been circulated to all Directors and employees and also uploaded on the Company's website.

10 Code Of Business Conduct And Ethics

The Company has Code of Business Conduct and Ethics for Directors and Code of Business Conduct and Ethics for Employees. Directors are bound by the Code of Business Conduct and Ethics for Directors while the Management and Employees are bound by the Code of Business Conduct and Ethics for Employees which they subscribed at the time of engagement.

11 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 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.

The Policy:

- provides an avenue for customer's complaints and dispute resolutions.
- recognizes, promotes and protects the customer's right, including the right to comment and provide feedback on service;
- provide an efficient, fair and accessible framework for resolving customer complaints and 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

12 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.

Report Of The Directors

For the year ended 31 December 2017

13 Acquisition of own shares

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

14 Fines and penalties

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

In thousands of Naira	31 Dec 2017	31 Dec 2016
Extension of display of Wall Drape without approval	936	-
Late filing of returns to the Securities & Exchange Commission	3,000	20,190
Stage carriage without permission	20	-
Late filing of returns to the Federal Inland Revenue (FIRS)	-	35
Late filing of returns to the National Insurance Commission (NAICOM)	-	785
Late filing fee for director's particulars to CAC	-	5
Filing fee for extension of the Annual General Meeting to the CAC	-	10
	3,956	**21,025**

15 Donations and charitable contributions

The Company made contributions to charitable and non-political organisations amounting to N2.8 million during the 2017 financial year.

The beneficiaries are as follows:

In thousands of Naira	31 Dec 2017
Sponsorship of Okpekpe 10KM road race	2,000
Chartered Insurance Institute of Nigeria - Investisture Sponsorship	500
Child Life Line Organization	200
2018 Armed Forces Rememberance day celebration - Emblem launch	100
	2,800

16 Events after reporting date

Subsequent to year end, the Board of Directors passed a resolution to pay dividend of 5 kobo per share (31 December 2016: Nil) from the retained earnings account as at 31 December 2017. This will be presented for ratification by the shareholders at the next Annual General Meeting.

Also the Board of directors on 31 January 2018 approved the appointment of Joshua Bernard Fumudoh as a non-executive director who through a resolution by the Board was subsequently appointed as the new Board chairman following the resignation of the previous Board chairman; John Anderson Eseimokumoh. Furthermore, Mr. Daniel Braie was appointed acting Managing Director on 15 March 2018 through a Board resolution (see details in Corporate Information on page 1).

Other than as stated above, there are no other significant events after reporting date which could have had a material effect on the financial affairs of the Company as at 31 December, 2017 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

17 Audit committee

Mr. Waheed Adegbite	Chairman/Shareholder
Engr. S. A. Orji	Shareholder
Mr. Balogun Shamusideen Olalekan	Shareholder
Mr. Tamunoye Alazigha	Non-Executive Director
Mr. Maxwell Ebibai	Non-Executive Director
Mrs. Obafunke Alade Adeyefa	Non-Executive Director

18 Auditors

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

Company Secretary
Mr. Moses Omorogbe
FRC/2017/NBA/00000017141
15 March 2018

Corporate Governance

IN THIS SECTION

Sustainability Report

This Sustainability report covers our performance in the period under review, and primarily focuses on issues critical to the sustainability of our business. These include issues that could potentially have significant impact on our business performance or our competitive position in the insurance market.

Also contained in this report is the strategy we will be leveraging to achieve the Sustainability goals we have set out to attain.

Stakeholders Engagements

In our bid to improve our services and offerings Linkage Assurance PLC engaged its key stakeholders through a variety of platforms like the Brokers Forum, Radio call-in programs in Abuja Lagos and Yenogua. Through our engagement with customers we were able to identify the key issues that are of concern to them. The analysis of the feedback received through our engagement with the customers, brokers, agents and others in the market led to the development of some of our retail products like our budget friendly Third Party Plus , Citadel Shield (Personal Accident for schools & universities) etc.

Like any other responsible corporate entity, our priority stakeholders are our employees, customers, investors, regulators and the communities where we do business. Consequently, we communicate our policies and initiatives through our website, social media, Annual General Meetings (AGMs) and customer surveys.

On the side of our regulators, we communicate through regular consultations, meetings and supervisory visits by representatives of the various regulatory bodies.

Career Development

As an organization saddled with the task of risk management and insurance underwriting, we considered it critical to improve man power development in Insurance & actuarial science through Career Talks at selected Universities. We started this with the Niger Delta University, Wilberforce Island, and Bayelsa State.

Occupational Health & Safety

Occupational Health and safety at work is important to maintaining a safe working environment for all our employees. This is absolutely fundamental to the way we work in Linkage Assurance PLC. Our safety agenda is driven by our no accident and harm philosophy.

Human Rights

At Linkage Assurance PLC, workplaces and the communities in which we operate, we believe a serious commitment to respecting human rights is critical and fundamental. Therefore we recognize that we are responsible for the impact of our operations on our employees, on contractors, brokers and agents in our distribution networks and others.

Diversity and Equal Opportunity

We try to live up to our core values through the philosophy of diversity and inclusion practices in our business. We always aim to provide equal opportunities that will enable all our employees to learn, grow and build successful careers for themselves. We ensure that all our employees are treated fairly, and with respect regardless of their nationality, tribe, sexual orientation or religious beliefs.

Board Valuation Report

DCSL Corporate Services Limited
235 Ikorodu Road
Ilupeju, Lagos

P. O. Box 965, Marina
Lagos, Nigeria
Tel: +234 9 1271 7817
www.dcsl.com.ng

Abuja Office:
Statement Hotel, Plot 1002
1st Avenue, Off Shehu Shagari
Way, Abuja

Tel: +234 9 461 4902
RC NO. 352393

May 2018

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF LINKAGE ASSURANCE PLC FOR THE YEAR-ENDED DECEMBER 31, 2017.

DCSL Corporate Services Limited (DCSL) was engaged by Linkage Assurance Plc ("the Company") to carry out an appraisal of the Board's performance for the year-ended December 31, 2017. Our appraisal entailed a comprehensive review of the Company's corporate and statutory documents, the minutes of Board and Committee meetings, policies in place and other ancillary documents made available to us as well as Questionnaires, Board and Peer Review Surveys administered to the Directors. We benchmarked the Company's governance structures, policies and processes against the provisions of the Code of Good Corporate Governance for the Insurance Industry in Nigeria 2009 ("NAICOM Code"), the Securities and Exchange Commission (SEC) Code of Corporate Governance 2011 ("SEC Code") and corporate governance global Best Practices.

In undertaking the appraisal, we considered seven key corporate governance areas as follows:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

The Board has the duty to establish good corporate governance practices in the Company and to ensure that the company carries on its business in accordance with its Articles and Memorandum of Association, applicable laws, codes and regulations that will ensure the Company's sustainability. As Consultants, our responsibility is to draw conclusion on the effectiveness of these structures, policies and processes based on our review of the Board's activities and performance during the year ended 31 December 2017.

Following the conclusion of the evaluation exercise, it is our opinion that the Board has largely complied with the provisions of the NAICOM and SEC Codes. The Board demonstrates a strong commitment to the enthronement of sound corporate governance principles and practices.

We have brought to the attention of the Board the areas of its performance that require improvement and are satisfied that the Board has taken due note of these.

The details of our key findings and recommendations are contained in our Report.

Yours faithfully,
For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director

Corporate Governance Report

For the year ended 31 December 2017

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.

BOARD SELECTION AND APPOINTMENT PROCESS

The Board of the Company follows a formal and transparent process for the selection and appointment of Directors. The appointment of executive and non-executive directors to the Board follows a formal and transparent process and in accordance with the Companies and Allied Matters Act, CAP, C20 LFN, 2004, NAICOM Code of Corporate Governance, SEC Code of Corporate Governance and the Company's internal policy for appointment of Directors.

The Board Enterprise Risk Management & Governance Committee oversees the process of the selection and interview of prospective appointees to the Board. The Committee carefully analyses the business and strategic plans of the Company vis-à-vis the existing strengths and weaknesses, the skills and experience gaps in the Board in selecting a suitable candidate for appointment.

External Consultants may be engaged to conduct the search for suitable candidates that meet the criteria set by the Board.

The Committee shortlist and interview candidates with the requisite skills and experience, thereafter conduct formal background check of the prospective candidates to ensure that they are fit and proper persons to be appointed to the Board.

Successful candidates are presented to the Board for approval in a meeting duly convened in accordance with the articles of association of the Company. The Candidate(s) name is forwarded to NAICOM for approval. While the Company Secretary notifies the Nigerian Stock Exchange (NSE) and the Securities and Exchange Commission of the appointment and also file the relevant forms with the Corporate Affairs Commission (CAC). The appointment of the candidate(s) by the Board is presented to the Shareholders for ratification at the next Annual General Meeting of the Company.

INDUCTION AND CONTINUES TRAINING OF DIRECTORS

Newly appointed Directors are familiarized with the operations of the Company through a formal induction program. The new directors are provided with detailed information about the operations of the Company and their roles and responsibilities. The new Directors are also provided with the Memorandum and Articles of Association and other relevant information materials of the Company.
Directors are availed with periodic continues training programs to deepen their knowledge and understanding on emerging trends in the insurance industry and corporate governance. The trainings are usually facilitated by reputable training agencies.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board reserves to itself all functions that are likely to have a material impact on the performance and reputation of the Company.
The following matters are specifically reserved for the Board:

- Provide leadership and setting the strategic objectives of the Company and ensures that the human and financial resources are effectively deployed towards attaining the set goals.
- Ensure effective succession planning for the Chairman, the Executive Directors and the MD/CEO.
- Overseeing the integrity of the Company's accounting and corporate reporting systems including external audit.
- Ensuring the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects Management to operate.
- Approval of the Company's remuneration framework and other Policy documents.
- Approval and monitoring Compliance with the corporate governance framework of the Company.
- Approval and monitoring of the operating budget and major capital expenditures.

BIOGRAPHICAL DETAILS OF NEW DIRECTORS

Chief. Joshua Bernard Fumodoh is the founder and Managing Director of Manufacturing and Marketing Co. (Nig.) ltd. He is also the Chairman of Boston Capital Investment ltd and BCI Global Properties Ltd.
Chief. Fumudoh is an Accounting graduate of University of Lagos.

Mrs. Funkazi Koroye-Crooks is the Commissioner Bayelsa State Ministry of Trade, Industry and Investment. She is a graduate of the Faculty of Law, University of Ife and was called to the Nigerian Bar in 1985. She also holds a Masters degree in law from the London School of Economics.

Mr. Maxwell Ebibai is the Commissioner of Finance, Bayelsa State, prior to his appointment by the Bayelsa State Government, he was a Senior Vice-President with the Asset Management Corporation of Nigeria (AMCON) and was the Head, Loan Administration. Mr. Maxwell holds a Masters degree in Banking and Finance.

Corporate Governance Report (Contd)
For the year ended 31 December 2017

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, currently comprises of ten (10) members, 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 statutory committee and Committees of the Board, which were reconstituted in April, 2018 following the appointment of new directors.

Statutory 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. Maxwell Ebibai	Non-Executive Director
6	Mrs. Obafunke Alade Adeyefa	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 & General purpose Committee
The Committee is composed of 5 members as follows:

S/N	Name	Status
1	Mr. Bernard Nicolaas Griesel	Chairman
2	Mrs. Obafunke Alade Adeyefa	Member
3	Mr. Tamunoye Alazigha	Member
4	Mr. Olakunle Agbebi	Member
5	Mrs. Imo Oyewole	Member

This Committee reviews matters relating to the investment of the Company's funds, 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.

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

S/N	Name	Status
1	Mr. Olakunle Agbebi	Chairman
2	Mr. Maxwell Ebibai	Member
3	Mrs. Imo Oyewole	Member
4	Mrs. Remilekun Odunlami	Member
5	Mrs. Funkazi Koroye-Crooks	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 Committee
The Committee is composed of 5 members as follows:

S/N	Name	Status
1	Mrs. Remilekun Odunlami	Chairman
2	Mrs. Funkazi Koroye-Crooks	Member
3	Mrs. Obafunke Alade Adeyefa	Member
4	Mrs. Imo Oyewole	Member
5	Mr. Bernard Nicolaas Griesel	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 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

Corporate Governance Report (Contd)
For the year ended 31 December 2017

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 Unit 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 as at 31 December 2017 is as follows:

Corporate Governance Report

S/N	Names of Directors	10 Feb	27 Apr	4-Aug	4-Oct	13-Dec
1	Dr. John Anderson Eseimokumoh	1	1	1	1	1
2	Mr. Inam Udo Udoma	1	1	1	1	1
3	Mr. Tamunoye Alazigha	1	1	1	-	1
4	Mr. Ikobho Anthony Howells	1	1	1	1	-
5	Dr. Pius Apere	1	1	1	1	1
6	Mr. Taukeme Koroye	1	1	1	1	-
7	Mr. Remi Odunlami*	1	1	1	-	1
8	Mrs. Obafunke Alade Adeyefa**	1	1	1	1	1
9	Mrs. Imo Oyewole*	1	1	1	1	1
10	Mr. Daniel Braie*	-	1	1	1	1
11	Mr. Olakunle Agbebi*	1	1	1	1	1
12	Mr. Bernard Nicolaas Griesel***	-	-	1	1	1

**Appointed effective 17 January 2017.* ***Appointed effective 1 January 2017.*
****Appointed effective 27 April 2017.*

Attendance at The Finance, Investment & General Purpose Committee Meetings held as at 31 December 2017

S/N	Names of Directors	10 Feb	26 Apr	3-Aug	12-Dec
1	Mr. Inam Udo Udoma	1	1	1	1
2	Mrs. Obafunke Alade Adeyefa	1	1	1	1
3	Mr. Tamunoye Alazigha	1	1	1	1
4	Mr. Olakunle Agbebi	1	1	1	1
5	Mr. Taukeme Koroye	1	1	1	-
6	Mr. Bernard Nicolaas Griesel*	-	-	-	1

**Became a member of the committee in December, 2017.*

Corporate Governance Report (Contd)

For the year ended 31 December 2017

Attendance at the Statutory Audit Committee Meetings held as at 31 December 2017

S/N	Members	9 Feb	26 Apr	31-Jul	4-Oct	11-Dec
1	Mr. Waheed Adegbite	1	1	1	1	1
2	Mr. Shamusideen O. Balogun	1	1	1	1	1
3	Engr. S.A.Orji	1	1	1	1	1
4	Mr. Ikobho Anthony Howells	1	1	1	1	-
5	Mr Tamunoye Alazigha	1	1	1	1	1
6	Mrs. Obafunke Alade Adeyefa*	-	1	1	1	1

**Became a member of the committee in April, 2017.*

Attendance at the ERM & Governance Committee Meetings held as at 31 December 2017

S/N	Names of Directors	16 Jan	9 Feb	26 Apr	2-Aug	9-Aug	4-Oct	12-Dec
1	Mr. Ikobho Anthony Howells	1	1	1	1	1	1	-
2	Mr. Inam Udo Udoma	1	1	1	1	1	1	1
3	Mr. Taukeme Koroye	1	1	1	1	1	1	-
4	Mrs. Imo Oyewole*	-	-	1	1	1	1	1
5	Mr. Remi Odunlami*	-	-	1	1	1	-	1
6	Mr. Olakunle Agbebi*	-	-	-	1	1	1	1

**Became a member of the committee in April, 2017.*

Attendance at the Board Audit & Compliance Committee Meetings held as at 31 December 2017

S/N	Names of Directors	8 Feb	24 Apr	11-Aug	11-Dec
1	Mr. Remi Odunlami*	-	1	1	1
2	Mr. Taukeme Koroye	1	1	1	-
3	Mr. Ikobho Anthony Howells	1	1	1	-
4	Mr. Bernard Nicolaas Griesel**	-	-	-	1
5	Mrs. Obafunke Alade Adeyefa*	-	1	1	1
6	Mrs. Imo Oyewole*	-	1	1	1

**Became a member of the committee in April, 2017. **Became a member of the committee in December, 2017.*

In compliance with section 34.7 of SEC Code of Corporate Governance for Public Companies in Nigeria (the Code) which governs the operations Linkage Assurance Plc, the Board confirms compliance with the Code and as disclosed in the Annual Report and Accounts.

