LINKAGE ASSURANCE PLC
RC: 162306

Unaudited Financial Statements
for the Period Ended
30 September 2019

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Corporate Information

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 Mrs. Imo Oyewole Mr. Olakunle Agbebi Mrs. Obafunke Alade-Adeyefa Mr. Bernard Nicolaas Griesel Mr. Daniel Braie Mrs. Funkazi Koroye-Crooks Mr. Maxwell Ebibai Mr. Abubakar Shehu Dahiru* ** Appointed: 8 July 2019* .
Managing Director	Mr. Daniel Braie
Company Secretary	Mr. Moses Omorogbe
Registered Office	Linkage Plaza Plot 20, Block 94, Providence Street Off Adewunmi Adebimpe Street Lekki-Epe Expressway, Lekki, Lagos
Registrars	Centurion Registrars 33C, Cameron Road, Ikoyi, Lagos. www.centurionregistrars.com
Auditor	KPMG Professional Services KPMG Towers, Bishop Aboyade Cole Street Victoria Island, Lagos www.kpmg.com/ng
Reinsurers	African Reinsurance Corporation, Lagos, Nigeria Swiss Reinsurance Company, Zurich, Switzerland Continental Reinsurance Plc, Lagos, Nigeria WAICA Reinsurance, Sierra Leone Arab Insurance Company, Bahrain Cathedral @ Underwriter Syndicates No. 2010 MMX, London Zep-pe (PTA Reinsurance Company), Nairobi, Kenya Atrium Underwriters Limited @ Lloyd's Underwriter Syndicate, UK Hannover Ruck SE, Hannover, Germany
Principal Bankers	Access Bank Plc. Ecobank Nigeria Plc. FCMB Limited Fidelity Bank Plc. First Bank of Nigeria Limited Guaranty Trust Bank Plc. Heritage Bank Limited. Keystone Bank Limited Polaris Bank Limited. Stanbic IBTC Bank Limited Union Bank Plc. United Bank for Africa Plc. Unity Bank Plc. Zenith Bank Plc.
Actuary	Ernst & Young
RC No.	162306
FRC Registered No.	FRC/2012/0000000000339

FINANCIAL HIGHLIGHTS	**30 Sep 2019**	**30 Sep 2018**	**Changes**
	₦'000	**₦'000**	**(%)**
Comprehensive income statement			
Gross premium written	5,352,120	4,539,738	18
Gross premium income	4,600,161	3,677,168	25
Net premium income	2,851,036	2,508,833	14
Underwriting profit	295,117	(698,586)	142
Investment and other income	1,853,969	2,075,492	(11)
Profit before taxation	866,861	387,155	124
Profit after taxation	591,914	84,385	601
Statement of financial position			
Total assets	24,630,712	23,145,509	6
Insurance contract liabilities	4,892,155	4,289,254	14

Key Ratios	**30 Sep 2019**	**30 Sep 2018**
	%	**%**
Claims ratio	39	43
Claims ratio (net)	45	72
Underwriting expenses ratio	31	35
Fees and Commission income ratio	24	16
Management expenses ratio	24	22
Underwriting Profit margin	6	(15)

Our Performance

Gross premium written grew marginally by 18% to N5.4 billion from N4.5 billion in September 2018. The underwriting profit from operations increased by 142% to 295million from a loss position of N699million. There is a drop in investment income by 11% when compared on a YoY basis. The Company recorded a PBT of 867million as against 387million in 2018 representing a YoY growth of 124%.

Outlook

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

Operational Efficiency

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

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

We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended 31 December 2018 that:

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

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

(ii) We:

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

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

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

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

Mr. Daniel Braie	**Emmanuel Otitolaiye**
Managing Director/CEO	**Chief Financial Officer**
FRC/2018/CIIN/00000018082	**FRC/2014/ICAN/00000008524**

Notes to the financial statements

1 Corporate Information

1.1 Reporting entity

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

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

1.2. Principal activities

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

2 Basis of Preparation

2.1 Statement of compliance

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

2.2 Going concern

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

2.3 Basis of measurement

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

(i) Financial instruments at fair value through profit or loss are measured at fair value;
(ii) Available-for-sale financial assets are measured at fair value;
(iii) Land and buildings are carried at fair value;
(iv) Investment properties are measured at fair value;
(v) Insurance contract liabilities at fair value and
(vi) Defined benefit obligation measured at present value.

2.4 Estimates, judgement and uncertainties

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

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

(a) Assumptions and estimation uncertainties

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

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

(b) Use of judgements

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

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

2.5 Presentation Currency

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

2.6 Functional currency

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

3 Changes in accounting policies

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

Notes to the financial statements

4 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 Cash and cash equivalents

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

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

4.2 Financial instruments

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

4.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

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

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

Financial assets at fair value through profit or loss

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

Held to maturity

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

Loans and receivables

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

Available-for-sale financial assets (AFS)

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

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

4.2.2 *Non-derivative financial liabilities –Measurement*

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

4.2.3 Impairment of non derivative financial assets

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

Notes to the financial statements

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

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

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

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

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

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

4.2.4 De-recognition of financial assets

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

4.2.5 Financial liabilities

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

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

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

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

De-recognition

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

4.2.6 Offsetting financial instruments

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

4.3 Fair value measurement

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

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

Notes to the financial statements

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

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

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

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

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

4.4 Financial guarantee contracts

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

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

4.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the “NO PREMIUM NO COVER” policy.
Trade receivables are classified as loans and receivables.
The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognised as impairment loss in profit or loss.
Trade receivables include amounts due from agents, brokers and insurance contract holders. Trade receivables are recognised when due.

4.6 Reinsurance

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

4.7 Deferred acquisition costs

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

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

Deferred expenses - Reinsurance commissions

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

Notes to the financial statements

4.8 Investment property

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

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

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

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

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

4.9 Intangible assets

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

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

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

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

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

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

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

4.10 Property and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Notes to the financial statements

Depreciation

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

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

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

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

Land is not depreciated.

De-recognition

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

4.11 Impairment of non-financial assets

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

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

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

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

4.12 Statutory deposit

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

4.13 Insurance contract liabilities

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

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

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

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

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

Notes to the financial statements

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

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

4.14 Finance lease obligations

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

Lease assets - lessee

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

Lease payments

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

Lease assets - lessor

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

4.15 Trade payables

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

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

4.16 Provisions

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

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

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

4.17 Employee benefits

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

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

(ii) **Post-employment benefits**

Defined contribution plans

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

Notes to the financial statements

Defined benefit plan

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

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

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

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

(iii) ***Termination benefits***

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

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

4.18 Taxation

Company Income Tax

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

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

Minimum tax

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

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

Deferred tax

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

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

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

4.19 Other receivables and prepayments

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

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

Notes to the financial statements

4.20 Share capital and reserves

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

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

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

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

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

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

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

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

4.21 Contingent liabilities and assets

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

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

4.22 Foreign currency translation

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

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange operating gains or losses resulting from the settlement of such transactions and from translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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

4.23 Insurance contracts

(a) Classification

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

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

Notes to the financial statements

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

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

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

(b) Recognition and measurement of insurance contracts

Premium income is recognised on assumption of risks.

(i) *Premiums*

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

(ii) *Unearned premium provision*

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

(iii) *Gross premium earned*

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

(iv) *Claims payable*

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

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

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

(v) *Commissions and deferred acquisition costs*

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

(vi) *Liability adequacy test*

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

(vii) *Salvage and Subrogation Reimbursement*

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

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

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

Notes to the financial statements

4.24 Revenue

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

Revenue recognition

Insurance premium revenue

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

Commission earned

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

Investment income

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

Other operating income

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

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

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

4.25 Net claims expenses

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

(a) Claims

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

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

(b) Reinsurance claims

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

4.26 Underwriting expenses

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

4.27 Expense recognition

Interest

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

Management expenses

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

Notes to the financial statements

4.28 Operating segment

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

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

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

4.29 Earnings per share

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

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

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

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

(i) Financial Instruments (IFRS 9)

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

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

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

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

As at 30 September 2019	**Financial assets that meet the SPPI criterion**		**All other financial assets**	
	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
Cash and cash equivalents	1,513,280	-	-	-
Debt securities				
Held-to-maturity	5,920,587	-	-	-
Loans and receivables	179,925	-	-	-
Trade and other receivables	182,471	-	-	-
Statutory deposits	300,000	-	-	-
Subtotal	**8,096,263**	**-**	**-**	**-**
Equity securities - FVOCI	-	-	9,807,266	(3,251)
Equity securities - FVTPL	-	-	3,448,124	328,536
Total	**8,096,263**	**-**	**13,255,390**	**325,285**

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

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard; IFRS 17. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 (i.e. the 'deferral approach') for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. Effective date is 1 January 2018 or when the entity first applies IFRS 9.

