LINKAGE ASSURANCE PLC
RC: 162306

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# LINKAGE ASSURANCE PLC
## UNAUDITED INTERIM FINANCIAL STATEMENTS
## 30 Sept 2018

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**Corporate Information**

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|---|---|
| **Mission Statement** | Linkage Assurance Plc. is in business to provide first class insurance and other financial services to the African Insurance market. To achieve this, it has deployed exemplary management, best in class information technology infrastructure and well trained and motivated work force as vehicle for achieving the superior returns expected by shareholders. |
| **Board of Directors** | |
| **Chairman** | Chief Joshua Bernard Fumudoh |
| **Other Directors** | Mr. Tamunoye Zifere Alazigha<br>Mrs. Imo Oyewole<br>Mr. Olakunle Agbebi<br>Mrs. Remilekun Odunlami (Resignation: effective 31st August 2018)<br>Mrs. Obafunke Alade-Adeyefa<br>Mr. Bernard Nicolaas Griesel<br>Mrs. Funkazi Koroye-Crooks<br>Mr. Maxwell Ebibai |
| **Acting Managing Director** | Mr. Daniel Braie *(became Acting Managing Director 15 March 2018)* |
| **Company Secretary** | Mr. Moses Omorogbe |
| **Registered Office** | Linkage Plaza<br>Plot 20, Block 94<br>Off Adewunmi Adebimpe Street<br>Lekki-Epe Expressway, Lekki, Lagos |
| **Registrars** | Centurion Registrars<br>33C, Cameron Road,<br>Ikoyi, Lagos.<br>www.centurionregistrars.com |
| **Auditor** | KPMG Professional Services<br>KPMG Towers,<br>Bishop Aboyade Cole Street<br>Victoria Island, Lagos<br>www.ng.kpmg.com |
| **Reinsurers** | African Reinsurance Corporation, Lagos, Nigeria<br>Swiss Reinsurance Company, Zurich, Switzerland<br>Continental Reinsurance Plc, Lagos, Nigeria<br>WAICA Reinsurance, Sierra Leone<br>Arab Insurance Company, Bahrain<br>Cathedral @ Underwriter Syndicates No. 2010 MMX, London<br>Zep-pe (PTA Reinsurance Company), Nairobi, Kenya<br>Atrium Underwriters Limited @ Lloyd's Underwriter Syndicate, UK<br>Hannover Ruck SE, Hannover, Germany |
| **Principal Bankers** | Access Bank Plc.<br>Ecobank Nigeria Plc.<br>FCMB Limited<br>Fidelity Bank Plc.<br>First Bank of Nigeria Limited<br>Guaranty Trust Bank Plc.<br>Heritage Bank Limited.<br>Keystone Bank Limited<br>Skye Bank Plc.<br>Stanbic IBTC Bank Limited<br>Union Bank Plc.<br>United Bank for Africa Plc.<br>Unity Bank Plc.<br>Zenith Bank Plc. |
| **Actuary** | Ernst & Young |
| **RC No.** | 162306 |
| **FRC Registered No.** | FRC/2012/0000000000339 |

**RESULT AT A GLANCE**

| **Amounts in N'millions** | **30 Sept 2018** | **30 Sept 2017** |
|---|---|---|
| Gross premium written | 4,540 | 3,375 |
| Gross premium income | 3,677 | 3,154 |
| Net premium income | 2,509 | 2,012 |
| Net claims expenses | 1,818 | 641 |
| Underwriting expenses | 1,576 | 1,481 |
| Underwriting (loss)/profit | (699) | 37 |
| Investment and other income | 1,775 | 3,130 |
| Profit before taxation | 387 | 2,833 |
| (Loss)/profit after taxation | 84 | 2,855 |

**Statement of financial position**

| **Amounts in N'millions** | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Total assets | 24,580,665 | 2,443,857 |
| Insurance contract liabilities | 4,145,590 | 2,548,671 |

**Statement of accounting policies**

**1 Corporate Information**

**1.1 Reporting entity**

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

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

**1.2. Principal activities**

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

**2 Basis of Preparation**

**2.1** This condensed consolidated interim financial report for the reporting period ended 30 Sept 2018 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 September 2018 and any public announcements made by Linkage Assurance Plc during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**2.2 Going concern**

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

**2.3 Basis of measurement**

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

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

**2.4 Estimates, judgement and uncertainties**

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

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

**2.5 Presentation Currency**

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

**2.6 Functional currency**

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

**3 Changes in accounting policies**

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

***Standards, amendments and interpretations effective during the reporting period***

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

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

**Notes to the interim financial statements**

**4 Significant accounting policies**

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

**4.1 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents.

**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.

**Notes to the interim financial statements**

**4.2.3 Impairment of non derivative financial assets**

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

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

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

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its costs. The 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.

**Notes to the interim financial statements**

**4.2.6 Offsetting financial instruments**

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

**4.3 Fair value measurement**

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

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

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

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

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

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).

**Notes to the interim financial statements**

Where such business is reinsured the reinsurers' share is carried forward as deferred income.
Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

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

**4.8 Investment properties**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year/period in which they arise.

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

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

**4.9 Intangible assets**

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

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

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

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

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

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

**4.10 Property and equipment**

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

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

**Notes to the interim financial statements**

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

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

*Subsequent costs*

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

*Depreciation*

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

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

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

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

Land is not depreciated.

*De-recognition*

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

**4.11 Impairment of non-financial assets**

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

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

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

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

**4.12 Statutory deposit**

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

**Notes to the interim financial statements**

**4.13 Insurance contract liabilities**

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

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

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

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

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

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

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

**4.14 Finance lease obligations**

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

*Lease assets - lessee*

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

*Lease payments*

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

*Lease assets - lessor*

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

**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.

**Notes to the interim financial statements**

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.

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.

**Notes to the interim financial statements**

**Minimum tax**

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

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

**Deferred Income Tax**

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

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

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

**4.19 Other receivables and prepayments**

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

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

**4.20 Share capital and reserves**

a. *Share capital*

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

*Share premium*

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

b. *Dividend*

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

c. *Contingency reserves*

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

d. *Asset revaluation reserve*

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

e. *Fair value reserve*

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

f. *Re-measurement reserve*

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

g. *Retained earnings*

This account accumulates profits or losses from operations.

**Notes to the interim financial statements**

**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 gains or losses resulting from the settlement of such transactions and from translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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

**4.23 Insurance contracts**

**(a) Classification**

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

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

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

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

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

**(b) Recognition and measurement of insurance contracts**

Premium income is recognised on assumption of risks.

(i) *Premiums*

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

(ii) *Unearned premium provision*

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

(iii) *Gross premium earned*

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

**Notes to the interim financial statements**

(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.

**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.

**Notes to the interim financial statements**

**4.25 Net claims expenses**

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

***(a) Claims***

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

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

***(b) Reinsurance claims***

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

**4.26 Underwriting expenses**

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

**4.27 Expense recognition**

*Interest*

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

*Management expenses*

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

**4.28 Operating segment**

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

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

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

**4.29 Earnings per share**

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning or after 31 December 2017, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

**Notes to the interim financial statements**

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

**(i) Financial Instruments (IFRS 9)**

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

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

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

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

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

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB has issued amendments to IFRS 4 Insurance Contracts.

The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement. The optional solutions are:

- Temporary exemption from IFRS 9 – Some companies will be permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement. To qualify for this exemption the Company's activities need to be predominantly connected with insurance.

- Overlay approach – This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

The Company will adopt the amendments when IFRS 17 becomes effective.

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

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

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

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

**(iv) IFRIC 22 Foreign currency transactions and advance consideration**

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

• pays or receives consideration in a foreign currency; and

• recognises a non-monetary asset or liability – e.g. non- refundable advance consideration – before recognising the related item. The Company will adopt the interpretation for the year ending 31 December 2018

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

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

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

**Notes to the interim financial statements**

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

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

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

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

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

(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.
For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

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

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

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

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

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

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

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

The Company is yet to carry out an assessment to determine the the impact that the initial application of IFRS 17 could have on its business; however, the Company will adopt the standard for the year ending 31 December 20121.

