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LINKAGE ASSURANCE PLC
UNAUDITED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019

"Pearl 2018 Award Winner in Financial Services (Insurance Sector)"

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FINANCIAL HIGHLIGHTS	**31 Mar 2019**	**31 Mar 2018**	**Growth**
	₦'000	**₦'000**	**(%)**
Comprehensive income statement			
Gross premium written	2,215,655	2,171,960	0.02
Gross premium income	1,480,368	1,547,725	(0.04)
Net premium income	1,066,930	941,991	0.13
Underwriting profit	716,703	501,255	0.43
Investment and other income	343,098	432,155	(0.21)
Profit before taxation	627,520	469,194	0.34
Profit after taxation	439,264	375,355	0.17
Statement of financial position			
Total assets	24,996,417	24,200,706	0.03
Insurance contract liabilities	4,458,172	2,827,650	0.58

Key Ratios	**31 Mar 2019**	**31 Mar 2018**	**Growth (%)**
Claims ratio	0.14	0.01	(0.13)
Claims ratio (net)	0.002	(0.03)	(0.029)
Underwriting expenses ratio	0.23	0.25	0.028
Fees and Commission income ratio	(0.37)	(0.14)	0.23
Management expenses ratio	0.20	0.21	0.019
Underwriting Profit margin	0.32	0.23	(0.09)

Notes to the financial statements

1 Corporate Information

1.1 Reporting entity

Linkage Assurance Plc. ("LINKAGE" or "the Company") was incorporated in Nigeria on 26th of March 1991 as a private limited liability company domiciled in Nigeria. It was registered by the National Insurance Commission on the 7th of October 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a public limited liability company in 2003 and the Company's shares, which were quoted on the Nigerian Stock Exchange were first listed on 18 November 2003. The registered office of the Company is Plot 20 Block 94 Lekki Epe Express way, Lekki, Lagos, Nigeria.

The Company's high standard in corporate policies and governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all stakeholders. The business of the Company is conducted with high level of integrity.

1.2. Principal activities

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

2 Basis of Preparation

2.1 Statement of compliance

The financial statements of Linkage Assurance Plc. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars.

2.2 Going concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations. The Directors believe that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out to ensure that there are no going concern threats to the operations of the Company.

2.3 Basis of measurement

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

(i) Financial instruments at fair value through profit or loss are measured at fair value;
(ii) Available-for-sale financial assets are measured at fair value;
(iii) Land and buildings are carried at 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

The preparation of these financial statements in confirmity with IFRSs requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

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

(a) Assumptions and estimation uncertainties

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

(i) Determination of fair value of investment properties (see note 13)
(ii) Depreciation and carrying value of property and equipment (see note 15)
(iii) Valuation of insurance contract liabilities; key actuarial assumptions (see notes 6.2 and 17)
(iv) Measurement of defined benefits obligations; key actuarial assumptions (see note 22)
(v) Valuation of unquoted equity instruments measured at fair value through OCI (see note 8.4)

(b) Use of judgements

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

• Note 4.3 - Fair value measurement
• Note 4.13 - Insurance contract liabilities
• Note 4.17 - Defined employee benefits obligation

2.5 Presentation Currency

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

2.6 Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company is incorporated in Nigeria and has adopted Naira as its functional currency.

3 Changes in accounting policies

Except for the changes in Note 4.30 below, the Company has consistently applied the accouting policies as set out in Note 4 to all periods presented in these financial statements.

Notes to the financial statements

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.

4.2 Financial instruments

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

4.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

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

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

Financial assets at fair value through profit or loss

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

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than of an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

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

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale financial instruments are securities that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in market conditions.

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

4.2.2 *Non-derivative financial liabilities –Measurement*

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

4.2.3 Impairment of non derivative financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Notes to the financial statements

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 Company considers a decline of 20% to be significant and a period of nine months to be prolonged.
The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both specific and collective level. Those not to be specifically impaired are collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

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

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

4.2.4 De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

4.2.5 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (at FVTPL) or 'other financial liabilities'. Financial liabilities are recognised initially at fair value and in the case of other financial liabilities, less directly attributable transaction costs.

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

Other financial liabilities which includes creditors arising out of reinsurance arrangements, direct insurance arrangement and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition

The Company de-recognises financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

4.2.6 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.3 Fair value measurement

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

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

Notes to the financial statements

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

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

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

4.4 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at fair value, which is the premium received and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment and the unamortised premium when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

4.5 Trade receivables

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

Trade receivables are classified as loans and receivables.

The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognised as impairment loss in profit or loss.

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

4.6 Reinsurance

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

4.7 Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business are deferred by recognising an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured the reinsurers’ share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

Deferred expenses - Reinsurance commissions

The Company recognises commissions receivable on outwards reinsurance contracts as a deferred expense and amortised over the average term of the expected premiums payable.

Notes to the financial statements

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-recognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year/period of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. When the use of property changes from owner-occupied to investment property the property is re-measured to fair value and reclassified accordingly. Any gain arising from this re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss recognized in profit or loss

4.9 Intangible assets

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

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

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

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

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

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

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

4.10 Property and equipment

Recognition and measurement

All categories of property and equipment are initially recorded at cost. Items of property and equipment except land and buildings are subsequently measured at 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 capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

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

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

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

Subsequent costs

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

Notes to the financial statements

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

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

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

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

Land is not depreciated.

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

4.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

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

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

Impairment losses are recognised in profit or loss. In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

4.12 Statutory deposit

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

4.13 Insurance contract liabilities

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for the same type of policies.

The ultimate cost of outstanding claims is estimated by using one of the ranges of standard actuarial claims projection techniques – Discounted Inflation Adjusted Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Notes to the financial statements

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortization of unearned premium on a basis other than time apportionment.

4.14 Finance lease obligations

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

Lease assets - lessee

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

Lease payments

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

Lease assets - lessor

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

4.15 Trade payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

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

4.16 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

4.17 Employee benefits

(i) ***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Post-employment benefits**

Defined contribution plans

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act. The contribution of the employee and employer is 7.5% and 15% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Company's obligations for contributions to the plan are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as asset to the extent that a cash refund or reduction in future payments is available.

Notes to the financial statements

Defined benefit plan

The Company commenced the operation of a staff sinking fund scheme upon obtaining Board of directors' approval in May 2014. This Sinking Fund is non-contributory defined employee exit benefit plan under which the Company alone makes fixed contributions into a separate entity and the fund can only be accessed by staff members at the point they are exiting the Company for reasons other than dismissal.

The amount payable to exiting staff is dependent on years of service and compensation as at date of exit. This value of this benefit is actuarially determined at each reporting date by an independent actuary using the projected unit credit method.

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

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

(iii) ***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

4.18 Taxation

Company Income Tax

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

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

Minimum tax

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

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

Deferred tax

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

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

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

4.19 Other receivables and prepayments

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

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

Notes to the financial statements

4.20 Share capital and reserves

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

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

b. *Dividend*
Dividend on ordinary shares are recognised and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year/period that are approved after the reporting date are disclosed as an event after reporting date and as note within the financial statements.

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

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

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

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

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

4.21 Contingent liabilities and assets

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

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

4.22 Foreign currency translation

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

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange 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 recognised in the profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'investment & other income'. All other foreign exchange gains and losses are presented in the income statement within 'investment and other income' or 'other operating and administrative expenses'.

4.23 Insurance contracts

(a) Classification

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

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

Notes to the financial statements

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

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

For all these contracts, premiums are recognised as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

(b) Recognition and measurement of insurance contracts

Premium income is recognised on assumption of risks.

(i) *Premiums*

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

(ii) *Unearned premium provision*

The provision for unearned premiums (unexpired risk) represents the proportion of premiums written in the periods up to the accounting date that relates to the unexpired terms of policies in force at the end of reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time proportionate basis.

(iii) *Gross premium earned*

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

(iv) *Claims payable*

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and incurred but not yet reported (IBNR) claims. Claims paid represent all payments made during the year/period, whether arising from events during that or earlier years/periods.

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

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

(v) *Commissions and deferred acquisition costs*

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

(vi) *Liability adequacy test*

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

(vii) *Salvage and Subrogation Reimbursement*

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries.

Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

Notes to the financial statements

4.24 Revenue

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

Revenue recognition

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

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

Investment income
Interest income for interest bearing financial instruments, are recognised within 'investment & other income' in the income statement using the effective interest method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

Other operating income
Other operating income comprises income from realized profits on sale of securities, realized foreign exchange gains/(losses), rental income and other sundry income recognised when earned.

Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4.25 Net claims expenses

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

(a) Claims

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

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

(b) Reinsurance claims

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

4.26 Underwriting expenses

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

4.27 Expense recognition

Interest
Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest method. Accrued interest is included within the carrying value of the interest bearing financial liability.

Management expenses
Management expenses are expenses other than claims, investments and underwriting expenses. They include employee benefits, depreciation charges and other operating expenses. Management expenses are charged to profit or loss when the goods are received or services rendered.

Notes to the financial statements

4.28 Operating segment

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

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

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

4.29 Earnings per share

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2018, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

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

(i) Financial Instruments (IFRS 9)

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

The Company has opted to defer the adoption of IFRS 9 till 2022 when IFRS 17, Insurance Contracts will be effective as permitted by the IASB.

The following table provides an overview of the fair values as of 31 December 2018 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

As at 31 December 2018	**Financial assets that meet the SPPI criterion**		**All other financial assets**	
	Fair value	Fair value change during the reporting	Fair value	Fair value change during the reporting
Cash and cash equivalents	1,112,476	-	-	-
Debt securities				
Held-to-maturity	5,458,997	-	-	-
Loans and receivables	227,120	-	-	-
Trade and other receivables	121,755	-	-	-
Statutory deposits	300,000	-	-	-
Subtotal	**7,320,000**	**-**	**-**	**-**
Equity securities - FVOCI	-	-	9,847,464	(106)
Equity securities - FVTPL	-	-	4,621,450	328,536
Total	**7,320,000**	**-**	**14,468,914**	**328,430**

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

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 forthcoming 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. Effective date is 1 January 2018 or when the entity first applies IFRS 9.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the ‘overlay approach’ are expected to cease to be applicable when the new insurance standards becomes effective.

Notes to the financial statements

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, we have assessed the ratio of the Company's liabilities connected with insurance. See assessment below:

LIABILITIES	**As reported (A)**	**Admissible for predominace test (B)**
	31-Dec-15	**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%

Given a score of 83.4%, we assessed whether the Company engages in a significant activity unconnected with insurance. Based on our assessment, we concluded that the Company does not engage in a significant activity unconnected with insurance since majority of the activities from which the Company earns income and incur expenses are insurance-related.

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 83.4% 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

(iii) IFRS 15: Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. This new standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.
IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, insurance contracts, interest and fee income intergral to financial instruments and rental income (leases) will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g. IFRS 4: Insurance contracts, IFRS 9: Financial Instruments and IFRS 16: Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognise revenue, and at what amount:
a) Identify the contract(s) with a customer
b) Identify the performance obligations in the contract
c) Determine the transaction price
d) Allocate the transaction price to the performance obligations in the contract
e) Recognise revenue when (or as) the entity satisfies a performance obligation.

Key changes to current practice are:
• Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
• Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
• The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
• There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
• The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

This standard does not have any significant impact and have been adopted by the Company.

Notes to the financial statements

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

(i) Leases (IFRS 16)

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

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

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

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

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

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

(ii) Uncertainty over Income tax treatments (IFRIC 23)

These interpretation provide clarity on the accounting for income tax treatments that have yet to be accepted by the tax authorities.

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

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

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

(i) Insurance contracts (IFRS 17)

IFRS 17 replaced IFRS 4 *Insurance Contracts*

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

• separate presentation of underwriting and finance results
• more consistency and transparency in accounting for options and guarantees
• premium volumes will no longer drive the "top line" as investment components and cash received are no longer considered to be revenue.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 17 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2021.

Statement of financial position
As at 31 March 2019

In thousands of Naira			
Assets	**Note**	**31 Mar 2019**	**31 Mar 2018**
Cash and cash equivalents	7	1,112,476	1,977,828
Financial assets	8	20,155,031	19,116,401
Trade receivables	9	121,755	225,560
Reinsurance assets	10	856,459	458,391
Deferred acquisition cost	11	323,112	314,651
Other receivables and prepayments	12	521,649	322,223
Investment property	13	144,000	135,000
Intangible assets	14	12,509	22,277
Property and equipment	15	1,449,427	1,328,373
Statutory deposit	16	300,000	300,000
Total assets		**24,996,417**	**24,200,706**
Liabilities			
Insurance contract liabilities	17	4,458,172	2,827,650
Trade payables	19	146,529	332,817
Other payables	20	281,623	231,461
Finance lease obligations	21	114,779	80,220
Defined benefit obligations	22	26,253	27,537
Income tax liabilities	23	385,561	170,857
Deferred tax liabilities	24	158,381	199,942
Total liabilities		**5,571,299**	**3,870,484**
Equity			
Share capital	25	3,999,999	3,999,999
Share premium	26	729,044	729,044
Contingency reserve	27	1,779,527	1,691,675
Retained earnings	28	2,734,002	2,382,586
Assets revaluation reserve	29	752,083	752,084
Re-measurement reserve	30.2	23,761	4,484
Fair value reserve	30.1	9,406,702	10,770,349
Total equity		**19,425,119**	**20,330,221**
Total liabilities and equity		**24,996,418**	**24,200,705**

The financial statements were approved on 24 April 2019 and signed on behalf of the Board of Directors by:

Company's operations.

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

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

Harris Oshojah (Acting Chief Financial Officer)
FRC/2013/ICAN/00000001815

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

Statement of profit or loss and other comprenhensive income
for the period ending 31st March 2019

In thousands of Naira	**Note**	**31 Mar 2019**	**31 Mar 2018**
Gross premium written	31	2,215,655	2,171,960
Unearned premium	32	(735,287)	(624,235)
Gross premium income	32	**1,480,368**	**1,547,725**
Reinsurance expenses	33	(413,438)	(605,734)
Net premium income		**1,066,930**	**941,991**
Fees and commission income	34	152,118	85,163
Net underwriting income		**1,219,048**	**1,027,154**
Net claims expenses	35	(2,580)	25,145
Underwriting expenses	36	(499,765)	(551,043)
Underwriting profit/(loss)		**716,703**	**501,255**
Investment income	37	271,093	260,286
Impairment loss on financial assets (see note 8.6(a))	38	-	-
Net fair value gains on financial assets at fair value through profit or loss	39	65,761	154,887
Other operating income/(loss)	40	6,244	16,981
Fair value changes on investment property	37	-	-
Fair value changes on property and equipment	37	-	-
Management expenses	41	(432,281)	(464,216)
Profit before taxation		**627,520**	**469,194**
Income taxes	23	(188,256)	(93,839)
Profit/(loss) after taxation		**439,264**	**375,355**
Other comprehensive income net of tax			
Items that will be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on available-for-sale financial assets	42	(106)	2,032
Total other comprehensive income, net of tax		(106)	2,032
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		-	-
Gain on revaluation of property and equipment	15	-	-
Deferred tax on property and equipment	24	-	-
Other comprehensive (loss)/income, net of taxes		**(106)**	**2,032**
Total comprehensive income for the year		**439,158**	**377,387**
Basic and diluted earnings per share (kobo)	43	**5.5**	**4.7**

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 period ended 31 March 2019

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2019	3,999,999	729,044	1,778,339	752,083	23,761	9,406,809	1,230,452	17,920,487
Comprehensive income								
Profit for the year	-	-	-	-	-	-	439,264	439,264
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	-
Net fair value changes on AFS financial assets	-	-	-	-	-	(106)	-	(106)
Revaluation surplus on property and equipment	-	-	-	-	-	-	-	-
Deferred tax on property and equipment	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(106)	439,264	439,158
Transfer to contingency reserve	-	-	-	-	-	-	(87,853)	(87,853)
Transfer from retained earnings	-	-	87,853	-		-	-	87,853
	-	-	87,853	-	-	-	(87,853)	-
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-
At 31 March 2019	**3,999,999**	**729,044**	**1,866,192**	**752,083**	**23,761**	**9,406,703**	**1,581,863**	**18,359,644**