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

Notes to the financial statements

The Company is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Company and the activities of the Company are predominantly connected with insurance. To determine if the Company's activities are predominantly connected with insurance, we have assessed the ratio of the Company's liabilities connected with insurance. See assessment below:

LIABILITIES	**As reported (A)**	**Admissible for predominace test (B)**
	30-Sep-19	**30-Sep-19**
Insurance contract liabilities	2,276,752	2,276,752
Trade payables	229,316	229,316
Provision and other payables	327,273	-
Retirement benefit obligations	84,225	-
Income tax liabilities	147,355	147,355
Deferred tax liabilities	117,921	-
	3,182,842	**2,653,423**
	Score = (B/A)%	83.37%

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

The Company has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following;
a) Its activities are predominantly connected with insurance contracts;
b) As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was N2.65 billion which was 83.4% of the total carrying amount of all its liabilities as at that date.
c) The Company’s activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Company earns income and incur expenses are insurance-related

(iii) IFRS 15: Revenue from Contracts with Customers

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

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

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

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

Notes to the financial statements

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

(i) Leases (IFRS 16)

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

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

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

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

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

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

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

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

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

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

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

(i) Insurance contracts (IFRS 17)

IFRS 17 replaced IFRS 4 *Insurance Contracts*

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

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

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

Statement of financial position
As at 30 September 2019

In thousands of Naira

Assets	**Note**	**30 Sep 2019**	**31 Dec 2018**
Cash and cash equivalents	7	1,513,280	1,205,124
Financial assets	8	19,355,902	19,057,336
Trade receivables	9	182,471	32,090
Reinsurance assets	10	994,985	543,636
Deferred acquisition cost	11	372,520	259,098
Other receivables and prepayments	12	344,480	287,101
Investment property	13	144,000	144,000
Intangible assets	14	9,024	14,110
Property and equipment	15	1,414,050	1,303,014
Statutory deposit	16	300,000	300,000
Total assets		**24,630,712**	**23,145,509**
Liabilities			
Insurance contract liabilities	17	4,892,155	4,289,254
Trade payables	19	138,506	144,234
Other payables	20	485,131	350,232
Finance lease obligations	21	80,030	56,037
Defined benefit obligations	22	28,551	22,905
Income tax liabilities	23	338,805	203,979
Deferred tax liabilities	24	158,381	158,381
Total liabilities		**6,121,560**	**5,225,022**
Equity			
Share capital	25	3,999,999	3,999,999
Share premium	26	729,044	729,044
Contingency reserve	27	1,938,903	1,778,339
Retained earnings	28	1,661,802	1,230,452
Assets revaluation reserve	29	752,084	752,083
Re-measurement reserve	30.2	23,761	23,761
Fair value reserve	30.1	9,403,558	9,406,809
Total equity		**18,509,152**	**17,920,487**
Total liabilities and equity		**24,630,712**	**23,145,509**
		-	-

The financial statements were approved on 25 October 2019 and signed on behalf of the Board of Directors by:

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

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

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

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

Statement of profit or loss and other comprehensive income
for the period ending 30 September 2019

In thousands of Naira	**Note**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
Gross premium written	31	1,221,632	888,981	5,352,120	4,539,738
Unearned premium	32	366,389	289,334	(751,959)	(862,569)
Gross premium income		**1,588,021**	**1,178,315**	**4,600,161**	**3,677,168**
Reinsurance expenses	33	(564,518)	(434,516)	(1,749,125)	(1,168,335)
Net premium income		**1,023,503**	**743,799**	**2,851,036**	**2,508,833**
Fees and commission income	34	186,574	45,484	414,722	186,275
Net underwriting income		**1,210,077**	**789,283**	**3,265,758**	**2,695,108**
Net claims expenses	35	(586,423)	(716,298)	(1,291,859)	(1,817,819)
Underwriting expenses	36	(607,598)	(404,454)	(1,678,782)	(1,575,875)
Underwriting profit/(loss)		**16,056**	**(331,469)**	**295,117**	**(698,586)**
Investment income	37	503,297	234,687	1,795,322	1,720,859
Impairment loss on financial assets (see note 8.6(a))	38	0	0	-	-
Net fair value gains on financial assets at fair value through profit or loss	39	(15,754)	19,085	42,297	300,935
Other operating income/(loss)	40	366	6,981	16,350	53,698
Fair value changes on investment property	37	-	-	-	-
Fair value changes on property and equipment	37	-	-	-	-
Management expenses	41	(455,344)	(292,146)	(1,282,225)	(989,751)
Profit before taxation		**48,622**	**(362,862)**	**866,861**	**387,155**
Income taxes	23	(29,475)	(46,520)	(274,947)	(302,770)
Profit/(loss) after taxation		**19,147**	**(409,382)**	**591,914**	**84,385**
Other comprehensive income net of tax					
Items that will be reclassified subsequently to profit or loss:					
Net fair value gain/(loss) on available-for-sale financial assets	42	(1,278)	(2,695)	(3,251)	(3,509)
Total other comprehensive income, net of tax		(1,278)	(1,278)	(3,251)	(3,509)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation		-	-	-	-
Gain on revaluation of property and equipment	15	-	-	-	-
Deferred tax on property and equipment	24	-	-	-	-
Other comprehensive (loss)/income, net of taxes		**(1,278)**	**(1,278)**	**(3,251)**	**(3,509)**
Total comprehensive income for the year		**17,869**	**(410,660)**	**588,663**	**80,876**
Basic and diluted earnings per share (kobo)	43	**0.2**	**(5.1)**	**7.4**	**1.1**

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

Statement of changes in equity for the period ended 30 September 2019

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2019	3,999,999	729,044	1,778,339	752,083	23,761	9,406,809	1,230,452	17,920,488
Comprehensive income								
Profit for the year	-	-	-	-	-	-	591,914	591,914
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	-
Net fair value changes on AFS financial assets	-	-	-	-	-	(3,251)	-	(3,251)
Revaluation surplus on property and equipment	-	-	-	-	-	-	-	-
Deferred tax on property and equipment	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,251)**	**591,914**	**588,663**
Transfer to contingency reserve	-	-	-	-	-	-	(160,564)	(160,564)
Transfer from retained earnings	-	-	160,564	-		-	-	160,564
	-	-	160,564	-	-	-	(160,564)	-
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-
At 30 Sep 2019	**3,999,999**	**729,044**	**1,938,903**	**752,083**	**23,761**	**9,403,558**	**1,661,802**	**18,509,150**

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

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2018	3,999,999	729,044	1,616,603	752,083	4,484	10,768,313	2,082,306	19,952,834
Comprehensive income								-
Profit for the year	-	-	-	-	-	-	(290,118)	(290,118)
Other comprehensive income:								-
Remeasurement of defined benefit obligation	-	-	-	-	19,277	-	-	19,277
Fair value gain on property and equipment	-	-	-	-	-	(1,361,504)	-	(1,361,504)
Revaluation surplus on property and equipment	-	-	-	-	-	-	-	-
Deferred tax on property and equipment	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**19,277**	**(1,361,504)**	**(290,118)**	**(1,632,345)**
Transfer to contingency reserve	-	-	-	-	-	-	(161,736)	(161,736)
Transfer from retained earnings	-	-	161,736	-		-	-	161,736
	-	-	161,736	-	-	-	(161,736)	-
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	(400,000)	(400,000)
Issue of shares during the year	-	-	-	-	-	-	-	-
At 31 December 2018	**3,999,999**	**729,044**	**1,778,339**	**752,083**	**23,761**	**9,406,809**	**1,230,452**	**17,920,489**

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

Statement of cash flows
for the period ending 30 September 2019

	30 Sep 2019 ₦'000	31 Dec 2018 ₦'000
Cash flows from operating activities		
Premiums received from policy holders	5,201,739	5,412,327
Reinsurance payments	(1,963,164)	(1,421,134)
Claims paid	(2,227,511)	(1,451,946)
Reinsurance claim recoveries	600,331	194,030
Salvage recovery	37,172	28,193
Commission paid	(1,141,271)	(1,037,777)
Maintenance expenses paid - Note 41 (excluding Depreciation & Amortisation)	(628,450)	(764,674)
Commission received	404,148	262,844
Cash payment to and on behalf of employees	(529,223)	(642,004)
Other operating cash payments	(1,036,673)	(702,137)
Corporate tax paid	274,947	(440,344)
VAT paid	-	
Net cash used in operating activities	(1,007,955)	(562,622)
Cash flows from Investing activities		
Purchase of properties and equipment	(214,310)	(64,800)
Purchase of intangible assets	(168)	(290)
Purchase of investment property	-	
Proceeds from sale of property and equipment	299	1,979
Purchase of investment securities	(6,094,950)	(5,789,542)
Proceeds from sale of investment securities	58,206	1,200,656
Proceeds from redemption	5,607,871	2,990,543
Loan repayments	162,493	162,493
Dividend received	781,948	1,059,145
Rental income received	11,000	5,000
Interest received	1,003,721	726,620
Net cash from investing activities	1,316,110	291,804
Financing activities		
Payment of finance lease liabilities	(16,689)	32,185
Proceeds from issue of shares	-	
Dividend paid	-	(400,000)
	(16,689)	(367,815)
Net (decrease) / increase in cash and cash equivalents	291,466	(638,634)
Cash and cash equivalents at the beginning of the period	1,205,124	1,843,757
Impact of exchange difference on cash held	-	
Cash and cash equivalents at 31 December	1,496,591	1,205,124