**Statement of financial position**
**As at 30 Sept 2018**

| *In thousands of Naira* **Assets** | **Note** | **Unaudited 30 Sept 2018** | **Audited 31 Dec 2017** |
|---|---|---|---|
| Cash and cash equivalents | 7 | 1,221,453 | 1,843,757 |
| Financial assets | 8 | 20,306,633 | 18,659,073 |
| Trade receivables | 9 | 197,745 | 13,741 |
| Reinsurance assets | 10 | 488,231 | 558,813 |
| Deferred acquisition cost | 11 | 344,645 | 176,274 |
| Other receivables and prepayments | 12 | 248,077 | 238,777 |
| Investment properties | 13 | 135,000 | 135,000 |
| Intangible assets | 14 | 15,870 | 26,445 |
| Property and equipment | 15 | 1,323,011 | 1,356,278 |
| Statutory deposit | 16 | 300,000 | 300,000 |
| **Total assets** | | **24,580,665** | **23,308,158** |
| | | | |
| **Liabilities** | | | |
| Insurance contract liabilities | 17 | 4,145,590 | 2,443,857 |
| Trade payables | 19 | 116,372 | 107,346 |
| Other payables | 20 | 369,500 | 307,547 |
| Finance lease obligations | 21 | 65,648 | 88,222 |
| Defined benefit obligations | 22 | 5,599 | 30,471 |
| Income tax liabilities | 23 | 44,309 | 177,941 |
| Deferred tax liabilities | 24 | 199,943 | 199,942 |
| **Total liabilities** | | **4,946,961** | **3,355,326** |
| | | | |
| **Equity** | | | |
| Share capital | 25 | 3,999,999 | 3,999,999 |
| Share premium | 26 | 729,044 | 729,044 |
| Contingency reserve | 27 | 1,726,919 | 1,616,603 |
| Retained earnings | 28 | 1,656,373 | 2,082,306 |
| Assets revaluation reserve | 29 | 752,084 | 752,083 |
| Re-measurement reserve | 30.2 | 4,484 | 4,484 |
| Fair value reserve | 30.1 | 10,764,801 | 10,768,313 |
| **Total equity** | | **19,633,704** | **19,952,832** |
| | | | |
| **Total liabilities and equity** | | **24,580,665** | **23,308,158** |
| | | - | - |

The financial statements were approved on 29 October 2018 and signed on behalf of the Board of Directors by:

**Chief Joshua Bernard Fumudoh**
**(Chairman)**
**FRC/2018/IODN/00000017911**

**Mr. Daniel Braie (Acting Managing Director)**
**FRC/2018/CIIN/00000018082**

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

**Statement of profit or loss and other comprehensive income**
**for the period ended 30 September 2018**

| *In thousands of Naira* | Note | Unaudited<br>3 months to 30 Sept 2018 | Unaudited<br>3 months to 30 Sept 2017 | Unaudited<br>9 months to 30 Sept 2018 | Unaudited<br>9 months to 30 Sept 2017 |
|---|---|---|---|---|---|
| Gross premium written | 31 | 888,980 | 674,222 | 4,539,738 | 3,375,389 |
| Unearned premium | | 289,334 | 216,392 | (862,569) | (221,536) |
| **Gross premium income** | 32 | **1,178,314** | **890,614** | **3,677,168** | **3,153,853** |
| Reinsurance expenses | 33 | (434,516) | (595,007) | (1,168,335) | (1,142,286) |
| **Net premium income** | | **743,798** | **295,607** | **2,508,834** | **2,011,567** |
| Fees and commission income | 34 | 45,483 | 45,782 | 186,274 | 148,184 |
| **Net underwriting income** | | **789,282** | **341,390** | **2,695,108** | **2,159,751** |
| Net claims expenses | 35 | (716,314) | 135,752 | (1,817,819) | (641,171) |
| Underwriting expenses | 36 | (404,452) | (508,713) | (1,575,875) | (1,481,287) |
| **Underwriting loss** | | **(331,484)** | **(31,571)** | **(698,586)** | **37,292** |
| Investment income | 37 | 234,687 | 109,300 | 1,720,859 | 2,876,471 |
| Impairment loss on financial assets | 38 | - | 88,313 | - | - |
| Net fair value gains on financial assets at fair value through profit or loss | 39 | 19,085 | 234,859 | 300,935 | 715,698 |
| Other operating income | 40 | 6,997 | 191,741 | 53,698 | 253,864 |
| Management expenses | 41 | (292,146) | (361,484) | (989,751) | (1,050,318) |
| **Profit before taxation** | | **(362,861)** | **231,157** | **387,155** | **2,833,007** |
| Income taxes | 23 | (162,411) | 214,025 | (302,770) | 22,421 |
| **Profit after taxation** | | **(525,272)** | **445,183** | **84,385** | **2,855,429** |
| **Other comprehensive income net of tax** | | | | | |
| **Items that will be reclassified subsequently to profit or loss:** | | | | | |
| Net fair value gain on available-for-sale financial assets | 42 | (3,509) | 1,473,738 | (3,509) | 1,473,738 |
| Total other comprehensive income, net of tax | | (3,509) | 1,473,738 | (3,509) | 1,473,738 |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Remeasurement of defined benefit obligation | 22 | - | | - | (3,169) |
| **Other comprehensive income, net of taxes** | | **(3,510)** | **1,473,738** | **(3,510)** | **1,470,569** |
| **Total comprehensive income for the period** | | **(528,782)** | **1,918,921** | **80,875** | **4,325,998** |
| Basic and diluted earnings per share (kobo) | 43 | **(6.6)** | **5.6** | **1.1** | **35.7** |

**Statement of changes in equity for the period ended 30 Sept 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 | 1,616,604 | 752,083 | 4,484 | 10,768,310 | 2,082,302 | 19,952,827 |
| **Comprehensive income** | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 84,385 | 84,385 |
| Other comprehensive income: | | | | | | | | |
| Net fair value changes on AFS financial assets | - | - | - | - | - | (3,509) | - | (3,509) |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **(3,509)** | **84,385** | **80,876** |
| Transfer to contingency reserve | - | - | - | - | - | - | (110,315) | (110,315) |
| Dividend paid | - | - | - | - | - | - | (400,000) | (400,000) |
| Transfer from retained earnings | - | - | 110,315 | - | | - | - | 110,315 |
| | - | - | 110,315 | - | - | - | (510,315) | (400,000.0) |
| **At 30 September 2018** | **3,999,999** | **729,044** | **1,726,919** | **752,084** | **4,484** | **10,764,801** | **1,656,372** | **19,633,703** |

**Statement of changes in equity for the period ended 30 Sept 2017**

| *In thousands of naira* | **Share capital** | **Share premium** | **Contingency Reserve** | **Asset revaluation reserve** | **Re-measure ment reserve** | **Fair value reserve** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2017** | 3,999,999 | 729,044 | 1,038,349 | 733,656 | 42,368 | 10,220,586 | (230,713) | 16,533,289 |
| **Comprehensive income** | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 2,855,429 | 2,855,429 |
| Other comprehensive income: | | | | | | | | |
| Remeasurement of defined benefit obligation | - | - | - | - | (3,169) | - | - - | 3,169 |
| Related deferred tax on remeasurement of DBO | | | | | 951 | | | 951 |
| Net fair value changes on AFS financial assets | - | - | - | - | | 1,473,738 | - | 1,473,738 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(2,218)** | **1,473,738** | **2,855,429** | **4,326,949** |
| Transfer to contingency reserve | - | - | - | - | - | - | (571,086) | (571,086) |
| Transfer from retained earnings | - | - | 571,086 | - | - | - | - | 571,086 |
| | - | - | 571,086 | - | - | - | (571,086) | - |
| **At 30 September 2017** | **3,999,999** | **729,044** | **1,609,435** | **733,656** | **40,150** | **11,694,324** | **2,053,629** | **20,860,238** |

**Statement of cash flows**
**For the period ended 30 September 2018**

| | Note | Unaudited 30 Sept 2018 ₦'000 | Unaudited 30 Sept 2017 ₦'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Premiums received from policy holders | | 4,412,714 | 3,374,827 |
| Reinsurance payments | | (1,308,432) | (975,298) |
| Claims paid | 35 | (1,107,726) | (1,251,275) |
| Reinsurance claim recoveries | | 139,797 | 182,165 |
| Salvage recovery | 35 | 20,879 | 16,927 |
| Commission paid | | (871,246) | (712,893) |
| Maintenance expenses paid - Note 41 (excluding Depreciation & Amortisation) | | (761,000) | (720,854) |
| Commission received | | 252,109 | 170,438 |
| Cash payment to and on behalf of employees | | (614,469) | (148,482) |
| Other operating cash payments | | (841,334) | (1,028,272) |
| Corporate tax paid | 23 | (431,057) | (305,856) |
| Net cash used in operating activities | | (1,109,765) | (1,398,573) |
| **Cash flows from Investing activities** | | | |
| Purchase of properties and equipment | 15 | (56,756) | (124,510) |
| Purchase of intangible assets | 14 | (1,703) | (18,013) |
| Purchase of investment property | 13(b) | - | - |
| Proceeds from sale of property and equipment | | 1,979 | 20,781 |
| Purchase of investment securities | | (2,705,526) | (2,554,746) |
| Proceeds from sale of investment securities | | 1,386,277 | 532,594 |
| Loan repayments | | (30,889) | (50,385) |
| Dividend received | 37 | 1,059,145 | 2,514,035 |
| Rental income received | 40 | 5,000 | 2,500 |
| Interest received | | 852,508 | 180,089 |
| Net cash from investing activities | | 510,035 | 502,346 |
| **Financing activities** | | | |
| Payment of finance lease liabilities | | (22,574) | (81,908) |
| | | (22,574) | (81,908) |
| Net (decrease) / increase in cash and cash equivalents | | (622,304) | (978,135) |
| Cash and cash equivalents at the beginning of the period | | 1,843,757 | 2,843,284 |
| **Cash and cash equivalents at 30 September** | 7 | 1,221,453 | 1,865,149 |

