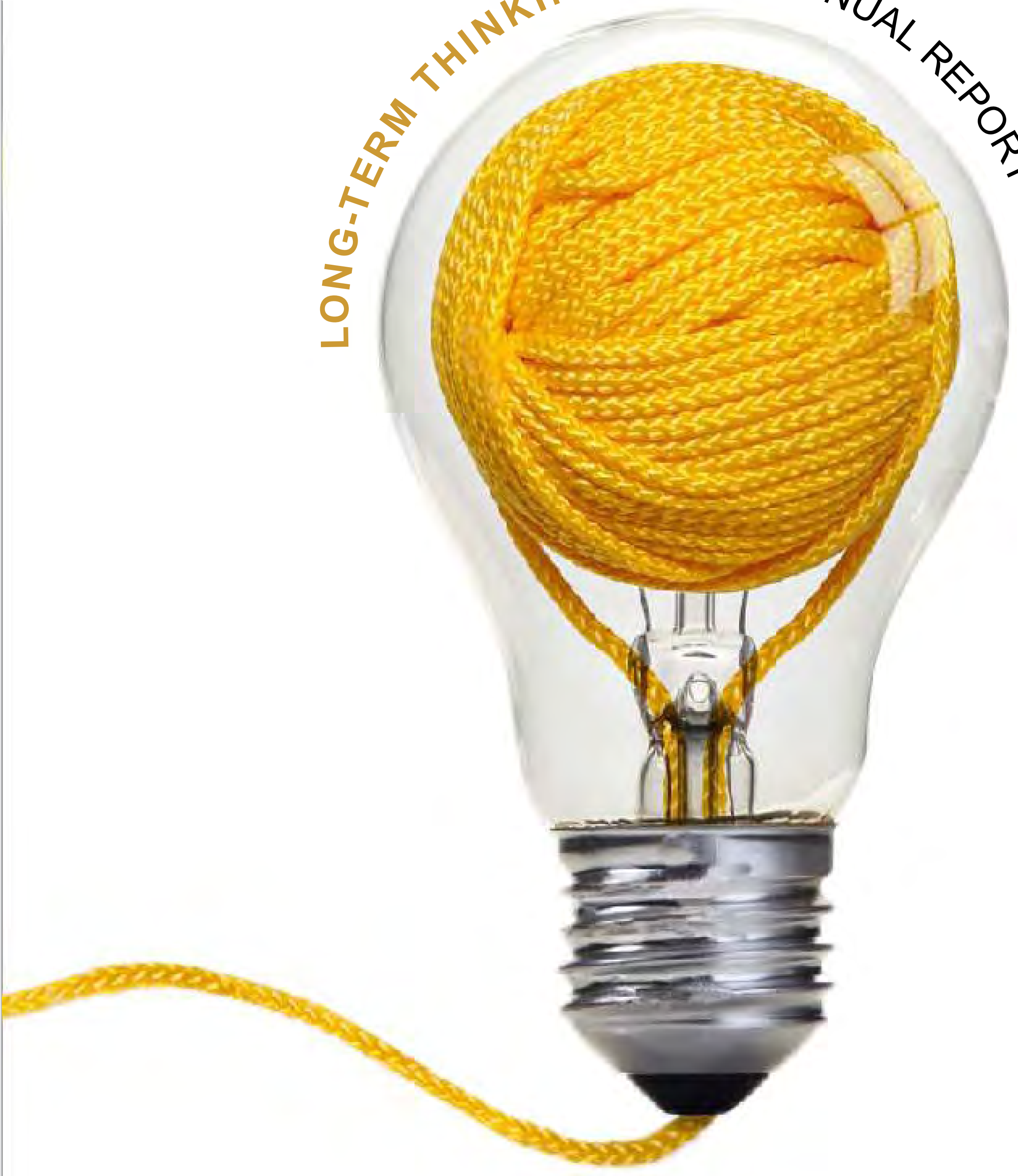
LINKAGE ASSURANCE PLC

RC: 162306

...protection that counts

LONG-TERM THINKING

2019 ANNUAL REPORT + ACCOUNTS



Contents

About Us

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.

Our Investment Portfolio

We have developed high competence in investment management having grown our investment portfolio to ₦23 billion as at 31st December 2019. 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 A-Status

Agusto & Co., a top rating agency has rated Linkage Assurance Plc and affirmed the A- (Strong Capacity / Stable Financial Outlook) 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.

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

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.

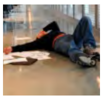
Service Offering

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 IS HEREBY GIVEN that the 26th Annual General Meeting of LINKAGE ASSURANCE PLC will hold on Thursday, 13th August 2020 at, AGIP RECITAL HALL FOYER, 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 31 December 2019 together with the Reports of the Directors, Auditors, Audit Committee, and the Board Appraisal Report.
2. To approve the appointment of Mr. Shehu Dahiru Abubakar as independent Director.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect shareholders' representatives of the Statutory Audit Committee.

Special Business

That in accordance with the recommendation of the Directors, the sum of N1,000,000,000.00 (One Billion Naira) of the Company's General Reserves Account be and hereby capitalized for bonus issue and the said N1,000,000,000.00 (One Billion Naira) divided into 2,000,000,000 ordinary shares of 50k each, be appropriated to the members whose names appear in the Register of members at the close of business on the 17th of July, 2020, in the proportion of one (1) share for every four (4) shares registered in such members' name on that date, subject to the approval of the appropriate regulatory authorities, the shares so distributed being treated for all purposes as capital and not income, ranking pari passu with the existing shares issued pursuant to this resolution.

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her.

In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings and in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 230 of the Companies and Allied Matters Act (CAMA) using Proxies, all members are hereby advised that attendance for the meeting shall be by PROXY ONLY.

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting: a) **Chief Joshua B. Fumudoh (Chairman), Mr. Daniel Braie (MD/CEO) and Mr. Moses Omorogbe (Company Secretary).**

A proxy form is enclosed in the Annual Report. For the instrument of proxy to be valid, it must be completed, duly stamped for the purposes of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, Centurion Registrars, 33C, Cameron Road, Ikoyi, Lagos or services@centurionregistrars.com 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.

(a) CLOSURE OF REGISTER

The Register of members will be closed from 20th July, 2020 to 24th July, 2020 both days inclusive for the purpose of updating the Register of Members. The qualification date (for bonus only) is Friday, 17th July,2020.

(b) AUDIT COMMITTEE

In accordance with Section 369 (5) of Companies and Allied Matters Act, CAP, C20, LFN, 2004, any member may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the meeting. The National Insurance Commission Code of Corporate Governance Code, 2009, states that some of the members of Audit Committee should have knowledge of accounting, financial analysis, and financial reporting.

Also, the Securities and Exchange Commission's code of Corporate Governance 2011 provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. We would therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

(c) WEBSITE

A copy of this Notice and other information relating to the meeting can be found on our website at http://www.linkageassurance.com. Responses can be 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 22nd Day of June, 2020

BY ORDER OF THE BOARD

Moses Omorogbe
Company Secretary FRC/2017/NBA/00000017141

Corporate Information

Mission Statement
To consistently exceed expectations by delivering world class insurance solutions.

Board of Directors

Chief Joshua Bernard Fumudoh
Chairman

Other Directors

Mr. Tamunoye Zifere Alazigha
Non-executive Director

Mrs. Imo Oyewole
Non-executive Director

Mr. Olakunle Agbebi
Non-executive Director(minority Shareholders)

Mr. Okanlawon Adelagun[1]
Executive Director

Mrs. Obafunke Alade-adeyefa
Non-executive Director

Mr. Bernard Nicolaas Griesel
Non-executive Director

Mrs. Funkazi Koroye-Crooks
Non-executive Director

Mr. Maxwell Ebibai
Non-executive Director

Mr. Abubakar Shehu Dahiru [2]
Independent Director

1 Appointed on 30 January 2019
2 Appointed on 8 July 2019

Managing Director
Mr. Daniel Braie

Company Secretary
Mr. Moses Omorogbe

Registered Office
Linkage Plaza
Plot 20, Block 94, Providence Street
Off Adewunmi Adebimpe Street
Lekki-Epe Expressway, Lekki,
Lagos

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

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

Actuary	RC No.	FRC Registered No.
Ernst & Young	162306	FRC/2012/0000000000339

Authorized and regulated by National Insurance Commission RIC - 026

LINKAGE ASSURANCE PLC

Financial Highlights

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	Changes (%)
Comprehensive income statement			
Gross premium written	6,518,964	5,391,170	21
Gross premium income	6,326,620	4,942,397	28
Net premium income	3,713,380	3,477,836	7
Underwriting profit/(loss)	409,240	(772,480)	153
Investment and other income	2,263,966	2,130,197	6
Profit before taxation	1,338,726	134,703	894
Profit after taxation	1,452,154	(290,118)	601
Statement of financial position			
Total assets	28,704,432	23,145,508	24
Insurance contract liabilities	4,652,881	4,289,254	8

Key Ratios	31 Dec 2019	31 Dec 2018	Changes
In Percentage	%	%	%
Claims ratio	41	58	16
Claims ratio (net)	26	55	29
Underwriting expenses ratio	34	33	1
Underwriting income ratio	15	6	9
Management expenses ratio	28	31	4

Our Performance

For the year ended 31 December 2019, our gross premium written grew by 21% to N6.52 billion from ₦5.39 billion in December 2018; with the major contribution from Oil and Gas class to the gross premium written in 2019. The underwriting profit from operations grew by 153% to a profit of ₦409.24 million from a loss of ₦772.48million caused by decreased claims expenses compared to December 2018.

The 2018 dividend income of ₦785.63 million from Stanbic IBTC Pension Limited (SIPML) which was received in 2019 indicates a decrease of 26% in the 2017 dividend income from SIPML received in 2018.
Our profit before tax increased significantly by 894% to ₦1.34 billion from ₦134.70 million in 2018. This was majorly attributable to the following; decrease in claims and increase in investment income.

Outlook

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

Retail products

We have developed and launched a number of retail products. These include the Linkage Third Party Plus, which is a budget friendly motor insurance that provides not only the compulsory Third party protection but an additional Own damage protection to the tune of 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.

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Business Review

LINKAGE ASSURANCE PLC

Chairman's Statement

Chief Joshua B. Fumudoh
Chairman

"For the year ended December 2019, the company delivered a Gross Premium Income of N6.326b and a Gross Premium Written of N6.518b based on the audited accounts as at 31 December, 2019."

Chairman's Statement

Your Chairman's view

The Chairman's primary role is to provide leadership to the Board, creating the conditions for overall Board effectiveness and ensuring that Linkage Assurance Plc satisfies its legal and regulatory responsibilities.

Here he takes the opportunity to provide his views on the performance of Linkage, the Board, and thoughts on current economic conditions

Distinguished Shareholders, Guests, members of the press, Ladies and Gentlemen
I am delighted to welcome you all to the 26th Annual General Meeting of Linkage Assurance Plc and to present to you the Annual Report and Financial Statements for the financial year ended December 31, 2019.

I sincerely appreciate the unflinching support and solidarity you have given to our Company over the years. It is indeed nice to see all of you once again.

The business environment was characterized by several events in 2019 which directly or indirectly impacted the performance of our business. Some of the events at the global front includes: the rising waives of trade barriers, slow economic growth, and reduction of interest rate by the Central Banks of several countries. At the national level, the business environment was significantly shaped by the signing of African Continental Free Trade Agreement (ACFTA), the 2019 National elections and the closure of the land borders.

The Global Economy

The global economic growth decelerated to 2.4% in 2019, the lowest since after the global financial crisis. The decline in growth was defined by combination of several events across countries and regions.

However, one major contributor, was the uncertainties created by the waives of trade barriers which impacted global trade in industrial/durable goods. Due to these uncertainties, there was decline in long-range spending at both the industrial and household levels which resulted in firms scaling back industrial production.

The global economic growth was also impacted by the strings of interest rate cuts by the Central banks of several countries, including the US Federal Reserve and the European Central Bank.

The politics of the exit of United Kingdom from the European Union was another significant global event in 2019.

Other issues that impacted the global economy includes: the geopolitical tensions due to the skirmishes between the United States of America and Iran, social unrest in Venezuela, Libya, and Yemen.

The trade war between China and the United States of America was one of the major issues during the year. The year also was characterized by nationalistic movements in most part of the world as well as xenophobic attacks in some other places.

The Domestic Economy

Nigeria was not insulated from the topsy-turvies that characterized the global economy. Despite the challenges, the Nigeria economy expanded by 2.27%, the highest, since after the recession in 2016 which plunged the economy to 1.56 negative growth.

The major driver of expansion was the Increase in crude oil production, from 1.9m Barrels per day in 2018 to 2.2m barrel per in 2019. The non-oil sector also significantly expanded during the year. According to the National Bureau of Statistics (NBS), the non-oil sector expanded by 2.26%. This was driven mainly by information and Communication, Agriculture, Financial Services and Manufacturing.

There was sharp rise in inflation largely due to the closure of the nation's land border. The government closed the land borders to curb the influx of fake and substandard goods and to also promote local production.

As part of effort to promote inter-continental trade, the government signed the African Continental Free Trade Agreement (ACFTA). The ACFTA allows goods to move between member states in Africa without tariffs. As the biggest economy in the continent, Nigeria, hopes to leverage the opportunities created ACFTA to expand local manufacturing capacity.

Another significant event was the uncertainties created by the 2019 National elections, which impacted investment inflow during the first half of 2019.

Chairman's Statement

Our Financial Performance

Despite the increasingly difficult operating environment, the Company made appreciable progress in all fronts. The Gross Premium Written (GPW) grew by 21% (from N5.39billion in December 2018 to N6.52billion). An Underwriting profit of N409 million was recorded compared to the N772million loss in 2018. The net claims paid was N1.7billion compared to N2.7billion. The significant reduction in net claims was a result of improved underwriting and effective reinsurance arrangement. Investment income increased by 6% despite the falling interest rates and the 26% reduction of the dividend from Stanbic IBTC Pension Managers Limited.

Our profit before tax (PBT) increased from N134.70million in 2018 to N1.34billion representing 894% growth. Similarly, shareholders' funds increased from 23billion in 2018 to 28billion in 2019, representing 24% growth.

2020 outlook

Nigeria's GDP growth is projected to rise to 2.9% in 2020 and the agricultural sector is expected to be major contributor to the projected growth. We are re-organizing our processes to take advantage of the opportunities in the Agricultural sector.

The Nigerian insurance industry landscape is expected to significantly change after the ongoing recapitalization exercise. Experts have projected that the number of players in the industry will reduce to 25 after the recapitalization exercise. You will recall that on the 25th of October 2019, we sought your approval to raise funds to recapitalize. I want to assure that our Company will be successfully recapitalized before the due date.

Conclusion

I want to commend the Management and staff for the performance of the Company. They have demonstrated uncommon commitment and dedication to the growth of the Company despite the stiff competition and the harsh operating environment.

On behalf of the Board of Directors, I want to express my sincere thanks to all your stakeholders for your continued support to Linkage Assurance Plc. I wish you all a successful AGM. Thank you and God Bless.

Chief Joshua B. Fumudoh
Chairman

MD/CEO's Statement

"The company achieved a PBT of N1.34 billion representing 894% growth when compared to N134.7 million recorded in 2018."

MD/CEO's Statement

Your MD's view

The Managing Director is responsible for managing the daily operations of Linkage Assurance Plc through working closely with the Executive Committee and overseeing successful delivery of the Group strategy.

In this summary, he reflects on the year, giving his views on progress towards delivery of our strategy.

Notwithstanding the unfavourable economic indices and so many uncertainties in 2019, the company recorded a 21% growth in Gross premium written from N5.39billion in December 2018 to N6.52billion in December 2019.

2019 indeed was a period of disruptive innovation and digital transformation, and we are associated with the global trend. Our strategic focus remains to uphold innovation while ensure our relevance in the economy as our valued clients are becoming more open-minded, classy and high-tech Savvy. We are in business to create personalized, timely, effortless and rewarding experiences across all channels to our esteem customer. We are not satisfied with our previous accomplishments, we will to do more to be the insurer of choice using current technology to deliver superior service whilst exceeding our stakeholder's expectation.

BUSINESS OVERVIEW

Notwithstanding the unfavourable economic indices and so many uncertainties in 2019, the company recorded a 21% growth in Gross premium written from N5.39billion in December 2018 to N6.52billion in December 2019.

Underwriting profit of N409 million was recorded in 2019 compare to a loss of (N772) million in 2018. This result was due to our strong reinsurance arrangement and risk selection which resulted to a reduction in net claims incurred. We will continue to improve on these measures.

Again, the company achieved a PBT of N1.34 billion representing 894% growth when compared to N134.7 million recorded in 2018.

CORPORATE SOCIAL RESPONSIBILITY

During the year, as socially responsible corporate organization and in line with our philosophy to give back to the society and the communities, we embarked on several projects and good will activities.

Medical Supplies to Flood Victims

- In 2019 during the widespread floods that ravaged some states in Nigeria, Linkage Assurance PLC collaborated with the Bayelsa State Drug Agency by providing essential drugs and other medical supplies and relief materials to all the relief centres across the state. Provision of Exercise Books to Schools in Lagos, Bayelsa and Abuja.

- In 2019 Linkage Assurance PLC also collaborated with the Bayelsa State Education Trust Fund by providing branded exercise books for distribution to primary and secondary schools in all the local governments across the state.

- We visited a few public primary schools within Lagos and Abuja during the Children's Day celebration and distributed Linkage Assurance branded exercise books.

CUSTOMER INTIMACY

Our customers are the reason we are in business, and to give them that ultimate experience that every customer deserves, we decided to set up a dedicated Unit to cater for our customers' needs. This allows them to call in to report claims, request insurance covers and have that intimacy with us to relate with them more. This unit was set up during the beginning of the year and as a result, customers experience has improved tremendously.

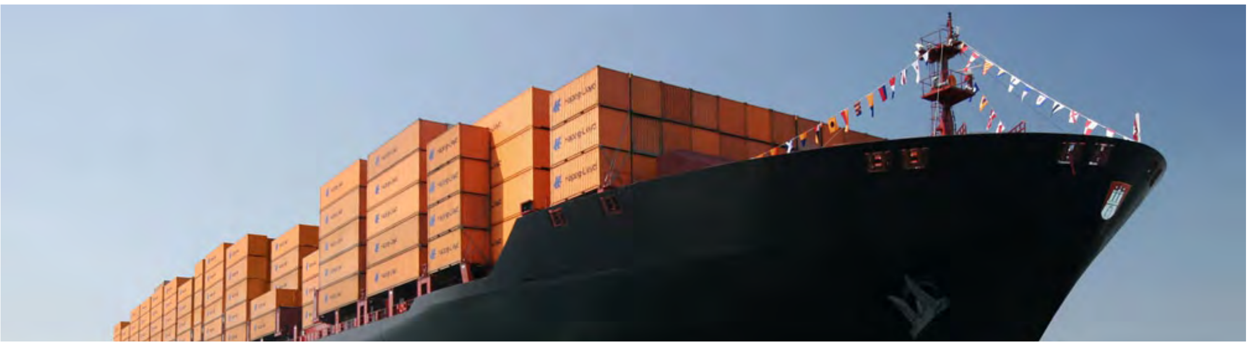
SOCIAL MEDIA & DIGITAL MARKETING

In realization of the pivotal role of the social media in promoting our services during the year, we set a digital marketing desk and increased our presence on the various social media platforms. This initiative is helping our digital marketing activities to reach and be reached by prospects and customers from remote locations.

Planning for the future

During the year under review, we were able to craft a Five-year Strategic Road Map that will guide us in achieving both our short- and long-term goals. We identified 4 Strategic Pillars or themes in line with the Balanced Scorecard Framework that are critical to us.

MD/CEO's Statement



These are:

- Business Growth
- Financial Excellence
- Operational Excellence
- Customer Intimacy

In line with our strategic focus and business growth initiatives, the last quarter of 2019 was our starting point in delivering on our Strategy. Using an agile approach and with strong dedication, we were able to achieve a significant milestone in revenue. This achievement acted as a catalyst to our desire to do more for both our shareholders and the customers.

We have embarked on digital transformation to improve our services especially to the millennials and remote customers.

In the bid to expand our product offerings and in response to demands from the market, we are also concluding approval processes to underwrite agricultural insurance risks.

STRATEGIC FOCUS FOR 2020

In the year 2020, we would embark on several initiatives in a bid to efficiently achieve our corporate objectives as enshrined in our Five-Year Strategic Plan. Part of what we would do, is to communicate to every unit and department, the overall Strategic Focus for the year and the specific initiatives, goals and objectives exclusive to their different departments. We also create a diary for adequate implementation of the Strategy Action Plans.
The essence of this, is to ensure all members of staff are in sync with our business goals and objectives and will work towards producing efficient results that will solidify the four Strategic Pillars in line with our framework.