BY ORDER OF THE BOARD

MOSES OMOROGBE
Company Secretary
FRC/2017/NBA/00000017141

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 31 December 2017 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 period ended 31 December 2017 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
15 March, 2018.

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

**Resigned effective 30 October 2017*
***Appointed effective 1 January 2017.*

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.

Chief Joshua Bernard Fumudoh
(Chairman)
FRC/2018/IODN/00000017911
15 March 2018.

Mr. Daniel Braie
Acting Managing Director
FRC/2018/CIIN/00000018082
15 March 2018.

Statement of Directors' Responsibilities

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 financial statements which gives a true and fair view of the state of the financial affairs of the Company as at 31 December 2017 and the results of its operations, cash flows and changes in equity for the period 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 also 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 2017 were approved by the Directors on 15 March 2018.

On behalf of the Directors of the Company

On behalf of the Directors of the Company

Chief Joshua Bernard Fumudoh
(Chairman)
FRC/2018/IODN/00000017911
15 March 2018.

Mr. Daniel Braie
Acting Managing Director
FRC/2018/CIIN/00000018082
15 March 2018.

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

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended 31 December 2017 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 financial 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 periods 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 Company'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.

Mr. Daniel Braie
Acting Managing Director
FRC/2018/CIIN/00000018082
15 March 2018.

Mr. Harris Oshojah
Acting Chief Finance Officer
FRC/2013/ICAN/00000001815
15 March 2018.

Independent Auditor`s Report

KPMG Professional Services
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders 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 statements of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 110

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the period 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's valuation of insurance contract liabilities is complex and 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 projected cash flows, basic chain ladder runoff period, inflation rate and discount rates.

The level of complexity, the assumptions and judgement involved in the estimating these amounts resulted in insurance contract liabilities being a matter of significance to our audit.

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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 in gathering of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the underlying data used in actuarial valuations to source documentation.
- We involved our actuarial specialists to independently test and challenge the appropriateness of the methodology used by the Company's external actuary for determining the insurance contract liabilities. This involved an assessment of the appropriateness of the actuarial methods, taking into account available industry data and specific product features of the Company.
- With the assistance of our actuarial specialists, we evaluated the reasonableness of the economic 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.
- We evaluated the Company's valuation methodology and assumptions for consistency between reporting periods. We involved our actuarial specialists in this regard.
- We assessed the competence, independence and objectivity of management's external actuary.

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

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 recognised in other comprehensive income. Given the non-availability of market prices for this equity investment, the determination of fair value involves the exercise of significant assumptions and judgment regarding projected operating results, cash flow forecasts, growth rate, discount rate, terminal value, inflation rate and long-term growth 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 model 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 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

Our audit procedures included the following:

- We involved our valuation specialist 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.

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- 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 and judgments) and note 8.4 (available for sale financial assets).

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which 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.

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 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 have 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.

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- 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 Board of Directors/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 Board of Directors/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.

From the matters communicated with Board of Directors/Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and section 28(2) of Insurance Act, 2003.

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.

Penalties

The Company did not pay penalties in respect of contravention of the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year.

Signed:

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
28 March 2018
Lagos, Nigeria

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Board Of Directors

Chief Joshua Bernard Fumudoh
Chairman

Managing Director of Manufacturing and Marketing Co. (Nig.) Ltd.
Chairman, Boston Capital Investment Ltd.
Chairman, BCI Global Properties Ltd.
Chairman, MAMCO-Bayelsa Palm.
Director, National E-Government Strategies Ltd.
President Ijaw National Congress (1994-2000).
Member, National Political Reforms Conference, 2005
Member, National Conference, 2014.
Alumnus, University of Lagos.

Mr. Daniel Braie
Acting Managing 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.

Board Of Directors

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.

Mrs. Funkazi Koroye-Crooks
Non-Executive Director

Commissioner Bayelsa State Ministry of Trade, Industry and Investment.
Former Special Adviser to the Bayelsa State Governor on International Development and Partnership.
Company Secretary, Petrobay Nigeria Ltd.
General Counsel/Company Secretary, Bayelsa Development and Investment Company.
Magistrate (Youth) Hounslow Bench, West London (currently on leave of absence.
Appeal Court Magistrate (currently on leave of absence).
Former Consultant, World Intellectual Property Organization (WIPO).
Former, Head of the Africa Department, International.
Federation of the Phonographic Industry (IFPI).
Alumnus University of Ife.
Alumnus, Nigerian Law School.
Alumnus, London School of Economics.

Board Of Directors

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.

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.

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.

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.

Board Of Directors

Mr. Maxwell Ebibai
Non-Executive Director

Commissioner of Finance, Bayelsa State.
Former Senior Vice-President with the Asset Management Corporation of Nigeria (AMCON).
Former Assistant General Manager, Bank PHB Plc.
Associate, Standard Trust Bank Limited.
Alumnus University of Chicago Booth School of Business.
Alumnus, Bayero University.
Alumnus, Rivers State University of Science and Technology.

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.

Management Team

Mr. Daniel Braie
(Acting Managing Director)

Mrs. Joyce Ojemudia
(General Manager, Marketing)

Mr. Anthony Saiki
(Head, Oil & Gas)

Mr. Harris Oshojah
(Acting Chief Finance 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. Peter Imona
(Head, Enterprise Risk Management)

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

Mr. Mathew Okoroafor
(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.

1.2. Principal activities

The Company was registered to transact all classes of life and 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 and
(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's 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:

(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 6.2 and 17)
(iv) Measurement of defined benefits obligations; key actuarial assumptions (see note 22)
(v) Valuation of unquoted equity instruments measured at fair value through OCI (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 - Insurance contract liabilities
- Note 4.17 - Defined employee benefits obligation

2.5 Presentation Currency

The financial statements are presented in Nigerian Naira (₦) and amounts presented / disclosed 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.

Standards, amendments and interpretations effective during the

Notes To The Financial Statements

reporting period
The following standards, ammendments and interpretations which became effective from 1 January 2017, do not have any material impact on the accounting policies, financial position or performance of the Company.

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

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.

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 subsequent changes in fair value, including any interest or dividend income, are recognized in profit or loss.

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 of 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 include 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 cashflow from a group of financial assets.

Notes To The Financial Statements

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 specific and collective level. Those not to be specifically impaired are 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 gains and losses accumulated in the fair value reserve to profit or loss. The amount reclasssified 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 security subsequently increased and the increse can be related objectively to an event occuring 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 instrument 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, 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 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.

Notes To The Financial Statements

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. Trade receivables are classified as loans and receivables."

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 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/period 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/period 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

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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 acquisition date. Subsequent to initial recognition, these assets are carried at 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/period-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 are stated at revalued amount while 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. Increase 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 and software	4 years
Furniture and office equipment	4 years
Motor vehicles	4 years

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

Land is not depreciated.

De-recognition
An item of property and equipment is derecognised when no future economic benefits are expected from its use or on 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/period 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.

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 and 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 and 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 Finance lease obligations

These are the corresponding liabilities on assets acquired under finance lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized in the year to which they relate in profit or loss.

Lease assets - lessee

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease assets - lessor

If the Company is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

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4.15 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 method.

Trade payables are recognised when incurred. These include amounts due to agents, brokers and insurance contract holders.

4.16 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).

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.

4.17 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. 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. Remeasurements 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.

4.18 Taxation

Company Income Tax

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

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

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Minimum tax
The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on the sum of (i) the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and (ii) 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

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.

4.19 Other receivables and prepayments
Other receivables include cash advance, sundry receivables, ex-staff loans, witholding tax recoverable, etc. 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.

4.20 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/period 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 asset 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.

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.

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

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

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4.22 Foreign currency translation

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from translation at year/period-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 & 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'.

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

Claims and loss adjustment expenses are charged to income statement 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 and 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

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recoveries when the amount to be recovered from the liable third party has been established.

4.24 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.

Revenue recognition

Insurance premium revenue
The revenue recognition policy relating to insurance contracts is set out under 4.23.(b)(I)

Commission earned
The revenue recognition policy on commission is disclosed in 4.23.(b)(v)

Investment income
Interest income for interest bearing financial instruments, are recognised within 'investment & other income' in the income statement using the effective interest 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.

4.25 Net claims expenses
Net claims expenses comprise claims incurred and claims handling expenses incurred during the financial year/period 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.

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

4.27 Expense recognition

Interest
Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest 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.

4.28 Operating segment
IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief 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.

4.29 Earnings per share
The Company presents earnings per share for its ordinary shares. The basic earnings per share (EPS) are calculated by dividing the net profit attributable to shareholders' by the weighted average number of ordinary shares in issue during the year. The adjusted EPS is calculated using the number of

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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.

4.30 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 31 December 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 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.

The Company has opted to defer the adoption of IFRS 9 till 2021 when IFRS 17, Insurance Contracts will be effective as permitted by the IASB.

(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 when IFRS 17 becomes effective.

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

On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces the previous revenue standard IAS 18 Revenue, and the related Interpretations on revenue recognition. The standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards and provides a single principle based framework to be applied to all contracts with customers that are in scope of the standard. Under the new standard revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The standard introduces a new five step model to recognize revenue as performance obligations in a contract are satisfied. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments, and as such will impact the businesses that earn fee and commission revenue.

On April 12, 2016, the IASB issued amendments to IFRS 15 Revenue from Contracts with Customers. The amendments provide additional clarification on the identification of a performance obligation in a contract, determining the principal and agent in an agreement, and determining whether licensing revenues should be recognized at a point in time or over a specific period. The amendments also provide additional practical expedients that can be used on transition to the standard.

IFRS 15 does not apply to insurance contracts within the scope of IFRS 4 and financial instruments within the scope of IFRS 9. The Company therefore does not expect any impact on its financial statements on adoption of IFRS 15.

(iv) IFRIC 22 Foreign currency transactions and advance consideration

The interpretation 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 interpretation 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 interpretation 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

Notes To The Financial Statements

- 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

(b) 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.

(ii) Uncertainty over Income tax treatments (IFRIC 23)
These interpretation provide clarity on the accounting for income tax treatments that have yet to be accepted by the tax authorities.

The interpretation clarifies that the key test for determining the amounts to be recognised in the financial statements is whether it is probable that the tax authority wil accept the chosen tax treatment; this could result in an increase in tax liability or a recognition of an asset depending on the current practice of the Company.

The interpretation is effective 1 January 2019 and early adoption is permitted at or before the date of initial application of IFRIC 23. The Company is yet to carry out an assessment to determine the impact that the initial application of IFRIC 23 would have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

(c) Effective for the financial year commencing 1 January 2021

(i) Insurance contracts (IFRS 17)
IFRS 17 replaced IFRS 4 Insurance Contracts

This standard increases transparency about the profitability of new and in-force businesses and will give users more insight into an insurer's financial health than ever before. It introduces an single revenue recognition principle to reflect services provided. The highlights of the standard include:

- separate presentation of underwriting and finance results
- more consistency and transparency in accounting for options and guarantees
- premium volumes will no longer drive the "top line" as investment components and cash received are no longer considered to be revenue.
The Company is yet to carry out an assessment to determine the the impact that the initial application of IFRS 17 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2021.