Statement of changes in equity for the period ended 31 March 2018

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2018	3,999,999	729,044	1,616,603	752,083	4,484	10,768,313	2,082,306	19,952,834
Comprehensive income								-
Profit for the year	-	-	-	-	-	-	375,355	375,355
Other comprehensive income:								-
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	-
Net fair value changes on AFS financial assets	-	-	-	-	-	2,032	-	2,032
Revaluation surplus on property and equipment	-	-	-	-	-	-	-	-
Deferred tax on property and equipment	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,032**	**375,355**	**377,387**
Transfer to contingency reserve	-	-	-	-	-	-	(75,071)	(75,071)
Transfer from retained earnings	-	-	75,071	-		-	-	75,071
	-	-	75,071	-	-	-	(75,071)	-
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-
At 31 March 2018	**3,999,999**	**729,044**	**1,691,674**	**752,083**	**4,484**	**10,770,345**	**2,382,591**	**20,330,221**

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

Statement of cash flows
For the period ended 31 March 2019

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Cash flows from operating activities		
Premiums received from policy holders	2,321,247	2,262,948
Reinsurance payments	(676,420)	(1,371,006)
Claims paid	(873,367)	(1,552,177)
Reinsurance claim recoveries	68,620	380,706
Salvage recovery	14,854	21,687
Commission paid	(372,735)	(744,678)
Maintenance expenses paid - Note 41 (excluding Depreciation & Amortisation)	(202,450)	(672,572)
Commission received	165,295	197,258
Cash payment to and on behalf of employees	(183,436)	(625,090)
Other operating cash payments	(1,063,291)	(934,491)
Corporate tax paid	6,674	(256,914)
VAT paid	-	-
Net cash used in operating activities	(795,008)	(3,294,331)
Cash flows from Investing activities		
Purchase of properties and equipment	(151,391)	(73,385)
Purchase of intangible assets	(168)	(18,013)
Purchase of investment property	-	(160,000)
Proceeds from sale of property and equipment	-	23,526
Purchase of investment securities	(5,056,279)	(3,174,454)
Proceeds from sale of investment securities	2,975	530,685
Proceeds from redemption	5,605,224	4,061
Loan repayments	162,493	185,931
Dividend received	-	2,514,083
Rental income received	6,000	2,500
Interest received	83,790	541,366
Net cash from investing activities	652,644	376,300
Financing activities		
Payment of finance lease liabilities	(32,185)	(88,742)
Proceeds from issue of shares	-	-
Dividend paid	-	-
	(32,185)	(88,742)
Net (decrease) / increase in cash and cash equivalents	(174,550)	(1,042,461)
Cash and cash equivalents at the beginning of the period	1,205,124	2,843,284
Impact of exchange difference on cash held	-	42,933
Cash and cash equivalents at 31 December	1,030,575	1,843,757

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

Notes to the financial statements

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:

• Fire
• Accident
• Motor
• Marine
• Aviation
• Bond
• Engineering
• Oil & Gas

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

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	306,685	286,374	363,992	150,018	76,011	7,207	70,163	955,205	2,215,655
Net change in unearned premium	(125,116)	(101,457)	(45,384)	(23,666)	(46,815)	3,499	(25,980)	(370,368)	(735,287)
	181,569	**184,917**	**318,608**	**126,352**	**29,196**	**10,706**	**44,183**	**584,837**	**1,480,368**
Re-insurance cost	(102,935)	(107,038)	(17,059)	(42,347)	(20,784)	(3,492)	(29,288)	(90,494)	(413,438)
Net premium income	78,633	77,880	301,549	84,004	8,412	7,214	14,895	494,342	1,066,930
Commision received	55,632	44,892	4,613	18,704	12	1,405	11,801	15,059	152,118
Net underwriting Income	**134,266**	**122,771**	**306,162**	**102,708**	**8,425**	**8,619**	**26,696**	**509,402**	**1,219,048**
Expenses:									
Net claims incurred	(12,160)	(44,625)	(43,356)	(1,728)	(64,739)	(2,123)	72,680	93,470	(2,581)
Acqusition cost	(43,583)	(43,069)	(48,741)	(27,953)	(4,364)	(896)	(13,174)	(115,533)	(297,314)
Maintenance expenses (Note 42)	(28,023)	(26,167)	(33,259)	(13,708)	(6,945)	(659)	(6,411)	(87,279)	(202,450)
	(83,766)	**(113,861)**	**(125,356)**	**(43,389)**	**(76,048)**	**(3,678)**	**53,095**	**(109,342)**	**(502,345)**
Segment underwriting profit/(loss)	**50,500**	**8,911**	**180,806**	**59,319**	**(67,624)**	**4,941**	**79,791**	**400,059**	**716,702**

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

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

31 March 2018

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	233,633	223,164	353,103	101,754	24,995	9,010	48,801	1,177,500	2,171,960
Net change in unearned premium	(6,794)	(32,155)	72,866	52,150	(8,333)	(7,118)	13,181	(708,032)	(624,235)
	226,839	**191,009**	**425,969**	**153,904**	**16,662**	**1,892**	**61,981**	**469,468**	**1,547,725**
Re-insurance cost	(300,016)	7,599	(4,574)	(11,468)	(4,398)	208	5,423	(298,508)	(605,734)
Net premium income	(73,177)	198,608	421,395	142,436	12,264	2,099	67,405	170,960	941,990
Commision Received	37,952	14,482	9,506	11,049	-	-	12,174	-	85,163
Net underwriting Income	**(35,225)**	**213,090**	**430,901**	**153,485**	**12,264**	**2,099**	**79,579**	**170,960**	**1,027,153**
Expenses:									
Acqusition cost	(45,512)	(32,342)	(52,786)	(44,411)	(1,513)	(2,204)	(17,801)	(107,299)	(303,867)
Net claims incurred	25,082	(2,317)	(5,270)	(4,971)	(9,941)	(1,648)	(26,416)	50,627	25,145
Maintenance expenses (Note 42)	(26,588)	(25,397)	(40,184)	(11,466)	(2,959)	(1,211)	(5,368)	(134,004)	(247,177)
	(47,018)	**(60,056)**	**(98,241)**	**(60,848)**	**(14,412)**	**(5,063)**	**(49,585)**	**(190,676)**	**(525,899)**
Segment underwriting profit/(loss)	**(82,243)**	**153,034**	**332,660**	**92,638**	**(2,149)**	**(2,964)**	**29,993**	**(19,716)**	**501,254**

Notes to the financial statements

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

The objective of our capital management is to ensure that the Company is adequately capitalized at all times, even after experiencing significant adverse events. In addition, we seek to optimize the structure and sources of our capital to ensure that it consistently delivers maximum returns to our shareholders and guarantees adequate protection of our policyholders.

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

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

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

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

The Company has had no significant changes in its policies and processes to its capital structure during the period ended 31 December 2018.

Analysis of shareholders funds		
In thousand of Naira	**31 Mar 2019**	**31 Mar 2018**
Total assets	24,996,417	24,200,706
Less: Total liabilites	5,571,299	3,870,484
Shareholders funds as at year end	**19,425,118**	**20,330,222**
Adjustment for non-capital items	335,621	336,929
Available capital resources	**19,089,497**	**19,993,293**
Changes in available capital	-5%	21%

Our available capital is based on the shareholders' equity/fund as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. Thus, available capital resources, after adjusting for non-capital assets, is N17,622,632 (2017: N19,750,113) amounting to no increase over the comparative period.

The Minimum Capital Requirement

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

In thousands of naira	**31 Mar 2019**	**31 Dec 2018**
Total shareholders' funds	19,425,118	20,330,222
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	16,425,118	16,952,832
Capitalisation rate	648%	678%

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.