I believe we possess the resolution to adequately execute all mapped out plans for the year 2020 and we can in turn achieve an impressive result together.

Thank you.

Mr. Daniel Braie
Managing Director

Report Of The Directors
For The Year Ended 31 December 2019

It is the pleasure of the Directors to submit their report together with the audited financial statements for the year ended 31 December 2019.

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 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.

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Gross premium written	6,518,964	5,391,170
Profit before taxation	1,338,726	134,703
Taxation	113,428	(424,821)
Profit/(loss) after taxation	**1,452,154**	**(290,118)**

4. Directors
The Directors who served during the period were as follows:

Chief Joshua Bernard Fumudoh	Chairman
Mr. Tamunoye Zifere Alazigha	Director
Mrs. Imo Oyewole	Director
Mr. Olakunle Agbebi	Director
Mr Okanlawon Adelagun	Director [1]
Mrs. Obafunke Alade-Adeyefa	Director
Mr. Bernard Nicolaas Griesel	Director
Mr. Daniel Braie	Director
Mrs. Funkazi Koroye-Crooks	Director
Mr. Maxwell Ebibai	Director
Mr. Abubakar Shehu Dahiru	Director [2]

Changes on the Board
[1] *Appointed effective 30 January, 2019* [2] *Appointed effective 8 July, 2019*

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 2019 and as notified by them for the purpose of fulfilling Section 275 of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004, are as follows:

	2019 Direct	2019 Indirect	2019 Total	2018 Total
Chief Joshua Bernard Fumudoh*	-	-	-	-
Mr. Tamunoye Zifere Alazigha*	-	-	-	-
Mrs. Imo Oyewole	-	-	-	-
Mr. Olakunle Agbebi	-	-	-	-
Mr Okanlawon Adelagun	-	-	-	-
Mrs. Obafunke Alade-Adeyefa	-	-	-	-
Mr. Bernard Nicolaas Griesel	-	1,061,809,052	1,061,809,052	1,053,340,552
Mr. Daniel Braie	-	-	-	-
Mrs. Funkazi Koroye-Crooks*	-	-	-	-
Mr. Maxwell Ebibai*	-	-	-	-
Mr. Abubakar Shehu Dahiru	-	-	-	-

*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:

		No. of Shares	
Name of shareholder	Institution represented	31 Dec 2019	31 Dec 2018
Mr. Bernard Nicolaas Griesel	Stanbic IBTC Nominees Nigeria	1,061,809,052	1,053,340,552

6. Contracts

In accordance with Section 277 of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004, all contracts with related parties were conducted at arms length. Information relating to related parties transactions are contained in Note 46 to the financial statements.

7. Shareholding

The Company's issued share capital of ₦3,999,999,997 is made up of 7,999,999,995 ordinary shares of 50k each which are held by Nigerian individuals and institutional investors. According to the register of members, no shareholder other than the following held more than 5% of the issued share capital of the Company as at 31 December 2019.

Bayelsa State Ministry of Finance Incorporated (BSMFI)	4,274,735,743	53.43%
Stanbic IBTC Nominees Nigeria Limited	1,061,809,052	13.27%

b) Analysis of shareholding structure

i) As at 31 December, 2019

Range	No of Holders	% of Holders	Units Held	% Units Held
1 - 10,000	14,152	64.23%	62,521,192	0.78%
10,001 - 50,000	5,294	24.03%	136,759,172	1.71%
50,0001 - 100,000	1,331	6.04%	108,508,560	1.36%
100,001 - 500,000	940	4.27%	208,916,235	2.61%
500,001 - 1,000,000	144	0.65%	115,617,905	1.45%
1,000,001 - 5,000,000	108	0.49%	231,163,526	2.89%
5,000,001 - 10,000,000	21	0.10%	159,120,015	1.99%
10,000,001 - 50,000,000	31	0.14%	553,967,529	6.92%
50,000,001 - 100,000,000	6	0.03%	414,211,546	5.18%
100,000,001 - 500,000,000	3	0.01%	672,669,520	8.41%
500,000,001 - 5,000,000,000	2	0.01%	5,336,544,795	66.71%
Grand Total	**22,032**	**100%**	**7,999,999,995**	**100%**

Report Of The Directors
For The Year Ended 31 December 2019

ii) As at 31 December, 2018

Range	No of Holders	% of Holders	Units Held	% Units Held
1 - 10,000	14,146	63.84%	62,901,328	0.79%
10,001 - 50,000	5,351	24.15%	138,432,583	1.73%
5,0001 - 100,000	1,370	6.18%	111,703,864	1.40%
100,001 - 500,000	971	4.38%	215,940,163	2.70%
500,001 - 1,000,000	150	0.68%	119,696,216	1.50%
1,000,001 - 5,000,000	108	0.49%	220,696,119	2.76%
5,000,001 - 10,000,000	24	0.11%	181,527,427	2.27%
10,000,001 - 50,000,000	29	0.13%	535,582,229	6.69%
50,000,001 - 100,000,000	6	0.03%	415,620,248	5.20%
100,000,001 - 500,000,000	3	0.01%	666,439,023	8.33%
500,000,001 - 1,000,000,000	2	0.01%	5,331,460,795	66.64%
Grand Total	**22,160**	**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 2019, 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 year under review, the Company utilized the professional training services of several organizations for the benefit of staff.

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

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

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.

Composition of Employees	Number	Percentage
Female	83	46.11%
Male	97	53.89%
Total	180	**100.00%**
Board Composition by Gender	11	
Female	3	27.27%
Male	8	72.73%
Total		**100.00%**
Top Management Composition by Gender (Executive Director - CEO)		
Female	0	0.00%
Male	2	100.00%
Total	2	**100.00%**
Top Management Composition by Gender (GM - Principal Manager)		
Female	3	42.86%
Male	4	57.14%
Total	7	**100.00%**

Report Of The Directors
For The Year Ended 31 December 2019

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.

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 2019	31 Dec 2018
Late filing of 2017 audited accounts to Financial Reporting Council of Nigeria	5,500	-
Default filing of 2017 audited accounts to the Nigerian Stock Exchange	-	3,500
Late filing of 2017 audited accounts to the Securities & Exchange Commission	-	1,950
Appointment of three principal officers without NAICOM's approval	750	-
Appointment of three Non-Executive Directors and Board Chairman without NAICOM's approval	1,000	-
	7,250	**5,450**

15 Events after reporting date
Subsequent to the reporting period, a bonus share issue of one share for every four shares held by existing shareholders amounting to ₦1 billion (of 2 billion ordinary share at 50k per share) was proposed for approval by the shareholders. The bonus share is issued from the Company's retained earnings.

16 Audit committee

Mr. Lateef Ayodeji Shonubi [1]	Chairman/Shareholder
Engr. S. A. Orji	Shareholder
Mr. Balogun Shamusideen Olalekan [2]	Shareholder
Mr. Tamunoye Alazigha	Non-Executive Director
Mr. Maxwell Ebibai	Non-Executive Director
Mrs. Obafunke Alade Adeyefa	Non-Executive Director

1 Deceased on the 5th of November, 2019
2 Appointed chairman of the committee on the 21st of February, 2020

Report Of The Directors
For The Year Ended 31 December 2019

17 Auditor
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, Cap C.20,Laws of the Federation of Nigeria, 2004, therefore, the auditors will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

18 Dividend

Proposed dividend
A bonus share issue of one share for every four shares held by existing shareholders amounting to ₦1 billion (of 2 billion ordinary shares at 50k per share) has been proposed for approval by the shareholders. The bonus share is issued from the Company's retained earnings.

19 Donations
Donations during the year ended 31 December 2019 amounted to ₦18.55 million (2018: ₦3.38 million). The beneficiaries are as follows:

Description	Organization	Amount (₦)
Corporate Social Responsibility support to Down Syndrome Foundation	Down Syndrome Foundation	100,000
Donation of books to Chartered Insurance Institute of Nigeria's Library	Chartered Insurance Institute of Nigeria	60,000
Donation towards Bayelsa State Education Trust Fund launch	Bayelsa State Education Trust Fund	9,564,000
Contribution to Children living with cancer foundation	Children living with cancer foundation	75,000
Corporate Social Responsibility to Bayelsa State Government on flood disaster	Bayelsa State Government	8,700,000
Support for raising awareness on Down Syndrome	Moyinoluwa Rainbow Foundation	50,000
		18,549,000

By order of the Board

Company Secretary
Mr. Moses Omorogbe
FRC/2017/NBA/00000017141
21 February 2020

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Corporate Governance Report

LINKAGE ASSURANCE PLC

Sustainability Report

Report On Sustainable Practices

The core business philosophy of Linkage Assurance PLC is to deliver superior service and return to our customers and stakeholders. We are a customer centric organisation and our processes and operations are consciously carried out with a view to add consistent value to our stakeholders, including the environment we carry out our business.

Recognising the role of sustainable practices as a critical business enabler, we have embedded sustainable practices in our day-to-day operations. As a socially responsible corporate organization, we are committed to restoration and sustenance of every resources employed in the execution of our business goals and objective.

Corporate Governance

We acknowledge the truism that good corporate governance is the bedrock for sustainable business practice. Accordingly, we have designed our governance structure to promote good corporate governance and international best practice in our operations.

The organisational structure, policies, and processes are periodically reviewed to ensure they align with the vision and mission statement of the Company. The policies and processes are also benchmarked against the Codes of Corporate Governance and international best practice.

Annual Board evaluation is usually carried out reputable external party to assess the level of compliance of the Company's policies and processes with best practice.

The Board and Management is committed to implementing policies and processes geared towards promoting sustainable corporate practice.

Business Practices

As a reputable insurer, our services are tailored towards providing best-in-class insurance to customers. We understand the role of insurance as one of the pillars of support to the economy especially in times of crises. As a matter of fact, have put together unique set of corporate insurance solutions to against individual and business risks.

We have strategically designed our services to support government efforts to diversify the economy through agriculture, power, and manufacturing. In this regard, we have designed products aimed at meeting insurance needs of these sectors.

Our retail products are designed towards deepening insurance penetration in the country. Over the years, we have invested in digital infrastructure to drive the retail arm of the business with specific focus on the need of individuals and small-scale businesses.

We acknowledged that our continues existence as a going concern largely depends on the respect for the laws and regulations governing our business. Consequently, we have entrenched compliance to laws and regulations as one of the cardinal pillars of our operations.

As part of our avid desire to promote economic growth and development within the broader sense, we consistently comply with our obligations to the States where we operate and the Federal Government and as also over the years created close working relations with all governmental agencies.

Environmental Sustainability

We have taken very conscious efforts to ensure that our operations do not negatively impact the environment, especially in the face of the growing challenges posed by climate change.

We have put in place adequate and effective waste management infrastructure to minimum the impact of activities on the environment. We also automating our processes to reduce the use of paper.

We are also focusing our corporate social responsibility activities towards helping people and communities that are adversely affected by the rampaging effects of climate change. Drugs and other materials were distributed to people and communities that were displaced by the flooding that ravaged some parts of the Country.

Occupational Health & Safety

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

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.

It is our believe that respect for human rights is critical and fundamental to stable work environment. We are therefore committed to providing a work environment that is conducive for an individuals and groups to carry out duties and contribute positively to the prosperity of the Company.

Board Valuation Report

DCSL Corporate Services Limited
235 Ikorodu Road
Ilupeju
Avenue,

P. O. Box 965, Marina
Lagos, Nigeria

Tel: +234 1 2717800
Fax: +234 1 2717801
www.dcsl.co.ng

RC NO. 352393

Abuja Office:
1st Floor, The Statement Hotels, Plot 1002, 1st

Off Shehu Shagari Way
Central Business District
Abuja, Nigeria
Tel: +234 9 4614902-5

April 30, 2020

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF LINKAGE ASSURANCE PLC FOR THE YEAR ENDED 31ST DECEMBER 2019

In accordance with the provisions of **Section 2.1c(ii)** of the **National Insurance Commission** (**NAICOM) Implementation Guidelines for Corporate Governance, 2019 ("the NAICOM Code"), Section 15 of the Securities Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria ("SEC Code")** as well as **Section 15.1 of the Nigerian Code of Corporate Governance (NCCG),** DCSL Corporate Services Limited (DCSL) was engaged by Linkage Assurance Plc ("Linkage" or "the Company") to evaluate the performance of its Board of Directors for the year-ended 31st December 2019**.**

The essence of the review was to ascertain the level of the Board's compliance with corporate governance practices with particular reference to the provisions of the NAICOM and SEC Codes and covered the following seven key corporate governance themes:

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.

Upon a detailed review of the relevant corporate governance documents, processes and procedures adopted by the Company, we are of the opinion that the Board of Linkage Assurance Plc has substantially complied with governance principles, procedures and practices stipulated in the NAICOM Code, SEC Code and the NCCG. Our review of the corporate governance documents indicate that the Board remains apprised of its role as the focal point for, and custodian of, corporate governance. The Peer Assessment and Chairman's Leadership Assessment undertaken indicate that individual Directors performed creditably against the parameters used for the appraisal and continue to demonstrate strong commitment to enhancing the Company's growth. The Board paid particular attention to its oversight of Risk Management, compliance and internal control.

Details of our key findings and recommendations are contained in our detailed Report.

We are grateful for the opportunity to be of service and look forward to working with you in the future. Please accept the assurances of our highest regards.

Yours faithfully,

For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Directors: • Abel Ajayi (Chairman) • Obi Ogbechi • Adeniyi Obe • Adebisi Adeyemi (Managing Director)

DCSL Corporate Services Limited

Corporate Governance Report

For The Year Ended 31 December 2019

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 Continuous 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.

Corporate Governance Report

For The Year Ended 31 December 2019

Biographical Details of New Director

Mr. Abubakar Shehu Dahiru is a lawyer and a businessman. He has both public and private sector work experience. He was a Senior Legal Officer/Head-Revenue Mobilization, Allocation & Fiscal Commission and Business Development Manager/Regional Manager (North) - Sky Power Aviation Handling Company. He also served as Special Adviser to Adamawa State Governor on Information Communication Technology. Mr. Shehu is an alumnus of University of Abuja and University of Maiduguri. He is expected to bring his broad range of experience to the management of the Company.

Corporate Governance Structure

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

The Board

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

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

Statutory Audit Committee

The Committee is composed of 6 members as follows:

S/N	Name	Status
1	Mr. Lateef Ayodeji Shonubi [1]	Chairman/Shareholder
2	Engr. S. A. Orji [2]	Shareholder
3	Mr. Shamusideen O. Balogun	Shareholder
4	Mr. Tamunoye Alazigha	Non-Executive Director
5	Mrs. Obafunke Alade Adeyefa	Non-Executive Director
6	Mr. Maxwell Ebibai	Non-Executive Director

[1] *Deceased on the 5th of November, 2019*
[2] *Appointed chairman of the committee on the 21st of February, 2020*

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	Director
3	Mr. Tamunoye Alazigha	Director
4	Mr. Olakunle Agbebi	Director
5	Mrs. Imo Oyewole	Director

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 5 members as follows:

S/N	Name	Status
1	Mr. Olakunle Agbebi	Chairman
2	Mrs. Funkazi Koroye-Crooks	Director
3	Mr. Maxwell Ebibai	Director
4	Mrs. Imo Oyewole	Director
5	Mr. Tamunoye Alazigha	Director

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	Mr. Shehu D. Abubakar [1]	Chairman
2	Mrs. Obafunke Alade Adeyefa	Director
3	Mr. Bernard Nicolaas Griesel	Director
4	Mrs. Imo Oyewole	Director
5	Mrs. Funkazi Koroye-Crooks	Director

[1] *Joined the Board Audit & Compliance Committee effective 23 October 2019.*

Corporate Governance Report
For The Year Ended 31 December 2019

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, analyze, synthesize and make recommendations on risks arising from within the Company's operating environment. The Committees meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. The Committees include the Executive Management Committee, Management Investment Committee, Business Strategy Committee and the Management Enterprise Risk Committee.

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

The Internal Audit is a Control Unit established within the Management to independently examine and evaluate the activities of the Company. The Company's Internal Audit Unit reports to 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 and committee meetings during the year ended 31 December 2019 is as follows:

Key:

N/A Not Applicable as the individual was yet to be appointed.
X Absent at meetings

S/N		Names of Directors	30 Jan	28 Feb	24 Apr	24 Jul	25 Oct	14 Dec
1		Chief Joshua Bernard Fumudoh	1	1	1	1	1	1
2		Mr. Tamunoye Zifere Alazigha	1	1	1	1	1	1
3		Mrs. Imo Oyewole	1	1	1	1	1	1
4		Mr. Olakunle Agbebi	1	1	1	1	1	1
5		Mr Okanlawon Adelagun	1	1	1	1	1	1
6		Mrs. Obafunke Alade-Adeyefa	1	1	1	1	1	1
7		Mr. Bernard Nicolaas Griesel	1	1	1	1	1	1
8		Mr. Daniel Braie	1	1	1	1	1	1
9		Mrs. Funkazi Koroye-Crooks	X	1	X	X	1	1
10		Mr. Maxwell Ebibai	X	1	X	X	1	X
11		Mr. Abubakar Shehu Dahiru	N/A	N/A	N/A	N/A	1	1

Attendance at The Finance, Investment & General Purpose Committee Meetings held during the year ended 31 December 2019

S/N		Names of Directors	29 Jan	23 Apr	23 July	24 Oct
1		Mr. Bernard Nicolaas Griesel	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		Mrs. Imo Oyewole	1	1	1	1

Attendance at the Statutory Audit Committee Meetings held during the year ended 31 December 2019

S/N		Members	29 Jan	28 Feb	18 Apr	22 Jul	23 Oct
1		Mr. Lateef Ayodeji Shonubi [1]	1	1	1	1	1
2		Engr. S. A. Orji	1	1	1	1	1
3		Mr. Shamusideen O. Balogun [2]	1	1	1	1	1
4		Mr. Tamunoye Alazigha	1	1	1	1	1
5		Mrs. Obafunke Alade Adeyefa	1	1	1	1	1
6		Mr. Maxwell Ebibai	X	1	X	1	X

[1] *Deceased on the 5th of November 2019*
[2] *Appointed chairman of the committee on the 21st of February, 2020*

Attendance at the ERM & Governance Committee Meetings held during the year ended 31 December 2019

S/N		Names of Directors	28 Jan	18 Apr	23 Jul	24 Oct
1		Mr. Olakunle Agbebi	1	1	1	1
2		Mrs. Funkazi Koroye-Crooks	X	1	X	1
3		Mr. Maxwell Ebibai	X	1	X	1
4		Mrs. Imo Oyewole	1	1	1	1
5		Mr. Tamunoye Alazigha	1	1	1	1

Attendance at the Board Audit & Compliance Committee Meetings held during the year 31 December 2019

S/N	Names of Directors	28 Jan	23Apr	22 Jul	23 Oct
1	Mr. Shehu D. Abubakar [1]	N/A	N/A	N/A	1
2	Mrs. Obafunke Alade Adeyefa	1	1	1	1
3	Mr. Bernard Nicolaas Griesel	1	1	1	1
4	Mrs. Imo Oyewole	1	1	1	1
5	Mrs. Funkazi Koroye-Crooks	X	1	X	X

[1] *Joined the Board Audit & Compliance Committee effective 23 October 2019.*

Report Of The Statutory Audit Committee

Report of the Statutory Audit Committee to the members of Linkage Assurance Plc

In compliance with the Provisions of Section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004, we the members of the Audit Committee of Linkage Assurance Plc received the Audited Financial Statements for the year ended 31 December 2019 together with the Management Letter from the external auditors and management responses thereto at a duly convened meeting of the committee and hereby report as follows:

We confirm that;

1 We have received the scope and planning of the audit for the year ended 31 December 2019;

2 We reviewed the external auditor's Management Letter together with management responses; and

3 We ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2019 are in accordance with legal requirement and agreed with ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31 December 2019 were adequate and management responses to the auditor's findings were satisfactory.

We confirm that the internal control system was consistently and effectively monitored through effective internal audit.

The external auditors confirm that they received full cooperation from the management during the course of the statutory audit. The Committee therefore recommends that the audited financial statements for the year ended 31 December 2019 and the Auditors' report thereon be presented for adoption by the Company at the Annual General Meeting.