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

Notes to the financial statements

5. Segment reporting

Operating segments

IFRS 8 Segment Reporting requires operating segments to be identified on the basis of internal reports of reportable segments that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance The Company's reportable segments under IFRS 8 are therefore identified as follows:

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

The following is an analysis of the Company's revenue and result by reportable segment for the period ended 30 Sep 2019:

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	707,258	619,951	887,796	371,055	340,886	15,893	212,851	2,196,430	5,352,120
Net change in unearned premium	(94,778)	(70,931)	(11,159)	(17,404)	(127,027)	2,470	(49,638)	(383,491)	(751,958)
	612,480	**549,020**	**876,637**	**353,651**	**213,859**	**18,363**	**163,213**	**1,812,939**	**4,600,162**
Reinsurance Expenses	(414,005)	(321,120)	(5,457)	(149,300)	(134,138)	(7,495)	(162,052)	(966,751)	(2,160,318)
Movement in Prepaid-Reinsurance Cost	62,731	73,642	(14,401)	22,629	(49,601)	(161)	37,887	278,467	411,193
Re-insurance cost	(351,274)	(247,478)	(19,858)	(126,671)	(183,739)	(7,656)	(124,165)	(688,284)	(1,749,125)
Net premium income	**261,206**	**301,542**	**856,779**	**226,980**	**30,120**	**10,707**	**39,048**	**1,124,655**	**2,851,037**
Commision received	108,747	81,523	907	40,923	226	2,052	36,863	143,481	414,721
Net underwriting Income	**369,953**	**383,065**	**857,686**	**267,903**	**30,346**	**12,759**	**75,911**	**1,268,136**	**3,265,758**
Expenses:									
Gross Claims incurred	(606,234)	(345,660)	(374,112)	(67,390)	(158,251)	(59,160)	(1,401)	(429,073)	(2,041,281)
Recovery on Claims incurred	361,564	120,202	67,415	17,823	182,335	-	(5,396)	5,480	749,423
Net claims incurred	(244,670)	(225,458)	(306,697)	(49,567)	24,084	(59,160)	(6,797)	(423,593)	(1,291,858)
Acqusition cost	(127,958)	(132,163)	(131,926)	(97,559)	(47,225)	(2,677)	(38,157)	(472,667)	(1,050,332)
Maintenance expenses (Note 42)	(83,047)	(72,795)	(104,246)	(43,570)	(40,027)	(1,866)	(24,993)	(257,906)	(628,450)
	(455,675)	**(430,416)**	**(542,869)**	**(190,696)**	**(63,168)**	**(63,703)**	**(69,947)**	**(1,154,166)**	**(2,970,640)**
Segment underwriting profit/(loss)	**(85,722)**	**(47,351)**	**314,817**	**77,207**	**(32,822)**	**(50,944)**	**5,964**	**113,970**	**295,118**

The accounting policies of the reportable segments are the same as the Company's accounting policies.

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

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

30 Sep 2018

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	518,530	525,354	1,040,306	299,763	123,880	14,708	128,070	1,889,128	4,539,738
Net change in unearned premium	(50,957)	(96,916)	(188,229)	24,727	(37,975)	(4,994)	(8,452)	(499,773)	(862,569)
	467,573	**428,438**	**852,077**	**324,490**	**85,905**	**9,714**	**119,618**	**1,389,355**	**3,677,168**
Re-insurance cost	(231,724)	(132,327)	(44,780)	(110,436)	(51,175)	(6,135)	(65,509)	(526,250)	(1,168,335)
Net premium income	235,849	296,111	807,297	214,053	34,730	3,579	54,109	863,105	2,508,834
Commision Received	69,176	52,681	6,624	32,788	588	2,641	21,434	342	186,275
Net underwriting Income	**305,026**	**348,792**	**813,922**	**246,842**	**35,318**	**6,220**	**75,543**	**863,447**	**2,695,108**
	-	-	-	-	-	-	-	-	
Expenses:	0	0	0	0	0	0	0	0	
Acqusition cost	(47,286)	(17,290)	(193,426)	(220)	(127,296)	(16,279)	58,980	(1,475,002)	(1,817,820)
Net claims incurred	(119,970)	(113,264)	(110,957)	(108,026)	(21,267)	(2,509)	(33,268)	(305,615)	(814,876)
Maintenance expenses (Note 42)	(86,922)	(88,066)	(174,387)	(50,249)	(20,766)	(2,465)	(21,468)	(316,676)	(761,000)
	(254,178)	**(218,620)**	**(478,770)**	**(158,495)**	**(169,330)**	**(21,253)**	**4,244**	**(2,097,293)**	**(3,393,695)**
	-	-	-	-	-	-	-	-	
Segment underwriting profit/(loss)	**50,848**	**130,172**	**335,151**	**88,346**	**(134,012)**	**(15,033)**	**79,787**	**(1,233,846)**	**(698,587)**

Notes to the financial statements

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

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

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

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

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

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

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

Analysis of shareholders funds		
In thousand of Naira	**30 Sep 2019**	**31 Dec 2018**
Total assets	24,630,712	23,145,509
Less: Total liabilites	6,121,560	5,225,022
Shareholders funds as at year end	**18,509,152**	**19,952,832**
Adjustment for non-capital items	381,544	273,208
Available capital resources	**18,127,608**	**19,679,624**
Changes in available capital	-8%	21%

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

The Minimum Capital Requirement

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

In thousands of naira	**30 Sep 2019**	**31 Dec 2018**
Total shareholders' funds	18,509,152	19,952,832
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	15,509,152	16,952,832
Capitalisation rate	617%	665%

The solvency margin requirement

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

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

Notes to the financial statements

The Company's solvency margin is as follows:

	In thousands of naira	30 Sep 2019	31 Dec 2018
	Assets		
	Cash and cash equivalents	1,513,280	1,205,124
	Financial assets	9,548,636	9,460,982
	Trade receivables	182,471	32,090
	Other receivables and prepayment	133,538	36,030
	Reinsurance assets	994,985	543,636
	Deferred acquisition cost	372,520	259,098
	Property and equipment	1,414,050	1,303,014
	Statutory deposit	300,000	300,000
	Total admissible assets	**14,459,480**	**13,139,976**
	Liabilities		
	Insurance contract liabilities	4,892,155	4,289,254
	Trade payables	138,506	144,234
	Other payables	485,131	350,232
	Defined benefit obligations	28,551	22,905
	Finance lease obligation	80,030	56,037
	Income tax liabilities	338,805	203,979
	Total admissible liabilities	**5,963,178**	**5,066,641**
	Excess of total admissible assets over admissible liabilities (solvency margin)	**8,496,302**	**8,073,335**
	Higher of (a) and (b):		
	Gross premium income	4,600,161	3,677,168
	Less: Reinsurance expense	(1,749,125)	(1,168,335)
	Net premium	2,851,036	2,508,834
(a)	**15% of net premium**	427,655	376,325
(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	**5,496,302**	**5,073,335**
	Solvency margin ratio	**283%**	**269%**

6.2 Insurance risk

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

***(a)* Types of insurance risk contracts**

The Company principally issues the following types of general insurance contracts: Motor, Fire, General Accidents, Aviation, Marine, Engineering, Bond and Oil & Gas. The risks under this policies usually cover twelve months duration. The most significant risks in this policies arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks however do not vary significantly with the risk location, type of insured and industry.

(b) Management of insurance risk

The risks facing us in any insurance contract arise from fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations; unexpected claims arising from a single source or cause; inaccurate pricing of risks or inappropriate underwriting of risks when underwritten; and inadequate reinsurance protection or other risk transfer techniques.