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Financial Statements

IN THIS SECTION

Statement of Financial Position

As at 31 December 2017

In thousands of Naira		31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Assets	**Note**		
Cash and cash equivalents	7	1,843,757	2,843,284
Financial assets	8	18,659,073	14,829,344
Trade receivables	9	13,741	18,637
Reinsurance assets	10	558,813	784,347
Deferred acquisition cost	11	176,274	189,626
Other receivables and prepayments	12	238,777	139,769
Investment properties	13	135,000	92,000
Intangible assets	14	26,445	24,101
Property and equipment	15	1,356,278	1,111,339
Statutory deposit	16	300,000	300,000
Total assets		**23,308,158**	**20,332,447**
Liabilities			
Insurance contract liabilities	17	2,443,857	2,860,449
Trade payables	19	107,346	43,749
Other payables	20	307,547	264,261
Finance lease obligations	21	88,222	-
Defined benefit obligations	22	30,471	68,948
Income tax liabilities	23	177,941	337,109
Deferred tax liabilities	24	199,942	224,639
Total liabilities		**3,355,326**	**3,799,155**
Equity			
Share capital	25	3,999,999	3,999,999
Share premium	26	729,044	729,044
Contingency reserve	27	1,616,603	1,038,349
Retained earnings	28	2,082,306	(230,708)
Assets revaluation reserve	29	752,083	733,656
Re-measurement reserve	30.2	4,484	42,368
Fair value reserve	30.1	10,768,313	10,220,584
Total equity		**19,952,832**	**16,533,292**
Total liabilities and equity		**23,308,158**	**20,332,447**

The financial statements were approved on 15 March 2018 and signed on behalf of the Board of Directors by:

Chief Joshua Bernard Fumudoh	**Mr. Daniel Braie**	**Harris Oshojah**
(Chairman)	**(Acting Managing Director)**	**(Acting Chief Finance Officer)**
FRC/2018/IODN/00000017911	**FRC/2018/CIIN/00000018082**	**FRC/2013/ICAN/00000001815**

The summary 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 2017

In thousands of Naira	Note	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Gross premium written	31	4,102,253	4,032,083
Unearned premium		83,873	(71,673)
Gross premium income	32	**4,186,126**	**3,960,410**
Reinsurance expenses	33	(1,345,748)	(1,124,525)
Net premium income		**2,840,378**	**2,835,885**
Fees and commission income	34	175,633	221,838
Net underwriting income		**3,016,011**	**3,057,723**
Net claims expenses	35	(1,038,735)	(613,196)
Underwriting expenses	36	(1,520,415)	(1,463,736)
Underwriting profit		**456,861**	**980,791**
Investment income	37	3,237,795	357,811
Impairment loss on financial assets	38	(75,097)	(8,623)
Net fair value gains on financial assets at fair value through profit or loss	39	827,341	363,575
Other operating (loss)/income	40	188,409	593,538
Fair value changes on investment property	37	(25,000)	(5,000)
Fair value changes on property and equipment	37	(4,876)	-
Management expenses	41	(1,609,334)	(1,339,410)
Profit before minimum taxation		**2,996,101**	**942,682**
Minimum tax	23	(70,560)	-
Profit before taxation		**2,925,541**	**942,682**
Income taxes	23	(34,273)	(398,118)
Profit after taxation		**2,891,268**	**544,564**
Other comprehensive income net of tax			
Items that will be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on available-for-sale financial assets	42	547,729	(350,090)
Total other comprehensive income, net of tax		547,729	(350,090)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation	22	(37,884)	28,821
Gain on revaluation of property and equipment	15	57,204	-
Deferred tax on property and equipment	24	(38,777)	-
Other comprehensive (loss)/income, net of taxes		**528,272**	**(321,269)**
Total comprehensive income for the year		**3,419,540**	**223,295**
Basic and diluted earnings per share (kobo)	43	**36.6**	**6.8**

The summary 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 2017

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2017	3,999,999	729,044	1,038,349	733,656	42,368	10,220,584	(230,708)	16,533,292
Comprehensive income								
Profit for the year	-	-	-	-	-	-	2,891,268	2,891,268
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	(37,884)		-	(37,884)
Net fair value changes on AFS financial assets	-	-	-	-	-	547,729	-	547,729
Revaluation surplus on property and equipment	-	-	-	57,204	-	-	-	57,204
Deferred tax on property and equipment	-	-	-	(38,777)	-		-	(38,777)
Total comprehensive income	**-**	**-**	**-**	**18,427**	**(37,884)**	**547,729**	**2,891,268**	**3,419,540**
Transfer to contingency reserve	-	-	-	-	-	-	(578,254)	(578,254)
Transfer from retained earnings	-	-	578,254	-		-	-	578,254
	-	-	578,254	-	-	-	(578,254)	-
Transactions with owners of the Company								
Issue of shares during the year	-	-	-	-	-	-	-	-
At 31 December 2017	**3,999,999**	**729,044**	**1,616,603**	**752,083**	**4,484**	**10,768,313**	**2,082,306**	**19,952,832**

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-measure ment 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
Net fair value changes on AFS financial assets	-	-	-	-		(350,090)	-	350,090
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**

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

LINKAGE ASSURANCE PLC

Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 ₦'000	2016 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	44(b)	4,198,137	4,070,495
Reinsurance payments	44(d)	(1,341,883)	(1,198,998)
Claims paid	35	(1,552,177)	(1,412,380)
Reinsurance claim recoveries	44(c)	380,706	842,881
Salvage recovery	44(c)	21,687	58,008
Commission paid	44(e)	(744,678)	(785,655)
Maintenance expenses paid - Note 41 (excluding Depreciation & Amortisation)		(672,572)	(647,120)
Commission received	44(f)	197,258	229,329
Cash payment to and on behalf of employees	44(l)	(625,090)	845,420
Other operating cash payments	44(a)	(934,491)	(1,821,721)
Corporate tax paid	23	(256,914)	(101,646)
VAT paid		-	(26,887)
Net cash used in operating activities		(1,330,019)	51,726
Cash flows from Investing activities			
Purchase of properties and equipment	44(i)	(73,385)	(47,344)
Purchase of intangible assets	14	(18,013)	(8,797)
Purchase of investment property	13(b)	(160,000)	-
Proceeds from sale of property and equipment	44(j)	23,526	4,479
Purchase of investment securities	44(h)	(3,174,454)	(17,739)
Proceeds from sale of investment securities	44(h)	530,685	-
Proceeds from redemption	8.7	4,061	9,312
Loan repayments	44(h)	185,931	-
Dividend received	37	2,514,083	11,458
Rental income received	40	2,500	2,500
Interest received	44(g)	541,366	304,314
Net cash from investing activities		376,300	258,183
Financing activities			
Payment of finance lease liabilities	44(k)	(88,742)	-
Proceeds from issue of shares		-	603
		(88,742)	603
Net (decrease) / increase in cash and cash equivalents		(1,042,461)	310,512
Cash and cash equivalents at the beginning of the period		2,843,284	2,414,144
Impact of exchange difference on cash held	7	42,933	118,628
Cash and cash equivalents at 31 December	7	1,843,757	2,843,284

The summary 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 2017

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
- Engineering

The following is an analysis of the Company's revenue and result by reportable segment for the period ended 31 December 2017:

Income:	Motor ₦'000	Fire ₦'000	General Accident ₦'000	Marine & Aviation ₦'000	Oil & Gas ₦'000	Others ₦'000	Total ₦'000
Gross premium written	902,474	510,435	522,412	521,350	1,491,185	154,397	4,102,253
Net change in unearned premium	(87,044)	72,249	6,098	(15,591)	87,769	20,393	83,874
	815,430	**582,684**	**528,510**	**505,759**	**1,578,954**	**174,790**	**4,186,127**
Re-insurance cost	(27,977)	(276,011)	(275,348)	(180,157)	(511,041)	(75,214)	(1,345,748)
Net premium income	787,453	306,673	253,162	325,602	1,067,913	99,576	2,840,379
Commision received	10,296	69,883	31,357	23,079	70	40,948	175,633
Net underwriting Income	797,749	376,556	284,519	348,681	1,067,983	140,524	3,016,012
Expenses:							
Net claims incurred	(314,544)	(138,690)	(118,039)	(33,089)	(414,589)	(19,784)	(1,038,735)
Acqusition cost	(98,297)	(109,053)	(105,848)	(37,078)	(362,010)	(135,557)	(847,843)
Maintenance expenses (Note 42)	(176,419)	(77,763)	(80,907)	(38,904)	(218,065)	(80,513)	(672,572)
	(589,260)	(325,506)	(304,794)	(109,071)	(994,663)	(235,854)	(2,559,150)
Segment underwriting profit	**208,488**	**51,050**	**(20,275)**	**239,610**	**73,320**	**(95,330)**	**456,862**

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'.

31 December 2016

Income:	Motor N'000	Fire N'000	General Accident N'000	Marine & Aviation N'000	Oil & Gas N'000	Others N'000	Total N'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:							
Acqusition cost	(113,937)	(107,683)	(97,015)	(126,345)	(325,965)	(45,671)	(816,616)
Net claims incurred	226,559	(137,699)	(242,233)	(68,405)	(165,328)	(226,089)	(613,196)
Maintenance expenses Note 42)	(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**

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 period ended 31 December 2017.

Analysis of shareholders funds

	31 Dec 2017	31 Dec 2016
Total assets	23,308,158	20,332,447
Less: Total liabilites	3,355,326	3,799,155
Shareholders funds as at year end	**19,952,832**	**16,533,292**
Adjustment for non-capital items	202,719	213,727
Available capital resources	**19,750,113**	**16,319,565**
Changes in available capital	21%	1%

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 N19,750,113 (2016: N16, 319,565) amounting to 19% increase over the comparative period.

The Minimum Capital Requirement

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

In thousands of naira	31 Dec 2017	31 Dec 2016
Total shareholders' funds	19,952,832	16,533,292
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	**16,952,832**	**13,533,292**
Capitalisation rate	665%	551%

Notes To The Financial Statements

For the year ended 31 December 2017

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 period, 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.

The Company's solvency margin is as follows:

	In thousands of naira	**31 Dec 2017**	**31 Dec 2016**
	Assets		
	Cash and cash equivalents	1,843,757	2,843,284
	Financial assets	7,705,719	4,441,419
	Trade receivables	13,741	18,637
	Other receivables and prepayment	40,669	-
	Reinsurance assets	558,813	784,347
	Deferred acquisition cost	176,274	189,626
	Property and equipment	1,019,578	1,111,339
	Investment properties	-	92,000
	Statutory deposit	300,000	300,000
	Total admissible assets	**11,658,551**	**9,780,652**
	Liabilities		
	Insurance contract liabilities	2,443,857	2,860,449
	Trade payables	107,346	43,749
	Other payables	307,547	264,261
	Defined benefit obligations	30,471	68,948
	Finance Lease Obligation	88,222	-
	Income tax liabilities	177,941	337,109
	Total admissible liabilities	**3,155,384**	**3,574,516**
	Excess of total admissible assets over admissible liabilities (solvency margin)	**8,503,167**	**6,206,136**
	Higher of (a) and (b):		
	Gross premium income	4,186,126	3,960,410
	Less: Reinsurance expense	(1,345,748)	(1,124,525)
	Net premium	2,840,377	2,835,885
(a)	**15% of net premium**	426,057	425,383
(b)	**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	**5,503,167**	**3,206,136**
	Solvency margin ratio	**283%**	**207%**

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.

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 2017			31 December 2016		
In thousands of naira	Gross premium	Reinsurance	Net	Gross premium	Reinsurance	Net
Motor	902,977	276,011	626,966	721,441	249,689	471,752
Fire	510,435	275,348	235,087	607,487	128,263	479,224
Accident	668,878	27,977	640,901	483,064	9,990	473,074
Engineering	141,581	180,157	(38,576)	273,019	108,198	164,821
Marine	387,196	75,214	311,982	485,628	85,171	400,457
Oil & Gas	1,491,185	511,041	980,144	1,461,444	543,214	918,230
	4,102,253	1,345,748	2,756,505	4,032,083	1,124,525	2,907,558

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(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 2017**			**31 December 2016**		
In thousands of naira	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**
Motor	190,900	10,187	180,713	172,364	7,599	164,765
Fire	200,860	129,730	71,130	570,526	419,793	150,733
Accident	370,265	92,782	277,483	282,628	61,438	221,190
Engineering	221,482	105,256	116,226	71,607	71,861	(254)
Marine	72,978	7,099	65,879	291,016	6,033	284,983
Oil & Gas	348,116	-	348,116	349,179	-	349,179
	1,404,601	345,054	1,059,547	1,737,321	566,724	1,170,597

(g) Claims Development Table

The Company has reported and disclosed its claims reserves based on the requirements of IFRS 4 - Insurance Contracts. We have however shown below our claims development information over the period 2007 – 2017 as follows:

	Claims Development Table										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	150,467	338,281	342,915	345,141	345,151	1,834	1,080	5	470		
2008	333,954	521,016	531,836	532,829	533,994	334	345	162			
2009	258,170	104,809	407,562	409,178	420,427	1,507	606	1,139			
2010	201,283	356,274	369,779	370,742	371,949	1,406	1,058	585			
2011	182,705	293,340	310,143	311,428	311,713	5,317	947				
2012	188,547	257,973	271,316	271,335	271,710	110,908					
2013	156,934	274,116	275,935	276,314	276,314						
2014	201,239	260,422	263,665	263,954							
2015	257,731	328,303	328,716								
2016	224,006	289,063									
2017	200,948										

The claims development information over the period 2007 – 2016 is 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									

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

31 December 2017		Impact on variables			
Criteria	**Changes in Assumption**	**Gross Liabilities ₦'000**	**Net Liabilities ₦'000**	**Profit before tax ₦'000**	**Equity Fund ₦'000**
Average claims cost	10%	105	77	(28)	(20)
Number of claims	10%	15,524	11,394	(4,131)	(2,891)
Average claims settlement period	Reduction by 3 months	(522,179)	(383,240)	138,939	97,257

31 December 2016		Impact on variables			
Criteria	**Changes in Assumption**	**Gross Liabilities ₦'000**	**Net Liabilities ₦'000**	**Profit before tax ₦'000**	**Equity Fund ₦'000**
Average claims cost	10%	73	33	(39)	(27)
Number of claims cost	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

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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.

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For the year ended 31 December 2017

Credit risk exposure and concentration
The Company's maximum credit risk exposure as per its statement of financial position as at 31 December 2017 and 31 December 2016 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 2017

In thousands of Naira	Financial institutions	Manufacturing	Aviation	Others	Total
Cash and cash equivalents	1,843,757	-	-	-	1,843,757
Financial assets:					
Fair value through profit or loss	2,142,033	1,923,074	92,947	171,538	4,336,153
Available-for-sale	10,996,907	-	-	175,114	11,172,021
Loans and receivables	-	-	-	147,753.63	147,754
Held to maturity	14,665	2,995,041	-	-	3,003,145
Reinsurance assets (less unearned premium)	559,501	-	-	-	559,501
Trade receivables	13,741	-	-	-	13,741
Other receivables	15,287	-	-	223,490	238,777
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	**15,885,890**	**4,918,116**	**92,947**	**717,896**	**21,614,848**

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	144,166	-	-	-	144,166
Held to maturity	-	-	21,390	-	21,390
Reinsurance assets (less unearned premium)	755,912	-	-	-	755,912
Trade receivables	18,637	-	-	-	18,637
Other receivables	-	-	-	100,903	100,903
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	**18,624,705**	**-**	**21,390**	**201,985**	**18,848,080**

Notes To The Financial Statements

For the year ended 31 December 2017

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 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	AAA	Highest Credit Quality: The risk factors are negligible, being only slightly more than risk-free government instruments.
	AA+ - AA-		
	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 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. The 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 2017 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 2017

In thousands of Naira	AAA	AA	BBB	BB	Not rated	Total
Assets						
Cash and cash equivalents	93,735	453,829	89,623	322,986	883,584	1,843,757
Financial assets:						
- FVTPL	1,854,670	2,040,468	-	418,064	22,951	4,336,152
- Available-for-sale	-	11,095,029	-	12,963	64,029	11,172,021
- Held-to-maturity	2,990,566	-	-	-	12,580	3,003,145
- Loans and receivable	-	-	-	-	147,754	147,754
Reinsurance assets	-	562,690	-	-	-	562,690
Trade receivables	-	-	-	-	13,741	13,741
Other receivables	-	-	-	-	238,777	238,777
Statutory deposit	300,000	-	-	-	-	300,000
Total credit exposure	**5,238,972**	**14,152,016**	**89,623**	**754,013**	**1,383,415**	**21,618,037**

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For the year ended 31 December 2017

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**

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.