Mr. Shamusideen O. Balogun
FRC/2015/NIM/00000013086
Chairman, Audit Committee
21 February 2020

Members of the Committee

Name	Status
1. Mr. Lateef Ayodeji Shonubi [1]	Chairman/Shareholder
2. Engr. S. A. Orji	Shareholder
3. Mr. Shamusideen O. Balogun [2]	Shareholder
4. Mr. Tamunoye Alazigha	Non-Executive Director
5.Mrs. Obafunke Alade Adeyefa	Non-Executive Director
6. Mr. Maxwell Ebibai	Non-Executive Director

[1] *Deceased on the 5th of November, 2019*
[2] *Appointed chairman of the committee on the 21st of February, 2020*

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 B. Fumudoh
Chairman
FRC/2018/IODN/00000017911
21 February 2020

Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082
21 February 2020

Statement Of Directors' Responsibilities

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 Laws of the Federation of Nigeria, 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 2019 and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

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

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

The Directors are 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 2019 were approved by the Directors on 21 February 2020.

On behalf of the Directors of the Company

Chief Joshua B. Fumudoh
Chairman
FRC/2018/IODN/00000017911
21 February 2020

Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082
21 February 2020

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 2019 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
Managing Director/CEO
FRC/2018/CIIN/00000018082
21 February 2020

Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524

LINKAGE ASSURANCE PLC

Independent Auditor's Report

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

To the Shareholders of **Linkage Assurance Plc**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Linkage Assurance Plc. (the Company), which comprise the statement of financial position as at 31 December, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 44 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

Basis for Opinion

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

Key Audit Matters

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

Valuation of insurance contract liabilities (2019: ₦4.65 bn, 2018: ₦4.29 bn)

The actuarial valuation of insurance contract liabilities involves high estimation uncertainties and requires management to apply significant judgement and assumptions 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 judgment and economic assumptions such as inflation rate and discount rates whose eventual outcome are uncertain.

The level of complexity, the judgment and assumptions applied by management in estimating these insurance contract liabilities is of significance to our audit.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls implemented by the Company over data collection, analysis and assumptions-setting processes.
- We agreed the underlying data used in actuarial valuations of insurance contract liabilities on a sample basis to source documentation.
- We engage our actuarial specialists to assess the appropriateness of the methodology used by the Company's external actuary for determining the insurance contract liabilities.
- With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary including assumptions on the projected cash flows, basic chain ladder runoff period, inflation rate and discount rate.

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Partners:

Adebisi O. Lamikanra, Adegoke A. Oyelami, Adekunle A. Elebute, Adetola P. Adeyemi, Adewale K. Ajayi, Ajibola O. Olomola, Ayobami L. Salami, Ayodele A. Soyinka, Ayodele H. Othihiwa, Chibuzor N. Anyanechi, Chineme B. Nwigbo, Ehile A. Aibangbee, Elijah O. Oladunmoye, Goodluck C. Obi, Ibitomi M. Adepoju, Ijeoma T. Emezie-Ezigbo, Joseph O. Tegbe, Kabir O. Okunlola, Lawrence C. Amadi, Mohammed M. Adama, Nneka C. Eluma, Oguntayo I. Ogungbenro, Olabimpe S. Afolabi, Oladimeji I. Salaudeen, Olanike I. James, Olumide O. Olayinka, Olusegun A. Sowande, Olutoyin I. Ogunlowo, Oluwafemi O. Awotoye, Oluwatoyin A. Gbagi, Temitope A. Onitiri, Tolulope A. Odukale, Victor U. Onyenkpa

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Independent Auditor's Report

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

Valuation of unquoted equity instrument measured at fair value through other comprehensive income
The Company has a significant investment in an unquoted equity instrument (2019: ₦13.48 bn, 2018: ₦9.81 bn), which was classified as available for sale and measured at fair value with fair value changes recognized in other comprehensive income. The determination of the fair value of the investment involves the exercise of significant judgement and assumptions and is determined based on the Discounted Cash-Flows (DCF) method. Inputs to the DCF valuation model include the forecast cash-flows of the investee over a long-term period, key assumptions such as change in forecasted cash flow and other assumptions may result in a materially different valuation result.

The significant of the judgements and assumptions made in determining the fair value of the unquoted equity instrument and the extent of work required to address this matter resulted in this being a matter of significance to our audit.

How the matter was addressed in our audit
Our procedures included the following:

- We used our valuation specialists to evaluate 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 included obtaining an understanding of the projected operating results and free cash flows and an assessment of assumptions such as discount rate, terminal value, inflation rate and long-term growth rate. They 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 used our valuation specialist to assess the appropriateness and reasonableness of the valuation model by considering the sensitivity of the resultant fair value to changes in key assumptions.
- We also considered the adequacy of the Company's disclosures including the use of estimates and judgments in arriving at the fair value of the unquoted equity instrument and sensitivity of the fair value measurement to changes in significant unobservable inputs in accordance with the requirements of the relevant accounting standard.

Information Other than the Financial Statements and Audit Report thereon
The Directors are responsible for the other information. The other information comprises the Directors' report, Statement of Directors' responsibilities, Enterprise Risk Management declaration statement, corporate governance report, Report of the Audit Committee, Sustainability report, Certification Pursuant to Section 60(2) of Investment and Securities Act No.29 of 2007, Financial highlights and Other National Disclosures, but does not include the financial statements and our auditor's report thereon. Other information also include Company information, Chairman's statement, Brand Platform, service offerings, Notice of Annual General Meeting, Board valuation report, Management team, E-dividend mandate form, Proxy form, Corporate directory, together the "Outstanding reports", which are expected to be made available to us after that date.

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

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

When we read the Outstanding Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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Independent Auditor's Report

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.
- 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 and 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 and 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 and 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.

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Independent Auditor's Report

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 the 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 paid penalties in respect of contraventions during the year ended 31 December 2019. Details of penalties paid are disclosed in note 47 to the financial statements.

Signed:

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
16 March, 2020
Lagos, Nigeria

Linkage Assurance PLC

Board Of Director

Key responsibilities of the Board of Directors
The Board's principal duty is to promote the long-term success of Linkage Assurance Plc by creating and delivering sustainable shareholder value. It does this by setting strategy and overseeing its implementation by management. While the ultimate focus is long-term growth, the Board seeks to ensure that management strikes the right balance between long and short-term objectives.

In setting and monitoring the execution of strategy, the Board aims to ensure that the Company maintains an effective system of internal control and an effective risk management and oversight process across the Company, delivering growth in a controlled and sustainable way.

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
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

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 Director

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

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.

Mr. Okanlawon Adelagun
Executive Director

Principal Consultant, Okadel Consulting
Executive Director (Business Development),
Union Assurance Plc
Managing Director,
IGI Insurance (Ghana) Limited
Deputy-General Manager (Technical),
T & G Insurance Co.Ltd
Member of Chartered Insurance Institute (London)
Member Chartered Insurance Institute of Nigeria
Alumnus of University of Ibadan
Alumnus of Swiss Insurance Training Centre (SITC)

Mr. Abubakar Shehu Dahiru
Independent Director

Solicitor/Partner- Mizan-Consult (Law-office)
Senior Legal Officer/Head-Revenue
Mobilization Allocation & Fiscal Commission
Business Development Manager/Regional Manager (North) - Sky Power Aviation Handling Company.
Special Adviser to the Governor of Adamawa State.
Alumnus of University of Abuja.
Alumnus of Ahmadu Bello University, Zaria.

Management Team

Key responsibilities of the Management Team
The Board delegates responsibility for the day-to-day management of the Company to the Managing Director, who is responsible for ensuring that the business is operating effectively within the strategy and risk appetite agreed by the Board. The Managing Director is supported by the Management Team, which he heads.

Mr. Daniel Braie
Managing Director

Mr. Okanlawon Adelagun
Executive Director Technical

Mrs. Joyce Ojemudia
General Manager, Marketing

Mr. Anthony Saiki
Head, Oil & Gas

Mr. Emmanuel Otitolaiye
Chief Financial Officer

Mr. Humphrey Ozegbe
Head, Human Capital

Mr. Taoheed Sikiru
Head, Compliance & ERM

Mrs. Oluwaseun Ajila
Head, Internal Audit

Ms. Mayen Umoren
Head, Reinsurance And Claims

Mr. Damilare Bakare
Ag. Head, Information Technology

Mr. Imo Imo
Head, Strategy & Business Development

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Financial Statements

General Information and Statement of Significant Accounting Policies

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.

The financial statements were authorized for issue by the Company's board of directors on 21 February 2020. Details of the Company's accounting policies are included in Note 4.

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 fair value;

(iv) Investment properties are measured at fair value;

(v) Insurance contract liabilities at fair value and

(vi) Defined benefit obligation measured at present value.

2.4 Estimates, judgement and uncertainties

In preparation of these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(a) 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:

(i) Note 4.14 - Lease term: whether the Company is reasonably certain to exercise extension options.

(b) 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:

General Information and Statement of Significant Accounting Policies

(I) Note 13 - determining the fair value of investment properties on the basis of significant unobservable inputs.

(ii) Note 15: determining the useful life of property and equipment.

(iii) Note 6.2 and 17- valuation of insurance contract liabilities: key actuarial assumptions.

(iv) Note 22 - measurement of defined benefits obligations; key actuarial assumptions.

(v) Note 50.1 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources.

(vi) Note 8.1 - determining the fair value of unquoted equity instruments on the basis of significant unobservable inputs.

(vii) Note 4.17 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

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 as noted below, the Company has consistently applied the accounting policies set out in Note 4.1 to 4.28 to all periods presented in these financial statements. The Company has adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income tax treatment. A number of other new standards are effective from 1 January 2019 but do not have a material effect on the Company's financial statements.

Effective for the financial year commencing 1 January 2019

(i) IFRS 16 Leases

The Company has adopted IFRS 16, ""Leases"" as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies.

As permitted by the transitional provision of the standard, the Company has chosen the modified retrospective approach to the application of IFRS 16 under which the cumulative effect of initial application is recognized in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported under IAS 17 and related interpretations. The major impact of the adoption of this standard is that the Company will be required to capitalize all leases (i.e. recognize a right-of-use asset and a lease liability) with the exemption of certain short-term leases and leases of low-value assets.

However, the adoption of IFRS 16 did not have a material impact on the Company's financial statements as the Company's leases are mostly short term and low value in nature and the Company has elected to apply the exemption for such leases.

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

The amendment clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:- determine whether uncertain tax positions are assessed separately or as a group; and- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Company has adopted IFRIC 23 effective 1 January 2019.

4 Significant accounting policies

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 as defined above.

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 recognized at fair value plus (or minus) directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognized immediately in profit or loss. Financial instruments are recognized 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 amortized 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 amortized 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 amortized 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.

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

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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 recognized 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 recognized, then the previously recognized impairment loss is reversed through profit or loss.

An impairment loss on available-for-sale (AFS) financial assets is recognized by reclassifying the gains and losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value less any impairment loss previously recognized in profit or loss. If the fair value of an impaired AFS debt security subsequently increased and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized 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 recognized 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 recognized 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 amortized cost using the effective interest method, with interest expense recognized 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-recognizes 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 recognized 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 recognized 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized 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 recognized at fair value, which is the premium received and then amortized 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 unamortized 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 recognized as impairment loss in profit or loss.

Trade receivables include amounts due from agents, brokers and insurance contract holders. Trade receivables are recognized 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. In the course of ceding out business to reinsurers, the Company incurs expenses. This is recognized as reinsurance expense in the statement of profit or loss.

4.7 Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business are deferred by recognizing 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 Acquisition Revenue
The Company recognizes commissions receivable on outwards reinsurance contracts as a deferred income and amortized over the average term of the expected premiums payable.

4.8 Investment property

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-recognized 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 recognized 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 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 amortization and accumulated impairment losses (where this exists). Acquired intangible assets are recognized at cost on acquisition date. Subsequent to initial recognition, these assets are carried at cost less accumulated amortization and impairment losses in value, where appropriate.

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

Amortization is recognized 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 amortized over their useful life most which do not exceed 4 years. Amortization methods are reviewed at each financial year/period-end and adjusted if appropriate.

Intangible assets are derecognized 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 recognized in profit or loss.

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 revalued amount 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 capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized 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 recognized 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 recognized 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 derecognized 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:

Land	Nil
Buildings	50 years
Computer hardware and office equipment	4 years
Furniture and fittings	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 derecognized 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 the asset is de-recognized.

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 recognized 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 recognized in profit or loss. Impairment losses recognized 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 recognized in profit or loss. In respect of other non-financial assets, impairment losses recognized 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 amortization, if no impairment loss had been recognized.

4.12 Statutory deposit

The Company maintains a statutory deposit with the Central Bank of Nigeria (CBN) which represents 10% of the minimum capitalization 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 analyzed by accident years, but can also be further analyzed 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 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in other liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019
For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a Lessee
In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

As a Lessor
When the Company acted a s a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

4.15 Provisions

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

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 recognized 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 recognized even

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if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

4.16 Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized 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 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Company's obligations for contributions to the plan are recognized as an expense in profit or loss when they are due. Prepaid contributions are recognized 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 recognized 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 recognized 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 recognized 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 recognizes 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 recognizes cost for a restructuring. If benefits are not expected to be settled within 12 months of the reporting date then they are discounted.

4.17 Taxation

Company Income Tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

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. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax
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. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium. 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.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

Deferred tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for:

* temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting not taxable profit or loss;

* taxable temporary differences arising on the initial recognition of goodwill; and

* temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be used. Future taxable profit are determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of the future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.18 Other receivables and prepayments
Other receivables include cash advance, sundry receivables, withholding tax recoverable, etc. Other receivables are carried at amortized 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 amortized on a straight line basis to the profit and loss account.

4.19 Share capital and reserves

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

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

b. Dividend
Dividend on ordinary shares are recognized 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

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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 recognized in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognized as an expense, in which case it is recognized 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 recognized 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.

4.20 Contingent liabilities and assets

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

4.21 Foreign currency translation

The financial statements are presented in Nigerian naira (N), which is the 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 operating 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 recognized 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'.

4.22 Insurance contracts

(a) Classification

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred. The Company only issues contracts that transfer insurance risks.

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

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

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

For all these contracts, premiums are recognized 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 recognized on assumption of risks.

(i) *Premiums*

Premiums comprise gross written premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

(ii) *Unearned premium provision*
The provision for unearned premiums (unexpired risk) represents the proportion of premiums written in the periods up to the accounting date that relates to the unexpired terms of policies in force at the end of reporting date. This is estimated to be earned in subsequent financial years, 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, 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 recognized.

(v) *Commissions and deferred acquisition costs*
Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable is deferred and amortized 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 recognized 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 recognized. 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 recoveries when the amount to be recovered from the liable third party has been established.

4.23 Revenue

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

Revenue recognition

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

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

Investment income
Interest income for interest bearing financial instruments, are recognized 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 recognized 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 recognized as revenue on a straight line basis over the term of the lease. Lease incentives granted are

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recognized as an integral part of the total rental income, over the term of the lease.

4.24 Net claims expenses

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

(a) Claims

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

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

(b) Reinsurance claims

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

4.25 Underwriting expenses

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

4.26 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

4.27 Operating segments

IFRS 8 Operating segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (in the case of the Company, the Chief Executive) to allocate resources to the segments and to assess their performance.

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, accident, motor vehicle, engineering, oil and gas and others. The other segment relates to marine and aviation business class revenue which do not meet the quantitative threshold. (Refer to note 5).

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

4.28 Earnings per share

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

4.29 New standards, interpretations and amendments to existing standards during the reporting year

The Company has consistently applied the accounting policies set out in Note 4.1 to 4.28 to all periods presented in these financial statements except for those set out below and in note 3. The Company has adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income tax treatment. A number of other new standards are effective from

1 January 2019 but do not have a material effect on the Company's financial statements.

(a) Effective standards not yet adopted by the Company

(i) *IFRS 9 Financial Instruments*

IFRS 9 became effective for financial year commencing on or after 1 January 2018 but the standard has not been adopted in preparing these financial statements as the Company elected to adopt the deferral approach available to insurance companies.

IFRS 9 is part of 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.IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortized cost, fair value through OCI and fair value through profit or loss.

Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

Classification and measurement

The standard uses one primary approach to determine whether to measure a financial asset at amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) as against the IAS 39 classifications of FVTPL, Available-for-Sale (AFS) financial assets, Loans and Receivables and Held-to-Maturity (HTM) investments. The Company's business model is the determining factor for classifying its financial assets. Financial assets are measured at amortized cost if the business objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest (SPPI). Financial assets are measured at fair value through OCI if the business's objective is to collect contractual cash flows as well as cash flows from selling the asset. The final category of financial assets are those assets where the business model is neither to hold for solely to collect the contractual cashflows nor selling to collect the cashflows and therefore classified as at fair value through profit or loss. These are financial assets that are held with the objective of trade and to realize fair value changes. The Company can also designate some of its financial assets at fair value through profit or loss if this helps to eliminate an accounting mismatch.

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Financial Assets 31 December 2019	IAS 39 Classification	IFRS 9 Classification	Carrying Amount 31 December2019
Cash and cash equivalents	Loans and receivables	Amortized cost	1,609,222
Financial assets at fair value through profit or loss	FVTPL	FVTPL	4,449,949
Available-for-sale financial assets:			
Quoted equities	AFS	FVOCI	30,227
Unquoted equities	AFS	FVOCI	13,389,000
Unquoted equities- at cost	AFS	FVOCI	64,029
Loans and receivables	Loans and receivables	Amortized cost	276,820
Held-to-Maturity investments	Loans and receivables	Amortized cost	5,188,148
Trade receivables	Loans and receivables	Amortized cost	65,898
Other receivables (less prepayments and other assets)	Loans and receivables	Amortized cost	96,757
Reinsurance assets (less prepaid reinsurance,outstanding claims and IBNR)	Loans and receivables	Amortized cost	429,637

Financial Assets 31 December 2018	IAS 39 Classification	IFRS 9 Classification	Carrying Amount 31 December2018
Cash and cash equivalents	Loans and receivables	Amortized cost	1,205,124
Financial assets at fair value through profit or loss	FVTPL	FVTPL	3,464,033
Available-for-sale financial assets:			
Quoted equities	AFS	FVOCI	32,488
Unquoted equities	AFS	FVOCI	9,714,000
Unquoted equities- at cost	AFS	FVOCI	64,029
Loans and receivables	Loans and receivables	Amortized cost	164,960
Held-to-Maturity investments	Loans and receivables	Amortized cost	5,617,826
Trade receivables	Loans and receivables	Amortized cost	32,090
Other receivables (less prepayments and other assets)	Loans and receivables	Amortized cost	211,189
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortized cost	212,969

Impairment
IFRS 9 also requires that credit losses expected at the balance sheet date (rather than those incurred as at year-end) are reflected at the date of reporting on all financial assets. This approach is an expected credit loss (ECL) model as opposed to the incurred credit loss model under IAS 39. This approach does not require a credit loss event to have occurred before the recognition of the loss at the reporting date. The amount of the expected credit losses is expected to be updated at each reporting date to reflect changes in credit risks since initial recognition. ECL is determined by multiplying the Exposure At Default (EAD) by the Probability of Default (PD) and the Loss Given Default (LGD).

The Company do not currently have an Expected Credit Loss (ECL) model for financial assets; hence the potential impact of the ECL impairment on profit or loss and equity has not been estimated.

Amendments to IFRS 4 Applying IFRS 9 financial instruments with IFRS 4 insurance contracts
In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forth-coming new insurance contracts standard, IFRS 17. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 (i.e. the deferral approach') for entities that meet specific requirements (applied at the reporting entity level), and the ‘overlay approach’. Both approaches are optional. The effective date is 1 January 2018 or when the entity first applies IFRS 9. IFRS 4 (including the amendments) will be superseded by the forth-coming new insurance contracts standard, IFRS 17. Accordingly, both the temporary exemption and the ‘overlay approach’ are expected to cease to be applicable when the new insurance standard becomes effective.

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB 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:1. 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. A company's activities are predominantly connected with insurance if, and only if:(a) the amount of its insurance liabilities is significant compared with its total amount of liabilities; and(b) the percentage of its liabilities connected with insurance relative to its total amount of liabilities is:(i) greater than 90 percent; or (ii) less than or equal to 90 percent but greater than 80 percent, and the Company does not engage in a significant activity unconnected with insurance. Liabilities connected with insurance include investment contracts measured at FVTPL, and liabilities that arise because the insurer issues, or fulfils obligations arising from, these contracts (such as deferred tax liabilities arising on its insurance contracts).