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

Notes to the financial statements

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

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

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

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

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

Line of business	**30 Sep 2019**			**30 Sep 2018**		
In thousands of naira	**Gross premium**	**Reinsurance**	**Net**	**Gross premium**	**Reinsurance**	**Net**
Fire	31,798	(351,274)	(319,476)	41,813	(231,724)	(189,911)
Accident	15,048	(247,478)	(232,430)	13,810	(132,327)	(118,517)
Motor	50,408	(19,858)	30,550	47,223	(44,780)	2,444
Marine	23,188	(126,671)	(103,483)	24,622	(110,436)	(85,814)
Aviation	781	(183,739)	(182,958)	181	(51,175)	(50,994)
Bond	-	(7,656)	(7,656)	-	(6,135)	(6,135)
Engineering	3,560	(124,165)	(120,605)	7,166	(65,509)	(58,343)
Oil & Gas	35,110	(688,284)	(653,174)	48,065	(526,250)	(478,185)
	159,893	**(1,749,125)**	**(1,589,232)**	**182,881**	**(1,168,335)**	**(985,454)**

(d) **Key Assumptions**

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claim handling costs, claim inflation factors and claims numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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

(e) **Sensitivity Analysis**

The insurance claims liabilities above are sensitive to the key assumptions that follow. However, it has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity fund. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that the movements in these assumptions are not linear.

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

Line of business	**30 Sep 2019**			**31 Dec 2018**		
In thousands of naira	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**
Motor	259,383	49,782	209,601	133,877	6,103	127,774
Fire	414,325	214,124	200,201	195,971	88,897	107,075
General accident	394,214	106,814	287,400	273,774	71,713	202,061
Engineering	187,665	30,505	157,160	233,222	79,163	154,059
Marine	90,329	17,883	72,445	224,161	14,318	209,843
Bond	73,315	-	73,315	-	-	-
Aviation	51,679	-	51,679	-	-	-
Oil & Gas	1,181,258	5,480	1,175,778	1,740,220	-	1,740,220
	2,652,168	**424,588**	**2,227,579**	**2,801,226**	**260,194**	**2,541,032**

Notes to the financial statements

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

30 September 2019
In thousands of Naira

Assets	**Notes**	**Carrying Amount**	**Gross Amount**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**> 5 years**
Cash and cash equivalents	7	1,513,280	1,513,280	1,513,280	-	-	-	-
Financial assets:								
- *FVTPL*	8.1	3,448,124	4,411,898	272,711	3,789,496	223,372	126,319	-
- *Available-for-sale*	8.2	9,807,266	9,807,266	-	-	-	9,807,266	-
- *Held-to-maturity*	8.3	5,920,587	5,954,896	248	237,948	5,657,151	59,549	-
- *Loans and receivable*	8.6	179,925	147,754	-	147,754	-	-	-
Reinsurance assets	10	994,985	994,985	-	-	994,985	-	-
Trade receivables	9	182,471	182,471	182,471	-	-	-	-
Other receivables	12	344,480	344,480	-	287,101	-	-	-
Total undiscounted liquid assets		**22,391,118**	**23,357,030**	**1,968,710**	**4,462,299**	**6,875,508**	**9,993,134**	**-**
Liabilities								
Trade payables	19	138,503	138,503	138,503	-	-	-	-
Other payables	20	485,131	485,131	485,131	-	-	-	-
Finance lease obligations	21	80,030	138,891	13,021	13,021	26,042	86,807	-
Total undiscounted liabilities		**703,664**	**762,525**	**636,655**	**13,021**	**26,042**	**86,807**	**-**

Notes to the financial statements

As at 31 December 2018
In thousands of Naira

Assets		**Carrying Amount**	**Gross Amount**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**> 5 years**
Cash and cash equivalents	7	1,205,124	1,205,124	1,205,124	-	-	-	-
Financial assets:								
- *FVTPL*	8.1	3,464,033	4,411,898	272,711	3,789,496	223,372	126,319	-
- *Available-for-sale*	8.2	9,810,517	9,810,517	-	-	-	9,810,517	-
- *Held-to-maturity*	8.3	5,617,826	5,954,896	248	237,948	5,657,151	59,549	-
- *Loans and receivable*	8.6	164,960	147,754	-	147,754	-	-	-
Reinsurance assets	10	543,636	543,636	-	-	543,636	-	-
Trade receivables	9	32,090	32,090	32,090	-	-	-	-
Other receivables	12	287,101	287,101	-	287,101	-	-	-
Total undiscounted liquid assets		**21,125,287**	**22,393,016**	**1,510,173**	**4,462,299**	**6,424,159**	**9,996,385**	**-**

Liabilities								
Trade payables	19	144,234	144,234	144,234	-	-	-	-
Other payables	20	350,231	350,231	350,231	-	-	-	-
Finance lease obligations	21	56,037	138,891	13,021	13,021	26,042	86,807	-
Total undiscounted liabilities		**550,502**	**633,356**	**507,486**	**13,021**	**26,042**	**86,807**	**-**

Notes to the financial statements

(iii) ***Equity Risk***

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company’s equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally quoted stocks and shares securities.

The Company’s price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

The Company has no significant concentration of price risk.

Sensitivity Analysis - equity price risk

The following table contains the fair value and related equity price risk sensitivity of the Company’s listed and non-listed equity securities. The equity price risk sensitivity has been calculated based on what the Company views to be reasonably possible changes in the equity prices for the coming year. For listed equities a 20% change in the equity price has been used in the calculation of the sensitivity as at 31 December 2018. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Sensitivity Analysis - equity price risk

		30 Sept 2019			31 Dec 2018		
Market Indices	**Changes in variables**	**Fair Value**	**Impact on Profit before tax**	**Impact on Equity**	**Fair Value**	**Impact on Profit before tax**	**Impact on Equity**
		₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Fair value through profit or loss	+20%	3,448,124	689,625	482,737	3,464,033	692,807	484,965
Available-for-sale - Quoted	+20%	29,237	5,847	4,093	36,992	7,398	5,179
Available-for-sale - Unquoted	+40%	9,778,029	1,955,606	1,368,924	9,778,029	1,955,606	1,368,924
Fair value through profit or loss	-20%	3,448,124	(689,625)	(482,737)	3,464,033	(692,807)	(484,965)
Available-for-sale - Quoted	-20%	29,237	(5,847)	(4,093)	36,992	(7,398)	(5,179)
Available-for-sale - Unquoted	-40%	9,778,029	(1,955,606)	(1,368,924)	9,778,029	(1,955,606)	(1,368,924)

(d) Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company’s strategic planning and budgeting process.

(e) Valuation Bases

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The table below shows financial assets carried at fair value:

	30 Sept 2019			31 Dec 2018		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Quoted investments	3,448,124	-	-	3,464,033	-	-
Investment in unit trust scheme	29,237	-	-	32,488	-	-
Unquoted equity investments	-	-	9,714,000	-	-	9,714,000
	3,477,361	**-**	**9,714,000**	**3,496,521**	**-**	**9,714,000**

Fair value measurements recognized in the statement of financial position. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Company into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements

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

30 September 2019

In thousands of Naira	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets					
Cash and cash equivalents	-	1,513,280	-	1,513,280	1,513,280
Financial assets:					
Loans and receivables	-	179,925	-	179,925	179,925
Held to maturity	5,669,878	-	12,602	5,682,480	5,920,587
Trade receivables	-	182,471	-	182,471	182,471
Other receivables and prepayments	-	344,480	-	344,480	344,480
				7,966,665	8,204,772
Liabilities					
Insurance contract liabilities	-	4,892,155	-	4,892,155	4,892,155
Trade payables	-	138,503	-	138,503	138,503
Other payables	-	485,131	-	485,131	485,131
Finance lease obligations	-	80,030	-	80,030	80,030
Defined benefit obligations	-	28,551	-	28,551	28,551
				5,624,370	5,624,370
31-Dec-18					
Assets					
Cash and cash equivalents	-	1,205,124	-	1,205,124	1,205,124
Financial assets:					
Loans and receivables	-	164,960	-	164,960	164,960
Held to maturity	5,669,878	-	12,602	5,682,480	5,617,826
Trade receivables	-	32,090	-	32,090	32,090
Other receivables and prepayments	-	287,101	-	287,101	287,101
				7,435,784	7,371,130
Liabilities					
Insurance contract liabilities	-	4,289,254	-	4,289,254	4,289,254
Trade payables	-	144,234	-	144,234	144,234
Other payables	-	350,231	-	350,231	350,231
Finance lease obligations	-	56,037	-	56,037	56,037
Defined benefit obligations	-	22,905	-	22,905	22,905
				4,862,661	4,862,661

7 Cash and cash equivalents

Cash and cash equivalents comprise:	30 Sep 2019 ₦'000	31 Dec 2018 ₦'000
Cash in hand	1,053	652
Balances with banks & other financial institutions (see (b) below)	1,639,656	1,331,893
	1,640,709	1,332,545
Allowance for impairment (see (a) below)	- 127,429	- 127,421
Cash and bank balance as at year end	**1,513,280**	**1,205,124**

(a) Allowance for impairment

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

(b) These are cash balances and short-term placements with banks and other financial institutions with tenor of 90 days or less. Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a maturity of three months or less from the date of acquisition.
The balances with banks and other financial institutions includes a N123.1 million foreign exchange gain relating to translation of foreign currency bank balances and short-term investments held by the company as at reporting date.