**Notes to the financial statements**

**5. Segment reporting**

The following is an analysis of the Company's revenue and result by reportable segment for the period ended 30 Sept 2018:

| Income: | Motor N'000 | Fire N'000 | General Accident N'000 | Marine N'000 | Aviation N'000 | Engineering N'000 | Oil & Gas N'000 | Bonds & Others N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|---|
| Gross premium written | 1,040,306 | 518,530 | 525,354 | 299,763 | 123,880 | 128,070 | 1,889,128 | 14,708 | 4,539,738 |
| Net change in unearned premium | (188,229) | (50,957) | (96,916) | 24,727 | (37,975) | (8,452) | (499,773) | (4,994) | (862,569) |
| | **852,077** | **467,573** | **428,438** | **324,490** | **85,905** | **119,618** | **1,389,355** | **9,714** | **3,677,168** |
| Re-insurance cost | (44,780) | (231,724) | (132,327) | (110,436) | (51,175) | (65,509) | (526,250) | (6,135) | (1,168,335) |
| Net premium income | 807,297 | 235,849 | 296,111 | 214,053 | 34,730 | 54,109 | 863,105 | 3,579 | 2,508,833 |
| Fee and commission income | 6,624 | 69,176 | 52,681 | 32,788 | 588 | 21,434 | 342 | 2,641 | 186,275 |
| Net underwriting Income | 813,922 | 305,026 | 348,792 | 246,842 | 35,318 | 75,543 | 863,447 | 6,220 | 2,695,108 |
| **Expenses:** | | | | | | | | | |
| Net claims incurred | (193,426) | (47,286) | (17,290) | (220) | (127,296) | 58,980 | (1,475,002) | (16,279) | (1,817,818) |
| Acqusition cost | (110,957) | (119,970) | (113,264) | (108,026) | (21,267) | (33,268) | (305,615) | (2,509) | (814,876) |
| Maintenance expenses | (174,387) | (86,922) | (88,066) | (50,249) | (20,766) | (21,468) | (316,676) | (2,465) | (761,000) |
| | (478,770) | (254,178) | (218,620) | (158,495) | (169,330) | 4,244 | (2,097,293) | (21,253) | (3,393,694) |
| **Underwriting profit/(loss)** | **335,151** | **50,848** | **130,172** | **88,346** | **(134,012)** | **79,787** | **(1,233,846)** | **(15,033)** | **(698,586)** |

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.

**30 Sept 2017**

| Income: | Motor N'000 | Fire N'000 | General Accident N'000 | Marine N'000 | Aviation N'000 | Engineering N'000 | Oil & Gas N'000 | Bonds & Others N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|---|
| Gross premium written | 671,459 | 401,386 | 435,938 | 303,352 | 110,709 | 110,499 | 1,330,251 | 11,796 | 3,375,389 |
| Net change in unearned premium | (72,953) | 193,874 | (45,316) | (69,062) | (119,294) | 61,391 | (125,853) | (44,323) | (221,537) |
| | **598,506** | **595,259** | **390,622** | **234,290** | **(8,585)** | **171,889** | **1,204,397** | **(32,527)** | **3,153,852** |
| Re-insurance cost | (14,448) | (328,117) | (76,663) | (98,882) | (58,670) | (54,414) | (511,992) | 900 | (1,142,286) |
| Net premium income | 584,058 | 267,143 | 313,959 | 135,408 | (67,255) | 117,475 | 692,405 | (31,627) | 2,011,566 |
| Fee and commission income | 5,171 | 56,065 | 28,535 | 40,824 | 60 | 17,528 | - | - | 148,185 |
| Net underwriting Income | 589,229 | 323,208 | 342,494 | 176,232 | (67,195) | 135,003 | 692,405 | (31,627) | 2,159,751 |
| **Expenses:** | | | | | | | | | |
| Net claims incurred | (182,713) | (88,513) | (96,034) | 35,041 | (29,389) | 30,670 | (269,300) | (40,933) | (641,172) |
| Acqusition cost | (75,581) | (107,293) | (80,994) | (73,246) | 3,324 | (44,675) | (263,555) | (118,413) | (760,433) |
| Maintenance expenses | (143,398) | (85,721) | (93,100) | (64,784) | (23,643) | (23,598) | (284,091) | (2,519) | (720,854) |
| | (401,692) | (281,526) | (270,128) | (102,989) | (49,708) | (37,603) | (816,946) | (161,865) | (2,122,460) |
| **Underwriting profit/(loss)** | **187,537** | **41,681** | **72,366** | **73,242** | **(116,903)** | **97,400** | **(124,540)** | **(193,492)** | **37,291** |

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

## 6 Capital and Risk Management

### 6.1 Capital Management

| **Analysis of shareholders funds** | | |
|---|---|---|
| *In thousand of Naira* | **30 Sept 2018** | **31 Dec 2017** |
| Total assets | 24,580,665 | 23,308,158 |
| Less: Total liabilites | 4,946,961 | 3,355,326 |
| **Shareholders funds as at year end** | **19,633,704** | **19,952,832** |

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

| *In thousands of naira* | **30-Sep-18** | **31 Dec 2017** |
|---|---|---|
| Total shareholders' funds | 19,633,704 | 19,952,832 |
| Regulatory required capital | 3,000,000 | 3,000,000 |
| Excess over minimum capital | 16,633,704 | 16,952,832 |
| Capitalisation rate | 654% | 665% |

The Company’s solvency margin is as follows:

| *In thousands of naira* | **30-Sep-18** | **31 Dec 17** |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 1,221,453 | 1,843,757 |
| Financial assets | 9,333,252 | 7,705,719 |
| Trade receivables | 197,745 | 13,741 |
| Reinsurance assets | 488,231 | 558,813 |
| Deferred acquisition cost | 344,645 | 176,274 |
| Other receivables and prepayment | 248,077 | 238,777 |
| Property and equipment | 1,323,011 | 135,000 |
| Investment properties | 135,000 | 26,445 |
| Statutory deposit | 300,000 | 1,356,278 |
| **Total admissible assets** | **13,591,415** | **12,054,803** |
| | | |
| **Liabilities** | | |
| Insurance contract liabilities | 4,145,590 | 2,443,857 |
| Trade payables | 116,372 | 107,346 |
| Other payables | 369,500 | 307,547 |
| Defined benefit obligations | 5,599 | 88,222 |
| Finance Lease Obligation | 65,648 | 30,471 |
| Income tax liabilities | 44,309 | 177,941 |
| **Total admissible liabilities** | **4,747,018** | **3,155,384** |
| | | |
| **Excess of total admissible assets over admissible liabilities (solvency margin)** | **8,844,397** | **8,899,419** |

**Notes to the interim financial statements**

| | | | |
|---|---|---|---|
| | Higher of (a) and (b): | | |
| | Gross premium income | 3,677,168 | 4,186,126 |
| | Less: Reinsurance expense | (1,168,335) | (1,345,748) |
| | **Net premium** | 2,508,834 | 2,840,377 |
| (a) | **15% of net premium** | 376,325 | 426,057 |
| (b) | **Minimum paid up capital** | 3,000,000 | 3,000,000 |
| | **The higher thereof:** | **3,000,000** | **3,000,000** |
| | **Excess of solvency margin over minimum capital base** | **5,844,397** | **5,899,419** |
| | **Solvency margin ratio** | **295%** | **297%** |

**6.2 Insurance Risk**

***(f)*** **Insurance risk concentration per policy type**

| **Line of business** | **30 Sept 2018** | | | **31 December 2017** | | |
|---|---|---|---|---|---|---|
| *In thousands of naira* | **Gross outstanding claims** | **Reinsurance recoveries** | **Net liabilities** | **Gross outstanding claims** | **Reinsurance recoveries** | **Net liabilities** |
| Motor | 657,186 | 39,081 | 618,105 | 190,900 | 10,187 | 180,713 |
| Fire | 381,920 | 241,108 | 140,812 | 200,860 | 129,730 | 71,130 |
| Accident | 505,697 | 150,742 | 354,955 | 370,265 | 92,782 | 277,483 |
| Engineering | 141,471 | 86,452 | 55,019 | 221,482 | 105,256 | 116,226 |
| Marine | 146,053 | 64,660 | 81,392 | 72,978 | 7,099 | 65,879 |
| Oil & Gas | 2,230,263 | 892 | 2,229,371 | 348,116 | - | 348,116 |
| | 4,062,590 | 582,936 | 3,479,654 | 1,404,601 | 345,054 | 1,059,547 |

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

**7 Cash and cash equivalents**

| Cash and cash equivalents comprise: | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Cash in hand | 328 | 373 |
| Balances with banks & other financial institutions (see (b) below) | 1,348,546 | 1,970,805 |
| | 1,348,874 | 1,971,178 |
| Allowance for impairment (see (a) below) | (127,421) | (127,421) |
| **Cash and bank balance as at year end** | **1,221,453** | **1,843,757** |

**(a) Allowance for impairment**

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

**(b)** These are cash balances and short-term placements with banks and other financial institutions with tenor of 90 days or less. Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a maturity of three months or less from the date of acquisition.