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As at 31 December 2017

In thousands of Naira	Niether Past Due nor Impaired			Past Due but not Impaired	Total
	Investment Grades	Non-Investment Grades			
Assets		Satisfactory	Unsatisfactory		
Cash and cash equivalents	1,843,384	373	-	-	1,843,757
Financial assets:					
- *FVTPL*	4,336,153	-	-	-	4,336,153
- *Available-for-sale*	11,172,021	-	-	-	11,172,021
- *Held-to-maturity*	3,003,145	-	-	-	3,003,145
- *Loans and receivables*	121,120	26,634	-	-	147,754
Reinsurance assets	-	558,813	-	-	558,813
Trade receivables	-	13,741	-	-	13,741
Other receivables	-	238,777	-	-	238,777
Statutory deposit	300,000	-	-	-	300,000
Total credit exposure	**20,775,822**	**838,338**	**-**	**-**	**21,614,161**

As at 31 December 2016

In thousands of Naira	Niether Past Due nor Impaired			Past Due but not Impaired	Total
	Investment Grades	Non-Investment Grades			
Assets		Satisfactory	Unsatisfactory		
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**

Impaired Financial Assets
As at 31 December 2017, there were no impaired reinsurance assets (31 December 2016: Nil) and impaired loans and receivables amounted to N74.37million (31 December 2016: N74.37million).

For assets to be classified "past-due and impaired" contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets. There were no past due and impaired assets in the books of the Company as at 31 December 2017 (31 December 2016: 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 repledged this year/period.

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For the year ended 31 December 2017

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.

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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 2017
In thousands of Naira

Assets	**Notes**	**Carrying Amount**	**Gross Amount**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**> 5 years**
Cash and cash equivalents	7	1,843,757	1,843,757	1,843,757	-	-	-	-
Financial assets:								
- FVTPL	8.1	4,336,153	4,411,898	272,711	3,789,496	223,372	126,319	-
- Available-for-sale	8.2	11,172,021	11,172,021	-	-	-	11,172,021	-
- Held-to-maturity	8.3	3,003,145	3,209,764	248	129,038	3,063,149	17,329	-
- Loans and receivable	8.6	147,754	147,754	-	147,754	-	-	-
Reinsurance assets	10	558,813	558,813	-	-	558,813	-	-
Trade receivables	9	13,741	13,741	13,741	-	-	-	-
Other receivables	12	238,777	238,777	-	238,777	-	-	-
Total undiscounted liquid assets		**21,314,160**	**21,596,524**	**2,130,457**	**4,305,065**	**3,845,334**	**11,315,668**	**-**
Liabilities								
Trade payables	19	107,346	107,346	107,346	-	-	-	-
Other payables	20	307,547	307,547	307,547	-	-	-	-
Finance lease obligations	21	88,222	138,891	13,021	13,021	26,042	86,807	-
Total undiscounted liabilities		**503,115**	**553,784**	**427,914**	**13,021**	**26,042**	**86,807**	**-**

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As at 31 December 2016

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	2,843,284	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**	**-**	**-**	**-**	**-**

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Maturity Analysis (on Expected maturity basis)

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

	31 December 2017			31 December 2016		
In thousands of Naira	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Assets						
Cash and cash equivalents	1,843,757	-	1,843,757	2,843,284	-	2,843,284
Financial assets	7,487,052	11,172,021	18,659,073	4,195,480	10,624,292	14,819,772
Trade receivables	13,741	-	13,741	18,637	-	18,637
Reinsurance assets	558,813	-	558,813	784,347	-	784,347
Deferred acquisition cost	176,274	-	176,274	189,626	-	189,626
Other receivables & prepayments	238,777	-	238,777	149,341	-	149,341
Investment property	-	135,000	135,000	-	92,000	92,000
Intangible assets	26,445	-	26,445	24,101	-	24,101
Property & equipment	-	1,356,278	1,356,278	-	1,111,339	1,111,339
Statutory deposit	300,000	-	300,000	300,000	-	300,000
Total Assets	10,644,858	12,663,299	23,308,158	8,504,816	11,827,631	20,332,447
Liabilities						
Insurance liabilities	2,443,857	-	2,443,857	2,860,449	-	2,860,449
Trade payables	107,346	-	107,346	43,749	-	43,749
Finance lease obligation	35,368	52,854	88,222			
Other payables	307,547	-	307,547	264,261	-	264,261
Retirement benefit obligations	-	30,471	30,471	-	68,948	68,948
Income tax liabilities	177,941	-	177,941	337,109	-	337,109
Deferred tax liabilities	-	199,942	199,942	-	224,639	224,639
Total Liabilities	3,072,059	283,268	3,355,326	3,505,568	293,587	3,799,155

(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.

Notes To The Financial Statements

For the year ended 31 December 2017

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.

Analysis of assets and liability by major currencies

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

31 December 2017	**Naira**	**Euro**	**Pound Sterling**	**US Dollars**	**Total**
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	1,085,879	63,896	52	693,930	1,843,757
Financial assets	18,642,873	-	-	16,200	18,659,073
Trade receivables	13,741	-	-	-	13,741
Reinsurance assets	558,813	-	-	-	558,813
Deferred acquisition cost	176,274	-	-	-	176,274
Other receivables	142,138	-	-	-	142,138
Statutory deposit	300,000	-	-	-	300,000
TOTAL ASSETS	**20,919,718**	**63,896**	**52**	**710,130**	**21,693,795**
Liabilities					
Trade payables	107,346	-	-	-	107,346
Finance lease obligation	88,222				88,222
Other payables	307,547	-	-	-	307,547
TOTAL LIABILITIES	**503,115**	**-**	**-**	**-**	**503,115**

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**

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.

Notes To The Financial Statements

For the year ended 31 December 2017

Sensitivity analysis of major currencies

Major Currencies	31 December 2017 Changes in exchange rate (%)	Impact on Profit before tax	Impact on equity	31 December 2016 Changes in exchange rate (%)	Impact on Profit before tax	Impact on equity
EURO	+10%	1,089	762	+10%	142	99
GBP	+10%	1	0	+10%	130	91
USD	+10%	4,996	3,497	+10%	10,892	7,624
EURO	-10%	(1,089)	(762)	-10%	(142)	(99)
GBP	-10%	(1)	(0)	-10%	(130)	(91)
USD	-10%	(4,996)	(3,497)	-10%	(10,892)	(7,624)

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

(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 2017

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	35	35	-	-	-	35
Tresury Bill	+100	51	51	-	-	-	51
Bonds	+100	(111,868)	-	(111,868)	-	-	(111,868)
Short term deposit	-100	(35)	(35)	-	-	-	(35)
Treasury Bill	-100	(51)	(51)	-	-	-	(51)
Bonds	-100	111,868	-	111,868	-	-	111,868

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	+100	96	96	-	-	-	96
Tresury bill	+100	71	70	-	-	-	70
Bonds	+100	(3,908)	(40)	(48)	(2,482)	(1,338)	(3,908)
Short term deposit	-100	(96)	(96)	-	-	-	(96)
Tresury bill	-100	(71)	(70)	-	-	-	(70)
Bonds	-100	3,908	40	48	2,482	1,338	3,908

(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 as at 31 December 2017. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Notes To The Financial Statements
For the year ended 31 December 2017

Sensitivity Analysis - equity price risk

Market Indices	Changes in variables	Fair Value ₦'000	31 December 2017 Impact on Profit before tax ₦'000	Impact on Equity ₦'000	Fair Value ₦'000	31 December 2016 Impact on Profit before tax ₦'000	Impact on Equity ₦'000
Fair value through profit or loss	+20%	4,336,153	867,231	607,061	4,039,496	807,899	565,529
Available-for-sale - Quoted	+20%	36,992	7,398	5,179	27,210	5,442	3,809
Available-for-sale - Unquoted	+40%	11,135,029	2,227,006	1,558,904	10,597,082	2,119,416	1,483,591
Fair value through profit or loss	-20%	4,336,153	(867,231)	(607,061)	4,039,496	(807,899)	(565,529)
Available-for-sale - Quoted	-20%	36,992	(7,398)	(5,179)	27,210	(5,442)	(3,809)
Available-for-sale - Unquoted	-40%	11,135,029	(2,227,006)	(1,558,904)	10,597,082	(2,119,416)	(1,483,591)

(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.

The table below shows financial assets carried at fair value:

	31 December 2017			31 December 2016		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Quoted investments	4,336,153	-	-	4,039,496	-	-
Investment in unit trust scheme	36,992	-	-	27,210	-	-
Unquoted equity investments	-	-	11,071,000	-	-	10,496,000
	4,373,145	**-**	**11,071,000**	**4,066,706**	**-**	**10,496,000**

Notes To The Financial Statements
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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).

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised

31-Dec-17

In thousands of Naira	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets					
Cash and cash equivalents	-	1,843,757	-	1,843,757	1,843,757
Financial assets:					
Available-for-sale	-	-	64,029	64,029	64,029
Loans and receivables	-	151,040	-	151,040	147,754
Held to maturity	3,033,957	-	17,329	3,051,286	3,003,145
Trade receivables	-	13,741	-	13,741	13,741
Other receivables and prepayments	-	238,777	-	238,777	238,777
				5,362,630	5,311,202
Liabilities					
Insurance contract liabilities	-	2,443,857	-	2,443,857	2,443,857
Trade payables	-	107,346	-	107,346	107,346
Other payables	-	307,547	-	307,547	307,547
Finance lease obligations	-	88,222	-	88,222	88,222
Defined benefit obligations	-	30,471	-	30,471	30,471
				2,977,443	2,977,443
31-Dec-16					
Assets					
Cash and cash equivalents	-	2,843,284	-	2,843,284	2,843,284
Financial assets:					
Available-for-sale	-	-	101,082	101,082	101,082
Loans and receivables	-	144,203	-	144,203	144,166
Held to maturity	-	-	21,390	21,390	21,390
Trade receivables	-	18,637	-	18,637	18,637
Other receivables and prepayments	-	139,769	-	139,769	139,769
				3,268,365	3,268,328
Liabilities					
Insurance contract liabilities	-	2,860,449	-	2,860,449	2,860,449
Trade payables	-	43,749	-	43,749	43,749
Other payables	-	264,261	-	264,261	264,261
Finance lease obligations	-	-	-	-	-
Defined benefit obligations	-	68,948	-	68,948	68,948
				3,237,407	3,237,407

7 Cash and cash equivalents

Cash and cash equivalents comprise:	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cash in hand	373	369
Balances with banks & other financial institutions (see (b) below)	1,970,805	2,895,239
	1,971,178	2,895,608
Allowance for impairment (see (a) below)	(127,421)	(52,324)
Cash and bank balance as at year end	**1,843,757**	**2,843,284**

Notes To The Financial Statements
For the year ended 31 December 2017

(a) Allowance for impairment

Balance as at the beginning of the period	52,324	52,323
Addition	75,097	1
Balance as at the end of the period (see '(c) below for details)	**127,421**	**52,324**

(b) 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. The balances with banks and other financial institutions includes a N130.9 million foreign exchange gain relating to translation of foreign currency bank balances and short-term investments held by the company as at reporting date.

(c) Amount relates to short term investments with Resort Savings and Loans (N75million), Triumph Bank (N20 million), Profound Finance and Investment Ltd (N9.5 million), Assurance bank (N9.3million) and others (N13.6 million) which recoverability are in doubt. During the year under review, the Directors of Linkage Assurance Plc appointed a recovery agent to ensure recovery of the Funds.

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.