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

8 Financial assets

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

	30 Sep 2019 ₦'000	31 Dec 2018 ₦'000
Fair value through profit or loss (note 8.1)	3,448,124	3,464,033
Available-for-sale (note 8.2)	9,807,266	9,810,517
Loans and receivables (note 8.6)	179,925	164,960
Held to maturity (note 8.7)	5,920,587	5,617,826
	19,355,902	**19,057,336**

Notes to the financial statements

Financial instrument classification

In thousands of Naira	**30 Sept 2019** Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	3,448,124	29,237	-	-	3,477,361
- Unlisted	-	9,778,029	-	-	9,778,029
- Other financial assets	-	-	179,925	5,920,587	6,100,512
	3,448,124	9,807,266	179,925	5,920,587	19,355,902
Within one year	3,448,124	-	179,925	5,920,587	9,548,636
More than one year	-	9,807,266	-	-	9,807,266
	3,448,124	9,807,266	179,925	5,920,587	19,355,902

Financial instrument classification

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

8.1 Fair value through profit or loss

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

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance as at the beginning of the year	3,464,033	4,336,152
Disposal	(58,206)	(1,200,656)
	3,405,827	3,135,497
Fair value gain	42,297	328,536
Balance as at the end of the year	**3,448,124**	**3,464,033**

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

Notes to the financial statements

8.2 Available for sale

Available for sale financial assets comprise:

In thousands of Naira	30 Sep 2019	31 Dec 2018
Quoted equities and unit trust schemes (note 8.3)	29,237	32,488
Unquoted equities - at fair value through OCI (note 8.4)	9,714,000	9,714,000
Unquoted equities - at cost (note 8.5)	64,029	64,029
	9,807,266	**9,810,517**

Reconciliation of carrying amount

In thousands of naira	30 Sep 2019	31 Dec 2018
Balance as at the beginning of the year	9,810,517	11,172,021
Fair value gain/(loss)	(3,251)	(1,361,504)
Exchange difference	-	-
Balance as at the end of the year	**9,807,266**	**9,810,517**

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

In thousands of Naira	30 Sep 2019	31 Dec 2018
Balance at the beginning of the year	32,488	36,992
Fair value changes	(3,251)	(4,504)
Balance at the end of the year	**29,237**	**32,488**

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

In thousands of Naira	30 Sep 2019	31 Dec 2018
Balance at the beginning of the year	9,714,000	11,071,000
Fair value change	-	(1,357,000)
Balance at the end of the year	**9,714,000**	**9,714,000**

The unquoted equity carried at fair value above represent the 117,647,058 ordinary shares of N1 each of Stanbic IBTC Pension Managers Limited held by Linkage Assurance Plc.

The fair value of the investment as at 31 December 2018 was N9,714 billion (31 December 2017: N11.071 billion) and was determined using the discounted cashflow (DCF) method and level 3 inputs of the IFRS 13 fair value heirarchy.

Summary of Significant Assumptions

Description	30 Sep 2019	31 Dec 2018
Growth in gross income (GI) % over the next 5 years	-8, -1, 16, 15, 14	-8, -1, 16, 15, 14
Operating expenses / Gross income %	29	29
Depreciation and amortisation / Gross income %	2	2
Effective tax rate (Tax / Profit before tax) %	32	32
Capital expenditure / Gross income %	44, 23, 38, 1, 1	44, 23, 38, 1, 1
Perpetual growth rate %	5.2	5.2
Period counts	0.5, 1.5, 2.5, 3.5, 4.5	.5, 1.5, 2.5, 3.5, 4.
Expected market rate of return %	24.04	24.04
Risk-free rate %	15.54	15.54
Market risk premium %	8.5	8.5
Beta	1	1
Weighted average cost of capital %	24.04	24.04
Equity value of Stanbic IBTC Pension Managers Limited (see note 8.4(a))	103,248	103,248
Equity value of 11.76% holding	12,142	12,142
Illiquidity discount %	20	20
Value of Linkage Assurance PLC's equity stake	N9.714 billion	N9.714 billion

Notes to the financial statements

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

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Cost	214,765	214,765
Addition	-	-
Disposal	-	-
Exchange difference	-	-
	214,765	214,765
Impairment allowance	(150,736)	(150,736)
Carrying amount	**64,029**	**64,029**

Impairment allowance

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	150,736	150,736
Reversal on disposal	-	-
Addition	-	-
Balance at the end of the year	**150,736**	**150,736**

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

8.6 Loans and receivables

In thousands of Naira	**30 Sep 2019 ₦'000**	**31 Dec 2018 ₦'000**
Due from third parties (see note a below)	187,860	161,160
Loan to staff	22,346	32,918
Loan to policy holders	13,655	13,655
Ex-staff loans	35,051	36,215
	258,912	**243,948**
Allowance for impairment	(78,987)	(78,988)
	179,925	**164,960**

(a) Breakdown of Due from third parties

Name of third parties *In thousand of Naira*	**30 Sep 2019 ₦'000**	**31 Dec 2018 ₦'000**
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	31,999	33,364
Lease-Glc Resources	4,374	4,374
Eternal Plc CP	-	17,559
Aquila Leasing Ltd.	6,370	54,052
Konikolo Trust Fund	49,087	49,086
Sunfair Comm. Prod. Ltd	1,500	1,500
CORONATION MERCHANT BANK LTD CP	30,453	-
Mixta Real Estate	50,555	-
Stanbic IBTC Bank Plc- CP	12,296	-
Total	**187,860**	**161,160**

(b) Impairment allowance

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	78,988	74,369
Additions (note 38)	-	4,619
Write back	-	-
Balance at the end of the year	**78,988**	**78,988**

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

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

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance as at 1 January	243,948	222,123
Additions during the year	184,318	184,318
Repayment during the year	(162,493)	(162,493)
Accrued interest	-	-
	265,772	243,948
Impairment loss	(78,988)	(78,988)
Balance as at 31 December	186,785	164,960

Notes to the financial statements

8.7 Held to maturity

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	5,629,018	3,014,337
Redemption	(5,607,871)	(2,990,543)
Investment in Nigerian Aviation Handling Company's (NAHCO) (see note (i) below)	**21,147**	**23,794**
Additions during the period (Treasury bills)	5,910,632	5,605,224
Unearned interest on treasury bills	-	-
	5,931,779	**5,629,018**
Allowance for impairment	(11,192)	(11,192)
Balance at the end of the year	**5,920,587**	**5,617,826**

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

9 Trade receivables

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Due from broker	182,471	32,090
Due from agents	-	-
	182,471	**32,090**

9.1 Analysis of debtors in days

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Within 30 days	182,471	32,091
More than 30 days	-	-
	182,471	**32,091**

10 Reinsurance assets

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**	**Changes during the year**
Prepaid reinsurance	769,003	357,810	411,193
Reinsurance projection on UPR	-	-	-
Total as per actuarial valuation	769,003	357,810	411,193
Reinsurance treaty premium (deficit)/surplus (see note (i) below)	(271,523)	(74,369)	(197,154)
Total prepaid reinsurance (note 10.1)	497,480	283,442	214,038
Reinsurance recoverable on outstanding claims (note 10(b))	450,280	212,969	237,311
Reinsurance projection on IBNR (note 10(c))	47,225	47,225	(0)
	994,985	**543,636**	**451,350**

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

(a) Movement in prepaid reinsurance costs

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	214,446	214,446
Additions during the year	2,303,682	1,311,699
Reinsurance expense in the year (see note 33.1)	(1,749,125)	(1,168,335)
Balance at the end of the year	**769,003**	**214,446**

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	212,969	218,314
Recoveries during the year (see note 17.1(a))	237,311	(5,345)
Balance at the end of the year	**450,280**	**212,969**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	47,225	126,741
Changes during the year (see note 17.1(b))	(0)	(79,516)
Balance at the end of the year	**47,225**	**47,225**

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

Notes to the financial statements

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Motor	1,708	16,109
Fire	164,114	101,383
General accident	132,595	58,952
Engineering	71,486	33,599
Marine	55,658	33,863
Bond	673	-
Aviation	33,534	-
Oil & Gas	309,236	113,904
	769,003	357,810
Treaty premium (deficit)/surplus	(271,523)	(74,369)
	497,480	**283,441**

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 Sep 2019**	**31 Dec 2018**
Motor	49,640	57,401
Fire	58,009	42,610
Accident	49,662	39,288
Engineering	19,672	11,945
Marine	22,052	19,911
Bond	819	-
Aviation	16,684	-
Oil & Gas	155,983	87,943
	372,520	**259,098**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	259,098	176,274
(Decrease) / increase during the year (see note 36.1)	113,422	82,824
Balance at the end of the year	**372,520**	**259,098**