**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.

| | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Fair value through profit or loss (note 8.1) | 3,250,811 | 4,336,153 |
| Available-for-sale (note 8.2) | 11,168,509 | 11,172,021 |
| Loans and receivables (note 8.6) | 178,642 | 147,754 |
| Held to maturity (note 8.7) | 5,708,671 | 3,003,145 |
| | **20,306,633** | **18,659,073** |

**8.1 Fair value through profit or loss**

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

| | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Balance as at the beginning of the period | 4,336,153 | 4,039,496 |
| Disposal/redemption | (1,386,277) | (530,685) |
| | 2,949,876 | 3,508,811 |
| Fair value gain | 300,935 | 827,341 |
| Balance as at the end of the period | **3,250,811** | **4,336,153** |

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

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

**8.2 Available for sale**

Available for sale financial assets comprise:

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Quoted equities and unit trust schemes (note 8.3) | 33,483 | 36,992 |
| Unquoted equities - at fair value through OCI (note 8.4) | 11,070,997 | 11,071,000 |
| Unquoted equities - at cost (note 8.5) | 64,029 | 64,029 |
| | **11,168,509** | **11,172,021** |

**Reconciliation of carrying amount**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance as at the beginning of the period | 11,172,021 | 10,587,239 |
| Disposal during the period | (7,111) | - |
| Provision written back | 7,114 | - |
| Fair value gain/(loss) | (3,509) | 584,782 |
| Exchange difference | - | 37,053 |
| Balance as at the end of the period | **11,168,514** | **11,172,021** |

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

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 36,992 | 27,210 |
| Fair value changes | (3,509) | 9,782 |
| Balance at the end of the period | **33,483** | **36,992** |

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

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 11,071,000 | 10,496,000 |
| Fair value change | - | 575,000 |
| Balance at the end of the period | **11,071,000** | **11,071,000** |

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

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

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Cost | 214,765 | 251,818 |
| Disposal | (7,114) | - |
| Exchange difference | - | (37,053) |
| | 207,651 | 214,765 |
| Impairment allowance | (143,623) | (150,736) |
| Carrying amount | **64,029** | **64,029** |

**Impairment allowance**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 150,736 | 150,736 |
| Reversal on disposal | (7,114) | - |
| Balance at the end of the period | **143,622** | **150,736** |

**8.6 Loans and receivables**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Placements above 90 days | 172,344 | 171,707 |
| Loan to staff | 30,400 | 24,990 |
| Loan to policy holders | 13,654 | 13,654 |
| Ex-staff loans | 36,614 | 11,772 |
| | **253,012** | **222,123** |
| Allowance for impairment | (74,369) | (74,369) |
| | **178,643** | **147,754** |

**(a) Impairment allowance**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 74,369 | 74,369 |
| Additions | - | - |
| Balance at the end of the period | **74,369** | **74,369** |

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

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance as at 1 January | 222,123 | 218,535 |
| Repayment during the period | 30,889 | (185,931) |
| Accrued interest | - | 881 |
| | 253,012 | 222,123 |
| Impairment loss | (74,369) | (74,369) |
| Balance as at 31 May | 178,643 | 147,754 |

**8.7 Held to maturity**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 3,014,337 | 32,582 |
| Redemption | - | (4,061) |
| | 3,014,337 | **28,521** |
| Additions during the period (Treasury bills) | 2,705,526 | 2,985,816 |
| Unearned interest on treasury bills | | |
| | 5,719,863 | **3,014,337** |
| Allowance for impairment | (11,192) | (11,192) |
| Balance at the end of the period | **5,708,671** | **3,003,145** |

**Notes to the interim financial statements**

## 9 Trade receivables

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Due from brokers | 197,745 | 13,741 |
| | **197,745** | **13,741** |

## 10 Reinsurance assets

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Prepaid reinsurance | 272,406 | 214,446 |
| Reinsurance treaty premium (deficit)/surplus | (97,623) | (688) |
| Total prepaid reinsurance (note 10.1) | 174,783 | 213,758 |
| Reinsurance recoverable on outstanding claims (note 10(b) ) | 186,707 | 218,314 |
| Reinsurance projection on IBNR (note 10(c) ) | 126,741 | 126,741 |
| | **488,231** | **558,813** |

**(a) Movement in prepaid reinsurance costs**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 214,446 | 189,188 |
| Additions during the period | 1,226,295 | 1,371,006 |
| Reinsurance expense in the period (see note 33.1) | (1,168,335) | (1,345,748) |
| Balance at the end of the period | **272,406** | **214,446** |

**(b) Movement in reinsurance recoverable on outstanding claims**

| _In thousands of Naira_ | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 218,314 | 481,413 |
| Changes during the period (see note 17.1(a) ) | (31,607) | (263,099) |
| Balance at the end of the period | **186,707** | **218,314** |

**(c) Movement in reinsurance recoverable on IBNR projection**

| _In thousands of Naira_ | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Balance at the beginning of the period | 126,741 | 85,311 |
| Changes during the period (see note 17.1(b) ) | - | 41,430 |
| Balance at the end of the period | **126,741** | **126,741** |

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

**Notes to the interim financial statements**

**10.1 Breakdown of prepaid reinsurance is as follows:**

| *In thousands of Naira* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Motor | 22,653 | 19,146 |
| Fire | 102,894 | 84,276 |
| General accident | 62,279 | 31,115 |
| Engineering | 30,544 | 24,606 |
| Marine | 50,226 | 53,944 |
| Oil & Gas | 892 | 1,359 |
| | 269,488 | 214,446 |
| Treaty premium (defict)/surplus | (97,623) | (688) |
| | **171,865** | **213,758** |

**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* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| | **344,645** | **176,274** |

**11.2 Movement in the deferred acquisition costs**

| *In thousands of Naira* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Balance at the beginning of the period | 176,274 | 189,626 |
| (Decrease) / increase during the period | 168,371 | (13,352) |
| Balance at the end of the period | **344,645** | **176,274** |

**12 Other receivables and prepayments**

| *In thousands of Naira* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Prepayments (see (a) below) | 119,810 | 96,639 |
| Other receivables (see (b) below) | 130,870 | 148,349 |
| | 250,679 | 244,988 |
| Allowance for impairment | (2,602) | (6,211) |
| | **248,077** | **238,777** |

**(a) Prepayments**

| *In thousands of Naira* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Prepaid staff benefits | 58,137 | 40,669 |
| Deposits with stock broker | 2,602 | 2,602 |
| Prepaid rent | 17,965 | 9,465 |
| Other prepaid expenses | 41,105 | 43,903 |
| | **119,810** | **96,639** |

**(b) Other receivables**

| *In thousands of Naira* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Prepaid business acquisition expenses | 4,887 | 5,322 |
| Withholding tax recoverable | 78,908 | 76,749 |
| Sundry receivables (see (i) below) | 47,074 | 66,278 |
| | 130,870 | 148,349 |
| Allowance for impairment | (2,602) | (6,211) |
| | **128,268** | **142,138** |

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

Movement in allowance for impairment

| *In thousands of Naira* | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Balance at the beginning of the period | 6,211 | 4,831 |
| (Writeback)/Addition | (3,609) | 1,380 |
| Balance at the end of the period | **2,602** | **6,211** |

**Notes to the interim financial statements**

**13 Investment properties**

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

**30 Sept 2018**

| S/N | Location of asset | Carrying amount as at January 1 | Additions | Disposals | Fair value gain/(loss) | Carrying amount as at 30 Sept 2018 |
|---|---|---|---|---|---|---|
| | | N'000 | N'000 | N'000 | N'000 | N'000 |
| 1 | No 11A, Coker Road, Ilupeju, Lagos | - | - | - | - | - |
| 2 | No. 9C Shekinah Green Estate, Apo District, Abuja. | 67,500 | - | - | - | 67,500 |
| 3 | No. 11C Shekinah Green Estate, Apo District, Abuja. | 67,500 | - | - | - | 67,500 |
| | | 135,000 | - | - | - | 135,000 |