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Fair value through profit or loss (note 8.1)	4,336,153	4,039,496
Available-for-sale (note 8.2)	11,172,021	10,624,292
Loans and receivables (note 8.6)	147,754	144,166
Held to maturity (note 8.7)	3,003,145	21,390
	18,659,073	**14,829,344**

Notes To The Financial Statements

For the year ended 31 December 2017

Financial instrument classification	31 December 2017				
In thousands of Naira	Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	4,336,153	36,992	-	-	4,373,146
- Unlisted	-	11,135,029	-	-	11,135,029
- Other financial assets	-	-	147,754	3,003,145	3,150,899
	4,336,153	11,172,021	147,754	3,003,145	18,659,074
Within one year	4,336,153	-	147,754	3,003,145	7,487,052
More than one year	-	11,172,021	-	-	11,172,021
	4,336,153	11,172,021	147,754	3,003,145	18,659,073

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
- Others	-	-	144,166	21,390	165,556
	4,039,496	10,624,292	144,166	21,390	14,829,344
Within one year	4,039,496	-	144,166	-	4,183,662
More than one year	-	10,624,292	-	21,390	10,645,682
	4,039,496	10,624,292	144,166	21,390	14,829,344

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	31 Dec 2017	31 Dec 2016
Balance as at the beginning of the period	4,039,496	3,675,921
Disposal	(530,685)	-
	3,508,811	3,675,921
Fair value gain	827,341	363,575
Balance as at the end of the period	**4,336,153**	**4,039,496**

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

Notes To The Financial Statements

For the year ended 31 December 2017

8.2 Available for sale

Available for sale financial assets comprise:

In thousands of Naira	31 Dec 2017	31 Dec 2016
Quoted equities and unit trust schemes (note 8.3)	36,992	27,210
Unquoted equities - at fair value through OCI (note 8.4)	11,071,000	10,496,000
Unquoted equities - at cost (note 8.5)	64,029	101,082
	11,172,021	**10,624,292**

Reconciliation of carrying amount

In thousands of naira	31 Dec 2017	31 Dec 2016
Balance as at the beginning of the period	10,587,239	10,979,557
Additions during the year	-	3,447
Impairment loss on AFS investment at cost	-	(8,622)
Fair value gain/(loss)	584,782	(387,143)
Exchange difference	37,053	37,053
Balance as at the end of the period	**11,172,021**	**10,587,239**

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

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	27,210	27,353
Fair value changes	9,782	(143)
Balance at the end of the period	**36,992**	**27,210**

8.4 The fair value of available for sale unquoted equities measured at fair value through OCI was derived as follows:

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	10,496,000	10,883,000
Fair value change	575,000	(387,000)
Balance at the end of the period	**11,071,000**	**10,496,000**

The unquoted equity carried at fair value above represent the 117,647,058 ordinary shares of N1 each of Stanbic IBTC Pension Managers Limited held by Linkage Assurance Plc.
The fair value of the investment as at 31 December 2017 is N11.071 billion (31 December 2016: N10.496 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	31 Dec 2017	31 Dec 2016
Growth in gross income (GI) % over the next 5 years	12, 8, 8, 8, 8	12, 8, 8, 8, 8
Operating expenses / Gross income %	29	33
Depreciation and amortisation / Gross income %	1	1
Effective tax rate (Tax / Profit before tax) %	32	32
Capital expenditure / Gross income %	10,10,12,12,12	3
Perpetual growth rate %	5.55	5.02
Period counts	0.5,1.5,2.5,3.5,4.5	0.5,1.5,2.5,3.5,4.5
Expected market rate of return %	21.87	24.04
Risk-free rate %	13.87	16.04
Market risk premium %	8	8
Beta	1	1
Weighted average cost of capital %	21.87	24.04
Liquidity discount %	20	20
Value of Linkage Assurance PLC's equity stake	₦11.071 billion	₦10.496 billion

Notes To The Financial Statements

For the year ended 31 December 2017

Sensitivity Analysis

	Equity Value (₦ million)									
	Terminal growth rate of FCF									
		3.55%	4.05%	4.55%	5.05%	5.55%	6.05%	6.55%	7.05%	7.55%
WACC	19.87%	123,052	125,219	127,528	129,992	132,629	135,456	138,496	141,772	145,315
	20.37%	119,665	121,674	123,810	126,085	128,514	131,112	133,898	136,894	140,123
	20.87%	116,474	118,340	120,320	122,425	124,667	127,061	129,622	132,368	135,320
	21.37%	113,463	115,198	117,037	118,989	121,063	123,274	125,633	128,157	130,864
	21.87%	110,616	112,234	113,944	115,757	117,681	119,726	121,905	124,230	126,718
	22.37%	107,921	109,431	111,026	112,712	114,499	116,395	118,411	120,559	122,851
	22.87%	105,366	106,778	108,266	109,838	111,501	113,262	115,131	117,119	119,236
	23.37%	102,941	104,262	105,653	107,121	108,670	110,309	112,046	113,839	115,849
	23.87%	100,635	101,874	103,176	104,548	105,995	107,522	109,139	110,851	112,668

	Cummulative Present Value of FCF									
	Terminal growth rate of FCF									
		3.55%	4.05%	4.55%	5.05%	5.55%	6.05%	6.55%	7.05%	7.55%
WACC	19.87%	61,030	61,030	61,030	61,030	61,030	61,030	61,030	61,030	61,030
	20.37%	60,470	60,470	60,470	60,470	60,470	60,470	60,470	60,470	60,470
	20.87%	59,920	59,920	59,920	59,920	59,920	59,920	59,920	59,920	59,920
	21.37%	59,379	59,379	59,379	59,379	59,379	59,379	59,379	59,379	59,379
	21.87%	58,847	58,847	58,847	58,847	58,847	58,847	58,847	58,847	58,847
	22.37%	58,324	58,324	58,324	58,324	58,324	58,324	58,324	58,324	58,324
	22.87%	57,809	57,809	57,809	57,809	57,809	57,809	57,809	57,809	57,809
	23.37%	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303
	23.87%	56,806	56,806	56,806	56,806	56,806	56,806	56,806	56,806	56,806

Notes To The Financial Statements
For the year ended 31 December 2017

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

In thousands of Naira	31 Dec 2017	31 Dec 2016
Cost	251,818	221,989
Addition	-	3,447
Disposal	-	(10,671)
Exchange difference	(37,053)	37,053
	214,765	251,818
Impairment allowance	(150,736)	(150,736)
Carrying amount	**64,029**	**101,082**

Impairment allowance

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	150,736	152,785
Reversal on disposal	-	(10,671)
Addition	-	8,622
Balance at the end of the period	**150,736**	**150,736**

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

In thousands of Naira	31 Dec 2017	31 Dec 2016
Due from third parties (see note 52)	171,707	159,560
Loan to staff	24,990	35,748
Loan to policy holders	13,654	13,655
Ex-staff loans	11,772	9,572
	222,123	218,535
Allowance for impairment	(74,369)	(74,369)
	147,754	**144,166**

(a) Impairment allowance

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	74,369	74,369
Additions	-	-
Write back	-	-
Balance at the end of the period	**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. The impairment allowance of N74.369 million consists of N56.19 million impairment on due from third parties, N13.65 million on Loans to policy holders and N4.53 million on ex-staff loans.

(b) The movement in loans and receivables during the year was as follows:

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance as at 1 January	218,535	204,243
Additions during the year	188,638	14,292
Repayment during the year	(185,931)	-
Accrued interest	881	-
	222,123	218,535
Impairment loss	(74,369)	(74,369)
Balance as at 31 December	147,754	144,166

8.7 Held to maturity

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	32,582	41,894
Redemption	(4,061)	(9,312)
Investment in Nigerian Aviation Handling Company's (NAHCO) (see note (i) below)	**28,521**	**32,582**
Additions during the period (Treasury bills)	2,985,816	-
Unearned interest on treasury bills	-	-
	3,014,337	**32,582**

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Allowance for impairment		
Balance at the end of the period	(11,192)	(11,192)
	3,003,145	**21,390**

(i) 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	31 Dec 2017	31 Dec 2016
Due from broker	13,741	18,637
Due from agents	-	-
	13,741	18,637

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	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	-	698,553
Write-off during the year	-	(698,553)
Balance at the end of the period	-	-

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

9.2 Analysis of debtors in days

In thousands of Naira	31 Dec 2017	31 Dec 2016
Within 30 days	13,741	18,637
More than 30 days	-	-
	13,741	**18,637**

10 Reinsurance assets

In thousands of Naira	31 Dec 2017	31 Dec 2016	Changes during the year
Prepaid reinsurance	214,446	165,608	48,838
Reinsurance projection on UPR	-	23,580	(23,580)
Total as per actuarial valuation	214,446	189,188	25,258
Reinsurance treaty premium (deficit)/surplus	(688)	28,435	(29,123)
Total prepaid reinsurance (note 10.1)	213,758	217,623	(3,865)
Reinsurance recoverable on outstanding claims (note 10(b))	218,314	481,413	(263,099)
Reinsurance projection on IBNR (note 10(c))	126,741	85,311	41,430
	558,813	**784,347**	**(225,535)**

(a) Movement in prepaid reinsurance costs

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	189,188	125,521
Additions during the year	1,371,006	1,188,192
Reinsurance expense in the year (see note 33.1)	(1,345,748)	(1,124,525)
Balance at the end of the period	**214,446**	**189,188**

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	481,413	107,799
Changes during the year (see note 17.1(a))	(263,099)	373,614
Balance at the end of the period	**218,314**	**481,413**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	85,311	48,606
Changes during the year (see note 17.1(b))	41,430	36,705
Balance at the end of the period	**126,741**	**85,311**

Reinsurance assets are valued after an allowance for recoverability has been assessed.

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10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	31 Dec 2017	31 Dec 2016
Motor	19,146	2,031
Fire	84,276	105,032
General accident	31,115	23,176
Engineering	24,606	17,723
Marine	53,944	26,348
Oil & Gas	1,359	14,878
	214,446	189,188
Treaty premium (defict)/surplus	(688)	28,435
	213,758	**217,623**

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	31 Dec 2017	31 Dec 2016
Motor	43,189	31,083
Fire	33,258	39,193
Accident	26,843	23,995
Engineering	9,660	13,718
Marine	25,468	22,556
Oil & Gas	37,856	59,081
	176,274	**189,626**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	189,626	188,128
(Decrease) / increase during the year (see note 36.1)	(13,352)	1,498
Balance at the end of the period	**176,274**	**189,626**

12 Other receivables and prepayments

In thousands of Naira	31 Dec 2017	31 Dec 2016
Prepayments (see (a) below)	96,639	38,866
Other receivables (see (b) below)	148,349	105,734
	244,988	144,600
Allowance for impairment	(6,211)	(4,831)
	238,777	**139,769**

(a) Prepayments

In thousands of Naira	31 Dec 2017	31 Dec 2016
Prepaid staff benefits	40,669	20,541
Deposits with stock broker	2,602	2,602
Prepaid rent	9,465	13,135
Other prepaid expenses	43,903	2,588
	96,639	**38,866**

(b) Other receivables

In thousands of Naira	31 Dec 2017	31 Dec 2016
Prepaid business acquisition expenses	5,322	4,507
Withholding tax recoverable	76,749	57,318
Sundry receivables (see (i) below)	66,278	43,909
	148,349	105,734
Allowance for impairment	(6,211)	(4,831)
	142,138	**100,903**

(i) This represents receivables from other insurance companies for unsettled claims and deposit from agents in the normal cause of business.

Movement in allowance for impairment

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	4,831	4,831
Addition	1,380	-
Balance at the end of the period	**6,211**	**4,831**

13 Investment properties

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

S/N	Location of asset	Carrying amount as at January 1	Additions	Disposals	Reclassification	Fair value gain/(loss)	Carrying amount as at 31 December
		N'000	N'000	N'000	N'000	N'000	N'000
1	No 11A, Coker Road, Ilupeju, Lagos State	92,000	-	-	(92,000)	-	-
2	No. 9C Shekinah Green Estate, Apo District, Abuja.	-	80,000	-	-	(12,500)	67,500
3	No. 11C Shekinah Green Estate, Apo District, Abuja.	-	80,000	-	-	(12,500)	67,500
		92,000	160,000	-	(92,000)	(25,000)	135,000

The Company possess Deed of Conveyance for the investment properties 2 and 3 above.

(b) Reconciliation of carrying amount

In thousands of Naira	31 Dec 2017	31 Dec 2016
Balance at the beginning of the period	92,000	97,000
Addition during the year	160,000	
Reclassification to property and equipment (see note 15)	(92,000)	
Fair value loss	(25,000)	(5,000)
Balance at the end of the period	135,000	92,000

(c) Measurement of fair values

(i) Fair value hierarchy of the investment properties are as follows:

In thousands of Naira	31 Dec 2017	31 Dec 2016
Level 1	-	-
Level 2	-	-
Level 3	135,000	92,000
	135,000	92,000

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property as at 31 December 2017, 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.	-Rentals for similar property -Rate of development in the area -Quality of the building and repairs. -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).

The valuation was done by Andy Bassey & Associate Estate Surveyors & Valuers with FRC number FRC/2012/0000000000438

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14 Intangible assets

In thousands of Naira	31 Dec 2017	31 Dec 2016
Cost		
Balance at the beginning of the period	48,676	39,879
Addition during the year	18,013	8,797
Balance at the end of the period	**66,689**	**48,676**
Accumulated Amortisation		
Balance at the beginning of the period	24,575	13,810
Charge for the year	15,669	10,765
Balance at the end of the period	40,244	24,575
Net Book Value		
Balance at the end of the period	**26,445**	**24,101**

15 Property and equipment

At 31 December 2017

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2017	543,336	218,002	433,088	123,914	257,424	237,353	1,813,117
Additions	-	-	204,369	12,850	28,931	4,200	250,349
Reclass from Work In Progress	145,453	-	-	-	-	(145,453)	-
Reclass from investment properties	54,876	37,124	-	-	-	-	92,000
Disposal	-	-	(84,095)	-	(12,908)	-	(97,003)
Write off (see note 41)	(7,836)	-	-	-	-	-	(7,836)
Revaluation loss	(4,876)						(4,876)
Revaluation gain	26,247	29,343	-	-	-	9,036	64,627
At 31 December 2017	757,200	284,469	553,362	136,764	273,447	105,136	2,110,378
Accumulated depreciation							
At 1 January 2017	-	53,442	332,965	107,234	208,137	-	701,778
Charge for the year	-	6,006	80,400	9,407	22,220	-	118,033
Disposal	-	-	(64,411)	-	(8,723)	-	(73,134)
Revaluation	-	7,422	-	-	-	-	7,422
At 31 December 2017	-	66,870	348,954	116,641	221,634	-	754,100
Net book value							
At 31 December 2017	757,200	217,599	204,408	20,123	51,813	105,136	1,356,278
At 31 December 2016	543,336	164,560	100,123	16,680	49,287	237,353	1,111,339

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)
Written 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)
Written 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

In December 2017 Andy Bassey & Associate Estate Surveyors & Valuers with FRC number FRC/2012/0000000000438 was engaged to revalue the land and buildings. This gave rise to revaluation surplus of N26.2 million and N21.9 million respectively. The valuer adopted the Depreciated Replacement Cost Approach and market Sale Comparison Approach in arriving at the market value of the property comprising Land and Building. The following assumptions were made:
- The title to the property is good and marketable.
- Volatile changes in the economy and the property market have not been taken into consideration in arriving at the value.
- The interest in the property is free from all encumbrances.
- The property is not adversely affected by or subject to compulsory acquisition, road widening or new planing scheme.
- No soil or structure test has been carried out.

The fair value hierarchy of the property and equipment according IFRS 13 is shown below:

Class of PPE	31 December 2017			31 December 2016		
In thousands of Naira	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land	-	-	757,200	-	-	543,336
Building	-	-	217,599	-	-	164,560
Building (work in progress)	-	-	105,136	-	-	237,353
	-	**-**	**1,079,935**	**-**	**-**	**945,249**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2016: 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 (2016: nil)
(d) There was no item of property and equipment that has been pledged as security for borrowings as at the period ended 31 December 2017 (31 December 2016: nil)
(e) An impairment assessment was conducted and impairment indicator was identified.
(f) The addition of N204 million to motor vehicle includes N176.94 million of assets under finance lease; the contract of which was entered into by the Company with Rosabon Financial Services Limited during the period.