12 Other receivables and prepayments

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Prepayments (see (a) below)	195,603	75,912
Other receivables (see (b) below)	155,088	217,400
	350,691	293,312
Allowance for impairment	(6,211)	(6,211)
	344,480	**287,101**

(a) Prepayments

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Prepaid staff benefits	133,538	36,030
Deposits with stock broker	2,601	2,602
Prepaid rent	15,907	10,990
Other prepaid expenses	43,557	26,290
	195,603	**75,912**

(b) Other receivables

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Prepaid business acquisition expenses	434	5,423
Withholding tax recoverable	6,762	75,946
Sundry receivables (see (i) below)	147,892	136,031
	155,088	217,400
Allowance for impairment	(6,211)	(6,211)
	148,877	**211,189**

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

Movement in allowance for impairment

In thousands of Naira	**30 Sep 2019**	**31 Dec 2018**
Balance at the beginning of the year	6,211	6,211
Addition	-	-
Balance at the end of the year	**6,211**	**6,211**

Notes to the financial statements

13 Investment properties

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

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

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

(b) Reconciliation of carrying amount

In thousands of Naira	30 Sep 2019	31 Dec 2018
Balance at the beginning of the year	144,000	135,000
Addition during the year	-	-
Reclassification to property and equipment (see note 15)	-	-
Fair value gain/(loss)	-	9,000
Balance at the end of the year	**144,000**	**144,000**

(c) Measurement of fair values

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

In thousands of Naira	30 Sep 2019	31 Dec 2018
Level 1	-	-
Level 2	-	-
Level 3	144,000	135,000
	144,000	**135,000**

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property as at 31 December 2018, as well as the significant unobservable inputs used.

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

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

14 Intangible assets

In thousands of Naira	30 Sep 2019	31 Dec 2018
Cost		
Balance at the beginning of the year	66,979	66,689
Addition during the year	168	290
Balance at the end of the year	**67,146**	**66,979**
Accumulated Amortisation		
Balance at the beginning of the year	52,869	40,244
Charge for the year	5,254	12,626
Balance at the end of the year	58,123	52,869
Net Book Value		
Balance at the end of the year	**9,024**	**14,110**

Notes to the financial statements

15 Property and equipment

30 Sep 2019

In thousands of Naira	**Land**	**Buildings**	**Motor Vehicles**	**Office furniture & fittings**	**Office Machinery & Equipment**	**Building (Work in progress)**	**Total**
Cost/valuation							
At 1 January 2019	757,200	290,564	567,862	139,037	311,719	105,136	2,171,518
Additions	-	828	194,500	6,265	14,697	-	216,289
Reclass from Work In Progress	-	-	-	-	-	-	-
Reclass from investment properties	-	-	-	-	-	-	-
Disposal	-	-	-	-	(909)	-	(909)
At 30 September 2019	757,200	291,392	762,362	145,302	325,506	105,136	2,386,899
Accumulated depreciation							
At 1 January 2019	-	74,384	422,393	125,067	246,660	-	868,504
Charge for the year	-	5,767	71,631	6,077	21,363	-	104,837
Disposal	-	-	-	-	(492)	-	(492)
At 30 September 2019	-	80,151	494,023	131,144	267,530	-	972,849
Net book value							
At 30 September 2019	757,200	211,241	268,339	14,158	57,976	105,136	1,414,050
At 31 December 2018	757,200	216,180	145,469	13,970	65,059	105,136	1,303,014

Property and equipment
At 31 December 2018

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

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

Class of PPE	**30 Sept 2019**			**31 Dec 2018**		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Land	-	-	757,200	-	-	757,200
Building	-	-	211,241	-	-	214,761
Building (work in progress)	-	-	105,136	-	-	105,136
	-	**-**	**1,073,577**	**-**	**-**	**1,077,097**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2017: nil)

(b) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements as at year end.

(c) The Company had no capital commitments as at the reporting date (2017: nil)

(d) There was no item of property and equipment that has been pledged as security for borrowings as at the year ended 31 December 2018 (31 December 2017: nil)

(e) An impairment assessment was conducted and no impairment indicator was identified.

Notes to the financial statements

(f) The Company did not revalue the items of property and equipment in current year.

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

Name of property	Date of acquisition	Title document	Location	Carrying amount	Steps taken for perfection of document
Land and Building In Lekki express way	20-Nov-05	Deed of Assignment	Plot 20, Block 94, Lekki express way	741,816	Lagos State Governor Concent obtained on 26/09/2016
Land and Building at Ilupeju	12-Mar-02	Deed of Assignment	11A, Coker road, ilupeju, Lagos State	88,500	The company had applied to register the deed of assignment with the Lagos State Lands Registry
Land in Yenagoa	30-Apr-12	Letter of allocation by Bayelsa State Government	Central business district Swali, Yenagoa, Bayelsa State	44,550	The company had applied to register the allocation letter with the Bayelsa State Lands Registry
Linkage Millennium Tower, Port Harcourt	26-Sep-03	Deed of Assignment	Amadi layout along Port Harcourt/ Aba Express road	203,650	The company had applied to register the deed of assignment with the Rivers State Ministry of Lands
				1,078,516	

16	**Statutory deposit**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Statutory deposit with CBN	300,000	300,000

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

17	**Insurance contract liabilities**	**30 Sep 2019** **₦'000**	**31 Dec 2018** **₦'000**
	Provision for claims reported by policyholders (note 17.1)	2,092,912	2,382,164
	Provision for IBNR (note 17.1)	559,256	419,061
	Outstanding claims provision	2,652,168	2,801,225
	Provision for unearned premium (note 17.2)	2,239,987	1,488,029
	Total insurance contract liabilities	**4,892,155**	**4,289,254**

17.1 Analysis of claims reserve based on nature

	30 Sep 2019			**31 Dec 2018**		
In thousands of Naira	**Gross claims**	**Reinsurance**	**Net**	**Gross claims**	**Reinsurance**	**Net**
Reported claims (see (a) below)	2,092,912	446,922	1,645,990	2,382,164	212,969	2,169,195
IBNR (see (c) below)	559,256	47,225	512,031	419,061	47,225	371,836
	2,652,168	**494,147**	**2,158,021**	**1,404,601**	**345,055**	**1,059,546**

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

	30 Sep 2019			**31 Dec 2018**		
In thousands of Naira	**Reported claims**	**Reinsurance**	**Net**	**Reported claims**	**Reinsurance**	**Net**
Balance at the beginning of the year	2,382,164	212,969	2,169,195	961,780	218,314	743,466
Movement during the year	(289,252)	233,953	(523,205)	1,420,384	(5,345)	1,425,729
Balance at the end of the year	**2,092,912**	**446,922**	**1,645,990**	**2,382,164**	**212,969**	**2,169,195**

Analysis of outstanding claims per class of business:

	30 Sep 2019			**31 Dec 2018**		
In thousands of Naira	**Gross Outstanding claims**	**Reinsurance recoveries**	**Net**	**Gross Outstanding claims**	**Reinsurance recoveries**	**Net**
Motor	187,741	49,206	138,535	111,653	5,527	106,126
Fire	314,962	197,355	117,607	166,354	72,128	94,226
General accident	313,043	88,836	224,208	228,326	53,735	174,591
Engineering	114,611	26,577	88,034	194,506	75,235	119,271
Marine	40,398	9,909	30,488	184,033	6,344	177,689
Bond	73,315	-				
Aviation	51,679	-				
Oil & Gas	997,162	5,480	991,683	1,497,292	-	1,497,292
	2,092,912	**446,922**	**1,590,554**	**2,382,164**	**212,969**	**2,169,195**

Notes to the financial statements

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

Days outstanding	**30 Sep 2019 ₦'000**	**31 Dec 2018 ₦'000**
0 - 90 days	347,771	375,052
91 - 180 days	123,002	99,122
181 - 270 days	173,604	277,084
271 - 365 days	52,625	1,208,330
Over 365 days	1,395,909	422,576
Total	**2,092,913**	**2,382,164**

	30 Sep 2019			**31 Dec 2018**		
In thousands of Naira	**IBNR claims**	**Reinsurance**	**Net**	**IBNR claims**	**Reinsurance**	**Net**
At the beginning of the year	419,061	47,225	371,836	442,821	126,741	316,080
Movement during the year	140,195	-	140,195	(23,760)	(79,516)	55,756
At the end of the year	**559,256**	**47,225**	**512,031**	**419,061**	**47,225**	**371,836**

Analysis of IBNR claims per class of business:

	30 Sep 2019			**31 Dec 2018**		
In thousands of Naira	**IBNR claims**	**Reinsurance recoveries**	**Net**	**IBNR claims**	**Reinsurance recoveries**	**Net**
Motor	71,642	576	71,066	22,224	576	21,648
Fire	99,363	16,769	82,594	29,617	16,769	12,848
General accident	81,170	17,978	63,192	45,448	17,978	27,470
Engineering	73,054	3,928	69,126	38,716	3,928	34,788
Marine	49,932	7,974	41,957	40,128	7,974	32,154
Bond	-					-
Aviation	-					-
Oil & Gas	184,095	-	184,095	242,928	-	242,928
	559,256	**47,225**	**512,029**	**419,062**	**47,225**	**371,836**

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

	30 Sep 2019	**31 Dec 2018**
Projected inflation rate (assume rate will remain unchanged into the future)	12%	15%
Current short-term yield	19%	19%
Discount rate	13%	15%

* Run off period of five years.
* Future claims follow a trend pattern from the historical data, thus payment pattern will be broadly similar in each accident year.
* Past official inflation rates used and assumes a 11% rate for future which is expected to remain unchanged.