**14 Intangible assets**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| **Cost** | | |
| Balance at the beginning of the period | 65,275 | 48,676 |
| Addition during the period | 1,703 | 18,013 |
| Balance at the end of the period | 66,979 | **66,689** |
| **Accumulated Amortisation** | | |
| Balance at the beginning of the period | 40,243 | 24,575 |
| Charge for the period | 10,865 | 15,669 |
| Balance at the end of the period | 51,108 | 40,244 |
| **Net Book Value** | | |
| Balance at the end of the period | **15,870** | **26,445** |

**Notes to the interim financial statements**

## 15 Property and equipment

**At 30 Sept 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 | - | 745 | 19,500 | 1,528 | 34,983 | - | 56,756 |
| Disposal | - | - | (5,000) | - | (639) | - | (5,639) |
| At 30 Sept 2018 | 757,200 | 285,214 | 567,862 | 138,292 | 307,791 | 105,136 | 2,161,495 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2018 | - | 66,870 | 348,954 | 116,641 | 221,634 | - | 754,099 |
| Charge for the year | - | 87,679 | - | - | - | - | 87,679 |
| Disposal | - | - | (3,021) | - | (272) | - | (3,293) |
| At 30 Sept 2018 | - | 154,549 | 345,933 | 116,641 | 221,362 | - | 838,485 |
| **Net book value** | | | | | | | |
| At 30 Sept 2018 | 757,200 | 130,665 | 221,929 | 21,651 | 86,430 | 105,136 | 1,323,011 |
| At 31 December 2017 | 757,200 | 217,599 | 204,408 | 20,123 | 51,813 | 105,136 | 1,356,279 |

## 16 PPE

**Notes to the interim financial statements**
**At 31 December 2017**

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

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

| | | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|---|
| **16** | **Statutory deposit** | **₦'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.

| | | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|---|
| **17** | **Insurance contract liabilities** | **₦'000** | **₦'000** |
| | Provision for claims reported by policyholders (note 17.1) | 1,951,100 | 961,780 |
| | Provision for IBNR (note 17.1) | 292,665 | 442,821 |
| | Outstanding claims provision | 2,243,765 | 1,404,601 |
| | Provision for unearned premium (note 17.2) | 1,901,825 | 1,039,256 |
| | Total insurance contract liabilities | **4,145,590** | **2,443,857** |

**17.1 Analysis of claims reserve based on nature**

| | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | **Gross claims** | **Reinsurance** | **Net** | **Gross claims** | **Reinsurance** | **Net** |
| Reported claims (see (a) below) | 1,951,100 | 1,951,100 | - | 961,780 | 218,314 | 743,466 |
| IBNR (see (b) below) | 292,665 | 126,742 | 165,924 | 442,821 | 126,741 | 316,080 |
| | **2,243,765** | **2,077,842** | **165,923** | **1,404,601** | **345,055** | **1,059,546** |

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

| | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | **Reported claims** | **Reinsurance** | **Net** | **Reported claims** | **Reinsurance** | **Net** |
| Balance at the beginning of the period | 961,780 | 218,314 | 743,466 | 1,267,284 | 481,413 | 785,871 |
| Movement during the year | 989,320 | (31,607) | 1,020,926 | (305,504) | (263,099) | (42,405) |
| Balance at the end of the period | **1,951,100** | **186,707** | **1,764,393** | **961,780** | **218,314** | **743,466** |

Analysis of outstanding claims per class of business:

| | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| *In thousands of Naira* | **Gross Outstanding claims** | **Reinsurance recoverables** | **Net** | **Gross Outstanding claims** | **Reinsurance recoveries** | **Net** |
| Motor | 101,715 | 6,366 | 95,349 | 102,556 | 125 | 102,431 |
| Fire | 142,407 | 74,080 | 68,326 | 130,723 | 65,597 | 65,126 |
| General accident | 239,158 | 58,845 | 180,313 | 270,491 | 63,164 | 207,327 |
| Engineering | 74,452 | 35,481 | 38,971 | 184,240 | 84,829 | 99,410 |
| Marine | 37,511 | 11,934 | 25,576 | 38,126 | 4,599 | 33,527 |
| Aviation | 20,654 | - | 20,654 | - | - | - |
| Bonds & others | 14,155 | - | 14,155 | - | - | - |
| Oil & Gas | 1,321,047 | - | 1,321,047 | 235,644 | - | 235,644 |
| | **1,951,100** | **186,707** | **1,764,393** | **961,780** | **218,314** | **743,466** |

**Notes to the interim financial statements**

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

| *In thousands of Naira* | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | IBNR claims | Reinsurance | Net | IBNR claims | Reinsurance | IBNR claims |
| At the beginning | 442,821 | 126,741 | 316,080 | 470,036 | 85,311 | 384,725 |
| Movement in the period | (150,156) | 1 | (150,156) | (27,215) | 41,430 | (68,645) |
| At the end of the period | **292,665** | **126,742** | **165,924** | **442,821** | **126,741** | **316,080** |

Analysis of IBNR claims per class of business:

| *In thousands of Naira* | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | IBNR claims | Reinsurance recoveries | Net | IBNR claims | Reinsurance recoveries | Net |
| Motor | 15,257 | 10,062 | 5,195 | 88,344 | 10,062 | 78,282 |
| Fire | 21,361 | 64,134 | (42,773) | 70,138 | 64,134 | 6,004 |
| General accident | 35,874 | 29,618 | 6,256 | 99,774 | 29,618 | 70,156 |
| Engineering | 11,168 | 20,427 | (9,259) | 37,242 | 20,427 | 16,815 |
| Marine | 5,627 | 2,500 | 3,126 | 34,852 | 2,500 | 32,353 |
| Aviation | 3,098 | - | 3,098 | - | - | - |
| Bonds & Others | 2,123 | - | 2,123 | - | - | - |
| Oil & Gas | 198,157 | - | 198,157 | 112,471 | - | 112,471 |
| | **292,665** | **126,740** | **165,924** | **442,821** | **126,741** | **316,081** |

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

| *In thousands of Naira* | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | Unearned Premium | Prepaid Reinsurance | Net | Unearned Premium | Prepaid Reinsurance | Net |
| Motor | 540,214 | 22,653 | 517,560 | 245,155.68 | 19,146 | 226,010 |
| Fire | 218,152 | 102,894 | 115,259 | 221,562 | 84,276 | 137,286 |
| General accident | 230,666 | 62,279 | 168,386 | 129,403 | 31,115 | 98,288 |
| Engineering | 55,851 | 30,544 | 25,307 | 62,729 | 24,606 | 38,124 |
| Marine | 102,915 | 50,226 | 52,690 | 103,683 | 53,944 | 49,739 |
| Aviation | 37,975 | - | 37,975 | - | - | - |
| Bonds & Others | 4,994 | 2,918 | 2,076 | - | - | - |
| Oil & Gas | 711,058 | 892 | 710,167 | 276,723 | 1,359 | 275,364 |
| | **1,901,825** | **272,406** | **1,629,420** | **1,039,257** | **214,446** | **824,810** |

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

| *In thousands of Naira* | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | Unexpired Risk reserve | Reinsurance | Net | Unexpired Risk reserve | Reinsurance | Net |
| Balance at the beginning | 1,039,256 | 214,446 | 824,810 | 1,123,129 | 189,188 | 933,941 |
| Premium written | 4,539,738 | 1,226,295 | 3,313,443 | 4,102,253 | 1,371,006 | 2,731,247 |
| Premium earned | (3,677,168) | (1,168,335) | (2,508,833) | (4,186,126) | (1,345,748) | (2,840,378) |
| Balance at the end | **1,901,826** | **272,406** | **1,629,420** | **1,039,256** | **214,446** | **824,810** |

| *In thousands of Naira* | 30 Sept 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | Unexpired Risk reserve | Reinsurance | Net | Unexpired Risk reserve | Reinsurance | Net |
| Unexpired risk reserve | 1,039,256 | 214,446 | 824,810 | 1,123,129 | 189,188 | 933,941 |
| Movement in unexpired risk reserve from actuarial valuation | 862,569 | 57,960 | 804,609 | (83,873) | 25,258 | (109,131) |
| Balance at the end | **1,901,825** | **272,406** | **1,629,419** | **1,039,256** | **214,446** | **824,810** |

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

**19 Trade payables**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Insurance payables (note 19.1) | 116,372 | 107,346 |
| | **116,372** | **107,346** |

**19.1 Insurance payables**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Commission payables to brokers | 36,029 | 2,630 |
| Premium received in advance | 1,787 | 1,778 |
| Other payables to agents and brokers (see note 19.2) | 78,556 | 102,938 |
| | **116,372** | **107,346** |