Notes to the financial statements

The Company's solvency margin is as follows:

	In thousands of naira	31 Mar 2019	31 Dec 2018
	Assets		
	Cash and cash equivalents	1,112,476	1,977,828
	Financial assets	20,155,031	19,116,401
	Trade receivables	121,755	225,560
	Other receivables and prepayment	155,244	322,223
	Reinsurance assets	856,459	458,391
	Deferred acquisition cost	323,112	314,651
	Property and equipment	1,449,427	1,328,373
	Statutory deposit	300,000	300,000
	Total admissible assets	**24,473,504**	**24,043,429**
	Liabilities		
	Insurance contract liabilities	4,458,172	2,827,650
	Trade payables	146,529	332,817
	Other payables	281,623	231,461
	Defined benefit obligations	26,253	27,537
	Finance lease obligation	114,779	80,220
	Income tax liabilities	385,561	170,857
	Total admissible liabilities	**5,412,917**	**3,670,541**
	Excess of total admissible assets over admissible liabilities (solvency margin)	**19,060,587**	**20,372,889**
	Higher of (a) and (b):		
	Gross premium income	1,480,368	1,547,725
	Less: Reinsurance expense	(413,438)	(605,734)
	Net premium	1,066,930	941,990
(a)	**15% of net premium**	160,040	141,299
(b)	**Minimum paid up capital**	3,000,000	3,000,000
	The higher thereof:	**3,000,000**	**3,000,000**
	Excess of solvency margin over minimum capital base	**16,060,587**	**17,372,889**
	Solvency margin ratio	**635%**	**679%**

Notes to the financial statements

7 Cash and cash equivalents

Cash and cash equivalents comprise:	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Cash in hand	663	384
Balances with banks & other financial institutions (see (b) below)	1,239,234	2,104,865
	1,239,897	2,105,249
Allowance for impairment (see (a) below)	- 127,421	- 127,421
Cash and bank balance as at year end	**1,112,476**	**1,977,828**

(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**

8 Financial assets

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

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Fair value through profit or loss (note 8.1)	4,621,450	4,552,714
Available-for-sale (note 8.2)	9,847,464	11,174,059
Loans and receivables (note 8.6)	227,120	96,411
Held to maturity (note 8.7)	5,458,997	3,293,217
	20,155,031	**19,116,401**

Financial instrument classification

	31 March 2019				
In thousands of Naira	**Fair Value through Profit or Loss**	**Available for Sale**	**Loans and Receivables**	**Held to Maturity**	**Total**
- Listed	4,621,450	32,382	-	-	4,653,832
- Unlisted	-	9,815,082	-	-	9,815,082
- Other financial assets	-	-	227,120	5,458,997	5,686,117
	4,621,450	9,847,464	227,120	5,458,997	20,155,031
Within one year	4,621,450	-	227,120	5,458,997	10,307,567
More than one year	-	9,847,464	-	-	9,847,464
	4,621,450	9,847,464	227,120	5,458,997	20,155,031

8.1 Fair value through profit or loss

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

In thousands of Naira	31 Mar 2019	31 Mar 2018
Balance as at the beginning of the year	4,552,714	4,039,496
Disposal	2,975	243,755
	4,555,689	4,283,251
Fair value gain	65,761	269,463
Balance as at the end of the year	**4,621,450**	**4,552,714**

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

Notes to the financial statements

8.2 Available for sale

Available for sale financial assets comprise:

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Quoted equities and unit trust schemes (note 8.3)	32,382	39,028
Unquoted equities - at fair value through OCI (note 8.4)	9,714,000	11,026,836
Unquoted equities - at cost (note 8.5)	101,082	108,195
	9,847,464	**11,174,059**

Reconciliation of carrying amount

In thousands of naira	**31 Mar 2019**	**31 Mar 2018**
Balance as at the beginning of the year	9,810,517	11,179,135
Fair value gain/(loss)	(106)	(42,128)
Exchange difference	37,053	37,053
Balance as at the end of the year	**9,847,464**	**11,174,060**

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

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	32,488	36,992
Fair value changes	(106)	2,036
Balance at the end of the year	**32,382**	**39,028**

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

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	9,714,000	11,071,000
Fair value change	-	(44,164)
Balance at the end of the year	**9,714,000**	**11,026,836**

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.

Notes to the financial statements

8.5 The carrying amount of available for sale unquoted equities _measured at cost is_ as follows:

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Cost	251,818	251,818
Addition	-	-
Disposal	-	-
Exchange difference	-	-
	251,818	251,818
Impairment allowance	(150,736)	(143,623)
Carrying amount	**101,082**	**108,195**

Impairment allowance

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	150,736	150,736
Reversal on disposal	-	-
Addition	-	-
Balance at the end of the year	**150,736**	**150,736**

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

8.6 Loans and receivables

In thousands of Naira	**31 Mar 2019** **₦'000**	**31 Mar 2018** **₦'000**
Due from third parties (see note a below)	230,173	121,841
Loan to staff	26,889	24,219
Loan to policy holders	13,655	13,655
Ex-staff loans	35,391	11,065
	306,108	**170,780**
Allowance for impairment	(78,988)	(74,369)
	227,120	**96,411**

(a) Breakdown of Due from third parties

Name of third parties _In thousand of Naira_	**31 Mar 2019** **₦'000**	**31 Mar 2018** **₦'000**
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	23,695	23,620
Lease-Glc Resources	4,374	4,374
Eternal Plc CP	18,373	-
Aquila Leasing Ltd.	36,833	52,541
Konikolo Trust Fund	49,087	49,087
Sunfair Comm. Prod. Ltd	1,500	1,500
Union Bank plc CP	95,086	-
Total	**230,173**	**132,347**

(b) Impairment allowance

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	78,988	74,369
Additions (note 38)	-	4,619
Write back	-	-
Balance at the end of the year	**78,988**	**78,988**

Loans and receivables are measured at amortised cost using the effective interest rate. The effective interest rate for the purpose of staff loan valuation is the applicable market lending rates at the time of availment. The impairment allowance of N78.988 million consists of N56.19 million impairment on due from third parties, N13.65 million on Loans to policy holders and N9.14 million on ex-staff loans.

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

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance as at 1 January	243,948	218,535
Additions during the year	224,653	8,016
Repayment during the year	(162,493)	(55,771)
Accrued interest	-	-
	306,108	170,780
Impairment loss	(78,988)	(74,369)
Balance as at 31 December	227,120	96,411

8.7 Held to maturity

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	5,629,018	3,003,145
Redemption	(5,605,224)	-
Investment in Nigerian Aviation Handling Company's (NAHCO) (see note (i) below)	**23,794**	**3,003,145**
Additions during the period (Treasury bills)	5,446,395	301,264
Unearned interest on treasury bills	-	-
	5,470,189	**3,304,409**
Allowance for impairment	(11,192)	(11,192)
Balance at the end of the year	**5,458,997**	**3,293,217**

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

Notes to the financial statements

9 Trade receivables

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Due from broker	121,755	225,560
Due from agents	-	-
	121,755	**225,560**

9.1 Analysis of debtors in days

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Within 30 days	121,755	225,560
More than 30 days	-	-
	121,755	**225,560**

10 Reinsurance assets

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**	**Changes during the year**
Prepaid reinsurance	580,671	159,601	421,070
Reinsurance projection on UPR	-	-	-
Total as per actuarial valuation	580,671	159,601	421,070
Reinsurance treaty premium (deficit)/surplus (see note (i) below)	(210,387)	(137,398)	(72,989)
Total prepaid reinsurance (note 10.1)	370,284	22,203	348,081
Reinsurance recoverable on outstanding claims (note 10(b))	438,950	309,446	129,504
Reinsurance projection on IBNR (note 10(c))	47,225	126,742	(79,517)
	856,459	**458,391**	**398,069**

(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

In thousands of Naira `	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	357,810	214,446
Additions during the year	636,299	550,890
Reinsurance expense in the year (see note 33.1)	(413,438)	(605,734)
Balance at the end of the year	**580,671**	**159,601**

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	309,446	218,314
Recoveries during the year (see note 17.1(a))	129,504	91,132
Balance at the end of the year	**438,950**	**309,446**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	**31 Mar 2019**	**31 Mar 2018**
Balance at the beginning of the year	126,742	126,742
Changes during the year (see note 17.1(b))	(79,517)	-
Balance at the end of the year	**47,225**	**126,742**

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

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Motor	13,755	14,183
Fire	170,861	124,122
General accident	133,236	97,130
Engineering	43,488	39,312
Marine	57,873	37,107
Bond	2,026	1,500
Aviation	62,352	30,156
Oil & Gas	200,282	298,512
	683,873	642,021
Treaty premium (deficit)/surplus	(210,387)	(137,398)
	473,486	**504,623**