2. 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 recognized in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

With respect to IFRS 9 above, the Company is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Company and the activities of the Company are predominantly connected with insurance. To determine if the Company's activities are predominantly connected with insurance, the Company has assessed the ratio of the Company's liabilities connected with insurance - including investment contracts liabilities - compared with it's total liabilities as at 31 December 2015. See the assessment below:

LIABILITIES	**AS REPORTED (A)** **31-Dec-15**	**Admissible for Predominance Test (B)** **31-Dec-15**
Insurance contract liabilities	2,276,752	2,276,752
Trade payables	229,316	229,316
Provision and other payables	327,273	-
Retirement benefit obligations	84,225	-
Income tax liabilities	147,355	147,355
Deferred tax liabilities	117,921	-
	3,182,842	**2,653,423**
	Score = (B/A)%	**83.37%**

The Company has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following:a) Its activities are predominantly connected with insurance contracts;b) As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was N2.65 billion which was 83.37% of the total carrying amount of all its liabilities as at that date. c) The Company's activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Company earns income and incur expenses are insurance-related.

Based on the above, the Company will apply IFRS 9 together with IFRS 17 in 2021.

Fair value disclosures
i) Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI).
The Company's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:(a) Cash and cash equivalents(b) Available-for-sale financial assets (Bonds)(c) Loans and receivables(d) Held-to-Maturity financial assets(e) Trade receivables(f) Reinsurance assets (less prepaid reinsurance and reinsurers' share of outstanding claims and IBNR)(g) Other receivables (only financial receivables).

ii) Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest.
These are financial assets that meet the definition of financial assets designated at fair value through profit or loss in line with IFRS 9; or that are managed and whose performance is evaluated on a fair value basis. These are:(a) Financial assets measured though profit and loss (Investment in MTN shares)b) Equity securities and Investment funds.

General Information and Statement of Significant Accounting Policies

The expected fair value changes from the adoption of IFRS 9 are disclosed below:

As at 31 December 2019	Financial assets that meet the SPPI criterion		All other financial assets	
Category	**Fair value**	**Fair value change during the reporting period**	**Fair value**	**Fair value change during the reporting period**
In thousands of Naira				
Cash and cash equivalents	1,609,222	-	-	-
Debt securities				
Held-to-maturity	5,188,148	-	-	-
Loans and receivables	276,820	-	-	-
Trade and other receivables	162,655	-	-	-
Statutory deposits	300,000	-	-	-
Subtotal	**7,536,845**	-	-	-
Equity securities - FVOCI	-	-	13,483,256	3,672,739
Equity securities - FVTPL	-	-	4,449,949	516,768
Total	**7,536,845**	**-**	**17,933,205**	**4,189,507**

* The fair values of these financial assets approximate their cost.

(ii) Insurance contracts (IFRS 17) - Effective for financial year commencing 1 January 2021
IFRS 17 replaced IFRS 4 Insurance Contracts

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:
• Reinsurance contracts held;
• Direct participating contracts; and
• Investment contracts with discretionary participation features.
Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted.

(iii) Amendments to IAS 1 and IAS 8 - Definition of material - Effective for financial year commencing 1 January 2020
The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality. This amendment is not expected to have a significant impact on the Company's financial statements.

Third Party *Plus*

Budget friendly cover

(Linkage Assurance PLC - *Enhanced* Motor Third Party cover)

It is an enhanced Third Party Motor Insurance with limited coverage for own damage.

Features & Benefits

- **Cover includes Own damage with maximum Limit of N250,000.**
- **In addition to conventional third party benefits.**
- **Policy Excess : N10,000 or 10% of Claim amount**
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Please visit our website
www.linkageassurance.com
or contact us on **0700LINKCARE, 0700LINKAGE**

Plot 20, Block 94, Providence Street, Off Adewunmi Adebimpe Street, Lekki Phase 1, Lagos
info@linkageassurance.com

The Policy DOES NOT COVER THEFT and as such total loss under Theft is not covered

Note: In the event of an accident resulting in claim, immediate notification of claim should be made to the nearest Linkage Assurance PLC office or call **0700LINKCARE**. Email: **info@linkageassurance.com**

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LINKAGE ASSURANCE PLC
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NAICOM/CA/ADV/2017/1591

Authorised and regulated by the National Insurance Commission. RIC-026

Statement of financial position
As at 31 December 2019

In thousands of Naira	Note	31 Dec 2019	31 Dec 2018
Assets			
Cash and cash equivalents	7	1,609,222	1,205,124
Financial assets	8		
- Fair value through profit or loss		4,449,949	3,464,033
- Available for sale		13,483,256	9,810,517
- Held to maturity		5,188,148	5,617,826
- loans and receivables		276,820	164,960
Trade receivables	9	65,898	32,090
Other receivables and prepayments	12	408,303	287,101
Reinsurance assets	10	1,121,787	543,635
Deferred acquisition cost	11	262,550	259,098
Investment properties	13	150,000	144,000
Property and equipment	15	1,381,180	1,303,014
Intangible assets	14	7,319	14,109
Statutory deposit	16	300,000	300,000
Total assets		**28,704,432**	**23,145,508**
Liabilities			
Trade payables	19	363,724	144,234
Other payables	20	460,618	350,231
Income tax liabilities	23	75,390	203,979
Insurance contract liabilities	17	4,652,881	4,289,254
Lease liabilities	21	61,923	56,037
Defined benefit obligations	22	49,846	22,905
Deferred tax liabilities	24	-	158,381
Total liabilities		**5,664,382**	**5,225,021**
Equity			
Share capital	25	3,999,999	3,999,999
Share premium	26	729,044	729,044
Contingency reserve	27	2,068,770	1,778,339
Retained earnings	28	2,392,175	1,230,452
Assets revaluation reserve	29	752,083	752,083
Re-measurement reserve	30.2	18,431	23,761
Fair value reserve	30.1	13,079,548	9,406,809
Total equity		**23,040,050**	**17,920,487**
Total liabilities and equity		**28,704,432**	**23,145,508**

The financial statements were approved on 21 February 2020 and signed on behalf of the Board of Directors by:

Chief Joshua B. Fumudoh
Chairman
FRC/2018/IODN/00000017911

Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082

Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524

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 2019

In thousands of Naira	Note	31 Dec 2019	31 Dec 2018
Gross premium written	31	6,518,964	5,391,170
Unearned premium	32	(192,344)	(448,773)
Gross premium income	32	**6,326,620**	**4,942,397**
Reinsurance expenses	33	(2,613,240)	(1,464,561)
Net premium income		**3,713,380**	**3,477,836**
Fees and commission income	34	555,634	223,011
Net underwriting income		**4,269,014**	**3,700,847**
Net claims expenses	35	(1,647,903)	(2,711,208)
Underwriting expenses	36	(2,211,871)	(1,762,119)
Underwriting profit/(loss)		**409,240**	**(772,480)**
Investment income	37	2,237,582	1,971,529
Impairment loss on financial assets	38	(99,286)	(4,619)
Net fair value gains on financial assets at fair value through profit or loss	39	516,768	328,536
Other operating income	40	26,384	158,668
Fair value changes on investment property	37	6,000	9,000
Management expenses	41	(1,757,962)	(1,555,931)
Profit before minimum taxation		**1,338,726**	**134,703**
Minimum tax expense	23.1	(31,633)	-
Tax credit/(expense)	23.1	145,061	(424,821)
Profit/(loss) after taxation		**1,452,154**	**(290,118)**
Other comprehensive income/(loss) 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	3,672,739	(1,361,504)
		3,672,739	(1,361,504)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		(5,330)	19,277
Total other comprehensive income/(loss), net of taxes		**3,667,409**	**(1,342,227)**
Total comprehensive income/(loss) for the year		**5,119,563**	**(1,632,345)**
Basic and diluted earnings/(loss) per share (kobo)	43	**18.2**	**(3.6)**

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 2019

Statement of changes in equity for the period ended 31 December 2019

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measurement reserve	Fair value reserve	Retained earnings	Total
At 1 January 2019	3,999,999	729,044	1,778,339	752,083	23,761	9,406,809	1,230,452	17,920,488
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	1,452,154	1,452,154
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	(5,330)	-	-	(5,330)
Net fair value changes on AFS financial assets	-	-	-	-	-	3,672,739	-	3,672,739
Total comprehensive income	**-**	**-**	**-**	**-**	**(5,330)**	**3,672,739**	**1,452,154**	**5,119,563**
Transfer to contingency reserve	-	-	-	-	-	-	(290,431)	(290,431)
Transfer from retained earnings	-	-	290,431	-		-	-	290,431
	-	-	290,431	-	-	-	(290,431)	-
At 31 December 2019	**3,999,999**	**729,044**	**2,068,770**	**752,083**	**18,431**	**13,079,548**	**2,392,175**	**23,040,050**

Statement of changes in equity for the year ended 31 December 2018

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measurement reserve	Fair value reserve	Retained earnings	Total
At 1 January 2018	3,999,999	729,044	1,616,603	752,083	4,484	10,768,313	2,082,306	19,952,833
Total comprehensive income								
Loss for the year	-	-	-	-	-	-	(290,118)	(290,118)
Other comprehensive income/(loss):								
Remeasurement of defined benefit obligation	-	-	-	-	19,277	-	-	19,277
Net fair value changes on AFS financial assets	-	-	-	-	-	(1,361,504)	-	(1,361,504)
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**19,277**	**(1,361,504)**	**(290,118)**	**(1,632,345)**
Transfer to contingency reserve	-	-	-	-	-	-	(161,736)	(161,736)
Transfer from retained earnings	-	-	161,736	-		-	-	161,736
	-	-	161,736	-	-	-	(161,736)	-
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	(400,000)	(400,000)
At 31 December 2018	**3,999,999**	**729,044**	**1,778,339**	**752,083**	**23,761**	**9,406,809**	**1,230,452**	**17,920,488**

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

Statement of cash flows

For The Year Ended 31 December 2019

	Note	2019 ₦'000	2018 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	44(b)	6,445,650	5,412,327
Premiums received in advance	19.1	2,868	-
Deposits without details	20.2	182,228	-
Reinsurance payments	44(d)	(2,647,840)	(1,421,134)
Claims paid	35	(2,436,577)	(1,451,946)
Reinsurance claim recoveries	44(c)	589,257	194,030
Salvage recovery	44(c)	50,384	28,193
Commission paid	44(e)	(1,305,933)	(1,037,777)
Maintenance expenses paid	41	(882,902)	(764,674)
Commission received	44(f)	589,608	262,844
Cash payment to and on behalf of employees	44(i)	(709,906)	(642,004)
Other operating cash payments	44(a)	(1,095,422)	(702,137)
Corporate tax paid	23	(173,542)	(440,344)
Net cash used in operating activities		(1,392,127)	(562,624)
Cash flows from Investing activities			
Purchase of properties and equipment	44(l)	(149,659)	(64,800)
Purchase of intangible assets	14	(168)	(290)
Proceeds from sale of property and equipment	44(j)	5,691	1,979
Purchase of investment securities	44(h)	(9,238,723)	(5,789,542)
Proceeds from sale of investment securities	44(h)	3,118,391	1,200,656
Proceeds from redemption	8	5,630,280	2,990,543
Loan repayments	44(h)	249,718	162,493
Dividend received	37	785,629	1,059,145
Rental income received	40	11,000	5,000
Interest received	44(g)	1,451,953	726,620
Net cash from investing activities		1,864,112	291,804
Financing activities			
Payment of lease liabilities	44(k)	(66,114)	32,185
Dividend paid		-	(400,000)
		(66,114)	(367,815)
Net increase/(decrease) in cash and cash equivalents		405,871	(638,634)
Cash and cash equivalents at the beginning of the period		1,205,124	1,843,757
Impact of exchange difference on cash held	40	(1,774)	-
Cash and cash equivalents at 31 December 2019	7	1,609,222	1,205,124

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 2019

5. Segment reporting

Operating segments IFRS 8 Segment Reporting 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 & bond

The following is an analysis of the Company's revenue and result by reportable segment for the period ended 31 December 2019:

Income:	Motor ₦'000	Fire ₦'000	General Accident ₦'000	Marine & Aviation ₦'000	Oil & Gas ₦'000	Engineering & Bond ₦'000	Total ₦'000
Gross premium written	1,136,061	915,982	735,474	906,629	2,545,108	279,710	6,518,964
Net change in unearned premium	50,319	(62,198)	3,227	(91,196)	(69,280)	(23,216)	(192,344)
	1,186,380	**853,784**	**738,701**	**815,433**	**2,475,828**	**256,494**	**6,326,620**
Re-insurance cost	(21,566)	(500,571)	(343,204)	(459,969)	(1,105,578)	(182,352)	(2,613,240)
Net premium income	**1,164,814**	**353,213**	**395,497**	**355,464**	**1,370,250**	**74,142**	**3,713,380**
Commission received	1,582	156,388	114,989	55,058	173,234	54,383	555,634
Net underwriting Income	**1,166,396**	**509,601**	**510,486**	**410,522**	**1,543,484**	**128,525**	**4,269,014**
Expenses:							
Net claims incurred	(371,052)	(238,081)	(277,141)	(39,237)	(717,976)	(4,416)	(1,647,903)
Acquisition cost	(203,477)	(182,473)	(166,142)	(186,608)	(531,581)	(58,689)	(1,328,969)
Maintenance expenses (Note 41)	(153,863)	(124,057)	(99,610)	(122,790)	(344,699)	(37,883)	(882,902)
	(728,392)	(544,611)	(542,893)	(348,635)	(1,594,256)	(100,988)	(3,859,774)
Segment underwriting profit/(loss)	**438,004**	**(35,010)**	**(32,407)**	**61,887**	**(50,772)**	**27,537**	**409,240**

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.

There are no geographic information as all revenues related to the reportable segments are earned in Nigeria.

31 December 2018 Income:	Motor ₦'000	Fire ₦'000	General Accident ₦'000	Marine & Aviation ₦'000	Oil & Gas ₦'000	Others ₦'000	Total ₦'000
Gross premium written	1,278,407	678,737	643,751	516,691	2,093,447	180,137	5,391,170
Net change in unearned premium	(122,885)	(42,204)	(60,031)	22,962	(243,188)	(3,427)	(448,773)
	1,155,522	**636,533**	**583,720**	**539,653**	**1,850,259**	**176,710**	**4,942,397**
Re-insurance cost	(26,113)	(329,804)	(229,080)	(190,582)	(581,152)	(107,829)	(1,464,561)
Net premium income	**1,129,409**	**306,729**	**354,640**	**349,071**	**1,269,107**	**68,881**	**3,477,836**
Commission Received	34,518	71,854	42,095	50,632	379	23,533	223,011
Net underwriting Income	**1,163,927**	**378,582**	**396,735**	**399,703**	**1,269,486**	**92,413**	**3,700,847**
Expenses:							
Net claims incurred	(230,955)	(49,527)	(569,323)	(313,853)	(1,504,536)	(43,014)	(2,711,208)
Acquisition cost	(182,590)	(94,142)	(91,650)	(76,049)	(481,124)	(7,299)	(932,854)
Maintenance expenses (Note 41)	(118,504)	(108,040)	(148,740)	(99,502)	(313,003)	(41,476)	(829,265)
	(532,049)	(251,708)	(809,712)	(489,404)	(2,298,663)	(91,790)	(4,473,327)
Segment underwriting profit/(loss)	**631,878**	**126,874**	**(412,977)**	**(89,702)**	**(1,029,178)**	**624**	**(772,480)**

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

The objective of the Company's 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 the Company's shareholders and guarantees adequate protection of our policyholders.

The 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.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels 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 2019.

Analysis of shareholders funds

In thousand of Naira	31 Dec 2019	31 Dec 2018
Total assets	28,704,432	23,145,508
Less: Total liabilities	5,664,382	5,225,021
Shareholders funds as at year end	**23,040,050**	**17,920,487**
Adjustment for non-capital items	269,869	273,207
Available capital resources	**22,770,181**	**17,647,280**
Changes in available capital	29%	-11%

The Company's 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 N22,770,182,000 (2018: N17,647,280,000) amounting to an increase over the comparative period.

The Minimum Capital Requirement

The statutory minimum capital requirement for Non-life business is N3 billion.

In thousands of naira	31 Dec 2019	31 Dec 2018
Total shareholders' funds	23,040,050	17,920,487
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	20,040,050	14,920,487
Capitalization rate	768%	597%

Notes to the financial statements
For The Year Ended 31 December 2019

During the year, The National Insurance Commission in a circular dated 20 May 2019, reviewed the minimum capital requirement for Insurance companies in Nigeria. The reviewed statutory minimum capital requirement for Non-life business is N10 billion.

To ensure that the Company is compliant with the minimum capital requirements, management has come up with a recapitalization plan. The Company held an Extra Ordinary Meeting on the 25th of October 2019 to increase the authorized share capital from N7.5 billion to N15 billion. This is to allow issuance of bonus issues to existing shareholders. Consequent upon the approval of the increase in authorized share capital by the board, the Company has filed for share registration with the Corporate Affairs Commission (CAC).

As an alternative course of action, the Company is currently engaging Stanbic IBTC Pension Managers Limited (SIPML) to dispose part of its holdings in the Company. The Company intends to conclude the transaction (part disposal of the investment in SIPML) on or before 30 June 2020.

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 2019	31 Dec 2018
Assets		
Cash and cash equivalents	1,609,222	1,205,124
Financial assets	9,945,144	9,460,982
Trade receivables	65,898	32,090
Other receivables and prepayment	97,977	36,030
Reinsurance assets	1,121,787	543,636
Deferred acquisition cost	262,550	259,098
Property and equipment	1,381,180	1,303,014
Statutory deposit	300,000	300,000
Total admissible assets	**14,783,758**	**13,139,975**
Liabilities		
Insurance contract liabilities	4,652,881	4,289,254
Trade payables	363,724	144,234
Other payables	460,618	350,231
Defined benefit obligations	49,846	22,905
Lease liabilities	61,923	56,037
Income tax liabilities	75,390	203,979
Total admissible liabilities	**5,664,382**	**5,066,640**
Excess of total admissible assets over admissible liabilities (solvency margin)	**9,119,376**	**8,073,335**
Higher of (a) and (b):		
Gross premium income	6,326,620	4,942,397
Less: Reinsurance expense	(2,613,240)	(1,464,561)
Net premium	3,713,380	3,477,836
15% of net premium	557,007	521,675
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	**6,119,376**	**5,073,335**
Solvency margin ratio	**304%**	**269%**

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.

Notes to the financial statements

For The Year Ended 31 December 2019

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.

The Company's 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 2019**			**31 December 2018**		
In thousands of naira	**Gross premium**	**Reinsurance**	**Net**	**Gross premium**	**Reinsurance**	**Net**
Motor	1,136,061	21,566	1,114,495	1,278,407	26,113	1,252,294
Fire	915,982	500,571	415,411	678,737	329,804	348,933
Accident	735,474	343,204	392,270	643,751	229,080	414,671
Engineering & Bond	279,710	182,352	97,358	180,137	107,829	72,308
Marine & Aviation	906,629	459,969	446,660	516,691	190,582	326,109
Oil & Gas	2,545,108	1,105,578	1,439,530	2,093,447	581,152	1,512,295
	6,518,964	2,613,240	3,905,724	5,391,170	1,464,561	3,926,609

(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 2019			31 December 2018		
In thousands of Naira	Gross outstanding claims	Reinsurance recoveries	Net liabilities	Gross outstanding claims	Reinsurance recoveries	Net liabilities
Motor	255,378	44,695	210,683	133,877	6,103	127,774
Fire	360,297	228,257	132,040	195,971	88,897	107,075
Accident	470,209	181,973	288,236	273,774	71,713	202,061
Engineering	236,021	79,274	156,747	233,222	79,163	154,059
Marine	185,695	38,456	147,239	224,161	14,318	209,842
Oil & Gas	1,464,908	7,855	1,457,053	1,740,220	-	1,740,220
	2,972,508	580,510	2,391,998	2,801,226	260,194	2,541,032

(g) **Claims Development Table**

The Company has reported and disclosed its claims reserves based on the requirements of IFRS 4 - Insurance Contracts. Below is the claims development information over the period 2007 – 2019 as follows:

	Claims Development Table										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	9	**10**	**11**
2007	152,755	134,625	41,902	10,416	2,964	1,834	1,080	5	470	-	-
2008	271,568	285,238	51,796	8,056	3,139	334	345	162	-		
2009	175,944	225,974	93,072	64,576	31,461	1,507	606	1,139	-		
2010	280,328	257,899	117,497	136,000	16,732	1,406	1,058	3,933	-		
2011	188,021	209,088	119,363	172,367	2,056	5,317	947	694	8		
2012	206,910	265,358	85,262	83,530	6,970	110,924	35,388	111			
2013	184,702	380,558	36,518	8,111	672	22,874	3,890				
2014	390,700	282,279	26,057	2,437	3,344	2,505					
2015	490,091	708,228	53,231	153,927	5,345						
2016	655,500	900,972	97,185	21,487							
2017	479,042	518,080	671,537								
2018	620,415	813,120									
2019	918,574										

The claims development information over the period 2007 – 2018 is 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										
2018	611,826										
2019											

(h) Sensitivity Analysis of Liability for Claims

31 December 2019		Impact on variables			
Criteria	Changes in Assumption	Gross Liabilities ₦'000	Net Liabilities ₦'000	Profit before tax ₦'000	Equity Fund ₦'000
Average claims cost	+10% increase	564	546	(18)	(13)
Number of claims	+10% increase	76,737	74,278	(2,458)	(1,721)
Average claims settlement period	Reduction by 3 months	(433,042)	(371,854)	61,188	42,831

31 December 2018		Impact on variables			
Criteria	Changes in Assumption	Gross Liabilities ₦'000	Net Liabilities ₦'000	Profit before tax ₦'000	Equity Fund ₦'000
Average claims cost	+10% increase	485	470	(15)	(11)
Number of claims cost	+10% increase	105,169	101,904	(3,265)	(2,285)
Average claims settlement period	Reduction by 3 months	(160,470)	(137,849)	22,622	15,835

6.3 Financial risks

The Company is exposed to a range of financial risks through its financial instruments and reinsurance assets.
The key financial risk is that in the long term its investments proceeds are not sufficient to meet the obligations arising from its insurance contracts. The most important components of the financial risks are:

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

(a) Credit risks

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

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

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

(ii) Concentration risk: which is the exposure of losses due to excessive concentration of business activities to individual counterparties, groups of individuals or related entities, counterparties in specific geographical locations, industry sector, specific products, etc.