**Movement in insurance payables**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Balance at the beginning of the year | 107,346 | 43,749 |
| Addition in the year | 16,140 | 153,428 |
| Reclass of commission liability to other income | (7,114) | (89,831) |
| Balance at the end of the year | **116,372** | **107,346** |

**19.2 Other payables to agents and brokers**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Due to brokers | 78,556 | 102,938 |
| | **78,556** | **102,938** |

**20 Other payables**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Due to Auditors | 18,695 | 22,500 |
| NAICOM levy | 33,583 | 26,752 |
| Expenses payable (see note 20.1 ) | 407 | 93,101 |
| Due to co-insurers | 10,927 | 9,305.40 |
| Deferred commission revenue (see (a) below) | 119,465 | 53,627 |
| Outstanding claims payable | 68,881 | - |
| Other payables (see note 20.2 ) | 117,542 | 102,261 |
| | **369,500** | **307,547** |

**a)** Deferred commission revenue represents the acquisition commission income received in advance on insurance contract policies ceded to reinsurers and co-insurers with maturity beyond the reporting period. The movement during the year is shown below:

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Deferred commission income as at 1 January | 53,627 | 42,814 |
| Fees and commission received during the year | 252,109 | 197,258 |
| Fees and commission earned during the year | (186,271) | (186,445) |
| Deferred commission income | 119,465 | 53,627 |

**20.1 Expenses payable**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| Expenses accrued | 407 | 93,101 |
| | **407** | **93,101** |

**20.2 Other payables**

| | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|
| National Social Trust Fund (NSITF) | 239 | 239 |
| Travel insurance | 4,965 | 8,262 |
| National Housing Fund (NHF) | 1,026 | 1,025 |
| Pension for Life agents/Company | 614 | 605 |
| Cheque without details (see (a) below) | 107,434 | 89,210 |
| Sundry payables | 3,265 | 2,920 |
| | **117,542** | **102,261** |

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

**Notes to the interim financial statements**

**21 Finance lease obligation**

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

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

| | Future minimum lease payments | | Interest | | Present value of future minimum lease payments | |
|---|---|---|---|---|---|---|
| | **30 Sept 2018** | **31 Dec 2017** | **30 Sept 2018** | **31 Dec 2017** | **30 Sept 2018** | **31 Dec 2017** |
| Not later than one year | 52,084 | 52,084 | 16,716 | 16,716 | 35,368 | 35,368 |
| Later than one year but not later than five years | 44,185 | 60,764 | 7,910 | 7,910 | 36,275 | 52,854 |
| | **96,269** | **112,848** | **24,626** | **24,626** | **71,643** | **88,222** |
| | | | | | 65,648 | |

**22 Defined benefit obligations**

| | **Defined benefit liability** | | **Fair value of plan assets** | | **Defined benefit liability / (asset)** | |
|---|---|---|---|---|---|---|
| | **30 Sept 2018** | **31 Dec 2017** | **30 Sept 2018** | **31 Dec 2017** | **30 Sept 2018** | **31 Dec 2017** |
| At the beginning of the year | 100,993 | 68,948 | (70,522) | - | 30,471 | 68,948 |
| Current service cost | - | 15,076 | - | - | - | 15,076 |
| Past service cost | - | - | - | - | - | - |
| Interest cost (income) | - | 11,063 | (8,902) | (522) | (8,902) | 10,541 |
| Contribution by employer | - | - | - | (70,000) | - | (70,000) |
| Benefits paid by the employer | (15,970) | (31,978) | - | - | (15,970) | (31,978) |
| Actuarial (gain)/loss on liability arising from: | | | | | | - |
| - Assumptions | - | 15,577 | - | - | - | 15,577 |
| - Experience | - | 22,307 | - | - | - | 22,307 |
| At the end of the year | **85,023** | **100,993** | **(79,424)** | **(70,522)** | **5,599** | **30,471** |

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**

| | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| At the beginning of the period | 172,596 | 337,109 |
| Payment during the year | (431,057) | (256,914) |
| Charge for the year (note 23.1) | 302,770 | 97,746 |
| At the end of the period | **44,309** | **177,941** |

**23.1 Tax charge**

| | **30 Sept 2018** | **31 Dec 2017** |
|---|---|---|
| Income tax (CIT) | 298,898.34 | 60,282 |
| NITDA Levy | 3,872 | 28,788 |
| | 302,770 | 97,746 |
| Deferred tax (note 24.1) | - | (63,473) |
| Total income tax | 302,770 | 34,273 |
| Minimum tax | - | 70,560 |
| | **302,770** | **104,833** |

**Notes to the interim financial statements**

**24 Deferred taxation**

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

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

| **30 Sept 2018** | **Balance at 1 January** | **Recognised in OCI** | **Recognised in P or L** | **Deferred tax assets /(Liabilities)** |
|---|---|---|---|---|
| Defined benefit obligation | - | - | - | - |
| Property and equipment | (160,683) | - | - | (160,683) |
| Investment property | - | - | - | - |
| Fair value through profit or loss investments | - | - | - | - |
| Unrealised exchange gain | (39,260) | - | - | (39,260) |
| | (199,943) | - | - | (199,943) |

| **31 Dec 2017** | **Balance at 1 January** | **Recognised in OCI** | **Recognised in P or L** | **Deferred tax assets /(Liabilities)** |
|---|---|---|---|---|
| Defined benefit obligation | (1,208) | - | 1,208 | - |
| Property and equipment | (60,416) | (38,777) | (61,490) | (160,683) |
| Investment property | (4,845) | - | 4,845 | - |
| Fair value through profit or loss investments | (122,582) | - | 122,582 | - |
| Unrealised exchange gain | (35,588) | - | (3,672) | (39,260) |
| | (224,639) | (38,777) | 63,473 | (199,942) |

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

| | | 30 Sept 2018 | 31 Dec 2017 |
|---|---|---|---|
| **25** | **Share capital** | **30 Sept 2018** | **31 Dec 2017** |
| | Authorised - ordinary shares of 50k each (8,000,000,000 units) | **4,000,000** | **4,000,000** |
| | **Issued and fully paid** | **30 Sept 2018** | **31 Dec 2017** |
| | At the beginning of the year | 3,999,999 | 3,999,999 |
| | Additions (1,207,844 units of ordinary shares at 50k each) (see (a) below) | - | - |
| | | **3,999,999** | **3,999,999** |

| | | | |
|---|---|---|---|
| **26** | **Share premium** | **30 Sept 2018** | **31 Dec 2017** |
| | At the end of the period | **729,044** | **729,044** |

| | | | |
|---|---|---|---|
| **27** | **Contingency reserve** | **30 Sept 2018** | **31 Dec 2017** |
| | At the beginning of the period | 1,616,604 | 1,038,349 |
| | Transfer from retained earnings (see Note 28) | 110,315 | 578,254 |
| | At the end of the period | **1,726,919** | **1,616,603** |

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

| | | | |
|---|---|---|---|
| **28** | **Retained earnings** | **30 Sept 2018** | **31 Dec 2017** |
| | At the beginning of the period | 2,082,302 | (230,708) |
| | Profit for the year | 84,385 | 2,891,268 |
| | Transfer to contingency reserve (see Note 27) | (110,315) | (578,254) |
| | Dividend paid | (400,000) | - |
| | At the end of the period | **1,656,373** | **2,082,306** |

| | | | |
|---|---|---|---|
| **29** | **Assets revaluation reserve** | **30 Sept 2018** | **31 Dec 2017** |
| | Balance period end | **752,084** | **752,083** |

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

**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** | **30 Sept 2018** | **31 Dec 2017** |
| | Balance period end | **10,764,801** | **10,768,313** |

| | | | |
|---|---|---|---|
| **30.2** | **Re-measurement reserve** | **30 Sept 2018** | **31 Dec 2017** |
| | Balance period end | **4,484** | **4,484** |

**Notes to the interim financial statements**
*(All amounts are in thousands of naira unless otherwise stated)*

**31 Gross premium written**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Direct premium (note 31.1) | 822,900 | 624,664 | 4,356,857 | 3,284,437 |
| Inward premium (note 31.1) | 66,080 | 49,558 | 182,881 | 90,952 |
| | **888,980** | **674,222** | **4,539,738** | **3,375,389** |