Notes to the financial statements

11 Deferred acquisition cost

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

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Motor	57,423	35,179
Fire	65,338	35,880
Accident	57,754	33,309
Engineering	14,905	6,997
Marine	21,458	15,600
Bond	584	1,424
Aviation	4,829	1,324
Oil & Gas	100,820	184,940
	323,112	**314,651**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Balance at the beginning of the year	259,098	176,274
(Decrease) / increase during the year (see note 36.1)	64,014	138,377
Balance at the end of the year	**323,112**	**314,651**

12 Other receivables and prepayments

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Prepayments (see (a) below)	301,462	193,518
Other receivables (see (b) below)	226,398	131,307
	527,860	324,825
Allowance for impairment	(6,211)	(2,602)
	521,649	**322,223**

(a) Prepayments

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Prepaid staff benefits	155,244	131,383
Deposits with stock broker	2,602	2,602
Prepaid rent	11,458	25,680
Other prepaid expenses	132,158	33,853
	301,462	**193,518**

(b) Other receivables

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Prepaid business acquisition expenses	4,995	5,001
Withholding tax recoverable	75,005	75,946
Sundry receivables (see (i) below)	146,398	50,360
	226,398	131,307
Allowance for impairment	(6,211)	(2,602)
	220,187	**128,705**

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

Movement in allowance for impairment

In thousands of Naira	**31 Mar 2019**	**31 March 2018**
Balance at the beginning of the year	6,211	2,602
Addition	-	-
Balance at the end of the year	**6,211**	**2,602**

13 Investment properties

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

S/N	**Location of asset**	**Carrying amount as at January 1**	**Additions**	**Disposals**	**Reclassification**	**Fair value gain/(loss)**	**Carrying amount as at 31 March**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
1	No. 9C Shekinah Green Estate, Apo District, Abuja.	67,500	-	-	-	4,500	72,000
2	No. 11C Shekinah Green Estate, Apo District, Abuja.	67,500	-	-	-	4,500	72,000
		135,000	-	-	-	9,000	144,000

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

(b) Reconciliation of carrying amount

In thousands of Naira	**31 Mar 2019**		**31 March 2018**
Balance at the beginning of the year	135,000		92,000
Addition during the year	-		160,000
Reclassification to property and equipment (see note 15)	-	-	92,000
Fair value gain/(loss)	9,000		(25,000)
Balance at the end of the year	**144,000**		**135,000**

Notes to the financial statements

(c) Measurement of fair values

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

In thousands of Naira	31 Mar 2019	31 March 2018
Level 1	-	-
Level 2	-	-
Level 3	144,000	135,000
	144,000	**135,000**

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 2018, as well as the significant unobservable inputs used.

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

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

14 Intangible assets

In thousands of Naira	31 Mar 2019	31 March 2018
Cost		
Balance at the beginning of the year	66,979	66,689
Addition during the year	168	-
Balance at the end of the period	**67,146**	**66,689**
Accumulated Amortisation		
Balance at the beginning of the year	52,870	40,243
Charge for the year	1,768	4,168
Balance at the end of the period	54,638	44,411
Net Book Value		
Balance at the end of the period	**12,509**	**22,278**

Acquisition relates to additional cost incurred in the purchase and implementation costs of IES-Online, a new software application acquired in 2014.

Notes to the financial statements

15 Property and equipment

At 31 March 2019

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2019	757,200	284,469	548,362	136,764	276,273	105,136	2,108,205
Additions	-	24	145,000	1,321	7,025		153,370
Reclass from Work In Progress	-	-	-	-	-	-	-
Reclass from investment properties	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
At 31 March 2019	757,200	284,493	693,362	138,086	283,298	105,136	2,261,575
Accumulated depreciation							
At 1 January 2019	-	68,739	365,180	118,750	227,162	-	779,832
Charge for the year	-	1,911	21,221	2,042	7,142	-	32,316
Disposal	-	-	-	-	-	-	-
At 31 March 2019	-	70,651	386,401	120,792	234,304	-	812,148
Net book value							
At 31 March 2019	757,200	213,843	306,961	17,294	48,995	105,136	1,449,427
At 31 December 2018	757,200	215,729	183,182	18,014	49,112	105,136	1,328,373

Property and equipment
At 31 December 2018

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & 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	-	-	-	-	2,826	-	2,826
Reclass from Work In Progress	-	-	-	-	-	-	-
Reclass from investment properties	-	-	-	-	-	-	-
Disposal	-	-	(5,000)	-	-	-	(5,000)
Written off							-
Revaluation loss							-
Revaluation gain							-
At 31 March 2018	757,200	284,469	548,362	136,764	276,273	105,136	2,108,205
Accumulated depreciation							
At 1 January 2018	-	66,869	348,948	116,641	221,642	-	754,100
Charge for the year	-	1,870	19,253	2,109	5,520	-	28,752
Disposal	-	-	(3,021)	-	-	-	(3,021)
Written off							-
At 31 March 2018	-	68,739	365,180	118,750	227,162	-	779,832
Net book value							
At 31 March 2018	757,200	215,729	183,182	18,014	49,112	105,136	1,328,373
At 31 December 2017	757,200	217,600	204,414	20,123	51,805	105,136	1,356,278

16 Statutory deposit

	31 Mar 2019	31 Mar 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 Mar 2019	31 Mar 2018
	₦'000	₦'000
Provision for claims reported by policyholders (note 17.1)	1,943,353	1,014,159
Provision for IBNR (note 17.1)	291,503	150,000
Outstanding claims provision	2,234,856	1,164,159
Provision for unearned premium (note 17.2)	2,223,316	1,663,492
Total insurance contract liabilities	**4,458,172**	**2,827,651**

17.1 Analysis of claims reserve based on nature

	31 Mar 2019			31 Mar 2018		
In thousands of Naira	**Gross claims**	**Reinsurance**	**Net**	**Gross claims**	**Reinsurance**	**Net**
Reported claims (see (a) below)	1,943,353	300,460	1,642,893	1,014,159	126,741	887,418
IBNR (see (b) below)	291,503	47,225	244,278	150,000	-	150,000
	2,234,856	**347,685**	**1,887,171**	**1,164,159**	**126,741**	**1,037,418**

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

	31 Mar 2019			31 Mar 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	126,741	743,466
Movement during the year	(438,811)	87,491	(526,302)	52,375	-	1,425,729
Balance at the end of the year	**1,943,353**	**300,460**	**1,642,893**	**1,014,155**	**126,741**	**2,169,195**

Analysis of outstanding claims per class of business:

	31 Mar 2019			31 Mar 2018		
In thousands of Naira	**Gross Outstanding claims**	**Reinsurance recoveries**	**Net**	**Gross Outstanding claims**	**Reinsurance recoveries**	**Net**
Motor	118,597	7,116	111,481	112,758	10,062	106,126
Fire	269,167	180,109	89,058	126,083	64,134	94,226
General accident	245,234	66,402	178,831	307,796	29,618	174,591
Engineering	114,682	36,931	77,752	184,727	20,427	119,271
Marine	196,051	9,902	186,149	28,834	2,500	177,689
Bond	14,155	-		2,750		
Aviation	94,178	-		27,925		
Oil & Gas	891,289	-	891,289	223,282	-	1,497,292
	1,943,353	**300,460**	**1,534,560**	**1,014,155**	**126,740**	**2,169,195**

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

	31 Mar 2019			31 Mar 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	(127,558)	-	(127,558)	(292,821)	-	55,756
At the end of the year	**291,503**	**47,225**	**244,278**	**150,000**	**126,741**	**371,836**

Notes to the financial statements

17.2 Breakdown of unearned premium per class of business:

In thousands of Naira	31-Mar-19 Unearned Premium	31-Mar-19 Prepaid Reinsurance	31-Mar-19 Net	31 March 2018 Unearned Premium	31 March 2018 Prepaid Reinsurance	31 March 2018 Net
Motor	519,634	13,755	505,879	279,118	14,183	293,301
Fire	334,563	170,861	163,703	173,989	124,122	298,110
General accident	299,514	133,236	166,278	165,905	97,130	263,035
Engineering	76,646	43,488	33,158	34,218	39,312	73,530
Marine	131,395	57,873	73,522	75,492	37,107	112,599
Bond	3,423	2,026	1,396	7,118	1,500	8,618
Aviation	46,815	62,352	(15,537)	8,333	30,156	38,489
Oil & Gas	811,326	200,282	611,044	919,320	298,512	1,217,832
	2,223,316	**683,873**	**1,539,443**	**1,663,492**	**642,021**	**2,305,514**