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

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

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

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

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

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

Notes to the financial statements

For The Year Ended 31 December 2019

Credit risk exposure and concentration

The Company's maximum credit risk exposure as per its statement of financial position as at 31 December 2019 and 31 December 2018 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 2019

In thousands of Naira	Financial institutions	Manufacturing	Aviation	Others	Total
Cash and cash equivalents	1,609,222	-	-	-	1,609,222
Financial assets:					
• Fair value through profit or loss	4,449,949	-	-	-	4,449,949
• Available-for-sale	13,419,227	-	-	64,029	13,483,256
• Loans and receivables	44,187	52,444	-	180,189	276,820
• Held to maturity	5,188,148	-	-	-	5,188,148
Reinsurance assets (less unearned premium)	1,121,787	-	-	-	1,121,787
Trade receivables	65,898	-	-	-	65,898
Other receivables	-	-	-	408,303	408,303
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	26,198,418	52,444	-	652,521	26,903,383

31 December 2018

In thousands of Naira	Financial institutions	Manufacturing	Aviation	Others	Total
Cash and cash equivalents	1,205,124	-	-	-	1,205,124
Financial assets:					
• Fair value through profit or loss	3,464,033	-	-	-	3,464,033
• Available-for-sale	9,746,488	-	-	64,028	9,810,517
• Loans and receivables	110,573	-	-	54,387	164,960
• Held to maturity	14,665	5,603,161	-	-	5,617,826
Reinsurance assets (less unearned premium)	618,004	-	-	-	618,004
Trade receivables	32,090	-	-	-	32,090
Other receivables	15,287	-	-	223,490	238,777
Statutory deposit	300,000	-	-	-	300,000
Gross credit risk exposure	15,506,264	5,603,161	-	341,905	21,451,331

Credit Risk Quality

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

Credit Quality	GRC Rating Scale	Linkage Rating Scale	Definition of Criteria
LOW	AAA AA+ - AA-	AAA	Highest Credit Quality: The risk factors are negligible, being only slightly more than risk-free government instruments.
	A+ - A-	AA	Very High Credit Quality: Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk, although not significant.
MEDIUM	BBB+ - BBB-	BBB	Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.
	BB+ - BB-		Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry's conditions or company's fortunes. Overall, quality may move up or down frequently within this categories.
	B+ - B-	BB	Below investment grade and possessing risk that obligations will not be met when due. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes.
HIGH	CCC	NOT RATED	Well below investment grade securities. Considerable uncertainty exists as to timely payment of principal or interest. Protection factors are narrow and risk can be substantial with unfavorable economic/industry conditions, and/or with unfavorable 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 2019 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 2019

In thousands of Naira	AA	A-	BBB	B+	Not rated	Total
Assets						
Cash and cash equivalents	85,758	-	-	75,661	1,447,803	1,609,222
Financial assets:						
- FVTPL	506,444	481,204	512,152	2,282,400	667,749	4,449,949
- Available-for-sale	13,431,764	25,612	-	10,409	15,471	13,483,256
- Held-to-maturity	-	-	-	5,188,148	-	5,188,148
- Loans and receivable	12,711	-	-	-	264,109	276,820
Reinsurance assets	1,121,787	-	-	-	-	1,121,787
Trade receivables	-	-	-	-	65,898	65,898
Other receivables	-	-	-	-	408,303	408,303
Statutory deposit	-	-	-	300,000	-	300,000
Total credit exposure	**15,158,464**	**506,816**	**512,152**	**7,856,618**	**2,869,333**	**26,903,383**

Notes to the financial statements
For The Year Ended 31 December 2019

31 December 2018 *In thousands of Naira*	AAA	AA	BBB	BB	Not rated	Total
Assets						
Cash and cash equivalents	-	502,565	78,562	193,156	430,841	1,205,124
Financial assets:						
- FVTPL	3,166,728	180,592	-	-	116,712	3,464,032
- Available-for-sale	9,746,488	15,838	16,650	-	31,540	9,810,517
- Held-to-maturity	-	5,603,161	14,665	-	-	5,617,826
- Loans and receivable	-	150,295	-	-	14,665	164,960
Reinsurance assets	-	618,004	-	-	-	618,004
Trade receivables	-	-	-	-	32,090	32,090
Other receivables	-	-	-	-	238,777	238,777
Statutory deposit	300,000	-	-	-	-	300,000
Total credit exposure	**13,213,216**	**7,070,456**	**109,877**	**193,156**	**864,625**	**21,451,331**

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geography and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.
During the year, no credit exposure limit was exceeded.

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

As at 31 December 2019

In thousands of Naira	Neither Past Due nor Impaired			Past Due and Impaired	Total
	Investment Grades	Non-Investment Grades			
Assets		Satisfactory	Unsatisfactory		
Cash and cash equivalents	1,481,260	541	-	127,421	1,609,222
Financial assets:					
- FVTPL	4,449,949	-	-	-	4,449,949
- Available-for-sale	13,483,256	-	-	-	13,483,256
- Held-to-maturity	5,188,148	-	-	-	5,188,148
- Loans and receivables	253,432	23,387	-	-	276,820
Reinsurance assets	-	1,121,787	-	-	1,121,787
Trade receivables	-	65,898	-	-	65,898
Other receivables	-	408,303	-	-	408,303
Statutory deposit	300,000	-	-	-	300,000
Total credit exposure	25,156,045	1,619,916	-	127,421	26,903,383

As at 31 December 2018

In thousands of Naira	Neither Past Due nor Impaired			Past Due but not Impaired	Total
	Investment Grades	Non-Investment Grades			
Assets		Satisfactory	Unsatisfactory		
Cash and cash equivalents	1,077,051	652	-	127,421	1,205,124
Financial assets:					
- FVTPL	3,464,033	-	-	-	3,464,034
- Available-for-sale	9,810,517	-	-	-	9,810,518
- Held-to-maturity	5,617,826	-	-	-	5,617,827
- Loans and receivables	95,211	69,749	-	-	164,961
Reinsurance assets	-	618,004	-	-	618,005
Trade receivables	-	32,090	-	-	32,091
Other receivables	-	238,777	-	-	238,778
Statutory deposit	300,000	-	-	-	300,001
Total credit exposure	20,364,638	959,272	-	127,421	21,451,331

Impaired Financial Assets
As at 31 December 2019, there were no impaired reinsurance assets (31 December 2018: Nil) and impaired loans and receivables amounted to N104.25 million (31 December 2018: N78.99 million).

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.

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.

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.

The Company's 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.
- The Company's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.
- 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.

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 2019
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	1,609,222	1,609,222	1,609,222	-	-	-	-
Financial assets:								
- FVTPL	8	4,449,949	4,880,221	-	209,616	402,602	1,994,607	2,273,396
- Available-for-sale	8.1	13,483,256	13,483,256	-	-	-	13,483,256	-
- Held-to-maturity	8	5,188,148	5,188,148	4,178,492	194,601	815,055	-	-
- Loans and receivable	8.2	276,820	276,820	-	-	253,433	23,387	-
Reinsurance assets	10	1,121,787	1,121,787	-	-	1,121,787	-	-
Trade receivables	9	65,898	65,898	65,898	-	-	-	-
Other receivables	12	408,303	408,302	-	408,302	-	-	-
Total undiscounted liquid assets		**26,603,383**	**27,033,654**	**5,853,612**	**812,519**	**2,592,877**	**15,501,250**	**2,273,396**
Liabilities								
Trade payables	19	363,724	363,724	363,724	-	-	-	-
Other payables	20	460,618	460,618	460,618	-	-	-	-
Lease obligations	21	61,923	61,923	13,834	5,641	12,019	30,429	-
Total undiscounted liabilities		**886,265**	**886,265**	**838,176**	**5,641**	**12,019**	**30,429**	**-**

As at 31 December 2018
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	1,205,124	1,205,124	1,205,124	-	-	-	-
Financial assets:								
- FVTPL	8	3,464,033	4,411,898	272,711	3,789,496	223,372	126,319	-
- Available-for-sale	8.1	9,810,517	9,810,517	-	-	-	9,810,517	-
- Held-to-maturity	8	5,617,826	5,954,896	248	237,948	5,657,151	59,549	-
- Loans and receivable	8.2	164,960	147,754	-	147,754	-	-	-
Reinsurance assets	10	543,636	543,636	-	-	543,636	-	-
Trade receivables	9	32,090	32,090	32,090	-	-	-	-
Other receivables	12	287,101	287,101	-	287,101	-	-	-
Total undiscounted liquid assets		**21,125,287**	**22,393,016**	**1,510,173**	**4,462,299**	**6,424,159**	**9,996,385**	**-**
Liabilities								
Trade payables	19	144,234	144,234	144,234	-	-	-	-
Other payables	20	350,231	350,231	350,231	-	-	-	-
Finance lease obligations	21	56,037	138,891	13,021	13,021	26,042	86,807	-
Total undiscounted liabilities		**550,502**	**633,356**	**507,486**	**13,021**	**26,042**	**86,807**	**-**

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

	31 December 2019			31 December 2018		
In thousands of Naira	Current	Non-Current	Total	Current	Non-Current	Total
Assets						
Cash and cash equivalents	1,609,222	-	1,609,222	1,205,124	-	1,205,124
Financial assets	5,464,968	17,933,205	23,398,173	5,617,826	13,439,510	19,057,336
Trade receivables	65,898	-	65,898	32,090	-	32,090
Reinsurance assets	1,121,787	-	1,121,787	543,636	-	543,636
Deferred acquisition cost	262,550	-	262,550	259,098	-	259,098
Other receivables & prepayments	408,303	-	408,303	287,101	-	287,101
Investment property	-	150,000	150,000	-	144,000	144,000
Intangible assets		7,319	7,319		14,109	14,109
Property & equipment	-	1,381,180	1,381,180	-	1,303,014	1,303,014
Statutory deposit	300,000	-	300,000	300,000	-	300,000
Total Assets	9,232,728	19,471,704	28,704,432	8,244,875	14,900,633	23,145,508
Liabilities						
Insurance liabilities	4,652,881	-	4,652,881	4,289,254	-	4,289,254
Trade payables	363,724	-	363,724	144,234	-	144,234
Finance lease obligation	31,494	30,429	61,923	44,419	11,618	56,037
Other payables	460,618	-	460,618	350,231	-	350,231
Retirement benefit obligations	-	49,846	49,846	-	22,905	22,905
Income tax liabilities	75,390	-	75,390	203,979	-	203,979
Deferred tax liabilities	-	-	-	-	158,381	158,381
Total Liabilities	5,584,107	80,275	5,664,382	5,032,117	192,904	5,225,021

(c) **Market Risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

- Equity price risk
- Foreign exchange risk
- Interest-rate risk

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Asset Liability Management Committee and Board through its Audit, Compliance and Risk Management Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

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

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

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

Notes to the financial statements
For The Year Ended 31 December 2019

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

31 December 2019

	Naira ₦'000	Euro ₦'000	Pound Sterling ₦'000	US Dollars ₦'000	Total ₦'000
Assets					
Cash and cash equivalents	1,141,303	18,427	1,809	447,682	1,609,221
Financial assets	-	-	-	-	-
Trade receivables	65,898	-	-	-	65,898
Reinsurance assets	1,121,787	-	-	-	1,121,787
Deferred acquisition cost	262,550	-	-	-	262,550
Other receivables	96,757	-	-	-	96,757
Statutory deposit	300,000	-	-	-	300,000
TOTAL ASSETS	**2,988,295**	**18,427**	**1,809**	**447,682**	**3,456,213**
Liabilities					
Trade payables	363,724	-	-	-	363,724
Finance lease obligation	61,923				61,923
Other payables	460,618	-	-	-	460,618
TOTAL LIABILITIES	**886,265**	**-**	**-**	**-**	**886,265**

31 December 2018

	Naira ₦'000	Euro ₦'000	Pound Sterling ₦'000	US Dollars ₦'000	Total ₦'000
Assets					
Cash and cash equivalents	447,247	63,896	52	693,930	1,205,124
Financial assets	19,057,336	-	-	-	19,057,336
Trade receivables	32,090	-	-	-	32,090
Reinsurance assets	543,636	-	-	-	543,636
Deferred acquisition cost	259,098	-	-	-	259,098
Other receivables	211,189	-	-	-	211,189
Statutory deposit	300,000	-	-	-	300,000
TOTAL ASSETS	**20,850,596**	**63,896**	**52**	**693,930**	**21,608,473**
Liabilities					
Trade payables	144,234	-	-	-	144,234
Finance lease obligation	56,037				56,037
Other payables	350,231	-	-	-	350,231
TOTAL LIABILITIES	**550,502**	**-**	**-**	**-**	**550,502**

The Company has no significant concentration of foreign currency risk.

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

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

Sensitivity analysis of major currencies

	31 December 2019			31 December 2018		
Major Currencies	**Changes in exchange rate (%)**	**Impact on Profit before tax**	**Impact on equity**	**Changes in exchange rate (%)**	**Impact on Profit before tax**	**Impact on equity**
EURO	+10%	1,843	1,843	+10%	319	94
GBP	+10%	181	181	+10%	26	11
USD	+10%	44,768	44,768	+10%	6,453	2,145
EURO	-10%	(1,843)	(1,843)	-10%	(319)	(94)
GBP	-10%	(181)	(181)	-10%	(26)	(11)
USD	-10%	(44,768)	(44,768)	-10%	(6,453)	(2,145)

(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 2019						
Interest earning assets	**Basis points**	**Impact on Profit before tax ₦'000**	**Up to 1 Year ₦'000**	**1 -3 Years ₦'000**	**3 - 5 Years ₦'000**	**> 5 years ₦'000**	**Total ₦'000**
Short term deposit	+100	13,201	13,201	-	-	-	13,201
Treasury Bill	+100	51,881	51,881	-	-	-	51,881
Bonds	+100	44,499	-	44,499	-	-	44,499
Short term deposit	-100	(13,201)	(13,201)	-	-	-	(13,201)
Treasury Bill	-100	(51,881)	(51,881)	-	-	-	(51,881)
Bonds	-100	(44,499)	-	(44,499)	-	-	(44,499)

	31 December 2018						
Interest earning assets	**Basis points**	**Impact on Profit before tax ₦'000**	**Up to 1 Year ₦'000**	**1 -3 Years ₦'000**	**3 - 5 Years ₦'000**	**> 5 years ₦'000**	**Total ₦'000**
Short term deposit	+100	19	19	-	-	-	19
Treasury Bill	+100	43	43	-	-	-	43
Bonds	+100	2,794	-	2,794	-	-	2,794
Short term deposit	-100	(19)	(19)	-	-	-	(19)
Treasury bill	-100	(43)	(43)	-	-	-	(43)
Bonds	-100	(2,794)	-	(2,794)	-	-	(2,794)

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(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 2019. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Sensitivity Analysis - equity price risk

		31 December 2019			31 December 2018		
Market Indices	**Changes in variables**	**Fair Value ₦'000**	**Impact on Profit before tax ₦'000**	**Impact on Equity ₦'000**	**Fair Value ₦'000**	**Impact on Profit before tax ₦'000**	**Impact on Equity ₦'000**
Fair value through profit or loss	+20%	4,366,233	873,247	611,273	3,464,033	692,807	484,965
Available-for-sale - Quoted	+20%	30,227	6,045	4,232	32,488	6,498	4,548
Available-for-sale - Unquoted	+40%	13,453,029	5,381,212	3,766,848	9,778,029	1,955,606	1,368,924
Fair value through profit or loss	-20%	4,366,233	(873,247)	(611,273)	3,464,033	(692,807)	(484,965)
Available-for-sale - Quoted	-20%	30,227	(6,045)	(4,232)	32,488	(6,498)	(4,548)
Available-for-sale - Unquoted	-40%	13,453,029	(5,381,212)	(3,766,848)	9,778,029	(1,955,606)	(1,368,924)

(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 model**

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 2019			31 December 2018		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Quoted investments	4,449,949	-	-	3,464,033	-	-
Investment in unit trust scheme	30,227	-	-	32,488	-	-
Unquoted equity investments	-	-	13,389,000	-	-	9,714,000
	4,480,176	**-**	**13,389,000**	**3,496,521**	**-**	**9,714,000**

Fair value measurements recognized in the statement of financial position. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, categorized 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).

Fair value hierarchy

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 categorized.

31 December 2019

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value ₦'000	Total carrying amount ₦'000
Assets					
Cash and cash equivalents	1,609,222	-	-	1,609,222	1,609,222
Financial assets:					
Loans and receivables	-	276,820	-	276,820	276,820
Held to maturity	5,246,889	-	-	5,246,889	5,188,148
Trade receivables	-	65,898	-	65,898	65,898
Other receivables and prepayments	-	408,303	-	408,303	408,303
				7,607,132	7,548,391
Liabilities					
Insurance contract liabilities	-	4,652,881	-	4,652,881	4,652,881
Trade payables	-	363,724	-	363,724	363,724
Other payables	-	460,618	-	460,618	460,618
Finance lease obligations	-	61,923	-	61,923	61,923
Defined benefit obligations	-	49,846	-	49,846	49,846
				5,588,992	5,588,992
31 December 2018					
Assets					
Cash and cash equivalents	-	1,205,124	-	1,205,124	1,205,124
Financial assets:					
Loans and receivables	-	164,960	-	164,960	164,960
Held to maturity	5,669,878	-	12,602	5,682,480	5,617,826
Trade receivables	-	32,090	-	32,090	32,090
Other receivables and prepayments	-	287,101	-	287,101	287,101
				7,435,784	7,371,130
Liabilities					
Insurance contract liabilities	-	4,289,254	-	4,289,254	4,289,254
Trade payables	-	144,234	-	144,234	144,234
Other payables	-	350,231	-	350,231	350,231
Finance lease obligations	-	56,037	-	56,037	56,037
Defined benefit obligations	-	22,905	-	22,905	22,905
				4,862,661	4,862,661

7 Cash and cash equivalents

Cash and cash equivalents comprise:

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Cash in hand	541	652
Balances with banks & other financial institutions (see (b) below)	1,736,102	1,331,893
	1,736,643	1,332,545
Allowance for impairment (see (a) below)	(127,421)	(127,421)
Cash and bank balance as at year end	**1,609,222**	**1,205,124**

(a) Allowance for impairment

Balance as at the beginning of the year	127,421	127,421
Addition	-	-
Balance as at the end of the year (see (c) below for details)	**127,421**	**127,421**

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(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.

(c) Amount relates to short term investments with Resort Savings and Loans (₦75.0 million), Triumph Bank (₦20.0 million), Profound Finance and Investment Ltd (₦9.5 million), Assurance bank (₦9.3 million) and others (₦13.6 million) which recoverability are in doubt.

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 held to maturity.