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

| | 3 months to 30 September 2018 | | 9 months to 30 September 2018 | |
|---|---|---|---|---|
| | Direct premium | Inward premium | Direct premium | Inward premium |
| Fire | 100,737 | 12,711 | 476,717 | 41,813 |
| Accident | 103,117 | 6,773 | 511,544 | 13,810 |
| Motor | 269,337 | 22,361 | 993,082 | 47,223 |
| Marine | 54,445 | 7,905 | 275,140 | 24,622 |
| Aviation | 46,908 | - | 123,699 | 181 |
| Engineering | 34,236 | 4,388 | 120,904 | 7,166 |
| Oil & Gas | 212,783 | 11,942 | 1,841,063 | 48,065 |
| Bonds & others | 1,337 | - | 14,708 | - |
| | **822,900** | **66,080** | **4,356,857** | **182,881** |

| | 3 months to 30 September 2017 | | 9 months to 30 September 2017 | |
|---|---|---|---|---|
| | Direct premium | Inward premium | Direct premium | Inward premium |
| Fire | 111,022 | 9,071 | 385,986 | 15,400 |
| Accident | 92,731 | 956 | 426,454 | 9,484 |
| Motor | 180,907 | 5,303 | 661,960 | 9,499 |
| Marine | 54,547 | 30,038 | 267,353 | 35,999 |
| Aviation | 48,706 | 3,218 | 107,490 | 3,218 |
| Engineering | 21,453 | 528 | 107,797 | 2,701 |
| Oil & Gas | 115,299 | 443 | 1,315,601 | 14,650 |
| Bonds & others | 2,295 | - | 11,796 | - |
| | **624,664** | **49,558** | **3,284,437** | **90,952** |

**32 Net premium income**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| | | | **₦'000** | **₦'000** |
| Gross premium written (note 31) | 888,980 | 674,222 | 4,539,738 | 3,375,389 |
| Changes in reserve for unexpired risks (note 17.2) | 289,334 | 216,392 | (862,569) | (221,536) |
| | **1,178,314** | **890,614** | **3,677,168** | **3,153,853** |

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| **33 Reinsurance expenses** | **434,516** | **595,007** | **1,168,335** | **1,142,286** |

**33.1 Premium ceded to reinsurance:**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Reinsurance premium paid | 357,192 | 369,051 | 1,117,733 | 1,140,128 |
| Facultative outwards | 36,678 | 10,177 | 108,562 | 43,364 |
| Total reinsurance paid | 393,870 | 379,228 | 1,226,295 | 1,183,492 |
| Decrease in prepaid reinsurance | 40,646 | 215,779 | (57,960) | (41,207) |
| | **434,516** | **595,007** | **1,168,335** | **1,142,286** |

**Notes to the interim financial statements**

| | | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|---|
| **34** | **Fees and commission income** | **45,483** | **45,782** | **186,274** | **148,184** |

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

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Fire | 12,693 | 18,037 | 69,176 | 56,065 |
| Accident | 16,984 | 4,958 | 52,681 | 28,535 |
| Motor | 1,514 | 799 | 6,624 | 5,171 |
| Marine | 7,921 | 17,464 | 32,788 | 40,824 |
| Aviation | 46 | - | 588 | 60 |
| Engineering | 5,785 | 4,518 | 21,434 | 16,998 |
| Bond | 261 | 7 | 2,641 | 530 |
| Oil & Gas | 280 | - | 342 | - |
| | **45,483** | **45,782** | **186,274** | **148,184** |

| | | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|---|
| **35** | **Net claims expenses** | | | | |
| | Gross claims paid | 264,817 | 710,146 | 1,107,726 | 1,251,275 |
| | Movement in IBNR reserve (see note 17.1(b)) | 67,452 | (317,144) | (150,156) | (312,992) |
| | Movement in reserve for outstanding claims (see note 17.1(a)) | 464,376 | (462,918) | 989,320 | (220,323) |
| | **Gross claims incurred** | **796,646** | **(69,916)** | **1,946,890** | **717,960** |
| | Salvage recovery | (10,168) | (3,895) | (20,879) | (16,927) |
| | Claims recovered and recoverable from reinsurers (see (a) below) | (70,164) | (61,940) | (108,191) | (59,862) |
| | | **716,314** | **(135,752)** | **1,817,819** | **641,171** |

| | | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|
| **a)** | **Analysis of claims recovered and recoverable from reinsurers** | | |
| | Reinsurance claims recoveries | (939,090) | 226,269 |
| | Change in re-insurance recoverable | 1,047,280 | (183,444) |
| | Change in recoverable in IBNR | 1 | 17,036 |
| | | **108,191** | **59,862** |

| | | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|---|
| **36** | **Underwriting expenses** | | | | |
| | Acquisition expenses (note 36.1) | 221,713 | 294,266 | 814,876 | 760,433 |
| | Maintenance expenses (note 36.2) | 182,741 | 214,448 | 761,000 | 720,854 |
| | | **404,452** | **508,713** | **1,575,875** | **1,481,287** |

**Notes to the interim financial statements**

**36.1 Analysis of acquisition expenses**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Commission expense | 153,196 | 234,248 | 884,591 | 763,058 |
| Business acquisition cost | 14,889 | 16,388 | 32,818 | 28,514 |
| Movement in deferred acquisition cost | 53,628 | 43,630 | (102,533) | (31,139) |
| | **221,713** | **294,266** | **814,876** | **760,433** |

**36.2 Analysis of maintenance expenses**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Staff costs (see note 41) | 57,186 | 89,980 | 223,962 | 230,962 |
| Directors' remuneration (see note 41) | 8,220 | 4,628 | 27,366 | 30,654 |
| Retirement benefit cost (see note 41) | 18,632 | 4,083 | 24,248 | 17,302 |
| Other operating expenses (note 41) | 98,703 | 115,756 | 485,423 | 441,936 |
| | **182,741** | **214,448** | **761,000** | **720,854** |

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**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Dividend income | 7 | (278,418) | 1,059,145 | 2,514,035 |
| Interest income | 234,679 | 387,718 | 661,714 | 362,436 |
| Investment income per statement of profit or loss and OCI | 234,687 | 109,300 | 1,720,859 | 2,876,471 |
| Fair value change on FVTPL securities | 19,085 | 234,859 | 300,935 | 715,698 |
| Investment income for hypothecation | **253,771** | **344,159** | **2,021,793** | **3,592,169** |

**38 Net impairment loss on financial assets**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Impairment of financial assets | | (88,313) | - | - |
| | - | **(88,313)** | - | - |

**39 Net fair value gains on financial assets at fair value through profit or loss**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Net fair value gains | **19,085** | **234,859** | **300,935** | **715,698** |

**40 Other operating (loss)/income (net)**

| | 3 months to 30 Sept 2018 | 3 months to 30 Sept 2017 | 9 months to 30 Sept 2018 | 9 months to 30 Sept 2017 |
|---|---|---|---|---|
| Sundry (loss)/income | (2,122) | 185,016 | 5,667 | 159,669 |
| Loss on sale of property & equipment | (366.71) | 2,847 | (367) | (44) |
| Exchange gains | 9,486 | 1,378 | 36,284 | 4,009 |
| Rental income | - | 2,500 | 5,000 | 2,500 |
| Write back of commission payable no longer required | - | - | 7,114 | 87,731 |
| | **6,997** | **191,741** | **53,698** | **253,864** |

**Notes to the interim financial statements**

**41 Maintenance and management expenses**

Maintenance and management expenses comprise:

| | 9 months to 30 Sept 2018 | | 9 months to 30 Sept 2017 | |
|---|---|---|---|---|
| *In thousands of Naira* | **Maintenance Expenses** | **Management Expenses** | **Maintenance Expenses** | **Management Expenses** |
| Staff cost | 223,962 | 335,943 | 230,962 | 346,443 |
| Director emolument | 27,366 | 41,049 | 30,654 | 45,981 |
| Pension contribution | 8,418 | 12,626 | 11,525 | 17,287 |
| Retirement benefits | 15,831 | 23,746 | 5,777 | 8,666 |
| Contract staff cost | 35,034 | 52,550 | 32,440 | 48,660 |
| Advertising & publicity | 3,088 | 4,631 | 5,181 | 7,771 |
| Marketing expenses | 7,506 | 11,259 | 7,741 | 11,611 |
| Medical | 6,590 | 9,886 | 7,156 | 10,734 |
| Staff training & development | 11,454 | 17,182 | 16,848 | 25,272 |
| Corporate Expense | 202,589 | 7,998 | 148,001 | 9,695 |
| AGM expenses | 6,450 | 9,675 | 12,000 | 18,000 |
| Bank charges | 6,429 | 9,644 | 7,270 | 10,905 |
| Computer consumables | 55 | 83 | 1,347 | 2,021 |
| Depreciation & amortisation | - | 98,544 | - | 99,442 |
| Diesel and fuel | 13,566 | 20,349 | 13,952 | 20,929 |
| Entertainment | 579 | 868 | 759 | 1,138 |
| Fines & penalties | 2,180 | 3,270 | 2,783 | 4,174 |
| Industrial training fund | 3,621 | 5,432 | 4,819 | 7,228 |
| Insurance expenses | 9,484 | 14,226 | 6,341 | 9,511 |
| Insurance supervision fee | - | 42,243 | - | 25,245 |
| Legal and secretarial expenses | 6,364 | 9,546 | - | 12,062 |
| Retail agents expenses | 12,894 | | - | |
| Lighting & heating | 2,325 | 3,487 | 2,042 | 3,062 |
| Maintenance expense | 23,191 | 34,787 | 22,493 | 33,739 |
| Newspapers & periodicals | 253 | 380 | 301 | 451 |
| Postage and telephone | 13,791 | 20,686 | 14,729 | 22,093 |
| Consultancy expenses | 29,756 | 44,634 | 40,988 | 61,483 |
| Rent & rate | 11,907 | 17,860 | 12,595 | 18,892 |
| Stationaries | 5,176 | 7,764 | 3,415 | 5,122 |
| Subscriptions, contributions & donations | 4,955 | 7,432 | 5,248 | 7,872 |
| Transport and business travels | 3,645 | 5,468 | 4,594 | 6,891 |
| Withholding tax & VAT | 12,436 | 18,654 | 9,868 | 14,802 |
| Audit fee | - | 18,750 | - | 28,500 |
| Finance lease cost (see note (i) below) | 5,756 | 8,635 | - | 16,095 |
| Asset derecognition | - | - | - | - |
| Taxation expenses | - | 3,942 | | |
| Others | 44,348 | 66,522 | 59,027 | 88,541 |
| **Total** | **761,000** | **989,751** | **720,854** | **1,050,318** |