Notes to the financial statements

17.2 Breakdown of unearned premium per class of business:

In thousands of Naira	30 Sept 2019 Unearned Premium	30 Sept 2019 Prepaid Reinsurance	30 Sept 2019 Net	31 Dec 2018 Unearned Premium	31 Dec 2018 Prepaid Reinsurance	31 Dec 2018 Net
Motor	485,408	1,708	483,700	351,019	16,109	334,910
Fire	304,225	164,114	140,111	317,237	101,383	215,854
General accident	268,989	132,595	136,394	185,283	58,952	126,331
Engineering	100,305	71,486	28,819	89,817	33,599	56,219
Marine	125,133	55,658	69,475	148,456	33,863	114,593
Bond	4,451	673	3,778	-	-	-
Aviation	127,027	33,534	93,493	-	-	-
Oil & Gas	824,449	309,236	515,214	396,218	113,904	282,314
	2,239,987	**769,003**	**1,470,984**	**1,488,029**	**357,810**	**1,130,220**

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

In thousands of Naira	30 Sept 2019 Unexpired Risk reserve	30 Sept 2019 Reinsurance	30 Sept 2019 Net	31 Dec 2018 Unexpired Risk reserve	31 Dec 2018 Reinsurance	31 Dec 2018 Net
Balance at the beginning of the year	1,488,029	357,810	1,130,219	1,039,256	214,446	824,810
Premium written in the year	5,352,120	2,303,682	3,048,438	5,391,170	1,607,925	3,783,245
Premium earned during the year	(4,600,162)	(1,749,125)	(2,851,037)	(4,942,397)	(1,464,561)	(3,477,836)
Balance at the end of the year	**2,239,987**	**912,367**	**1,327,620**	**1,488,029**	**357,810**	**1,130,219**

In thousands of Naira	30 Sept 2019 Unexpired Risk reserve	30 Sept 2019 Reinsurance	30 Sept 2019 Net	31 Dec 2018 Unexpired Risk reserve	31 Dec 2018 Reinsurance	31 Dec 2018 Net
Unexpired risk reserve	1,488,029	271,405	1,216,624	1,039,256	214,446	824,810
Additional unexpired risk reserve from actuarial valuation	-	843,861	(843,861)	448,773	56,959	391,814
Balance at the end of the year	**1,488,029**	**1,115,266**	**372,763**	**1,488,029**	**271,405**	**1,216,624**

18 Hypothecation

In thousands of Naira	30 Sept 2019 Insurance fund	30 Sept 2019 Shareholders fund	30 Sept 2019 Total	31 Dec 2018 Insurance fund	31 Dec 2018 Shareholders fund	31 Dec 2018 Total
Assets						
Cash and cash equivalents	1,513,280	-	1,513,280	1,205,124	-	1,205,124
Financial assets	5,920,587	13,435,311	19,355,899	5,617,826	13,439,509	19,057,336
Reinsurance assets	994,985	-	994,985	543,636	-	543,636
Deferred acquisition cost	-	372,520	372,520	-	259,098	259,098
Other receivables and prepayments	-	344,480	344,480	-	287,101	287,101
Investment properties	-	144,000	144,000	-	153,000	153,000
Intangible assets	-	9,024	9,024	-	1,773	1,773
Property and equipment	-	1,414,050	1,414,050	-	1,249,749	1,249,749
Statutory deposit	-	300,000	300,000	-	300,000	300,000
Total assets	8,428,852	16,019,385	24,448,238	7,366,586	15,690,230	23,056,817
Liabilities						
Insurance contract liabilities	4,892,155	-	4,892,155	4,289,254	-	4,289,254
Trade payables	-	138,506	138,506	-	144,234	144,234
Other payables	-	485,131	485,131	-	350,231	350,231
Finance lease obligations	-	80,030	80,030	-	56,037	56,037
Defined benefit obligations	-	28,551	28,551	-	22,905	22,905
Income tax liabilities	-	338,805	338,805	-	203,979	203,979
Deferred tax liabilities	-	158,381	158,381	-	158,381	158,381
Total liabilities	4,892,155	1,229,404	6,121,559	4,289,254	935,767	5,225,021
GAP	3,536,697	14,789,981	18,326,679	3,077,332	14,754,463	17,831,796

Notes to the financial statements

19	**Trade payables**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Insurance payables (note 19.1)	138,503	144,234
		138,503	**144,234**

19.1	**Insurance payables**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Commission payables to brokers	65,381	37,908
	Premium received in advance	2,029	39,506
	Other payables to agents and brokers (see note 19.2)	71,093	66,820
		138,503	**144,234**

	Movement in insurance payables	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Balance at the beginning of the year	144,234	107,346
	Addition in the year	(5,731)	44,002
	Reclass of commission liability to other income (see (a) below)	- -	7,114
	Balance at the end of the year	**138,503**	**144,234**

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

19.2	**Other payables to agents and brokers**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Due to agents	-	-
	Due to brokers	71,093	66,820
	Due to insurance companies- claims overpayment	-	-
		71,093	**66,820**

20	**Other payables**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Due to Auditors	18,749	24,945
	NAICOM levy	53,521	39,850
	Expenses payable (see note 20.1)	94,347	47,069
	Due to co-insurers	48,962	9,193
	Deferred commission revenue (see (a) below)	138,990	74,399
	Other payables (see note 20.2)	130,562	154,776
		485,131	**350,232**

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 Sep 2019	**31 Dec 2018**
	₦'000	**₦'000**
Deferred commission income as at 1 January	74,399	74,399
Fees and commission received during the year	404,148	242,072
Fees and commission earned during the year (see note 34.2)	(339,557)	(242,072)
Deferred commission income as at 31 December	138,990	74,399

20.1	**Expenses payable**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	Expenses accrued	94,347	47,069
		94,347	**47,069**

20.2	**Other payables**	**30 Sep 2019**	**31 Dec 2018**
		₦'000	**₦'000**
	National Social Trust Fund (NSITF)	(2,678)	239
	Travel insurance	2,241	3,252
	National Housing Fund (NHF)	1,025	1,025
	Pension for Life agents/Company	603	603
	Cheque without details (see (a) below)	67,833	142,073
	Sundry payables	61,538	7,583
		130,562	**154,776**

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

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.

Notes to the financial statements

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Not later than one year	128,037	52,084	48,007	16,716	80,030	**35,368**
Later than one year but not later than five years	-	60,764	-	7,910	-	**52,854**
	128,038	**112,848**	**48,007**	**24,626**	**80,030**	**88,222**

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At the beginning of the year	104,048	100,993	(81,143)	(70,522)	22,905	30,471
Current service cost		24,476	-	-	-	24,476
Past service cost		13,826	-	-	-	13,826
Interest cost (income)	-	-		(10,621)	-	(10,621)
Contribution by employer	-	-	-	-	-	-
Benefits paid by the employer	13,152	(15,970)	(7,506)	-	5,646	(15,970)
Actuarial (gain)/loss on liability arising from:						-
- Assumptions		(11,605)	-	-	-	(11,605)
- Experience		(7,672)	-	-	-	(7,672)
At the end of the year	**117,200**	**104,048**	**(88,648)**	**(81,143)**	**28,551**	**22,905**

The Company operates a defined benefit plan for qualifying employees on services rendered. With effect from 1 January 2014, employees who have served at least 5 years are entitled to a gratuity on a defined benefit scale which is graduated. The new benefit formula applies to benefit accruing from services rendered in the prior and future years. The Company commenced funding of plan in 2017.