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(g) The reclassification of N92 million from investment property to land and building represents property that was previously used to generate rental income, which is now being used by the Company as property and equipment.

Below table shows the details of the property and equipment carried at revalued amount:

Name of property	Date of acquisition	Title document	Location	Carrying amount	Steps taken for perfection of document
Land and Building In Lekki express way	20-Nov-05	Deed of Assignment	Plot 20, Block 94, Lekki express way	743,235	Lagos State Governor Concent obtained on 26/09/2016
Land and Building at Ilupeju	12-Mar-02	Deed of Assignment	11A, Coker road, ilupeju, Lagos State	88,500	The company had applied to register the deed of assignment with the Lagos State Lands Registry
Land in Yenagoa	30-Apr-12	Letter of allocation by Bayelsa State Government	Central business district Swali, Yenagoa, Bayelsa State	44,550	The company had applied to register the allocation letter with the Bayelsa State Lands Registry
Linkage Millennium Tower, Port Harcourt	26-Sep-03	Deed of Assignment	Amadi layout along Port Harcourt/ Aba Express road	203,650	The company had applied to register the deed of assignment with the Rivers State Ministry of Lands
				1,079,935	

16 Statutory deposit	31 Dec 2017 N'000	31 Dec 2016 N'000
Statutory deposit with CBN	300,000	300,000

The statutory deposit 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	31 Dec 2017 N'000	31 Dec 2016 N'000
Provision for claims reported by policyholders (note 17.1)	961,780	1,267,284
Provision for IBNR (note 17.1)	442,821	470,036
Outstanding claims provision	1,404,601	1,737,320
Provision for unearned premium (note 17.2)	1,039,256	1,123,129
Total insurance contract liabilities	**2,443,857**	**2,860,449**

17.1 Analysis of claims reserve based on nature

	31 December 2017			31 December 2016		
In thousands of Naira	Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
Reported claims (see (a) below)	961,780	218,314	743,466	1,267,284	481,413	785,871
IBNR (see (b) below)	442,821	126,741	316,080	470,036	85,311	384,725
	1,404,601	**345,055**	**1,059,546**	**1,737,320**	**566,724**	**1,170,596**

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

	31 December 2017			31 December 2016		
In thousands of Naira	Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
Balance at the beginning of the period	1,267,284	481,413	785,871	856,867	107,799	749,068
Movement during the year	(305,504)	(263,099)	(42,405)	410,417	373,614	36,803
Balance at the end of the period	**961,780**	**218,314**	**743,466**	**1,267,284**	**481,413**	**785,871**

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Analysis of outstanding claims per class of business:

In thousands of Naira	31 December 2017			31 December 2016		
	Gross Outstanding claims	**Reinsurance recoveries**	**Net**	**Gross Outstanding claims**	**Reinsurance recoveries**	**Net**
Motor	102,556	125	102,431	75,750	4,095	71,655
Fire	130,723	65,597	65,126	539,754	383,563	156,191
General accident	270,491	63,164	207,327	164,709	31,749	132,960
Engineering	184,240	84,829	99,411	261,465	57,369	204,096
Marine	38,126	4,599	33,527	34,054	4,637	29,417
Oil & Gas	235,644	-	235,644	191,552	-	191,552
	961,780	**218,314**	**743,466**	**1,267,284**	**481,413**	**785,871**

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(b) The movement in Incurred But Not Reported (IBNR) reserves is shown below:

	31 December 2017			31 December 2016		
In thousands of Naira	**IBNR claims**	**Reinsurance**	**Net**	**IBNR claims**	**Reinsurance**	**Net**
At the beginning of the period	470,036	85,311	384,725	368,429	48,606	319,823
Movement during the year	(27,215)	41,430	(68,645)	101,607	36,705	64,902
At the end of the period	**442,821**	**126,741**	**316,080**	**470,036**	**85,311**	**384,725**

Analysis of IBNR claims per class of business:

	31 December 2017			31 December 2016		
In thousands of Naira	**IBNR claims**	**Reinsurance recoveries**	**Net**	**IBNR claims**	**Reinsurance recoveries**	**Net**
Motor	88,344	10,062	78,282	96,614	3,504	93,110
Fire	70,138	64,134	6,004	30,772	36,231	(5,459)
General accident	99,774	29,618	70,156	117,919	29,689	88,230
Engineering	37,242	20,427	16,815	29,551	14,492	15,059
Marine	34,852	2,500	32,352	37,554	1,395	36,159
Oil & Gas	112,471	-	112,471	157,626	-	157,626
	442,821	**126,741**	**316,080**	**470,036**	**85,311**	**384,725**

The Liability Adequacy Test (LAT) was carried out by Ernst & Young (acquirers of HR Nigeria Limited, who carried out the previous actuarial valuation as at 31 December 2016), a firm of certified actuaries with FRC number FRC/2012/NAS/00000000738. The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method. Assumptions used in the valuation are as follows:

	31 Dec 2017	**31 Dec 2016**
Projected inflation rate (assume rate will remain unchanged into the future)	15%	15%
Current short-term yield	19%	19%
Discount rate	15%	16%

* 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.

17.2 Breakdown of unearned premium per class of business:

	31 December 2017			31 December 2016		
In thousands of Naira	**Unearned Premium**	**Prepaid Reinsurance**	**Net**	**Unearned Premium**	**Reinsurance recoverable**	**Net**
Motor	245,156	19,146	226,010	264,941	2,031	262,910
Fire	221,562	84,276	137,286	239,443	105,032	134,411
General accident	129,403	31,115	98,288	139,847	23,176	116,671
Engineering	62,729	24,606	38,123	67,792	17,723	50,069
Marine	103,683	53,944	49,739	112,051	26,348	85,703
Oil & Gas	276,723	1,359	275,364	299,055	14,878	284,177
	1,039,256	**214,446**	**824,810**	**1,123,129**	**189,188**	**933,941**

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

	31 December 2017			31 December 2016		
In thousands of Naira	**Unexpired Risk reserve**	**Reinsurance**	**Net**	**Unexpired Risk reserve**	**Reinsurance**	**Net**
Balance at the beginning of the period	1,123,129	189,188	933,941	1,051,456	125,521	925,935
Premium written in the year	4,102,253	1,371,006	2,731,247	4,032,083	1,188,192	2,843,891
Premium earned during the year	(4,186,126)	(1,345,748)	(2,840,378)	(3,960,410)	(1,124,525)	(2,835,885)
Balance at the end of the period	**1,039,256**	**214,446**	**824,810**	**1,123,129**	**189,188**	**933,941**

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	31 December 2017			31 December 2016		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Unexpired risk reserve	1,123,129	189,188	933,941	1,044,473	165,608	878,865
Additional unexpired risk reserve from actuarial valuation	(83,873)	25,258	(109,131)	78,656	23,580	55,076
Balance at the end of the period	**1,039,256**	**214,446**	**824,810**	**1,123,129**	**189,188**	**933,941**

17.3 Age analysis of outstanding claims at the end of the period is shown below:

Days outstanding	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
0 - 90 days	116,860	235,074
91 - 180 days	62,604	63,503
181 - 270 days	84,681	113,950
271 - 365 days	162,375	540,416
Over 365 days	535,260	314,341
Total	**961,780**	**1,267,284**

Below are further breakdown of the outstanding claims and the reasons for their existence:

Outstanding claims days	Amount	Remarks
0 - 90 days	70,573	Awaiting Executed Discharged Voucher
0 - 90 days	11,507	Awaiting Engineer's/Adjusters Report
0 - 90 days	34,780	Awaiting further substantiating document
91 - 180 days	9,391	Awaiting Executed Discharged Voucher from Lead Underwriter
91 - 180 days	31,302	Awaiting further documentation from Lead Underwriter
91 - 180 days	12,521	No document to substantiate the claim from Lead Underwriter
91 - 180 days	9,391	Awaiting Engineer's/Adjusters Report from Lead Underwriter
181 - 270 days	16,936	Awaiting Adjusters Report from Lead Underwriter
181 - 270 days	29,639	Awaiting further documentation from Lead Underwriter
181 - 270 days	38,107	Awaiting Executed Discharged Voucher from Lead Underwriter
271 - 365 days	86,059	Awaiting further documentation from Lead Underwriter
271 - 365 days	73,069	Awaiting Adjusters Report From Lead Underwriter
271 - 365 days	3,247	Awaiting Executed Discharged Voucher From Lead Underwriter
Over 365 days	9,532	Awaiting outcome of litigation
Over 365 days	240,867	Awaiting further documentation from Lead Underwriter
Over 365 days	284,860	No document to substantiate the claim
	961,780	

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18 Hypothecation

In thousands of Naira	31-Dec-17 Insurance fund	31-Dec-17 Shareholders fund	31-Dec-17 Total	31-Dec-16 Insurance fund	31-Dec-16 Shareholders fund	31-Dec-16 Total
Assets						
Cash and cash equivalents	1,843,757	-	1,843,757	2,843,284	-	2,843,284
Financial assets	3,003,145	15,655,928	18,659,073	21,390	14,807,954	14,829,344
Trade receivables	13,741	-	13,741	18,637	-	18,637
Reinsurance assets	558,813	-	558,813	784,347	-	784,347
Deferred acquisition cost	-	176,274	176,274	-	189,626	189,626
Other receivables and prepayments	-	238,777	238,777	-	139,769	139,769
Investment properties	-	135,000	135,000	-	92,000	92,000
Intangible assets	-	26,445	26,445	-	24,101	24,101
Property and equipment	-	1,356,278	1,356,278	-	1,111,339	1,111,339
Statutory deposit	-	300,000	300,000	-	300,000	300,000
Total assets	5,419,456	17,888,702	23,308,158	3,667,658	16,664,789	20,332,447
Liabilities						
Insurance contract liabilities	2,443,857		2,443,857	2,860,449	-	2,860,449
Trade payables		107,346	107,346	-	43,749	43,749
Other payables		307,547	307,547	-	264,261	264,261
Finance lease obligations		88,222	88,222	-	-	-
Defined benefit obligations		30,471	30,471	-	68,948	68,948
Income tax liabilities		177,941	177,941	-	337,109	337,109
Deferred tax liabilities		199,942	199,942	-	224,639	224,639
Total liabilities	2,443,857	911,470	3,355,326	2,860,449	938,706	3,799,155
GAP	2,975,599	16,977,232	19,952,831	807,209	15,726,083	16,533,292

19 Trade payables

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Insurance payables (note 19.1)	107,346	43,749
	107,346	**43,749**

19.1 Insurance payables

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Commission payables to brokers	2,630	3,463
Premium received in advance	1,778	-
Other payables to agents and brokers (see note 19.2)	102,938	40,286
	107,346	**43,749**

Movement in insurance payables	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Balance at the beginning of the year	43,749	213,177
Addition in the year	153,428	39,223
Reclass of commission liability to other income (see (a) below)	(89,831)	(208,651)
Balance at the end of the year	107,346	43,749

(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).

Notes To The Financial Statements

For the year ended 31 December 2017

19.2 Other payables to agents and brokers	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Due to agents	-	-
Due to brokers	102,938	40,286
Due to insurance companies- claims overpayment	-	-
Due to Bayelsa state government.	-	-
	102,938	**40,286**

20 Other payables	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Due to Auditors	22,500	22,000
NAICOM levy	26,752	24,687
Expenses payable (see note 20.1)	93,101	110,968
Due to co-insurers	9,305	-
Deferred commission revenue (see (a) below)	53,627	42,814
Other payables (see note 20.2)	102,261	63,792
	307,547	**264,261**

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. The movement during the year is shown below:

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Deferred commission income as at 1 January	42,814	35,323
Fees and commission received during the year	197,258	203,174
Fees and commission earned during the year	(186,445)	(195,683)
Deferred commission income as at 31 December	53,627	42,814

20.1 Expenses payable	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Expenses accrued	93,101	110,968
	93,101	110,968

20.2 Other payables	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
National Social Trust Fund (NSITF)	239	239
Travel insurance	8,262	12,078
National Housing Fund (NHF)	1,025	1,025
Pension for Life agents/Company	605	603
Cheque without details (see (a) below)	89,210	-
Sundry payables	2,920	49,847
	102,261	**63,792**

(a) These are premium received during the year for which complete documentation are yet to be provided.

Notes To The Financial Statements
For the year ended 31 December 2017

21 Finance lease obligation
The Company leased four motor vehicles under finance lease during the year. The average lease term is 3 years. The Company has the option to purchase the motor vehicles for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by the lessor's title to the leased assets.

The interest rate underlying the obligation under finance lease is fixed at 23% per annum in line with the terms of the lease contract.

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Not later than one year	52,084	-	16,716	-	35,368	-
Later than one year but not later than five years	60,764	-	7,910	-	52,854	-
	112,848	-	**24,626**	-	**88,222**	-

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
At the beginning of the year	68,948	84,225	-	-	68,948	84,225
Current service cost	15,076	20,412	-	-	15,076	20,412
Past service cost	-	1,186	-	-	-	1,186
Interest cost (income)	11,063	9,944	(522)	-	10,541	9,944
Contribution by employer	-	-	(70,000)	-	(70,000)	-
Benefits paid by the employer	(31,978)	(17,998)	-	-	(31,978)	(17,998)
Actuarial (gain)/loss on liability arising from:						
- Assumptions	15,577	(17,332)	-	-	15,577	(17,332)
- Experience	22,307	(11,489)	-	-	22,307	(11,489)
At the end of the year	**100,993**	**68,948**	**(70,522)**	**-**	**30,471**	**68,948**

The Company operates a defined benefit plan 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. The new benefit formula applies to benefit accruing from services rendered in the prior and future years. The Company commenced funding of plan in 2017.

Actuarial valuation of the defined benefit obligation was carried out by Ernst & Young (acquirers of HR Nigeria Limited, who carried out the previous actuarial valuation as at 31 December 2016) with FRC number FRC/2012/NAS/00000000738.