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Fair value through profit or loss (see 'a' below)	4,449,949	3,464,033
Available-for-sale (note 8.1)	13,483,256	9,810,517
Loans and receivables (note 8.2)	276,820	164,960
Held to maturity	5,188,148	5,617,826
	23,398,173	**19,057,336**

Financial instrument classification

In thousands of Naira	31 December 2019 Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	4,366,233	30,227	96,630	5,188,148	9,681,238
- Unlisted	83,716	13,453,029	-	-	13,536,745
- Other financial assets	-	-	180,190	-	180,190
	4,449,949	13,483,256	276,820	5,188,148	23,398,173
Within one year	83,716	-	261,630	5,188,148	5,533,494
More than one year	4,366,233	13,483,256	15,190	-	17,864,679
	4,449,949	13,483,256	276,820	5,188,148	23,398,173

Financial instrument classification

In thousands of Naira	31 December 2018 Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	3,464,033	32,488	-	-	3,496,521
- Unlisted	-	9,778,029	-	-	9,778,029
- Other financial assets	-	-	164,960	5,617,826	5,782,786
	3,464,033	9,810,517	164,960	5,617,826	19,057,336
Within one year	3,464,033	-	164,960	5,617,826	9,246,819
More than one year	-	9,810,517	-	-	9,810,517
	3,464,033	9,810,517	164,960	5,617,826	19,057,336

Reconciliation of Movements in Financial Assets during the year 2019

	31 December 2019				
	Fair Value through Profit or Loss ₦'000	Available for Sale ₦'000	Loans and Receivables ₦'000	Held to Maturity ₦'000	Total ₦'000
Gross balance as at January 1	3,464,033	9,810,517	243,948	5,629,018	19,147,516
Addition during the year	3,587,539	-	386,840	5,264,344	9,238,723
Disposal during the year	(3,118,391)	-	(249,718)	-	(3,368,109)
Redemption/repayment during the year	-	-	-	(5,630,280)	(5,630,280)
Fair value gain/(loss)	516,768	3,672,739	-	-	4,189,507
Total gross amount	**4,449,949**	**13,483,256**	**381,070**	**5,263,082**	**23,577,357**
Impairment loss	-	-	(104,250)	(74,934)	(179,184)
Balance as at December 31	**4,449,949**	**13,483,256**	**276,820**	**5,188,148**	**23,398,173**

Reconciliation of Movements in Financial Assets during the year 2018

	31 December 2018				
	Fair Value through Profit or Loss ₦'000	Available for Sale ₦'000	Loans and Receivables ₦'000	Held to Maturity ₦'000	Total ₦'000
Balance as at January 1	4,336,153	11,172,021	222,123	3,014,337	18,744,634
Addition during the year	(1,200,656)	-	184,318	5,605,224	4,588,886
Disposal during the year	-	-	(162,493)	-	(162,493)
Redemption/repayment during the year	-	-	-	(2,990,543)	(2,990,543)
Fair value gain/(loss)	328,536	(1,361,504)	-	-	(1,032,968)
Total gross amount	**3,464,033**	**9,810,517**	**243,948**	**5,629,018**	**19,147,516**
Impairment loss	-	-	(78,988)	(11,192)	(90,180)
Balance as at December 31	**3,464,033**	**9,810,517**	**164,960**	**5,617,826**	**19,057,336**

a 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 recognized in profit or loss.
b The held to maturity instrument consists of treasury bills investment of N5.19 billion (2018: N5.62 billion).
c The impairment loss of N74.93 million consists of impairment charge on investments in DEAP Capital of N11.19 million (2018: N11.19 million) and treasury bills of N63.74 million

Notes to the financial statements
For The Year Ended 31 December 2019

8.1 Available for sale

Available for sale financial assets comprise:

In thousands of Naira	31 Dec 2019	31 Dec 2018
Quoted equities and unit trust schemes	30,227	32,488
Unquoted equities - at fair value through OCI (see "a" below)	13,389,000	9,714,000
Unquoted equities - at cost	64,029	64,029
	13,483,256	**9,810,517**

a 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 2019 was N13.389 billion (31 December 2018: N9.714 billion) and was determined using the discounted cashflow (DCF) method and level 3 inputs of the IFRS 13 Fair Value Measurement fair value hierarchy.

The valuation was done by Sirius Associate. The valuation report was signed by Oluwakemi A. Adeniran with FRC number FRC/2012/ICAN/00000000205.

Summary of Significant Assumptions

Description	**31 Dec 2019**	**31 Dec 2018**
Growth in gross income (GI) % over the next 5 years	8	-8, -1, 16, 15, 14
Operating expenses / Gross income %	30	29
Depreciation and amortization / Gross income %	2	2
Effective tax rate (Tax / Profit before tax) %	32	32
Capital expenditure / Gross income % over the next 5 years	36, 17, 31, 1, 1	44, 23, 38, 1, 1
Perpetual growth rate %	5.73	5.20
Period counts over the next 5 years	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 %	21.36	24.04
Risk-free rate %	12.86	15.54
Market risk premium %	8.5	8.5
Beta	1	1
Weighted average cost of capital %	21.36	24.04
Equity value of Stanbic IBTC Pension Managers Limited (see note 8.4(a))	142.312	103.248
Equity value of 11.76% holding	16.736	12,142
Illiquidity discount %	20	20
Value of Linkage Assurance PLC's equity stake	N13.389 billion	N9.714 billion

Notes to the financial statements

The analysis below shows the changes in equity value of Stanbic IBTC Pension Managers Limited's (SIPML) with respect to changes in weighted average cost of capital (WACC) and the terminal growth rate of free cash flow (FCF).

(a) Sensitivity Analysis
At 31 December 2019

Equity Value (N million)
Terminal growth rate of FCF

		3.73%	4.23%	4.73%	5.23%	5.73%	6.23%	6.73%	7.23%	7.73%
	19.36%	149,503	152,868	156,463	160,313	164,446	168,893	173,692	178,887	184,529
	19.86%	144,545	147,656	150,972	154,516	158,310	162,382	166,765	171,494	176,614
W	20.36%	139,895	142,776	145,842	149,111	152,603	156,342	160,355	164,675	169,336
A	20.86%	135,525	138,199	141,040	144,061	147,283	150,724	154,410	158,365	162,622
C	21.36%	131,412	133,899	136,534	139,334	142,312	145,487	148,880	152,512	156,411
C	21.86%	127,534	129,850	132,301	134,899	137,658	140,594	143,724	147,068	150,648
	22.36%	123,873	126,033	128,315	130,731	133,293	136,013	138,907	141,992	145,288
	22.86%	120,410	122,428	124,557	126,808	129,190	131,714	134,396	137,249	140,291
	23.36%	117,130	119,019	121,009	123,108	125,327	127,675	130,164	132,808	135,620

At 31 December 2018

Equity Value (N million)
Terminal growth rate of FCF

		3.20%	3.70%	4.20%	4.70%	5.20%	5.70%	6.20%	6.70%	7.20%
	22.04%	108,255	110,232	112,321	114,531	116,871	119,355	121,995	124,808	127,810
	22.54%	105,120	106,969	108,919	110,978	113,156	115,463	117,912	120,515	123,287
W	23.04%	102,153	103,884	105,707	107,629	109,659	111,806	114,080	116,494	119,060
A	23.54%	99,340	100,963	102,669	104,466	106,362	108,363	110,480	112,722	115,102
C	24.04%	96,671	98,194	99,794	101,476	103,248	105,117	107,090	109,177	111,388
C	24.54%	94,134	95,565	97,067	98,645	100,304	102,051	103,893	105,839	107,897
	25.04%	91,721	93,068	94,480	95,961	97,516	99,152	100,875	102,692	104,610
	25.54%	89,424	90,693	92,021	93,413	94,873	96,407	98,020	99,719	101,511
	26.04%	87,234	88,430	89,682	90,992	92,364	93,804	95,317	96,908	98,584

Notes to the financial statements

For The Year Ended 31 December 2019

8.2 Loans and receivables

31 December 2019

	Gross Amount N'000	Impairment N'000	Carrying Amount N'000
Due from third parties (see note a below)	309,618	(56,189)	253,429
Loan to staff	22,714	-	22,714
Loan to policy holders	13,655	(13,655)	-
Ex-staff loans (see 'I' below)	35,083	(34,406)	677
	381,070	**(104,250)**	**276,820**

31 December 2018

	Gross Amount N'000	Impairment N'000	Carrying Amount N'000
Due from third parties (see note a below)	161,160	(56,189)	104,971
Loan to staff	32,918	-	32,918
Loan to policy holders	13,655	(13,655)	-
Ex-staff loans	36,215	(9,144)	27,071
	243,948	**(78,988)**	**164,960**

(i) Movement in impairment of loans and receivables

	Due from third parties N'000	Loan to staff N'000	Loan to policy holders N'000	Ex-staff loan N'000	Total N'000
Balance as at 1 January 2019	56,189	-	13,655	9,144	78,988
Impairment charge during the year	-	-	-	25,262	25,262
Balance as at 31 December 2019	**56,189**	**-**	**13,655**	**34,406**	**104,250**

(a) Breakdown of Due from third parties

Name of third parties	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	49,437	33,364
Lease-Glc Resources	4,374	4,374
Eternal Plc CP	-	17,558
Aquila Leasing Ltd.	107,365	54,052
Konikolo Trust Fund	49,087	49,087
Sunfair Comm. Prod. Ltd	1,500	1,500
Stanbic IBTC Bank Plc CP	12,711	-
Coronation Merchant Bank Ltd CP	31,476	-
Mixta Real Estate Plc	52,444	-
Total	**309,618**	**161,160**

9 Trade receivables

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Due from broker	65,898	32,090
	65,898	**32,090**

9.1 Analysis of debtors in days

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Within 30 days	65,898	32,090
	65,898	**32,090**

10 Reinsurance assets

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	Changes during the year ₦'000
Prepaid reinsurance (note 10(a))	615,645	357,810	257,835
Reinsurance projection on UPR	-	-	-
Total as per actuarial valuation	615,645	357,810	257,835
Reinsurance treaty premium (deficit)/surplus (see note (i) below)	(74,368)	(74,368)	-
Total prepaid reinsurance (note 10.1)	541,277	283,442	257,835
Reinsurance recoverable on outstanding claims (note 10(b))	429,637	212,969	216,668
Reinsurance projection on IBNR (note 10(c))	150,873	47,225	103,648
	1,121,787	**543,636**	**320,316**

(i) This represents the net impact of reinsurance premium expense payable, commission revenue receivable/received and Claims recovery from reinsurers. The balance in the account is a payable to reinsurance companies as at year end.

(a) Movement in prepaid reinsurance costs

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	357,810	214,446
Additions during the year	2,871,075	1,607,925
Reinsurance expense in the year (see note 33.1)	(2,613,240)	(1,464,561)
Balance at the end of the year	**615,645**	**357,810**

(b) Movement in reinsurance recoverable on outstanding claims

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	212,969	218,314
Recoveries during the year (see note 17.1(a))	216,668	(5,345)
Balance at the end of the year	**429,637**	**212,969**

(c) Movement in reinsurance recoverable on IBNR projection

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	47,225	126,741
Changes during the year (see note 17.1(c)	103,648	(79,516)
Balance at the end of the year	**150,873**	**47,225**

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

10.1 Breakdown of prepaid reinsurance is as follows:

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Motor	-	16,109
Fire	144,259	101,383
General accident	87,722	58,952
Engineering & Bond	59,358	33,599
Marine & Aviation	131,041	33,863
Oil & Gas	193,265	113,904
	615,645	357,810
Treaty premium (deficit)/surplus	(74,368)	(74,368)
	541,277	**283,442**

LINKAGE ASSURANCE PLC

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11 Deferred acquisition cost

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Motor	43,083	57,401
Fire	49,679	42,610
Accident	33,548	39,288
Engineering	14,744	11,945
Marine	18,286	19,911
Aviation	14,949	-
Bond	440	-
Oil & Gas	87,821	87,943
	262,550	**259,098**

11.2 Movement in the deferred acquisition costs

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	259,098	176,274
(Decrease) / increase during the year (see note 36.1)	3,452	82,824
Balance at the end of the year	**262,550**	**259,098**

12 Other receivables and prepayments

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Prepayments (see (a) below)	311,546	75,912
Other receivables (see (b) below)	113,251	217,400
	424,797	293,312
Allowance for impairment	(16,494)	(6,211)
	408,303	**287,101**

(a) Prepayments

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Prepaid staff benefits (see (I) below)	97,977	36,030
Deposits with stock broker (see (ii) below)	2,602	2,602
Prepaid rent	11,959	10,990
Other prepaid expenses	199,008	26,290
	311,546	**75,912**

(i) This represents amounts prepaid to staff of the Company with respect to rent advance (N60.56 million), furniture grant (4.25 million) and car loan encashment (33.17 million).

(ii) This represents amounts prepaid to stock brokers.

(b) Other receivables

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Prepaid business acquisition expenses	647	5,423
Withholding tax recoverable	10,012	75,946
Sundry receivables (see (I) below)	102,592	136,031
	113,251	217,400
Allowance for impairment (see (ii) below)	(16,494)	(6,211)
	96,757	**211,189**

(i) This represents balance on contribution to claims pool.
(ii) The impairment allowance of N16.49 million consists of N3.61 million impairment on prepaid staff benefits, N2.60 million impairment on deposits with stock brokers and impairment on investment receivable from Aquilla Leasing of N10.28 million.

Movement in allowance for impairment

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	6,211	6,211
Addition	10,283	-
Balance at the end of the year	16,494	6,211

13 Investment properties

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

S/N	Location of asset	Carrying amount as at January 1 ₦'000	Additions ₦'000	Disposals ₦'000	Reclassification ₦'000	Fair value gain/(loss) ₦'000	Carrying amount as at 31 December ₦'000
1	No. 9C Shekinah Green Estate, Apo District, Abuja.	72,000	-	-	-	3,000	75,000
2	No. 11C Shekinah Green Estate, Apo District, Abuja.	72,000	-	-	-	3,000	75,000
		144,000	-	-	-	6,000	150,000

The Company possess Deed of Conveyance for the investment properties 1 and 2 above.

(b) Reconciliation of carrying amount

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	144,000	135,000
Fair value gain/(loss)	6,000	9,000
Balance at the end of the year	**150,000**	**144,000**

(c) Measurement of fair values

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

In thousands of Naira	31 Dec 2019	31 Dec 2018
Level 1	-	-
Level 2	-	-
Level 3	150,000	144,000
	150,000	**144,000**

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 2019, 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 neighborhood in recent time. References were made to prices of land and comparable properties in the neighborhood. The data obtained were analyzed 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 ofpeople and/or business to the area increases (decreases).

The valuation was done by Andy Bassey & Associate Estate Surveyors & Valuers with firm FRC number FRC/2012/0000000487. The valuation report was signed by Andem Bassey (FNIVS, RSV) with FRC number FRC/2012/NIESV/00000000363.

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(14) Intangible assets

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Cost		
Balance at the beginning of the year	66,979	66,689
Addition during the year	168	290
Balance at the end of the year	**67,147**	**66,979**
Accumulated Amortization		
Balance at the beginning of the year	52,870	40,244
Charge for the year	6,958	12,626
Balance at the end of the year	59,828	52,870
Net Book Value		
Balance at the end of the year	**7,319**	**14,109**

(15) Property and equipment
At 31 December 2019

Property and equipment At 31 December 2019 *In thousands of Naira*	Land	Buildings	Motor Vehicles	Furniture and fittings	Computer hardware and office equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2019	757,200	290,564	567,862	139,037	311,719	105,136	2,171,518
Additions	-	828	194,500	6,714	19,617	-	221,659
Disposal	-	-	(132,851)	-	(908)	-	(133,759)
At 31 December 2019	757,200	291,392	629,511	145,751	330,428	105,136	2,259,418
Accumulated depreciation							
At 1 January 2019	-	74,384	422,393	125,067	246,660	-	868,504
Charge for the year	-	7,699	98,467	8,104	28,807	-	143,077
Disposal	-	-	(132,851)	-	(492)	-	(133,343)
At 31 December 2019	-	82,083	388,009	133,171	274,975	-	878,238
Net book value							
At 31 December 2019	757,200	209,309	241,502	12,580	55,453	105,136	1,381,180
At 31 December 2018	757,200	216,180	145,469	13,970	65,059	105,136	1,303,014

At 31 December 2018

In thousands of Naira	Land	Buildings	Motor Vehicles	Furniture and fittings	Computer hardware and office equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2018	757,200	284,469	553,362	136,764	273,447	105,136	2,110,378
Additions	-	6,095	19,500	2,273	38,911	-	66,779
Disposal	-	-	(5,000)	-	(639)	-	(5,639)
At 31 December 2018	757,200	290,564	567,862	139,037	311,719	105,136	2,171,518
Accumulated depreciation							
At 1 January 2018	-	66,870	348,954	116,641	221,634	-	754,099
Charge for the year	-	7,514	76,460	8,426	25,298	-	117,698
Disposal	-	-	(3,021)	-	(272)	-	(3,293)
At 31 December 2018	-	74,384	422,393	125,067	246,660	-	868,504
Net book value							
At 31 December 2018	757,200	216,180	145,469	13,970	65,059	105,136	1,303,014
At 31 December 2017	757,200	217,599	204,408	20,123	51,813	105,136	1,356,279

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

Class of PPE	31 December 2019			31 December 2018		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Land	-	-	757,200	-	-	757,200
Building	-	-	209,309	-	-	216,180
Building (work in progress)	-	-	105,136	-	-	105,136
	-	**-**	**1,071,645**	**-**	**-**	**1,078,516**

In December 2017, the Company's land and buildings were revalued. The Company engaged the services of an independent valuer, Andy Bassey & Associate Estate Surveyors & Valuers (FRC/2012/NIESV/00000000363). The Company revalues its land and buildings every three years as stated in its accounting policy. Therefore, no revaluation surplus was recognized.

As at year end, land and building are the Company's category of assets that are carried at valuation. See note 15(h) below for the value of land and building at historical cost.

a) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2018: 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 (2018: nil).
d) There was no item of property and equipment that has been pledged as security for borrowings as at the year ended 31 December 2019 (31 December 2018: nil).
e) An impairment assessment was conducted and no impairment indicator was identified.
f) For cashflow purpose, the addition during the year excluded N72 million acquired by way of lease, payment in respect of which is separately reported in the statement of cash flow.
g) The Company did not revalue the items of property and equipment in current year.

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	732,917	Lagos State Governor Consent obtained on 26/09/2016
Land and Building at Ilupeju	12-Mar-02	Deed of Assignment	11A, Coker road, ilupeju, Lagos State	87,135	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	207,043	The company had applied to register the deed of assignment with the Rivers State Ministry of Lands
				1,071,645	

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h) *Land and building: historical*
costs
The Company has adopted the carrying value of land and buildings as at 1 January 2012 as the deemed cost of the assets. This represents the cost of the assets when the Company first adopted IFRS.