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

In thousands of Naira	31-Mar-19 Unexpired Risk reserve	31-Mar-19 Reinsurance	31-Mar-19 Net	31 March 2018 Unexpired Risk reserve	31 March 2018 Reinsurance	31 March 2018 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	2,215,655	636,299	1,579,356	2,171,960	642,021	1,529,939
Premium earned during the year	(1,480,368)	(413,438)	(1,066,930)	(1,547,725)	(605,734)	(941,990)
Balance at the end of the year	**2,223,316**	**580,671**	**1,642,645**	**1,663,492**	**250,733**	**1,412,759**

In thousands of Naira	31-Mar-19 Unexpired Risk reserve	31-Mar-19 Reinsurance	31-Mar-19 Net	31 March 2018 Unexpired Risk reserve	31 March 2018 Reinsurance	31 March 2018 Net
Unexpired risk reserve	1,663,491	357,810	1,305,681	1,039,256	214,446	824,810
Additional unexpired risk reserve from actuarial valuation	735,287	897,925	(162,638)	624,235	36,287	391,814
Balance at the end of the year	**2,398,778**	**1,255,735**	**1,143,043**	**1,663,491**	**250,733**	**1,216,624**

18 Hypothecation

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Investments relating to insurance funds (note 18.1)	7,427,932	5,729,436
Investments relating to shareholders funds (note 18.2)	13,607,352	15,309,966
	21,035,284	**21,039,403**

18.1 Investments relating to insurance funds are as follows:

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Balance with financial institutions	1,112,476	1,977,828
Held to maturity	5,458,997	3,293,217
Reinsurance Assets	856,459	458,391
	7,427,932	5,729,436
Insurance contract liabilities	(4,458,172)	(2,827,651)
Surplus of asset over insurance contract liabilities	**2,969,760**	**2,901,785**

18.2 Investments relating to shareholders funds are as follows:

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Available-for-sale (unquoted equities)	9,815,082	11,135,031
Available-for-sale (quoted equities)	32,382	39,028
Fair value through profit or loss (quoted equities)	3,532,768	4,039,496
Loans and receivables	227,120	96,411
	13,607,352	**15,309,966**

In thousands of Naira	31-Mar-19 Insurance fund	31-Mar-19 Shareholders fund	31-Mar-19 Total	31 March 2018 Insurance fund	31 March 2018 Shareholders fund	31 March 2018 Total
Assets						
Cash and cash equivalents	1,112,476	-	1,112,476	1,977,828	-	1,977,828
Financial assets	5,458,997	13,607,352	19,066,350	5,617,826	15,309,967	20,927,793
Trade receivables		-	-		-	-
Reinsurance assets	856,459	-	856,459	458,391	-	458,391
Deferred acquisition cost	-	323,112	323,112	-	314,651	314,651
Other receivables and prepayments	-	521,649	521,649	-	322,223	322,223
Investment properties	-	144,000	144,000	-	135,000	135,000
Intangible assets	-	12,509	12,509	-	22,277	22,277
Property and equipment	-	1,449,427	1,449,427	-	1,328,373	1,328,373
Statutory deposit	-	300,000	300,000	-	300,000	300,000
Total assets	7,427,932	16,358,049	23,785,982	8,054,045	17,732,492	25,786,537
Liabilities						
Insurance contract liabilities	4,458,172	-	4,458,172	2,827,650	-	4,289,254
Trade payables	-	146,529	146,529	-	332,817	144,234
Other payables	-	281,623	281,623	-	231,461	350,231
Finance lease obligations	-	114,779	114,779	-	80,220	56,037
Defined benefit obligations	-	26,253	26,253	-	27,537	22,905
Income tax liabilities	-	385,561	385,561	-	170,857	203,979
Deferred tax liabilities	-	158,381	158,381	-	199,942	158,381
Total liabilities	4,458,172	1,113,126	5,571,298	2,827,650	1,042,833	5,225,021
GAP	2,969,760	15,244,923	18,214,684	5,226,396	16,689,658	20,561,516

19 Trade payables

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Insurance payables (note 19.1)	146,529	332,817
	146,529	**332,817**

19.1 Insurance payables

	31 Mar 2019 ₦'000	31 Mar 2018 ₦'000
Commission payables	(16,708)	93,880
Premium received in advance	1,787	1,808
Due to agents and brokers	161,450	122,091
Deferred commission revenue	-	53,627
Cheque without details	-	61,411
	146,529	**332,817**

Notes to the financial statements

20 Other payables

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Due to Auditors	9,112	13,750
NAICOM levy	31,467	43,026
Expenses payable	56,255	68,569
Due to co-insurers	7,589	17,415
Deferred commission revenue	82,336	-
Other payables (see note 20.1)	94,864	88,700
	281,623	**231,461**

20.1 Other payables

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
National Social Trust Fund (NSITF)	(2,678)	239
Travel insurance	895	3,252
National Housing Fund (NHF)	1,024	1,025
Pension for Life agents/Company	603	603
Cheque without details (see (a) below)	90,003	-
Sundry payables	5,017	105,080
	94,864	**110,200**

21 Finance lease obligation

	31 Mar 2019	31 Mar 2018
At the beginning of the period	56,037	88,222
Addition during the period	72,000	-
Payment during the period	(13,258)	(8,003)
At the end of the period	**114,779**	**80,220**

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At the beginning of the year	104,048	100,993	(81,143)	(70,522)	22,905	30,471
Current service cost		-	-	-	-	-
Past service cost		-	-	-	-	-
Interest cost (income)	-	-		(2,934)	-	(2,934)
Contribution by employer	-	-	-	-	-	-
Benefits paid by the employer	5,750	-	(2,402)	-	3,348	-
Actuarial (gain)/loss on liability arising from:						-
- Assumptions		-	-	-	-	-
- Experience		-	-	-	-	-
At the end of the year	**109,798**	**100,993**	**(83,545)**	**(73,456)**	**26,253**	**27,537**

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.

23 Income tax liabilities

In thousands of Naira	31 Mar 2019	31 Mar 2018
At the beginning of the period	203,979	177,941
Payment during the year	(6,674)	(100,923)
Charge for the year (note 23.1)	188,256	93,839
At the end of the period	**385,561**	**170,857**

24 Deferred tax liabilities

In thousands of Naira	31 Mar 2019	31 Mar 2018
At the beginning of the period	625,315	666,876
Addition during the year	-	-
Deferred tax asset during the period	(466,934)	(466,934)
At the end of the period	**158,381**	**199,942**

Notes to the financial statements

		31 Mar 2019	31 Mar 2018
25	**Share capital**	**₦'000**	**₦'000**
	Authorised - ordinary shares of 50k each (8,000,000,000 units)	**4,000,000**	**4,000,000**

	Issued and fully paid	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	At the beginning of the year	3,999,999	3,999,999
	Additions	-	-
	Balance as at 31 March	**3,999,999**	**3,999,999**

26	**Share premium**	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	Balance as at 31 March	**729,044**	**729,044**

27	**Contingency reserve**	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	At the beginning of the year	1,691,674	1,616,603
	Transfer from retained earnings (see Note 28)	87,853	75,071
	Balance as at 31 March	**1,779,527**	**1,691,674**

28	**Retained earnings**	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	At the beginning of the year	2,382,591	2,082,306
	Dividend paid	-	-
	Profit for the year	439,264	375,355
	Transfer to contingency reserve (see Note 27)	(87,853)	(75,071)
	Balance as at 31 March	**2,734,002**	**2,382,591**

29	**Assets revaluation reserve**	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	Balance as at 31 March	**752,083**	**752,083**

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

30 Other reserves

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

30.1	**Fair value reserve**	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	Balance as at 31 March	**9,406,702**	**10,770,345**

30.2	**Re-measurement reserve**	**31 Mar 2019**	**31 Mar 2018**
		₦'000	**₦'000**
	Balance as at 31 March	**23,761**	**4,484**