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

	31 Dec 2017 %	31 Dec 2016 %
Long term discount rate (p.a.)	14.0%	15.8%
Average pay increase (p.a.)	12.0%	12.0%
Average rate of inflation (p.a.)	12.0%	12.0%

Notes To The Financial Statements

For the year ended 31 December 2017

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

31 December 2017	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	109,189	93,742
Future salary increases	-1.00%	+1.00%	93,139	109,753
Mortality experience	-1 year	+1 year	100,779	101,230

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

23 Income tax liabilities

In thousands of Naira	31 Dec 2017	31 Dec 2016
At the beginning of the period	337,109	147,355
Payment during the year	(256,914)	(101,646)
Charge for the year (note 23.1)	97,746	291,400
At the end of the period	**177,941**	**337,109**

23.1 Tax charge

In thousands of Naira	31 Dec 2017	31 Dec 2016
Income tax (CIT)	60,282	259,956
Tertiary education tax	8,677	21,581
NITDA Levy	28,788	9,863
	97,746	291,400
Deferred tax (note 24.1)	(63,473)	106,718
Total income tax	34,273	398,118
Minimum tax	70,560	-
	104,833	**398,118**

23.2 Reconciliation of tax charge

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

	31 Dec 2017		31 Dec 2016	
	Rate	₦'000	Rate	₦'000
Profit before tax		2,996,101		942,682
Expected income tax expense at statutory rate	30%	898,830	30%	282,804
Information technology levy	1%	28,788	1%	9,863
Tertiary education tax	0%	8,677	2%	21,581
Disallowable expenses	13%	397,832	17%	160,176
Other untaxed income	-43%	(1,299,854)	-8%	(76,306)
Effect of minimum tax	2%	70,560	0%	-
	3%	**104,833**	**42%**	**398,118**

Notes To The Financial Statements
For the year ended 31 December 2017

24 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:

31 Dec 2017

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	(60,416)	(38,777)	(61,490)	(160,683)
Investment property	(4,845)	-	4,845	-
Fair value through profit or loss investment		-	122,582	-
Unrealised exchange gain	(35,588)	-	(3,672)	(39,260)
	(224,639)	**(38,777)**	**63,473**	**(199,942)**

31 Dec 2016

In thousands of Naira	Balance at 1 January	Recognised in OCI	Recognised in P or L	Deferred tax assets /(Liabilities)
Defined benefits obligations	-	-	(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)**

25 Share capital

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Authorised - ordinary shares of 50k each		
(8,000,000,000 units)	**4,000,000**	**4,000,000**

Issued and fully paid	2017 ₦'000	2016 ₦'000
At the beginning of the year	3,999,999	3,999,396
Additions (1,207,844 units of ordinary shares at 50k each) (see (a) below)	-	603
7,999,999,995 units (31 December 2016: 7,999,999,995 units) of		
Ordinary Shares of 50k each at the end of the period	**3,999,999**	**3,999,999**

(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 in 2016.

Notes To The Financial Statements
For the year ended 31 December 2017

26 Share premium	2017 ₦'000	2016 ₦'000
At the end of the period	729,044	729,044

27 Contingency reserve	2017 ₦'000	2016 ₦'000
At the beginning of the period	1,038,349	917,387
Transfer from retained earnings (see Note 28)	578,254	120,962
At the end of the period	**1,616,603**	**1,038,349**

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. For the year ended 2017, the transfer to contigency reserves was determined based on 20% of net profit for the year (2016: 3% of gross premium).

28 Retained earnings	2017 ₦'000	2016 ₦'000
At the beginning of the period	(230,708)	(654,310)
Profit for the year	2,891,268	544,564
Transfer to contingency reserve (see Note 27)	(578,254)	(120,962)
At the end of the period	**2,082,306**	**(230,708)**

29 Assets revaluation reserve	2017 ₦'000	2016 ₦'000
Balance as at 31 December	**752,083**	**733,656**

The asset revaluation reserves comprises cumulative net revaluation change on revalued Property and Equipment.

30 Other reserves

Other reserves include fair value and re-measurement reserves. The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments while the re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan. These are presented below:

30.1 Fair value reserve	2017 ₦'000	2016 ₦'000
Balance as at 31 December	**10,768,313**	**10,220,584**

30.2 Re-measurement reserve	2017 ₦'000	2016 ₦'000
Balance as at 31 December	**4,484**	**42,368**

Notes To The Financial Statements

For the year ended 31 December 2017

31 Gross premium written

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Direct premium (note 31.1)	3,981,681	3,937,078
Inward premium (note 31.1)	120,572	95,005
	4,102,253	**4,032,083**

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

31 December 2017	Direct premium ₦'000	Inward premium ₦'000	Total ₦'000
Fire	490,749	19,687	510,435
Accident	653,149	15,729	668,878
Motor	888,404	14,573	902,977
Marine	335,392	51,803	387,196
Engineering	137,452	4,130	141,581
Oil & Gas	1,476,535	14,650	1,491,185
	3,981,681	**120,572**	**4,102,253**

31 December 2016	Direct premium ₦'000	Inward premium ₦'000	Total ₦'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**

32 Net premium income

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Gross premium written (note 31)	4,102,253	4,032,083
Changes in reserve for unexpired risks (note 17.2)	83,873	(71,673)
	4,186,126	**3,960,410**

33 Reinsurance expenses

Reinsurance expenses	**1,345,748**	**1,124,525**

33.1 Premium ceded to reinsurance:

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Reinsurance premium paid	1,288,431	906,420
Facultative outwards	82,575	281,772
Total reinsurance paid (see (a) below)	1,371,006	1,188,192
Decrease in prepaid reinsurance	(25,258)	(63,667)
	1,345,748	**1,124,525**
(a) Local and foreign reinsurance paid		
Reinsurance premium paid local	814,721	594,215
Reinsurance premium paid foreign	556,285	593,977
	1,371,006	**1,188,192**

Notes To The Financial Statements

For the year ended 31 December 2017

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

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Fire	276,011	249,689
Accident	275,348	128,263
Motor	27,977	9,990
Marine	180,157	108,198
Engineering	75,214	85,171
Oil & Gas	511,041	543,214
	1,345,748	**1,124,525**

34 Fees and commission income	**175,633**	**221,838**

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

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Fire	69,883	66,379
Accident	31,357	19,391
Motor	10,296	26,001
Marine	40,948	32,463
Engineering	23,079	19,087
Oil & Gas	70	58,517
	175,633	**221,838**

34.2 Breakdown of fees and commission income is as follows:

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Lead underwriting commission	-	26,155
Reinsurance commission	186,445	195,683
Changes in deferred commission revenue	(10,812)	-
	175,633	221,838

35 Net claims expenses

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Gross claims paid	1,552,177	1,412,380
Movement in IBNR reserve (see note 17.1(b))	(27,215)	101,607
Movement in reserve for outstanding claims (see note 17.1(a))	(305,504)	410,417
Gross claims incurred	**1,219,458**	**1,924,404**
Salvage recovery	(21,687)	(58,008)
Claims recovered and recoverable from reinsurers (see (a) below)	(159,037)	(1,253,200)
	1,038,735	**613,196**

a) Analysis of claims recovered and recoverable from reinsurers

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Reinsurance claims recoveries (see note 44c)	380,706	842,881
Change in re-insurance recoverable (see note 10b)	(263,099)	373,614
Change in recoverable in IBNR (see note 10c)	41,430	36,705
	159,037	**1,253,200**

Notes To The Financial Statements

For the year ended 31 December 2017

36 Underwriting expenses

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Acquisition expenses (note 36.1)	847,843	816,616
Maintenance expenses (note 36.2)	672,572	647,120
	1,520,415	**1,463,736**

36.1 Analysis of acquisition expenses

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Commission expense	799,297	800,994
Business acquisition cost	35,194	17,119
Movement in deferred acquisition cost (see note 11.2)	13,352	(1,497)
	847,843	**816,616**

36.2 Analysis of maintenance expenses

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Staff costs (see note 41)	300,553	289,852
Directors' remuneration (see note 41)	36,152	27,612
Retirement benefit cost (see note 41)	25,702	27,903
Other operating expenses (note 41)	310,165	301,753
	672,572	**647,120**

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 period was as follows:

	2017 Number	2016 Number
Managing Director	1	1
Executive Director	1	1
Management	10	11
Non-Management	154	138
	166	**151**

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

	31 Dec 2017 Number	31 Dec 2016 Number
N300,001 - N2,000,000	77	63
N2,000,001 - N2,800,000	28	39
N2,800,000 - N3,500,000	31	12
N3,500,001 - N4,000,000	2	14
N4,000,001 - N5,500,000	16	10
N5,500,001 - N6,500,000	1	5
N6,500,001 - N7,800,000	3	-
N7,800,001 - N9,000,000	1	2
N9,000,001 and above	7	6
	166	**151**

Notes To The Financial Statements

For the year ended 31 December 2017

36.4 Directors' emoluments	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Non-executive directors	84,939	69,031
Executive directors	49,500	38,094
	134,439	**107,125**

Amount disclosed for non-executives above includes amount paid to chairman as follows; 31 December 2017: N5.02million; 31 December 2016: N4.30million.

Highest paid directors	**28,332**	**19,455**

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

	Number	Number
Less than N5,000,000	4	-
N5,000,001 - N25,000,000	10	11
Above N25,000,000	1	2
	15	**13**

36.5 Employee benefits expenses	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Short-term benefits	646,804	724,630
Post-employment benefits	91,284	69,757
	738,088	**794,387**

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	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Dividend income	2,514,083	11,458
Interest income	723,712	346,353
Investment income per statement of profit or loss and OCI	3,237,795	357,811
Other investment income		
Revaluation (loss)/gain on investment properties (see note 13b)	(25,000)	(5,000)
Revaluation (loss)/gain on property and equipment (see note 15)	(4,876)	-
Fair value change on FVTPL securities	827,341	363,575
Investment income for hypothecation	**4,035,260**	**716,386**

Notes To The Financial Statements

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37.1 Hypothecation of investment income	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Investment income that relate to policyholders (note 37.2)	301,253	556,358
Investment income that relate to shareholders (note 37.3)	3,734,008	160,028
	4,035,260	**716,386**

37.2 Investment income that relate to policy holders	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Income from money market	301,253	346,353
Fair value change on FVTPL securities	-	210,005
	301,253	**556,358**

37.3 Investment income that relate to shareholders	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Dividend income	2,514,083	11,458
Income from money market	422,459	-
Fair value change on FVTPL securities	827,341	153,570
Revaluation (loss)/gain on investment properties	(25,000)	(5,000)
Revaluation (loss)/gain on property and equipment	(4,876)	-
	3,734,008	**160,028**

38 Net impairment loss on financial assets

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Impairment loss on placement with financial institutions (note 7)	75,097	1
Impairment loss on unquoted AFS financial assets (note 8.2)	-	8,622
	75,097	**8,623**

39 Net fair value gains/(loss) on financial assets at fair value through profit or loss	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Appreciation in value of short-term investments - quoted securities	**827,341**	**363,575**

40 Other operating (loss)/income (net)	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Sundry (loss)/income	(34,445)	(41,335)
Loss on sale of property & equipment	(342)	(111)
Exchange gains	130,865	423,833
Rental income	2,500	2,500
Write back of provision no longer required	89,831	208,651
	188,409	**593,538**

Notes To The Financial Statements

For the year ended 31 December 2017

41 Maintenance and management expenses

Maintenance and management expenses comprise:

In thousands of Naira	31 Dec 2017 Maintenance Expenses	31 Dec 2017 Management Expenses	31 Dec 2016 Maintenance Expenses	31 Dec 2016 Management Expenses
Staff cost	300,553	450,829	289,852	434,778
Director emolument	36,152	54,228	27,612	41,419
Pension contribution	15,733	23,599	15,286	22,929
Retirement benefits	9,969	14,954	12,617	18,925
Contract staff cost	44,357	66,535	23,978	35,967
Advertising & publicity	34,951	52,426	4,936	7,405
Marketing expenses	10,350	15,524	9,196	13,794
Medical	10,226	15,339	8,888	13,332
Staff training & development	23,927	35,890	22,315	33,472
Corporate Expense	186,355	-	232,440	-
AGM expenses	-	22,196	-	10,500
Bank charges	-	21,222	-	23,157
Computer consumables	-	4,623	-	3,681
Depreciation & amortisation		133,703		118,123
Diesel and fuel	-	48,031	-	42,140
Entertainment	-	25,663	-	770
Fines & penalties	-	3,936	-	21,015
Industrial training fund	-	12,047	-	3,500
Insurance expenses	-	21,088	-	19,959
Insurance supervision fee	-	34,901	-	31,045
Legal and secretarial expenses	-	13,511	-	9,061
Lighting & heating	-	7,755	-	6,226
Maintenance expense	-	95,055	-	80,551
Newspapers & periodicals	-	1,168	-	1,218
Postage and telephone	-	28,322	-	96,162
Consultancy expenses	-	140,520	-	51,679
Rent & rate	-	36,375	-	35,467
Stationaries	-	11,040	-	7,449
Subscriptions, contributions & donations	-	38,980	-	11,615
Transport and business travels	-	17,082	-	10,528
Withholding tax & VAT	-	31,893	-	25,710
Audit fee	-	22,500	-	22,500
Finance lease cost (see note (i) below)	-	22,304	-	-
Asset derecognition	-	7,836	-	-
Others	-	78,257	-	85,333
Total	**672,572**	**1,609,334**	**647,120**	**1,339,410**

(i) Finance lease cost shown above represents the interest expense on the the lease along with other lease related expenses.