If land and building were stated on the historical cost basis, the carrying amounts as at 31 December 2019 would be as follows:

	Land	Buildings
	₦'000	₦'000
Cost	266,348	78,224
Accumulated depreciation	-	(8,447)
Net Book Value	**266,348**	**69,777**

16 Statutory deposit

	31 Dec 2019	31 Dec 2018
	₦'000	₦'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 2019	31 Dec 2018
	₦'000	₦'000
Provision for claims reported by policyholders (note 17.1(a))	2,267,862	2,382,164
Provision for IBNR (note 17.1(c)	704,646	419,061
Outstanding claims provision	2,972,508	2,801,225
Provision for unearned premium (note 17.2)	1,680,373	1,488,029
Total insurance contract liabilities	**4,652,881**	**4,289,254**

17.1 Analysis of claims reserve based on nature

	31 December 2019			31 December 2018		
In thousands of Naira	Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
Reported claims (see (a) below)	2,267,862	(429,637)	1,838,225	2,382,164	(212,969)	2,169,195
IBNR (see (c) below)	704,646	(150,873)	553,773	419,061	(47,225)	371,836
	2,972,508	**(580,510)**	**2,391,998**	**2,801,225**	**(260,194)**	**2,541,031**

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

	31 December 2019			31 December 2018		
In thousands of Naira	Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
Balance at the beginning of the year	2,382,164	(212,969)	2,169,195	961,780	(218,314)	743,466
Movement during the year	(114,302)	(216,668)	(330,970)	1,420,384	5,345	1,425,729
Balance at the end of the year	**2,267,862**	**(429,637)**	**1,838,225**	**2,382,164**	**(212,969)**	**2,169,195**

Analysis of outstanding claims per class of business:

	31 December 2019			31 December 2018		
In thousands of Naira	Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
Motor	165,739	(24,635)	141,104	111,653	(5,527)	106,126
Fire	234,389	(175,624)	58,765	166,354	(72,128)	94,226
General accident	375,859	(152,567)	223,292	228,326	(53,735)	174,591
Engineering & Bond	178,158	(62,163)	115,995	194,506	(75,235)	119,271
Marine & Aviation	130,434	(14,648)	115,786	184,033	(6,344)	177,689
Oil & Gas	1,183,283	-	1,183,283	1,497,292	-	1,497,292
	2,267,862	**(429,637)**	**1,838,225**	**2,382,164**	**(212,969)**	**2,169,195**

(b) **Age analysis of outstanding claims at the end of the year is shown below:**

Days outstanding	**31 Dec 2019 ₦'000**	**31 Dec 2018 ₦'000**
0 - 90 days	586,096	375,052
91 - 180 days	153,844	99,122
181 - 270 days	96,322	277,084
271 - 365 days	159,689	1,208,330
Over 365 days	1,271,911	422,576
Total	**2,267,862**	**2,382,164**

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

Outstanding claims days	**Amount ₦'000**	**Remarks**
0 - 90 days	518,596	Claim reported but incomplete documentation
0 - 90 days	65,000	Claim reported but being adjusted
0 - 90 days	2,500	Claim repudiated
91 - 180 days	153,844	Claim reported but incomplete documentation
181 - 270 days	96,322	Claim reported but incomplete documentation
271 - 365 days	159,689	Claim reported but incomplete documentation
Over 365 days	3,407	Adjusters fees outstanding
Over 365 days	263,600	Claim accepted but not yet paid
Over 365 days	455,547	Claim reported but incomplete documentation
Over 365 days	60,018	Claim reported but no documentation
Over 365 days	477,090	Claim reported but being adjusted
Over 365 days	3,098	Claim repudiated
Over 365 days	9,151	Claim reported, adjusted but not yet accepted
	2,267,862	

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

	31 December 2019			**31 December 2018**		
In thousands of Naira	**IBNR claims**	**Reinsurance**	**Net**	**IBNR claims**	**Reinsurance**	**Net**
At the beginning of the year	419,061	(47,225)	371,836	442,821	(126,741)	316,080
Movement during the year	285,585	(103,648)	181,937	(23,760)	79,516	55,756
At the end of the year	**704,646**	**(150,873)**	**553,773**	**419,061**	**(47,225)**	**371,836**

Analysis of IBNR claims per class of business:

	31 December 2019			**31 December 2018**		
In thousands of Naira	**IBNR claims**	**Reinsurance recoveries**	**Net**	**IBNR claims**	**Reinsurance recoveries**	**Net**
Motor	89,639	(20,060)	69,579	22,224	(576)	21,648
Fire	125,908	(52,633)	73,275	29,617	(16,769)	12,848
General accident	94,350	(29,406)	64,944	45,448	(17,978)	27,470
Engineering & Bond	57,863	(17,111)	40,752	38,716	(3,928)	34,788
Marine & Aviation	55,261	(23,808)	31,453	40,128	(7,974)	32,154
Oil & Gas	281,625	(7,855)	273,770	242,928	-	242,928
	704,646	**(150,873)**	**553,773**	**419,061**	**(47,225)**	**371,836**

The Liability Adequacy Test (LAT) was carried out by EY Nigeria, a firm of certified actuaries with FRC number FRC/2012/00000000339. The valuation report was signed by O.O Okpaise 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 2019	**31 Dec 2018**
Projected inflation rate (assume rate will remain unchanged into the future)		
Current short-term yield	12%	12%
Discount rate	19%	19%
* Run off period of five years.	14%	13%

* 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 12% rate for future which is expected to remain unchanged.

Notes to the financial statements

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17.2 **Breakdown of unearned premium per class of business:**

	31 December 2019			31 December 2018		
In thousands of Naira	Unearned Premium	Prepaid Reinsurance	Net	Unearned Premium	Prepaid Reinsurance	Net
Motor	423,931	-	423,931	351,019	16,109	334,910
Fire	271,645	(144,259)	127,386	317,237	101,383	215,854
General accident	194,831	(87,722)	107,109	185,283	58,952	126,331
Engineering & Bond	80,804	(59,358)	21,446	89,817	33,599	56,218
Marine & Aviation	198,925	(131,041)	67,884	148,456	33,863	114,593
Oil & Gas	510,237	(193,265)	316,972	396,218	113,904	282,314
	1,680,373	**(615,645)**	**1,064,728**	**1,488,029**	**357,810**	**1,130,220**

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

	31 December 2019			31 December 2018		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Balance at the beginning of the year	1,488,029	357,810	1,130,219	1,039,256	214,446	824,810
Premium written in the year	6,518,964	2,871,075	3,647,889	5,391,170	1,607,925	3,783,245
Premium earned during the year	(6,326,620)	(2,613,240)	(3,713,380)	(4,942,397)	(1,464,561)	(3,477,836)
Balance at the end of the year	**1,680,373**	**615,645**	**1,064,728**	**1,488,029**	**357,810**	**1,130,219**

	31 December 2019			31 December 2018		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Unexpired risk reserve	1,488,029	357,810	1,130,219	1,039,256	214,446	824,810
Additional unexpired risk reserve from actuarial valuation	192,344	257,835	(65,491)	448,773	143,364	305,409
Balance at the end of the year	**1,680,373**	**615,645**	**1,064,728**	**1,488,029**	**357,810**	**1,130,219**

18 **Hypothecation**

	31 December 2019			31 December 2018		
In thousands of Naira	Insurance fund	Shareholders fund	Total	Insurance fund	Shareholders fund	Total
Assets						
Cash and cash equivalents	1,259,222	350,000	1,609,222	1,205,124	-	1,205,124
Financial assets	5,188,148	18,210,025	23,398,173	5,617,826	13,439,509	19,057,336
Reinsurance assets	1,121,787	-	1,121,787	543,636	-	543,636
Deferred acquisition cost	-	262,550	262,550	-	259,098	259,098
Other receivables and prepayments	-	408,303	408,303	-	287,101	287,101
Investment properties	-	150,000	150,000	-	144,000	144,000
Intangible assets	-	7,319	7,319	-	14,109	14,109
Property and equipment	-	1,381,180	1,381,180	-	1,303,014	1,303,014
Statutory deposit	-	300,000	300,000	-	300,000	300,000
Total assets	7,569,157	21,069,377	28,638,534	7,366,586	15,746,831	23,113,418
Liabilities						
Insurance contract liabilities	4,652,881	-	4,652,881	4,289,254	-	4,289,254
Trade payables	-	363,724	363,724	-	144,234	144,234
Other payables	-	460,618	460,618	-	350,231	350,231
Finance lease obligations	-	61,923	61,923	-	56,037	56,037
Defined benefit obligations	-	49,846	49,846	-	22,905	22,905
Income tax liabilities	-	75,390	75,390	-	203,979	203,979
Deferred tax liabilities	-	-	-	-	158,381	158,381
Total liabilities	4,652,881	1,011,501	5,664,382	4,289,254	935,767	5,225,021
GAP	2,916,276	20,057,876	22,974,152	3,077,332	14,811,064	17,888,397

19 Trade payables

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Insurance payables (note 19.1)	363,724	144,234
	363,724	**144,234**

19.1 Insurance payables

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Commission payables to brokers	63,749	37,908
Premium received in advance	2,868	39,506
Due to re-insurers (see 'a' below)	223,235	-
Other payables to agents and brokers	73,872	66,820
	363,724	**144,234**

(a) This is a payable to reinsurance companies as at 31 December 2019 (2018 nil).

Movement in insurance payables	31 Dec 2019	31 Dec 2018
Balance at the beginning of the year	144,234	107,346
Increase/(decrease) in the year	219,490	44,002
Reclass of commission liability to other income	-	(7,114)
Balance at the end of the year	363,724	144,234

20 Other payables

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Due to Auditors	25,000	24,945
NAICOM levy	65,190	39,850
Expenses payable (see note 20.1)	66,165	47,069
Due to co-insurers	-	9,193
Deferred commission revenue (see (a) below)	108,373	74,399
Other payables (see note 20.2)	195,890	154,775
	460,618	**350,231**

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 2019 ₦'000	31 Dec 2018 ₦'000
Deferred commission income as at 1 January	74,399	53,627
Fees and commission received during the year (see note 34.2)	588,129	262,844
Fees and commission earned during the year	(554,155)	(242,072)
Deferred commission income as at 31 December	**108,373**	**74,399**

20.1 Expense payable

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Expenses accrued (see (I) below)	66,165	47,069
	66,165	**47,069**

(i) This represents expenses incurred during the year by the Company but for which bills/invoices have not been received from vendors as at 31 December 2019.

20.2 Other payables

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
National Social Trust Fund (NSITF)	-	239
Travel insurance	2,517	3,252
National Housing Fund (NHF)	1,022	1,025
Provision for litigation	3,000	-
Pension for Life agents/Company	555	603
Deposit without details (see (a) below)	182,228	142,073
Sundry payables	6,568	7,583
	195,890	**154,775**

These are payments for which the purpose have not been identified as at reporting date.

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21 Lease liabilities
The Company leased six 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 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Not later than one year	39,916	52,084	8,422	7,665	31,494	44,419
Later than one year but not later than five years	34,197	11,862	3,768	244	30,429	11,618
	74,113	**63,946**	12,190	**7,909**	**61,923**	**56,037**

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
At the beginning of the year	104,048	100,993	(81,143)	(70,522)	22,905	30,471
Current service cost	22,790	24,476	-	-	22,790	24,476
Past service cost	-	13,826	-	-	-	13,826
Interest cost (income)	15,623	-	(10,089)	(10,621)	5,534	(10,621)
Contribution by employer	-	-	-	-	-	-
Benefits paid by the employer	(6,713)	(15,970)	-	-	(6,713)	(15,970)
Actuarial (gain)/loss on liability arising from:						
- Assumptions	17,742	(11,605)	-	-	17,742	(11,605)
- Experience	(12,412)	(7,672)	-	-	(12,412)	(7,672)
At the end of the year	**141,078**	**104,048**	**(91,232)**	**(81,143)**	**49,846**	**22,905**

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 EY Nigeria, a firm of certified actuaries with FRC number FRC/2012/00000000339. The valuation report was signed by O.O Okpaise with FRC number FRC/2012/NAS/00000000738.

The valuationof defined benegit obligations was carried out using the Projected Unit Credit (PCU) method to establish value of the accrued liabilities. The principal assumptions used for the purpose of the actuarial valuations were as follows.

	31 Dec 2019 %	31 Dec 2018 %
Long term discount rate (p.a.)	13.5	15.5
Average pay increase (p.a.)	12.0	12.0
Average rate of inflation (p.a.)	11.0	12.0

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

31 December 2019	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	151,683	131,688
Future salary increases	-1.00%	+1.00%	130,901	152,409
Mortality experience	-1 year	+1 year	140,835	141,347

31 December 2018	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	111,552	97,360
Future salary increases	-1.00%	+1.00%	96,670	112,226
Mortality experience	-1 year	+1 year	103,790	104,335

23 Income tax liabilities

In thousands of Naira	31 Dec 2019	31 Dec 2018
At the beginning of the period	203,979	177,941
Payment during the year	(173,542)	(440,344)
Charge for the year (note 23.1)	44,953	466,382
At the end of the period	**75,390**	**203,979**

23.1 Major components of the tax expense

In thousands of Naira	31 Dec 2019	31 Dec 2018
Minimum tax expense	31,633	-
Income tax expense		
Income tax (CIT)	-	453,282
Tertiary education tax	-	11,737
NITDA Levy	13,255	1,363
Police Trust Fund levy	65	-
Current income tax	13,320	466,382
Reversal of deductible temporary difference (note 24)	(158,381)	(41,561)
Tax (credit)/expense	(145,061)	424,821
Total tax expense	**(113,428)**	**424,821**

23.2 Reconciliation of tax charge

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

	31 Dec 2019		31 Dec 2018	
	Rate	₦'000	Rate	₦'000
Profit before tax		1,338,726		134,703
Expected income tax expense at statutory rate	30%	401,618	30%	40,411
Information technology levy	1%	13,255	1%	1,363
Tertiary education tax	2%	26,775	9%	11,737
Non-deductible expenses	29%	390,315	349%	470,759
Tax exempt income	-129%	(1,726,294)	-74%	(99,449)
Current year losses for which no deferred tax asset is recognized	56%	749,206	0%	-
Police Trust Fund levy	0%	65	0%	-
	-11%	**(145,061)**	**315%**	**424,821**

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 2019

In thousands of Naira	Balance at 1 January	Recognized in OCI	Recognized in P or L	Deferred tax assets /(Liabilities)
Property and equipment	(121,439)	-	121,439	-
Unrealized exchange gain	(36,942)	-	36,942	-
	(158,381)	-	158,381	-

31 Dec 2018

In thousands of Naira	Balance at 1 January	Recognized in OCI	Recognized in P or L	Deferred tax assets /(Liabilities)
Property and equipment	(160,682)	-	39,243	(121,439)
Unrealized exchange gain	(39,260)	-	2,318	(36,942)
	(199,942)	-	41,561	(158,381)

Notes to the financial statements
For The Year Ended 31 December 2019

(a) Unrecognized deferred tax assets

Deferred tax assets of N158.38 million was recognized to the extent of deferred tax liability balance recognized in the Company's book. Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	31 Dec 2019	31 Dec 2018
In thousand of Naira	Gross Amount	"Gross Amount"
Tax losses (see 'b' below)	749,206	-
	749,206	-

(b) Tax losses carried forward

Tax losses for which no deferred tax asset was recognized expire as follows.

In thousand of Naira	31 Dec 2019	31 Dec 2018
Never expire	749,206	-

25 Share capital

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Authorized - ordinary shares of 50k each (8,000,000,000 units).	4,000,000	4,000,000

Issued and fully paid

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
At the beginning of the year	3,999,999	3,999,999
At the end of the year	3,999,999	3,999,999

26 Share premium

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
At the end of the year	729,044	729,044

27 Contingency reserve

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
At the beginning of the year	1,778,339	1,616,603
Transfer from retained earnings (see Note 28)	290,431	161,736
At the end of the year	**2,068,770**	**1,778,339**

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 2019, the transfer to contingency reserves was determined based on 20% of net profit for the year (2018: 3% of gross premiums).

28 Retained earnings

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
At the beginning of the year	1,230,452	2,082,306
Dividend paid	-	(400,000)
Profit for the year	1,452,154	(290,118)
Transfer to contingency reserve (see Note 27)	(290,431)	(161,736)
At the end of the year	**2,392,175**	**1,230,452**

29 Assets revaluation reserve

	31 Dec 2019 ₦'000	31 Dec 2019 ₦'000
Balance as at 31 December	**752,083**	**752,083**

The asset revaluation reserves comprises cumulative net revaluation change on revalued Property and Equipment. The last revaluation of land and buildings was done in December 2017. There was no revaluation done as at 31 December 2019.

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance as at 31 December	13,079,548	9,406,809

30.2 Re-measurement reserve

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance as at 31 December	23,761	4,484
Defined benefits actuarial (loss)/gain	(5,330)	19,277
	18,431	**23,761**

31 Gross premium written

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Direct premium (note 31.1)	6,323,635	5,170,013
Inward premium (note 31.1)	195,329	221,157
	6,518,964	5,391,170

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

31 December 2019	**Direct premium ₦'000**	**Inward premium ₦'000**	**Total ₦'000**
Motor	1,072,448	63,613	1,136,061
Fire	881,397	34,585	915,982
General accident	718,673	16,801	735,474
Engineering & Bond	276,207	3,503	279,710
Marine & Aviation	865,326	41,303	906,629
Oil & Gas	2,509,584	35,524	2,545,108
	6,323,635	**195,329**	**6,518,964**

31 December 2018	**Direct premium ₦'000**	**Inward premium ₦'000**	**Total ₦'000**
Motor	1,164,627	70,613	1,235,240
Fire	632,166	46,571	678,737
General accident	625,541	18,210	643,751
Engineering & Bond	171,682	8,455	180,137
Marine & Aviation	487,329	29,362	516,691
Oil & Gas	2,088,668	47,946	2,136,614
	5,170,013	**221,157**	**5,391,170**

32 Gross premium income

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Gross premium written (note 31)	6,518,964	5,391,170
Changes in reserve for unexpired risks (note 17.2(a))	(192,344)	(448,773)
	6,326,620	**4,942,397**

33 Reinsurance expenses

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
	2,613,240	**1,464,561**

Notes to the financial statements
For The Year Ended 31 December 2019

33.1 Premium ceded to reinsurance:

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Reinsurance premium paid	2,592,312	1,367,590
Facultative outwards	278,763	127,224
Total reinsurance paid (see (a) below)	2,871,075	1,494,814
Decrease in prepaid reinsurance	(257,835)	(30,253)
	2,613,240	**1,464,561**

(a) **Local and foreign reinsurance paid**

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Reinsurance premium paid local	279,697	187,684
Reinsurance premium paid foreign	2,591,378	1,307,130
	2,871,075	**1,494,814**

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Motor	500,571	329,804
Fire	343,204	229,080
General accident	21,566	26,113
Engineering & Bond	459,969	190,582
Marine & Aviation	182,352	107,829
Oil & Gas	1,105,578	581,152
	2,613,240	**1,464,561**

34 Fees and commission income

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
	555,634	**223,011**

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Motor	1,582	67,968
Fire	156,388	39,819
General accident	114,989	15,972
Engineering & Bond	54,383	31,814
Marine & Aviation	55,058	22,260
Oil & Gas	173,234	358
	555,634	**223,011**

34.2 Breakdown of fees and commission income is as follows:

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Lead underwriting commission	1,479	1,712
Reinsurance commission (Note 20 (a))	588,129	242,072
Changes in deferred commission revenue	(33,974)	(20,773)
	555,634	**223,011**

35 Net claims expenses

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Gross claims paid	2,436,577	1,451,946
Movement in IBNR reserve (see note 17.1 (c))	285,585	(23,760)
Movement in reserve for outstanding claims	(114,302)	1,420,384
Gross claims incurred	2,607,860	2,848,570
Salvage recovery	(50,384)	(28,193)
Claims recovered and recoverable from reinsurers (see (a) below)	(909,573)	(109,169)
	1,647,903	2,711,208

a) Analysis of claims recovered and recoverable from reinsurers

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Reinsurance claims recoveries (see note 44c)	589,257	194,030
Change in re-insurance recoverable (see note 10)	216,668	(5,345)
Change in recoverable in IBNR (see note 10)	103,648	(79,516)
	909,573	109,169

36 Underwriting expenses

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Acquisition expenses (note 36.1)	1,328,969	997,445
Maintenance expenses (note 36.2)	882,902	764,674
	2,211,871	**1,762,119**

36.1 Analysis of acquisition expenses

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Commission cost during the year	1,095,745	1,048,861
Business acquisition cost	236,676	31,408
Movement in deferred acquisition cost (note 11.2)	(3,452)	(82,824)
	1,328,969	**997,445**

36.2 Analysis of maintenance expenses

	31 Dec 2019	31 Dec 2018
Staff costs (see note 41)	327,052	288,696
Directors' emoluments (see note 41)	42,398	37,655
Retirement benefit cost (see note 41)	35,016	43,608
Other operating expenses (note 41)	478,436	394,715
	882,902	**764,674**

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.
Other operating expenses are expenses incurred relating to the Company's core business excluding staff costs, directors' emoluments and retirement benefit costs.

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

	31 Dec 2019 Number	31 Dec 2018 Number
Managing Director	1	1
Executive Director	1	-
Management	12	9
Non-Management	166	154
	180	**164**

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

	31 Dec 2019 Number	31 Dec 2018 Number
Less than N300,000	3	-
N300,001 - N2,000,000	26	11
N2,000,001 - N2,800,000	55	56
N2,800,000 - N3,500,000	6	10
N3,500,001 - N4,000,000	29	30
N4,000,001 - N5,500,000	21	19
N5,500,001 - N6,500,000	13	16
N6,500,001 - N7,800,000	13	12
N7,800,001 - N9,000,000	5	4
N9,000,001 and above	9	6
	180	**164**

Notes to the financial statements
For The Year Ended 31 December 2019

36.4 Directors' emoluments

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Non-executive directors	98,098	88,567
Executive directors	60,326	45,532
	158,424	**134,099**

Amount disclosed for non-executives above includes amount paid to chairman as follows; 31 December 2019: N6.27 million; 31 December 2018: N5.92 million.

Highest paid director	**26,430**	**29,499**

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

	Number	Number
Less than N5,000,000	6	10
N5,000,001 - N25,000,000	6	7
Above N25,000,000	2	1
	14	**18**

36.5 Employee benefits expenses

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Short-term benefits	854,395	746,761
Post-employment benefits	32,011	28,166
Other long-term benefits	-	-
	886,406	**774,927**

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 2019 ₦'000	31 Dec 2018 ₦'000
Dividend income	785,629	1,059,145
Interest income	1,451,953	912,384
Investment income per statement of profit or loss and OCI	2,237,582	1,971,529
Other investment income		
Revaluation (loss)/gain on investment properties (see note 13b)	6,000	9,000
Revaluation (loss)/gain on property and equipment	-	-
Fair value change on FVTPL securities	516,768	328,536
Investment income for hypothecation	2,760,350	2,309,065

37.1 Hypothecation of investment income

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Investment income that relate to policyholders (note 37.2)	174,404	199,427
Investment income that relate to shareholders (note 37.3)	2,585,946	2,109,638
	2,760,350	**2,309,065**

37.2 Investment income that relate to policy holders

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Income from money market	174,404	199,427
	174,404	**199,427**

37.3 Investment income that relate to shareholders

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Dividend income	785,629	1,059,145
Income from money market	946,268	698,396
Income from bonds	318,301	14,561
Fair value change on FVTPL securities	516,768	328,536
Other investment income	12,980	-
Revaluation (loss)/gain on investment properties	6,000	9,000
	2,585,946	**2,109,638**

Notes to the financial statements
For The Year Ended 31 December 2019

38 Net impairment loss on financial assets

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Impairment loss on financial instruments (see note (I) below)	74,025	-
Impairment loss on loans and receivables	25,261	4,619
	99,286	**4,619**

I) The impairment loss on financial instruments of N74.03 million represents impairment charge for the year on investment in treasury bills of N63.74 million and investment receivable from Aquilla Leasing of N10.28 million.