**Notes to the interim financial statements**

(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** | **3 months to 30 Sept 2018** | **3 months to 30 Sept 2017** | **9 months to 30 Sept 2018** | **9 months to 30 Sept 2017** |
|---|---|---|---|---|---|
| | Fair value gain / (loss) in available-for-sale investments - quoted | (3,509) | 5,233 | (3,509) | 5,233 |
| | Fair value gain / (loss) in available-for-sale investments - unquoted equities | | 1,505,558 | - | 1,505,558 |
| | Exchange difference | | (37,053) | - | (37,053) |
| | | **(3,509)** | **1,473,738** | **(3,509)** | **1,473,738** |

**43 Basic and diluted earnings per share**

| | **3 months to 30 Sept 2018** | **3 months to 30 Sept 2017** | **9 months to 30 Sept 2018** | **9 months to 30 Sept 2017** |
|---|---|---|---|---|
| Profit attributable to ordinary shareholders (N'000) | **(525,272)** | **445,183** | **84,385** | **2,855,429** |
| Weighted average number of ordinary shares | **7,999,999** | **7,999,999** | **7,999,999** | **7,999,999** |
| Basic and diluted earnings/(loss) per share (Kobo) | **(6.6)** | **5.6** | **1.1** | **35.7** |

**44 Cashflow reconciliation**

| **a) Other operating cash payments** | **30 Sept 2018 to** | **30 Sept 2017** |
|---|---|---|
| Management expenses (less staff expenses) | (653,807) | (936,671) |
| Adjustment for items not involving movement of cash: | | |
| Changes in unearned premium | (862,569) | (221,536) |
| Depreciation and amortisation expense | 98,544 | 99,442 |
| Impairment loss | - | - |
| Exchange gain | 36,284 | 4,009 |
| Sundry loss/(income) | (5,667) | (75,741) |
| Loss on sale of PPE | (367) | (111) |
| Operating cash flows before movements in working capital | **(1,387,582)** | **(1,130,608)** |
| Increase in trade payables | 9,026 | 58,282 |
| Changes in insurance contract liabilities | 1,701,733 | 583,697 |
| Decrease in other receivables and prepayment | (9,300) | 100,793 |
| Change in deferred acquisition cost | (378,000) | (262,129) |
| Changes in outstanding claims | (839,164) | (533,315) |
| Changes in other payables | 61,953 | 155,007 |
| | **(841,334)** | **(1,028,272)** |

**Other National Disclosures**
**Statement of Value Added**
**For the period ended 30 Sept 2018**

| | 30 Sept 2018 | | 30 Sept 2017 | |
|---|---|---|---|---|
| | **N'000** | **%** | **N'000** | % |
| Net premium | 2,508,834 | 205 | 2,011,567 | 153 |
| Investment income | 1,720,859 | 141 | 2,876,471 | 19 |
| Other income | 239,973 | 20 | 402,048 | 44 |
| Claims incurred, commissions paid and operating expenses (local) | (3,245,878) | (265) | (1,619,549) | (116) |
| Value added | **1,223,787** | **100** | **3,670,537** | **100** |
| Distribution: | | | | |
| Employees and directors (staff cost) | 738,088 | 60 | 738,088 | 43 |
| Government (taxes) | 302,770 | 25 | (22,421) | 21 |
| Asset replacement (depreciation) | 98,544 | 8 | 99,442 | 6 |
| Contingency reserve | 110,315 | 10 | 571,086 | 7 |
| Expansion (retained on the business) | (25,930) | (2) | 2,284,343 | 23 |
| | **1,223,787** | **100** | **3,670,537** | **100** |

**Other National Disclosures**
**Financial Summary**

| | 30 Sept 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 | 1,221,453 | 1,843,757 | 2,843,284 | 2,414,144 | 2,239,372 |
| Financial assets | 20,306,633 | 18,659,073 | 14,829,344 | 14,806,482 | 13,521,354 |
| Trade receivables | 197,745 | 13,741 | 18,637 | 18,432 | 3,895 |
| Reinsurance assets | 488,231 | 558,813 | 784,347 | 315,694 | 398,213 |
| Deferred acquisition cost | 344,645 | 176,274 | 189,626 | 188,128 | 119,415 |
| Deferred tax assets | - | - | - | - | 197,167 |
| Other receivables and prepayments | 248,077 | 238,777 | 139,769 | 130,865 | 83,546 |
| Investment property | 135,000 | 135,000 | 92,000 | 97,000 | 71,700 |
| Intangible assets | 15,870 | 26,445 | 24,101 | 26,069 | 34,765 |
| Property and equipment | 1,323,011 | 1,356,278 | 1,111,339 | 1,195,422 | 1,006,795 |
| Statutory deposit | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| **Total assets** | **24,580,665** | **23,308,158** | **20,332,447** | **19,492,236** | **17,976,222** |
| **Liabilities** | | | | | |
| Insurance contract liabilities | 4,145,590 | 2,443,857 | 2,860,449 | 2,276,752 | 1,623,963 |
| Trade payables | 116,372 | 107,346 | 43,749 | 229,316 | 244,617 |
| Finance lease obligations | 65,648 | 88,222 | - | - | - |
| Provision and other payables | 369,500 | 307,547 | 264,261 | 327,273 | 249,361 |
| Retirement benefit obligations | 5,599 | 30,471 | 68,948 | 84,225 | 128,279 |
| Income tax liabilities | 44,309 | 177,941 | 337,109 | 147,355 | 142,313 |
| Deferred tax liabilities | 199,943 | 199,942 | 224,639 | 117,921 | - |
| **Total liabilities** | **4,946,961** | **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 | 3,999,396 | 3,999,396 |
| Share premium | 729,044 | 729,044 | 729,044 | 729,044 | 729,044 |
| Contingency reserve | 1,726,919 | 1,616,603 | 1,038,349 | 917,387 | 803,712 |
| Retained earnings | 1,656,373 | 2,082,306 | (230,708) | (654,310) | (1,049,054) |
| Assets revaluation reserve | 752,084 | 752,083 | 733,656 | 733,656 | 567,004 |
| Re-measurement reserve | 4,484 | 4,484 | 42,368 | 13,547 | 10,537,587 |
| Fair value reserve | 10,764,801 | 10,768,313 | 10,220,584 | 10,570,674 | - |
| **Total equity** | **19,633,704** | **19,952,832** | **16,533,292** | **16,309,394** | **15,587,689** |
| **Total liabilities and equity** | **24,580,665** | **23,308,158** | **20,332,447** | **19,492,236** | **17,976,222** |
| **Statement of profit or loss** | | | | | |
| Net premium income | 2,508,834 | 2,840,378 | 2,835,885 | 2,436,231 | 1,950,854 |
| Underwriting results | (698,586) | 456,861 | 701,864 | 1,267 | 402,498 |
| Profit before taxation | 387,155 | 2,996,101 | 942,682 | 929,109 | 580,846 |
| Taxation | (302,770) | (70,560) | (398,118) | (416,862) | (255,849) |
| Profit after taxation | 84,385 | 2,891,268 | 544,564 | 512,247 | 324,997 |
| Transfer to contingency reserve | 110,315 | 578,254 | 120,962 | 113,675 | 91,642 |
| Transfer to revenue reserve | (25,930) | 2,313,014 | 423,602 | 398,572 | 233,355 |
| Basic earnings per share (kobo) | 1.1 | 36.6 | 6.8 | 6.4 | 4.1 |