Notes to the financial statements

31 Gross premium written

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Direct premium (note 31.1)	2,131,530	2,101,829
Inward premium (note 31.1)	84,125	70,131
	2,215,655	2,171,960

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

31 March 2019	Direct premium	Inward premium	Total
	₦'000	₦'000	₦'000
Fire	293,477	13,208	306,685
Accident	277,415	8,959	286,374
Motor	341,446	22,546	363,992
Marine	143,610	6,408	150,018
Aviation	75,965	46	76,011
Bond	7,207		7,207
Engineering	69,213	950	70,163
Oil & Gas	923,197	32,008	955,205
	2,131,530	84,125	2,215,655

31 March 2018	Direct premium	Inward premium	Total
	₦'000	₦'000	₦'000
Fire	220,596	13,037	233,633
Accident	220,419	2,745	223,164
Motor	335,422	17,681	353,103
Marine	90,419	11,334	101,754
Aviation	24,995	-	24,995
Bond	9,010	-	9,010
Engineering	47,120	1,680	48,801
Oil & Gas	1,153,847	23,654	1,177,500
	2,101,829	70,131	2,171,960

32 Gross premium income

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Gross premium written (note 31)	2,215,655	2,171,960
Changes in reserve for unexpired risks (note 17.2)	(735,287)	(624,235)
	1,480,368	1,547,725

33 Reinsurance expenses	413,438	605,734

33.1 Premium ceded to reinsurance:

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Reinsurance premium paid	700,698	600,770
Facultative outwards	48,711	41,252
Total reinsurance paid (see (a) below)	749,409	642,021
Decrease in prepaid reinsurance	(335,971)	(36,287)
	413,438	605,734
(a) Local and foreign reinsurance paid		
Reinsurance premium paid local	48,711	302,828
Reinsurance premium paid foreign	700,698	339,193
	749,409	642,021

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

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Fire	102,935	124,122
Accident	107,038	97,130
Motor	17,059	14,183
Marine	42,347	37,107
Aviation		30,156
Bond		1,500
Engineering	29,288	39,312
Oil & Gas	90,494	298,512
	389,161	642,021

34 Fees and commission income	152,118	85,163

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

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Fire	55,632	37,952
Accident	44,892	14,482
Motor	4,613	9,506
Marine	18,704	11,049
Aviation	12	-
Bond	1,405	-
Engineering	11,801	12,174
Oil & Gas	15,059	-
	152,118	85,163

34.2 Breakdown of fees and commission income is as follows:

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Lead underwriting commission	589	-
Reinsurance commission (Note 20(a))	136,586	85,163
Changes in deferred commission revenue	(7,937)	
	129,238	85,163

Notes to the financial statements

35 Net claims expenses

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Gross claims paid	873,367	253,797
Movement in IBNR reserve (see note 17.1(b))	(127,558)	(36,066)
Movement in reserve for outstanding claims	(438,811)	(204,376)
Gross claims incurred	**306,998**	**13,355**
Salvage recovery	(14,854)	(2,725)
Claims recovered and recoverable from reinsurers (see (a) below)	(289,564)	(35,776)
	2,580	**(25,145)**

a) Analysis of claims recovered and recoverable from reinsurers

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Reinsurance claims recoveries (see note 44c)	239,577	(400,412)
Change in re-insurance recoverable (see note 10b)	129,504	309,446
Change in recoverable in IBNR (see note 10c)	(79,517)	126,742
	289,564	**35,776**

36 Underwriting expenses

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Acquisition expenses (note 36.1)	297,315	303,867
Maintenance expenses (note 36.2)	202,450	247,176
	499,765	**551,043**

36.1 Analysis of acquisition expenses

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Commission expense	345,603	430,347
Business acquisition cost	7,788	11,898
Changes in deferred commission revenue	7,937	
Movement in deferred acquisition cost (see note 11.2)	(64,013)	(138,377)
	297,315	**303,867**

36.2 Analysis of maintenance expenses

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Staff costs (see note 41)	84,024	200,246
Directors' emoluments (see note 41)	13,784	52,797
Retirement benefit cost (see note 41)	6,652	7,011
Other operating expenses (note 41)	97,991	(12,878)
	202,450	**247,176**

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.

37 Investment income

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Dividend income	-	21
Interest income	269,554	260,266
Investment income per statement of profit or loss and OCI	269,554	260,286
Other investment income	1,539	-
Revaluation (loss)/gain on investment properties (see note 13b)	-	-
Revaluation (loss)/gain on property and equipment	-	-
Fair value change on FVTPL securities	65,761	154,887
Investment income for hypothecation	**336,854**	**415,173**

37.1 Hypothecation of investment income

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Investment income that relate to policyholders (note 37.2)	47,005	260,266
Investment income that relate to shareholders (note 37.3)	288,310	415,174
	335,315	**675,439**

37.2 Investment income that relate to policy holders

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Income from money market	47,005	260,266
Fair value change on FVTPL securities	-	-
	47,005	**260,266**

37.3 Investment income that relate to shareholders

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Dividend income	-	21
Income from money market	213,932	256,051
Income from bonds	8,617	4,215
Fair value change on FVTPL securities	65,761	154,887
Revaluation (loss)/gain on investment properties	-	-
Revaluation (loss)/gain on property and equipment	-	-
	288,310	**415,174**

38 Net impairment loss on financial assets

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Impairment loss on placement with financial institutions	-	-
Write back of impairment on trade loans and receivables (note 8.6)	-	-
Impairment loss on loans and receivables (note 8.6(b))	-	-
	-	**-**

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

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Appreciation in value of short-term investments - quoted securities	**65,761**	**154,887**

Notes to the financial statements

40 Other operating (loss)/income (net)

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Sundry (loss)/income	1,236	4,868
Loss on sale of property & equipment	-	-
Exchange gains	(992)	-
Rental income	6,000	5,000
Write back of provision no longer required	-	7,114
	6,244	**16,981**

41 Maintenance and management expenses

Maintenance and management expenses comprise:

	31 Mar 2019		31 Mar 2018	
In thousands of Naira	**Maintenance Expenses**	**Management Expenses**	**Maintenance Expenses**	**Management Expenses**
Staff cost	84,024	126,035	76,075	124,171
Director emoluments	13,784	20,676	21,119	31,678
Pension contribution	3,073	4,610	2,805	4,207
Retirement benefits	3,578	5,368	-	2,975
Contract staff cost	14,481	21,722	11,205	16,808
Advertising & publicity	1,589	2,383	400	600
Marketing expenses	2,396	3,594	2,426	3,639
Medical	3,350	5,026	56	85
Staff training & development	6,056	9,085	2,967	4,451
Corporate Expense	70,118	-	130,123	-
AGM expenses	-	6,000		5,375
Bank charges	-	6,909		1,799
Computer consumables	-	125		2,639
Depreciation & amortisation	-	34,084		31,252
Diesel and fuel	-	11,994		10,129
Entertainment	-	821		438

Maintenance and management expenses (cont'd)

	31 Mar 2019		31 Mar 2018	
In thousands of Naira	**Maintenance Expenses**	**Management Expenses**	**Maintenance Expenses**	**Management Expenses**
Fines & penalties	-	1,000	-	-
Industrial training fund	-	8,824	-	9,054
Insurance expenses	-	16,749	-	6,635
Insurance supervision fee	-	19,261	-	22,311
Legal and secretarial expenses	-	5,571	-	6,156
Lighting & heating	-	1,912	-	1,633
Maintenance expense	-	26,803	-	21,692
Newspapers & periodicals	-	133	-	185
Postage and telephone	-	3,782	-	28,694
Consultancy expenses	-	16,635	-	8,673
Rent & rate	-	10,816	-	9,124
Stationaries	-	5,200	-	3,043
Subscriptions, contributions & donations	-	12,484	-	4,740
Transport and business travels	-	2,802	-	3,175
Withholding tax & VAT	-	13,682	-	11,414
Audit fee	-	6,250	-	6,250
Finance lease cost (see note (i) below)	-	5,584	-	5,859
Asset derecognition	-	-	-	-
Others	-	16,362	-	75,332
Total	**202,450**	**432,281**	**247,176**	**464,216**