Notes To The Financial Statements
For the year ended 31 December 2017

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

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Fair value gain / (loss) in available-for-sale investments - quoted equities	9,782	(143)
Fair value gain / (loss) in available-for-sale investments - unquoted equities	575,000	(387,000)
Exchange difference	(37,053)	37,053
	547,729	**(350,090)**

43 Basic and diluted earnings per share
Basic earnings per share 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:

	31 Dec 2017	31 Dec 2016
Profit attributable to ordinary shareholders (N'000)	**2,925,541**	**544,564**
Weighted average number of ordinary shares	**7,999,999**	**7,999,999**
Basic and diluted earnings per share (Kobo)	**36.6**	**6.8**

44 Cashflow reconciliation

a) Other operating cash payments

In thousands of Naira	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Management expenses (less staff expenses)	(1,310,796)	(2,217,127)
Adjustment for items not involving movement of cash:		
Changes in unearned premium	83,873	(71,673)
Depreciation and amortisation expense	133,703	118,123
Impairment loss	75,097	(8,623)
Exchange gain	130,865	423,833
Sundry loss/(income)	34,445	(75,741)
Loss on sale of PPE	(342)	(111)
Operating cash flows before movements in working capital	**(853,156)**	**(1,831,319)**
Increase in trade payables	63,597	6,771
Changes in insurance contract liabilities	(332,719)	583,697
Decrease in other receivables and prepayment	(99,008)	(23,853)
Changes in outstanding claims	332,719	(512,024)
Changes in other payables	(45,924)	(44,993)
	(934,491)	**(1,821,721)**

b) Premium received from policy holders

In thousands of Naira	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Trade receivable at 1 January	18,637	18,432
Gross premium written during the year	4,102,253	4,032,083
Trade receivable at 31 December	(13,741)	(18,637)
Premium received in advance	1,778	38,617
Premium received in advance (cheque without details)	89,210	-
	4,198,137	**4,070,495**

c) Recovery and recoverable from reinsurers	31 Dec 2017	31 Dec 2016
In thousands of Naira	₦'000	₦'000
Reinsurers' share of claims reserve at 1 January (note 17.1)	566,724	156,405
Claims recovered and recoverables from reinsurers (note 35)	159,037	1,253,200
Reinsurers' share of claims reserve at 31 December (note 17.1)	(345,055)	(566,724)
	380,706	842,881
Salvage recovery (note 35)	21,687	58,008
	402,392	**900,889**

d) Reinsurance premium paid	31 Dec 2017	31 Dec 2016
In thousands of Naira	₦'000	₦'000
Reinsurance premium payable at 1 January	-	16,139
Reinsurance premium paid	1,288,431	906,420
Facultative outwards	82,575	281,772
Movement in treaty premium surplus	(29,123)	(5,333)
	1,341,883	**1,198,998**

e) Commission paid	31 Dec 2017	31 Dec 2016
In thousands of Naira	₦'000	₦'000
Commission payable to brokers at 1 January	3,463	179,662
Commission expense (Note 36.1)	799,297	800,994
Business acquisition cost prepaid 1 January (Note 12b)	4,507	4,500
Business acquisition cost (Note 36.1)	35,194	17,119
Business acquisition cost prepaid 31 December (Note 12b)	(5,322)	(4,507)
Write-off in commission payable to brokers (note 40)	(89,831)	(208,651)
Commission payable to brokers at 31 December	(2,630)	(3,463)
	744,678	**785,654**

f) Commission received	31 Dec 2017	31 Dec 2016
In thousands of Naira	₦'000	₦'000
Deferred commission revenue at 1 January	(42,814)	(35,323)
Deferred commission revenue at 31 December	53,627	42,814
Movement	10,813	7,491
Commission income earned during the year	186,445	221,838
Commission income received during the year	**197,258**	**229,329**

g) Interest received	31 Dec 2017	31 Dec 2016
In thousands of Naira	₦'000	₦'000
Reclassification of investment payable to interest income	-	(42,039)
Net receivable during the year	(182,346)	-
Interest income earned during the year	723,712	346,353
Interest received during the year	**541,366**	**304,314**

Notes To The Financial Statements
For the year ended 31 December 2017

h) Movement in financial assets

In thousands of Naira	Fair value through profit or loss	Available for sale	Loans & receivables	Held to maturity	Total Movement
Exchange gain	-	-	-	-	-
Addition	-	-	188,638	2,985,816	3,174,454
Disposals	(530,685)	-	-	-	(530,685)
Loan repayment	-	-	(185,931)	-	(185,931)
Impairment	-	-	-	-	-
Fair value element	827,341	584,782	-	-	1,412,124
	296,657	**584,782**	**2,707**	**2,985,816**	**3,869,962**

i) Purchase of property and equipment

In thousands of Naira	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Addition for the year per movement schedule	250,349	58,126
Less: Salvage value of motor vehicle taken over	-	(10,782)
Leased property and equipment (see (k) below)	(176,964)	-
Cash flow on addition to property and equipment	**73,385**	**47,344**

j) Sale of property and equipment

In thousands of Naira	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Costs of assets disposed	97,003	9,881
Accumulated depreciation on assets disposed	(73,134)	(5,290)
Proceeds on sale of disposed asset	(23,526)	(4,480)
Loss on disposal	**342**	**111**

k) Finance lease obligation

In thousands of Naira	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Balance at the beginning of the year	-	-
Additions	176,964	-
Payments made during the year	88,742	-
Balance at the end of the year (see note 21)	**88,222**	**-**

l) Cash payment to and on behalf of employees (excluding maintenance expenses)

In thousands of Naira	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Staff cost	450,436	731,773
Director emolument	54,228	41,419
Pension contribution	23,599	22,929
Retirement benefits	14,954	-
Contract staff cost	66,535	35,967
Medical	15,339	13,332
	625,090	**845,420**

Notes To The Financial Statements

For the year ended 31 December 2017

45 Cash and cash equivalents

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cash in hand	373	369
Balances with banks & other financial	1,843,384	2,842,915
	1,843,757	**2,843,284**

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:

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Short-term benefits	134,438	250,375
Post-employment benefits	3,441	2,244
	137,879	**252,619**

46.2 Sale of insurance contracts

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

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Sale of insurance contract to key management personnel	-	30
	-	30

47 Contravention

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Late filing of returns to the National Insurance Commission (NAICOM)	-	785
	-	785

During the year under review, the Company also incurred fines of N3million (2016: N20.19million), N936,000 (2016: Nil) and N20,000 (2016: Nil) for late filing of returns to Securities and Exchange Commission, Wall Drape display extension without approval and Stage carriage with permission respectively.

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

There were no major events after the reporting period that require adjustments or disclosure in the financial statements.

Notes To The Financial Statements
For the year ended 31 December 2017

50 Contingencies

50.1 Contingent liabilities

The Company is involved in pending litigations with claims of N149.8million (31 December 2016: N137.4million). Based on legal advice, the directors are of the opinion that no liability will eventuate therefrom.

51 Commitments

The Company had no capital commitments at the reporting date.

52 Breakdown of Due from third parties

Name of third parties	**Gross balance**	**Impairment**	**Net balance**
In thousand of Naira			
Lease Fin. -Olumegbon	297	297	-
Tsf Fin. -Lease Fin.	927	927	-
Pine Hill Leasing	33,280	-	33,280
Lease-Glc Resources	4,374	4,374	-
Lease-Rosabon Fin. Services	-	-	-
Aquila Leasing Ltd	77,241	-	77,241
Konikolo Trust Fund	49,087	49,087	-
Sunfair Comm. Prod. Ltd	1,500	1,500	-
Worthy Ventures Ltd.	5,000	-	5,000
Total	**171,707**	**56,186**	**115,521**

Other National Disclosures

IN THIS SECTION

Statement of Value Added

For the year ended 31 December 2017

	31 December 2017		31 December 2016	
	₦'000	%	₦'000	%
Net premium	2,840,378	74	2,835,885	153
Investment income	3,237,795	84	357,811	19
Other income	364,042	9	815,376	44
Claims incurred, commissions paid and operating expenses (local)	(2,608,597)	(68)	(2,153,880)	(116)
Value added	**3,833,618**	**100**	**1,855,192**	**100**
Distribution:				
Employees and directors (staff cost)	738,088	19	794,387	43
Government (taxes)	70,560	2	398,118	21
Asset replacement (depreciation)	133,702	3	118,123	6
Contingency reserve	578,254	16	120,962	7
Expansion (retained on the business)	2,313,014	60	423,602	23
	3,833,618	**100**	**1,855,192**	**100**

Financial Summary

Statement of financial position	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2015 ₦'000	31 Dec 2014 ₦'000	31 Dec 2013 ₦'000
Assets					
Cash and cash equivalents	1,843,757	2,843,284	2,414,144	2,239,372	1,895,754
Financial assets	18,659,073	14,829,344	14,806,482	13,521,354	13,660,786
Trade receivables	13,741	18,637	18,432	3,895	3,494
Reinsurance assets	558,813	784,347	315,694	398,213	136,513
Deferred acquisition cost	176,274	189,626	188,128	119,415	188,159
Deferred tax assets	-	-	-	197,167	362,407
Other receivables and prepayments	238,777	139,769	130,865	83,546	118,010
Investment property	135,000	92,000	97,000	71,700	57,382
Intangible assets	26,445	24,101	26,069	34,765	-
Property and equipment	1,356,278	1,111,339	1,195,422	1,006,795	1,015,995
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Total assets	**23,308,158**	**20,332,447**	**19,492,236**	**17,976,222**	**17,738,500**
Liabilities					
Insurance contract liabilities	2,443,857	2,860,449	2,276,752	1,623,963	1,694,587
Trade payables	107,346	43,749	229,316	244,617	441,950
Finance lease obligations	88,222	-	-	-	-
Provision and other payables	307,547	264,261	327,273	249,361	84,326
Retirement benefit obligations	30,471	68,948	84,225	128,279	-
Income tax liabilities	177,941	337,109	147,355	142,313	149,679
Deferred tax liabilities	199,942	224,639	117,921	-	-
Total liabilities	**3,355,326**	**3,799,155**	**3,182,842**	**2,388,533**	**2,370,542**
Capital and reserves					
Issued and paid-up share capital	3,999,999	3,999,999	3,999,396	3,999,396	3,999,396
Share premium	729,044	729,044	729,044	729,044	729,044
Contingency reserve	1,616,603	1,038,349	917,387	803,712	712,070
Retained earnings	2,082,306	(230,708)	(654,310)	(1,049,054)	(1,285,709)
Assets revaluation reserve	752,083	733,656	733,656	567,004	541,987
Re-measurement reserve	4,484	42,368	13,547	10,537,587	-
Fair value reserve	10,768,313	10,220,584	10,570,674	-	10,671,170
Total equity	**19,952,832**	**16,533,292**	**16,309,394**	**15,587,689**	**15,367,958**
Total liabilities and equity	23,308,158	20,332,447	19,492,236	17,976,222	17,738,500
Statement of profit or loss					
Net premium income	2,840,378	2,835,885	2,436,231	1,950,854	1,585,706
Underwriting results	456,861	701,864	1,267	402,498	183,021
Profit/(loss) before taxation	2,996,101	942,682	929,109	580,846	563,062
Taxation	(70,560)	(398,118)	(416,862)	(255,849)	(148,780)
Profit/(loss) after taxation	2,891,268	544,564	512,247	324,997	414,282
Transfer to contingency reserve	578,254	120,962	113,675	91,642	82,857
Dividend	-	-	-	-	-
Transfer to revenue reserve	2,313,014	423,602	398,572	233,355	331,425
Basic earnings per share (kobo)	36.6	6.8	6.4	4.1	5.2

Revenue Account

For the year ended 31 December 2017

31 December 2017

In thousands of naira	Fire	Accident	Motor	Marine & Aviation	Engineering	Oil & Gas	Total
Direct receipted premium	490,749	653,149	888,404	335,392	137,452	1,476,535	3,981,681
Inward premium	19,687	15,729	14,573	51,803	4,130	14,650	120,572
Gross premium written	**510,435**	**668,878**	**902,977**	**387,196**	**141,581**	**1,491,185**	**4,102,253**
Changes in reserve for unexpired risk	72,249	6,098	(87,044)	20,393	(15,591)	87,769	83,873
Gross premium earned	**582,684**	**674,976**	**815,933**	**407,589**	**125,990**	**1,578,954**	**4,186,126**
Reinsurance expenses (Note 33)	276,011	275,348	27,977	180,157	75,214	511,041	1,345,748
Net earned premium	**306,673**	**399,628**	**787,956**	**227,432**	**50,776**	**1,067,913**	**2,840,378**
Commissions received	69,883	31,357	10,296	40,948	23,079	70	175,633
Total underwriting income	**376,557**	**430,985**	**798,252**	**268,380**	**73,855**	**1,067,983**	**3,016,011**
Underwriting expenses							
Claims expenses (Note 35)	(138,690)	(118,039)	(314,544)	(19,784)	(33,089)	(414,589)	(1,038,735)
Maintenance expenses	(77,763)	(80,907)	(176,419)	(80,513)	(38,904)	(218,065)	(672,572)
Acquisition expenses (Note 36)	(109,053)	(105,848)	(98,297)	(135,557)	(37,078)	(362,010)	(847,843)
Underwriting profit	**51,050**	**126,191**	**208,992**	**32,526**	**(35,216)**	**73,320**	**456,861**

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)	(612,128)
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)
Maintenance expenses	(113,937)	(107,683)	(97,015)	(126,345)	(45,671)	(156,469)	(647,120)
Acquisition expenses (Note 36)	(137,247)	(108,142)	(162,354)	(109,282)	(61,437)	(238,154)	(816,616)
Underwriting profit	**299,193**	**2,883**	**214,693**	**84,286**	**(132,019)**	**511,756**	**980,791**

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 **24th Annual General Meeting** of **LINKAGE ASSURANCE PLC** will hold on Tuesday, 28th August, 2018 at Agip Recital 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 Tuesday, 28th August, 2018.

Dated this ……………………………..day of …………………………2018

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 10:00am on Monday 27th August, 2018.
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 and consider the Audited Financial Statement for the year ended 31st December, 2017 together with the Reports of the Directors, Auditors and Audit Committee.		
2. Declaration of dividend		
3. To ratify the appointment of the following Directors: a) Chief Joshua Bernard Fumudoh as Non-Director b) Mrs. Funkazi Koroye-Crooks as Non-Executive Director c) Mr. Maxwell Ebibai as Non-Executive Director		
4. To authorize the Directors to fix the remuneration of Auditors		
5. To elect / re-elect members of the Audit Committee		
SPECIAL BUSINESS		
6. To approve the remuneration of the Directors for the year ended 31st December, 2018		

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
Address: 57, Aba Road,
By CFC Bus Stop, Ecobank Building,
Port Harcourt, Rivers State.
Contact Person: Damian Umekwe
Tel/Fax: 07054492928, 084-237632, 084-750265,
08057097663
Email: portharcourt@linkageassurance.com

UYO
Address: 22 Wellington Bassey Way,
Grandberg Pharmacy, Uyo, Akwa Ibom State
Contact Person: Bassey Asuquo
Tel/Fax: 07054492950,085-203529, 07028054733,
08055299973
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WARRI
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