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Appreciation in value of short-term investments - quoted securities	**516,768**	**328,536**

40 Other operating income/(loss) (net)

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Sundry income	11,883	23,782
Gain/(loss) on sale of property & equipment	5,275	(367)
Foreign exchange (loss)/gains	(1,774)	123,139
Rental income	11,000	5,000
Write back of provision no longer required	-	7,114
	26,384	**158,668**

41 Operating expenses
Maintenance and management expenses comprise:

	31 Dec 2019		31 Dec 2018	
In thousands of Naira	Maintenance Expenses	Management Expenses	Maintenance Expenses	Management Expenses
Staff cost	327,052	490,578	288,696	433,044
Director emoluments	42,398	63,598	37,655	56,483
Pension contribution	12,804	19,207	11,266	16,900
Retirement benefits	22,211	33,317	32,341	48,512
Outsourced staff cost	54,099	81,148	48,036	72,054
Advertising & publicity	6,243	9,364	4,395	6,592
Marketing expenses	10,388	15,581	10,390	15,584
Medical	14,706	22,058	10,008	15,012
Staff training & development	50,804	76,207	19,513	29,270
Corporate Expense	342,197	-	302,373	-
AGM expenses	-	28,249	-	13,652
Bank charges	-	31,766	-	21,506
Computer consumables	-	457	-	303
Depreciation & amortization	-	150,035	-	130,324
Diesel and fuel	-	59,067	-	45,939
Entertainment	-	2,060	-	2,119
Fines & penalties	-	7,250	-	5,450
Industrial training fund	-	8,824	-	9,054
Insurance expenses	-	32,956	-	26,423
Insurance supervision fee	-	92,514	-	49,140
Legal and secretarial expenses	-	38,287	-	37,021
Lighting & heating	-	7,445	-	8,020
Maintenance expense	-	110,620	-	96,054
Newspapers & periodicals	-	871	-	847
Postage and telephone	-	14,359	-	36,103
Consultancy expenses	-	78,467	-	99,066
Rent & rate	-	41,608	-	38,411
Stationaries	-	18,252	-	19,263
Subscriptions, contributions & donations	-	40,813	-	23,520
Transport and business travels	-	19,805	-	12,086
Withholding tax & VAT	-	41,827	-	40,250

Notes to the financial statements

For The Year Ended 31 December 2019

	Maintenance Expenses	Management Expenses	Maintenance Expenses	Management Expenses
Audit fee	-	25,000	-	25,000
Lease expense (see note (I) below)	-	19,978	-	18,642
Others	-	76,394	-	104,287
Total	**882,902**	**1,757,962**	**764,674**	**1,555,931**

(I) Lease expense shown above represents the interest expense on the lease along with other lease related expenses.

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

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Fair value gain / (loss) in available-for-sale investments - quoted equities	(2,261)	(4,504)
Fair value gain / (loss) in available-for-sale investments - unquoted equities	3,675,000	(1,357,000)
	3,672,739	**(1,361,504)**

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 2019	31 Dec 2018
Profit attributable to ordinary shareholders (N'000)	**1,452,154**	(290,118)
Weighted average number of ordinary shares	**7,999,999**	7,999,999
Basic and diluted earnings/(loss) per share (Kobo)	**18.2**	(3.6)

44 Cashflow reconciliation

a) Other operating cash payments

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Management expenses (less staff expenses)	(1,048,056)	(913,926)
Adjustment for items not involving movement of cash:		
Changes in unearned premium	(192,344)	(448,773)
Depreciation and amortization expense	150,035	130,324
Impairment loss	74,025	-
Exchange gain	-	123,139
Sundry loss/(income)	(11,883)	(23,782)
Loss on sale of PPE	(118)	(367)
Operating cash flows before movements in working capital	**(1,028,341)**	**(1,133,385)**
Decrease)/increase in trade payables	(219,489)	36,888
Changes in insurance contract liabilities	171,283	1,396,624
Other sundry payments	201,769	-
(Increase) in other receivables and prepayment	(121,202)	(48,324)
Changes in outstanding claims	(171,283)	(1,396,624)
Decrease/(increase) in other payables	71,841	442,684
	(1,095,422)	**(702,137)**

b) Premium received from policy holders

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Trade receivable at 1 January	32,090	13,741
Gross premium written during the year	6,518,964	5,391,170
Trade receivable at 31 December	(65,898)	(32,090)
Premium received in advance	(39,506)	39,506
	6,445,650	**5,412,327**

c) Recovery and recoverable from reinsurers

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Reinsurance claims recoveries (see note 35 (a))	589,257	194,030
Salvage recovery (note 36)	50,384	28,193
Total reinsurance recoveries	**639,641**	**222,223**

d) Reinsurance premium paid

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Reinsurance premium payable at 1 January	-	-
Reinsurance premium cost (note 33.1)	2,592,312	1,367,590
Facultative outwards (note 33.1)	278,763	127,224
Due to reinsurers as at 31 December	(223,235)	-
Movement in treaty premium surplus	-	(73,680)
	2,647,840	**1,421,134**

e) Commission paid

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Commission payable to brokers at 1 January	37,908	2,630
Commission cost (Note 36.1)	1,095,745	1,048,861
Business acquisition cost prepaid 1 January (Note 12b)	-	5,323
Business acquisition cost (Note 36.1)	236,676	31,408
Business acquisition cost prepaid 31 December (Note 12b)	(647)	(5,423)
Write-off in commission payable to brokers (note 40)	-	(7,114)
Commission payable to brokers at 31 December	(63,749)	(37,908)
	1,305,933	**1,037,777**

f) Commission received

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Deferred commission revenue at 1 January	(74,399)	(53,627)
Deferred commission revenue at 31 December	108,373	74,399
Movement	33,974	20,772
Commission income earned during the year	554,155	242,072
Lead underwriting commission	1,479	-
Commission income received during the year	**589,608**	**262,844**

g) Interest received

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Reclassification of investment payable to interest income	-	-
Net receivable during the year	-	(185,764)
Interest income earned during the year	1,451,953	912,384
Interest received during the year	**1,451,953**	**726,620**

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	3,587,539	-	386,840	5,264,344	9,238,723
Disposals	(3,118,391)	-	-	(5,630,280)	(8,748,671)
Loan repayment	-	-	(249,718)	-	(249,718)
Impairment	-	-	(25,262)	-	(25,262)
Fair value element	516,768	3,672,739	-	-	4,189,507
	985,916	**3,672,739**	**111,860**	**(365,936)**	**4,404,579**

LINKAGE ASSURANCE PLC

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i) Purchase of property and equipment

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Addition for the year per movement schedule	221,659	66,779
Less: Salvage value of motor vehicle taken over	-	(1,979)
Leased property and equipment (see (k) below)	(72,000)	-
Cash flow on addition to property and equipment	**149,659**	**64,800**

j) Sale of property and equipment

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Costs of assets disposed	133,759	5,639
Accumulated depreciation on assets disposed	(133,343)	(3,293)
Proceeds on sale of disposed asset	(5,691)	(1,979)
Loss on disposal	**(5,275)**	**367**

k) Finance lease obligation

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Balance at the beginning of the year	56,037	88,222
Additions	72,000	-
Payments made during the year	(66,114)	(32,185)
Balance at the end of the year (see note 21)	**61,923**	**56,037**

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

In thousands of Naira	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Staff cost	490,578	433,044
Director emolument	63,598	56,483
Pension contribution	19,207	16,900
Retirement benefits	33,317	48,512
Contract staff cost	81,148	72,054
Medical	22,058	15,012
	709,906	**642,004**

45 Cash and cash equivalents -

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Cash in hand -	541	652
Balances with banks & other financial institutions	1,608,681	1,204,472
	1,609,222	**1,205,124**

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 favorable 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 2019 ₦'000	31 Dec 2018 ₦'000
Short-term benefits	158,424	134,099
Post-employment benefits	-	39,576
	158,424	**173,675**

46.2 Sale of insurance contracts
During the year, the Company did not enter into any contract with related parties.

47 Contravention

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Late filing of 2017 audited accounts to Federal Reporting Council of Nigeria	5,500	-
Default filing of 2018 audited accounts to the Nigerian Stock Exchange	-	3,500
Late filing of 2018 audited accounts to the Securities & Exchange Commission	-	1,950
Appointment of three principal officers without NAICOM's approval	750	
Appointment of three Non-Executive Directors and Board Chairman without NAICOM's approval	1,000	-
	7,250	5,450

48 Other related party transactions

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

49 Events after the reporting period

Subsequent to the reporting period, a bonus share issue of one share for every four shares held by existing shareholders amounting to N1 billion (of 2 billion ordinary share at 50k per share) was proposed for approval by the shareholders. The bonus share is issued from the Company's retained earnings.

50 Contingencies

50.1 Contingent liabilities

The Company is involved in pending litigations with claims of N146.3million (31 December 2018: N148.3million). 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.

112

Other National Disclosures

Statement of Value Added

	31 December 2019		31 December 2018	
	₦'000	%	₦'000	%
Net premium	3,713,380	149	3,477,836	326
Investment income	2,237,582	90	1,971,529	185
Other income	582,018	23	381,679	36
Claims incurred, commissions paid and operating expenses (local)	(4,044,385)	(163)	(4,762,629)	(446)
Value added	**2,488,595**	**100**	**1,068,415**	**100**
Distribution:				
Employees and directors (staff cost)	886,406	36	774,927	73
Government (taxes)	-	0	453,282	42
Asset replacement (depreciation)	150,035	6	130,324	12
Contingency reserve	290,431	12	161,736	16
Expansion (retained on the business)	1,161,723	47	(451,854)	(42)
	2,488,595	**100**	**1,068,415**	**100**

Financial Summary

	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2015 ₦'000
Statement of financial position					
Assets					
Cash and cash equivalents	1,609,222	1,205,124	1,843,757	2,843,284	2,414,144
Financial assets	23,398,173	19,057,336	18,659,073	14,829,344	14,806,482
Trade receivables	65,898	32,090	13,741	18,637	18,432
Reinsurance assets	1,121,787	543,636	558,813	784,347	315,694
Deferred acquisition cost	262,550	259,098	176,274	189,626	188,128
Deferred tax assets	-	-	-	-	-
Other receivables and prepayments	408,303	287,101	238,777	139,769	130,865
Investment property	150,000	144,000	135,000	92,000	97,000
Intangible assets	7,319	14,109	26,445	24,101	26,069
Property and equipment	1,381,180	1,303,014	1,356,278	1,111,339	1,195,422
Statutory deposit	300,000	300,000	300,000	300,000	300,000
	28,704,432	**23,145,508**	**23,308,157**	**20,332,447**	**19,492,236**
Liabilities					
Insurance contract liabilities	4,652,881	4,289,254	2,443,857	2,860,449	2,276,752
Trade payables	363,724	144,234	107,346	43,749	229,316
Finance lease obligations	460,618	350,231	307,547	-	-
Provision and other payables	61,923	56,037	88,222	264,261	327,273
Retirement benefit obligations	49,846	22,905	30,471	68,948	84,225
Income tax liabilities	75,390	203,979	177,941	337,109	147,355
Deferred tax liabilities	-	158,381	199,942	224,639	117,921
Total liabilities	**5,664,382**	**5,225,021**	**3,355,327**	**3,799,155**	**3,182,842**
Capital and reserves					
Issued and paid-up share capital	3,999,999	3,999,999	3,999,999	3,999,999	3,999,396
Share premium	729,044	729,044	729,044	729,044	729,044
Contingency reserve	2,068,770	1,778,339	1,616,603	1,038,349	917,387
Retained earnings	2,392,175	1,230,452	2,082,306	(230,708)	(654,310)
Assets revaluation reserve	752,083	752,083	752,083	733,656	733,656
Re-measurement reserve	18,431	23,761	4,484	42,368	13,547
Fair value reserve	13,079,548	9,406,809	10,768,313	10,220,584	10,570,674
Total equity	**23,040,050**	**17,920,487**	**19,952,832**	**16,533,292**	**16,309,394**
Total liabilities and equity	**28,704,432**	**23,145,508**	**23,308,159**	**20,332,447**	**19,492,236**
Statement of profit or loss					
Net premium income	3,713,380	3,477,836	2,840,378	2,835,885	2,436,231
Underwriting results	409,240	(772,480)	456,861	701,864	1,267
Profit/(loss) before taxation	1,338,726	134,703	2,996,101	942,682	929,109
Taxation	(31,633)	-	(70,560)	(398,118)	(416,862)
Profit/(loss) after taxation	1,452,154	134,703	2,925,541	544,564	512,247
Transfer to contingency reserve	290,431	161,736	578,254	120,962	113,675
Dividend	-	(400,000)	-	-	-
Transfer to revenue reserve	1,161,723	372,967	2,347,287	423,602	398,572
Basic earnings per share (kobo)	18.2	(3.6)	36.1	6.8	6.4

Revenue Account

31 December 2019

In thousands of naira	Fire	Accident	Motor	Marine & Aviation	Engineering & Bond	Oil & Gas	Total
Direct receipted premium	881,397	718,673	1,072,448	865,326	276,207	2,509,584	6,323,635
Inward premium	34,585	16,801	63,613	41,303	3,503	35,524	195,329
Gross premium written	**915,982**	**735,474**	**1,136,061**	**906,629**	**279,710**	**2,545,108**	**6,518,964**
Changes in reserve for unexpired risk	(62,198)	3,227	50,319	(91,196)	(23,216)	(69,280)	(192,344)
Gross premium earned	**853,784**	**738,701**	**1,186,380**	**815,433**	**256,494**	**2,475,828**	**6,326,620**
Reinsurance expenses (Note 33)	500,571	343,204	21,566	459,969	182,352	1,105,578	2,613,240
Net earned premium	**353,213**	**395,497**	**1,164,814**	**355,464**	**74,142**	**1,370,250**	**3,713,380**
Commissions received	156,388	114,989	1,582	55,058	54,383	173,234	555,634
Total underwriting income	**509,601**	**510,486**	**1,166,396**	**410,522**	**128,525**	**1,543,484**	**4,269,014**
Underwriting expenses							
Claims expenses (Note 35)	(238,081)	(277,141)	(371,052)	(39,237)	(4,416)	(717,976)	(1,647,903)
Acquisition expenses (Note 36)	(182,473)	(166,142)	(203,477)	(186,608)	(58,689)	(531,581)	(1,328,969)
Maintenance cost	(124,057)	(99,610)	(153,863)	(122,790)	(37,883)	(344,699)	(882,902)
Underwriting profit	**(35,010)**	**(32,406)**	**438,004**	**61,886**	**27,538**	**(50,772)**	**409,240**

31 December 2018

In thousands of naira	Fire	Accident	Motor	Marine & Aviation	Engineering & Bond	Oil & Gas	Total
Direct receipted premium	632,166	625,541	1,207,794	487,329	171,682	2,045,501	5,170,013
Inward premium	46,571	18,210	70,613	29,362	8,455	47,946	221,157
Gross premium written	**678,737**	**643,751**	**1,278,407**	**516,691**	**180,137**	**2,093,447**	**5,391,170**
Changes in reserve for unexpired risk	(42,204)	(60,031)	(122,885)	22,962	(3,427)	(243,188)	(448,773)
Gross premium earned	**636,533**	**583,720**	**1,155,522**	**539,653**	**176,710**	**1,850,259**	**4,942,397**
Reinsurance expenses (Note 33)	329,804	229,080	26,113	190,582	107,829	581,152	1,464,561
Net earned premium	**306,729**	**354,640**	**1,129,409**	**349,071**	**68,881**	**1,269,107**	**3,477,836**
Commissions received	71,854	42,095	34,518	50,632	23,533	379	223,011
Total underwriting income	**378,582**	**396,735**	**1,163,927**	**399,703**	**92,413**	**1,269,486**	**3,700,847**
Underwriting expenses							
Claims expenses (Note 35)	(49,527)	(569,323)	(230,955)	(313,853)	(43,014)	(1,504,536)	(2,711,208)
Acquisition expenses (Note 36)	(94,142)	(91,650)	(182,590)	(76,049)	(7,299)	(481,124)	(932,854)
Maintenance cost	(108,040)	(148,740)	(118,504)	(99,502)	(41,476)	(313,003)	(829,265)
Underwriting profit	**126,874**	**(412,977)**	**631,878**	**(89,702)**	**624**	**(1,029,178)**	**(772,480)**

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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.

Affix N50.00
Poster Stamp
Here

Registrar
Centurion Registrars
33C Cameron Road,
Ikoyi
Lagos.

Proxy Form

NOTICE IS HEREBY GIVEN that the **26th Annual General Meeting of LINKAGE ASSURANCE PLC** will hold on Thursday, 13th August, 2020 at, AGIP RECITAL HALL FOYER, 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 Thursday, 13th August, 2020 .

Dated this ……………………………..day of …………………………2020

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

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

Please sign the Proxy in the Proxy Form and post it to the office of the Registrars, Centurion Registrars, 33C Cameron Road, Ikoyi, Lagos or send via email to services@centurionregistrars.com not later than 10:00am on Wednesday 12th August, 2020 .

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. In view of the current Covid-19 pandemic, the directives to minimize social contacts by restricting the number of persons at public gatherings and in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies by taking advantage of Section 230 of the Companies and Allied Matters Act (CAMA) using Proxies, all members are hereby advised that attendance for the meeting shall be by PROXY ONLY.

   Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting: a) **Chief Joshua B. Fumudoh (Chairman), Mr. Daniel Braie (MD/CEO) and Mr. Moses Omorogbe (Company Secretary).**

3 For the instrument of proxy to be valid, it must be completed, duly stamped for the purposes of this meeting. The Company has made arrangements at its cost for the stamping of the duly completed proxy forms.

4. If the Proxy Form is executed by a corporate body, it should be sealed with its common seal.

5. The admission form beside must be produced by the Shareholder or his Proxy in order to obtain an entrance to the Annual General Meeting.

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote instead of him/her.

THIS CARD IS TO BE SIGNED AT THE

NUMBER OF SHARES		
RESOLUTIONS	**FOR**	**AGAINST**
1. To receive and consider the Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Directors, Auditors, Audit Committee, and the Board Appraisal Report.		
2. To approve the appointment of Mr. Shehu Dahiru Abubakar as independent Director.		
3. To authorize the Directors to fix the remuneration of the Auditors.		
4. To elect shareholders' representatives of the Statutory Audit Committee.		
5. **Special Business** That in accordance with the recommendation of the Directors, the sum of N1,000,000,000.00 (One Billion Naira) of the Company's General Reserves Account be and hereby capitalized for bonus issue and the said N1,000,000,000.00 (One Billion Naira) divided into 2,000,000,000 ordinary shares of 50k each, be appropriated to the members whose names appear in the Register of members at the close of business on the 17th of July, 2020, in the proportion of one (1) share for every four (4) shares registered in such members' name on that date, subject to the approval of the appropriate regulatory authorities, the shares so distributed being treated for all purposes as capital and not income, ranking pari passu with the existing shares issued pursuant to this resolution.		

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 ……………………………………………………………………………

LINKAGE ASSURANCE PLC

Affix N50.00
Poster Stamp
Here

Registrar
Centurion Registrars
33C Cameron Road,
Ikoyi
Lagos.

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
Email: uyo@linkageassurance.com

WARRI
Address:110, Effurun/Sapele Road, Warri
Contact Person: Amechi Ozulu
Tel/Fax: 07054492951,053-816612, 08053183952
Email: warri@linkageassurance.com

YENAGOA
Address: 1st Floor, Ibiye Plaza, No. 66, Okaka Road,
Opposite Abuchi Beauty Shop, Okaka Epie Yenagoa,
Bayelsa State
Contact Person: Deborah Ogoegbulam (Mrs)
Tel: 07054492952,089-490137,0805309990
Email: yenagoa@linkageassurance.com

Notes

Acknowledgments

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