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

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

	31 Mar 2019	31 Mar 2018
	₦'000	₦'000
Fair value gain / (loss) in available-for-sale investments - quoted equities	(106)	2,036
Fair value gain / (loss) in available-for-sale investments - unquoted equities	-	-
Exchange difference	-	-
	(106)	**2,036**

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 Mar 2019	31 Mar 2018
Profit attributable to ordinary shareholders (N'000)	**439,264**	**375,355**
Weighted average number of ordinary shares	**7,999,999**	**7,999,999**
Basic and diluted earnings per share (Kobo)	**5.5**	**4.7**

Other National Disclosures
Financial Summary

	31 Mar 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2015 ₦'000	31 Dec 2014 ₦'000
Statement of financial position						
Assets						
Cash and cash equivalents	1,112,476	1,977,828	1,843,757	2,843,284	2,414,144	2,239,372
Financial assets	20,155,031	19,116,401	18,659,072	14,829,344	14,806,482	13,521,354
Trade receivables	121,755	225,560	13,741	18,637	18,432	3,895
Reinsurance assets	856,459	458,391	558,813	784,347	315,694	398,213
Deferred acquisition cost	323,112	314,651	176,274	189,626	188,128	119,415
Deferred tax assets	-	-	-	-	-	197,167
Other receivables and prepayments	521,649	322,223	238,777	139,769	130,865	83,546
Investment property	144,000	135,000	135,000	92,000	97,000	71,700
Intangible assets	12,509	22,278	26,445	24,101	26,069	34,765
Property and equipment	1,449,427	1,328,373	1,356,279	1,111,339	1,195,422	1,006,795
Statutory deposit	300,000	300,000	300,000	300,000	300,000	300,000
Total assets	**24,996,418**	**24,200,706**	**23,308,158**	**20,332,447**	**19,492,236**	**17,976,222**
Liabilities						
Insurance contract liabilities	4,458,172	2,827,651	2,443,858	2,860,449	2,276,752	1,623,963
Trade payables	146,529	332,817	107,346	43,749	229,316	244,617
Finance lease obligations	281,623	231,461	307,546	-	-	-
Provision and other payables	114,779	56,037	88,222	264,261	327,273	249,361
Retirement benefit obligations	26,253	22,905	30,471	68,948	84,225	128,279
Income tax liabilities	385,561	170,857	177,941	337,109	147,355	142,313
Deferred tax liabilities	158,381	158,381	199,942	224,639	117,921	-
Total liabilities	**5,571,298**	**3,800,109**	**3,355,326**	**3,799,155**	**3,182,842**	**2,388,533**
Capital and reserves						
Issued and paid-up share capital	3,999,999	3,999,999	3,999,999	3,999,999	3,999,396	3,999,396
Share premium	729,044	729,044	729,044	729,044	729,044	729,044
Contingency reserve	1,779,527	1,691,674	1,616,603	1,038,349	917,387	803,712
Retained earnings	2,734,002	2,382,591	2,082,306	(230,708)	(654,310)	(1,049,054)
Assets revaluation reserve	752,083	752,083	752,083	733,656	733,656	567,004
Re-measurement reserve	23,761	4,484	4,484	42,368	13,547	10,537,587
Fair value reserve	9,406,702	10,770,345	10,768,313	10,220,584	10,570,674	-
Total equity	**19,425,118**	**20,330,220**	**19,952,833**	**16,533,292**	**16,309,394**	**15,587,689**
Total liabilities and equity	**24,996,416**	**24,130,328**	**23,308,158**	**20,332,447**	**19,492,236**	**17,976,222**
Statement of profit or loss						
Net premium income	1,066,930	941,991	2,840,379	2,835,885	2,436,231	1,950,854
Underwriting results	716,703	501,255	450,438	701,864	1,267	402,498
Profit/(loss) before taxation	627,520	469,194	3,001,152	942,682	929,109	580,846
Taxation	-	-	(34,273)	(398,118)	(416,862)	(255,849)
Profit/(loss) after taxation	627,520	469,194	2,896,319	544,564	512,247	324,997
Transfer to contingency reserve	87,853	578,254	578,254	120,962	113,675	91,642
Dividend	-	-	-	-	-	-
Transfer to revenue reserve	539,667	(109,060)	2,318,065	423,602	398,572	233,355
Basic earnings per share (kobo)	5.5	4.7	6.8	6.8	6.4	4.1

Other National Disclosures
Revenue Account
For the year ending

31 March 2019

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Total
Direct receipted premium	293,477	277,415	341,446	143,610	75,965	7,207	69,213	923,197	2,131,530
Inward premium	13,208	8,959	22,546	6,408	46	-	950	32,008	84,125
Gross premium written	**306,685**	**286,374**	**363,992**	**150,018**	**76,011**	**7,207**	**70,163**	**955,205**	**2,215,655**
Changes in reserve for unexpired risk	(125,116)	(101,457)	(45,384)	(23,666)	(46,815)	3,499	(25,980)	(370,368)	(735,287)
Gross premium earned	**181,569**	**184,917**	**318,608**	**126,352**	**29,196**	**10,706**	**44,183**	**584,837**	**1,480,368**
Reinsurance expenses (Note 33)	(102,935)	(107,038)	(17,059)	(42,347)	(20,784)	(3,492)	(29,288)	(90,494)	(413,438)
Net earned premium	**78,633**	**77,880**	**301,549**	**84,004**	**8,412**	**7,214**	**14,895**	**494,342**	**1,066,930**
Commissions received	55,632	44,892	4,613	18,704	12	1,405	11,801	15,059	152,118
Total underwriting income	**134,266**	**122,771**	**306,162**	**102,708**	**8,425**	**8,619**	**26,696**	**509,402**	**1,219,048**
Underwriting expenses									
Claims expenses (Note 35)	(12,160)	(44,625)	(43,356)	(1,728)	(64,739)	(2,123)	72,680	93,470	(2,581)
Maintenance expenses	(28,023)	(26,167)	(33,259)	(13,708)	(6,945)	(659)	(6,411)	(87,279)	(202,450)
Acquisition expenses (Note 36)	(43,583)	(43,069)	(48,741)	(27,953)	(4,364)	(896)	(13,174)	(115,533)	(297,314)
Underwriting profit	**50,500**	**8,911**	**180,806**	**59,319**	**(67,624)**	**4,941**	**79,791**	**400,059**	**716,702**

31 March 2018

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Total
Direct receipted premium	220,596	220,419	335,422	90,419	24,995	9,010	47,120	1,153,847	2,101,829
Inward premium	13,037	2,745	17,681	11,334	-	-	1,680	23,654	70,131
Gross premium written	**233,633**	**223,164**	**353,103**	**101,754**	**24,995**	**9,010**	**48,801**	**1,177,500**	**2,171,960**
Changes in reserve for unexpired risk	(6,794)	(32,155)	72,866	52,150	(8,333)	(7,118)	13,181	(708,032)	(624,235)
Gross premium earned	**226,839**	**191,009**	**425,969**	**153,904**	**16,662**	**1,892**	**61,981**	**469,468**	**1,547,725**
Reinsurance expenses (Note 33)	(300,016)	7,599	(4,574)	(11,468)	(4,398)	208	5,423	(298,508)	(605,734)
Net earned premium	**(73,177)**	**198,608**	**421,395**	**142,436**	**12,264**	**2,099**	**67,405**	**170,960**	**941,990**
Commissions received	37,952	14,482	9,506	11,049	-	-	12,174	-	85,163
Total underwriting income	**(35,225)**	**213,090**	**430,901**	**153,485**	**12,264**	**2,099**	**79,579**	**170,960**	**1,027,153**
Underwriting expenses									
Claims expenses (Note 35)	25,082	(2,317)	(5,270)	(4,971)	(9,941)	(1,648)	(26,416)	50,627	25,145
Maintenance expenses	(26,588)	(25,397)	(40,184)	(11,466)	(2,959)	(1,211)	(5,368)	(134,004)	(247,177)
Acquisition expenses (Note 36)	(45,512)	(32,342)	(52,786)	(44,411)	(1,513)	(2,204)	(17,801)	(107,299)	(303,867)
Underwriting profit	**(82,243)**	**153,034**	**332,660**	**92,638**	**(2,149)**	**(2,964)**	**29,993**	**(19,716)**	**501,254**