23 Income tax liabilities

In thousands of Naira	30 Sep 2019	31 Dec 2018
At the beginning of the period	203,979	177,941
Charge for the year (note 23.1)	274,947	(440,344)
Payment during the year	(140,121)	466,382
At the end of the period	**338,805**	**203,979**

23.1 Tax charge

In thousands of Naira	30 Sep 2019	31 Dec 2018
Income tax (CIT)	274,947	453,282
Tertiary education tax	-	11,737
NITDA Levy	-	1,363
	274,947	466,382
Deferred tax (note 24)	-	(41,561)
Total income tax	274,947	424,821
Minimum tax	-	-
	274,947	**424,821**

23.2 Reconciliation of tax charge

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

	30 Sep 2019		31 Dec 2018	
	Rate	₦'000	Rate	₦'000
Profit before tax		866,861		387,155
Expected income tax expense at statutory rate	30%	260,058	30%	898,830
Information technology levy	0%	-	1%	28,788
Tertiary education tax	0%	-	0%	8,677
Disallowable expenses	54%	470,759	13%	397,832
Other untaxed income	-11%	(99,449)	-43%	(1,299,854)
Effect of minimum tax	0%	-	2%	70,560
	73%	**631,368**	**3%**	**104,833**

Notes to the 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 Sep 2019

In thousands of Naira	**Balance at 1 January**	**Recognised in OCI**	**Recognised in P or L**	**Deferred tax assets /(Liabilities)**
Defined benefit obligation	-	-	-	-
Property and equipment	(121,439)	-	-	(121,439)
Investment property	-	-	-	-
Fair value through profit or loss investments	-	-	-	-
Unrealised exchange gain	(36,942)	-	-	(36,942)
	(158,381)	-	-	(158,381)

31 Dec 2018

In thousands of Naira	**Balance at 1 January**	**Recognised in OCI**	**Recognised in P or L**	**Deferred tax assets /(Liabilities)**
Defined benefits obligations	-	-	-	-
Property and equipment	(160,682)	-	39,243	(121,439)
Investment property	-	-	-	-
Fair value through profit or loss investments	-	-	-	-
Unrealised exchange gain	(39,260)	-	2,318	(36,942)
	(199,942)	-	41,561	(158,381)

Notes to the financial statements

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

		30 Sep 2019	31 Dec 2018
	Issued and fully paid		
		₦'000	**₦'000**
	At the beginning of the year	3,999,999	3,999,999
	Additions	-	-
	At the end of the year	**3,999,999**	**3,999,999**

		30 Sep 2019	31 Dec 2018
26	**Share premium**	**₦'000**	**₦'000**
	At the end of the year	**729,044**	**729,044**

		30 Sep 2019	31 Dec 2018
27	**Contingency reserve**	**₦'000**	**₦'000**
	At the beginning of the year	1,778,339	1,616,603
	Transfer from retained earnings (see Note 28)	160,564	161,736
	At the end of the year	**1,938,903**	**1,778,339**

Contingency reserve for general insurance business is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act of Nigeria, as the higher of 3% of gross premiums and 20% of net profit for the year. For the year ended 2018, the transfer to contigency reserves was determined based on 3% of gross premiums for the year (2017: 20% of net profit).

		30 Sep 2019	31 Dec 2018
28	**Retained earnings**	**₦'000**	**₦'000**
	At the beginning of the year	1,230,452	2,082,306
	Dividend paid	-	(400,000)
	Profit for the year	591,914	(290,118)
	Transfer to contingency reserve (see Note 27)	(160,564)	(161,736)
	At the end of the year	**1,661,802**	**1,230,452**

		30 Sep 2019	31 Dec 2018
29	**Assets revaluation reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**752,084**	**752,083**

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

30 Other reserves

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

		30 Sep 2019	31 Dec 2018
30.1	**Fair value reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**9,403,558**	**9,406,809**

		30 Sep 2019	31 Dec 2018
30.2	**Re-measurement reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**23,761**	**23,761**

Notes to the financial statements

31 Gross premium written

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Direct premium (note 31.1)	1,175,129	822,901	5,192,227	4,356,857
Inward premium (note 31.1)	46,503	66,080	159,893	182,881
	1,221,632	**888,981**	**5,352,120**	**4,539,738**

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

9 months to30 Sept 2019	3 months to 30 Sept 2019 Direct premium	3 months to 30 Sept 2019 Inward premium	9 months to 30 Sept 2019 Direct premium	9 months to 30 Sept 2019 Inward premium
	₦'000	₦'000	₦'000	₦'000
Fire	171,003	11,251	675,460	31,798
Accident	120,281	4,771	604,903	15,048
Motor	231,776	16,599	837,388	50,408
Marine	114,097	8,615	347,867	23,188
Aviation	177,599	666	340,105	781
Bond	4,298	-	15,893	-
Engineering	54,679	2,224	209,291	3,560
Oil & Gas	301,396	2,377	2,161,320	35,110
	1,175,129	**46,503**	**5,192,227**	**159,893**

9 months to30 Sept 2018	3 months to 30 Sept 2018 Direct premium	3 months to 30 Sept 2018 Inward premium	9 months to 30 Sept 2018 Direct premium	9 months to 30 Sept 2018 Inward premium
	₦'000	₦'000	₦'000	₦'000
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
Bond	1,337	-	14,708	-
Engineering	34,236	4,388	120,904	7,166
Oil & Gas	212,784	11,942	1,841,063	48,065
	822,901	**66,080**	**4,356,857**	**182,881**

32 Gross premium income

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Gross premium written (note 31)	1,221,632	888,981	5,352,120	4,539,738
Changes in reserve for unexpired risks (note 17.2)	366,389	289,334	(751,959)	(862,569)
	1,588,021	**1,178,315**	**4,600,161**	**3,677,168**

33 Reinsurance expenses	**564,518**	**434,516**	**1,749,125**	**1,168,335**

33.1 Premium ceded to reinsurance:

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Reinsurance premium paid	333,941	357,192	1,924,149	1,117,733
Facultative outwards	103,593	36,678	236,169	108,562
Total reinsurance paid (see (a) below)	**437,534**	**393,870**	**2,160,318**	**1,226,295**
Decrease in prepaid reinsurance	126,984	40,646	(411,193)	(57,960)
	564,518	**434,516**	**1,749,125**	**1,168,335**
(a) Local and foreign reinsurance paid				
Reinsurance premium paid local	330,253	167,930	1,250,041	701,847
Reinsurance premium paid foreign	107,281	225,940	910,277	524,448
	437,534	**393,870**	**2,160,318**	**1,226,295**

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

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Fire	127,304	82,165	351,274	231,724
Accident	100,685	44,956	247,478	132,327
Motor	3,749	11,964	19,858	44,780
Marine	45,635	17,503	126,671	110,436
Aviation	41,568	26,250	183,739	51,175
Bond	2,401	3,597	7,656	6,135
Engineering	52,215	21,926	124,165	65,509
Oil & Gas	190,961	226,155	688,284	526,250
	564,518	**434,516**	**1,749,125**	**1,168,335**

Notes to the financial statements

34	**Fees and commission income**	**186,574**	**45,484**	**414,722**	**186,275**

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

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Fire	38,751	12,693	108,747	69,176
Accident	28,295	16,984	81,523	52,681
Motor	(817)	1,513	907	6,624
Marine	13,642	14,422	40,923	32,788
Aviation	(292)	- 6,456	226	588
Bond	720	1,976	2,052	2,641
Engineering	14,811	4,069	36,863	21,434
Oil & Gas	91,464	281	143,481	343
	186,574	**45,484**	**414,722**	**186,275**

34.2 Breakdown of fees and commission income is as follows:

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Lead underwriting commission	(17,079)	-	1,388	-
Reinsurance commission (Note 20(a))	96,781	45,484	339,557	186,275
Profit Comm. & Comm. Adjustment	101,824	-	138,379	-
Changes in deferred commission revenue	5,058	-	(64,591)	-
	186,584	**45,484**	**414,733**	**186,275**

35 Net claims expenses	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
			₦'000	₦'000
Gross claims paid	786,639	264,817	2,227,511	1,107,726
Movement in IBNR reserve (see note 17.1(b))	50,329	67,452	140,195	(150,156)
Movement in reserve for outstanding claims	78,057	464,376	(289,252)	989,320
Gross claims incurred	**915,025**	**796,646**	**2,078,454**	**1,946,890**
Salvage recovery	(9,302)	(10,168)	(37,172)	(20,879)
Claims recovered and recoverable from reinsurers (see (a) below)	(319,300)	(70,180)	(749,423)	(108,191)
	586,423	**716,298**	**1,291,859**	**1,817,819**

a) Analysis of claims recovered and recoverable from reinsurers	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Reinsurance claims recoveries (see note 44c)	169,796	70,180	512,112	(152,003)
Change in re-insurance recoverable (see note 10b)	149,504	-	237,311	212,969
Change in recoverable in IBNR (see note 10c)	-	-	(0)	47,225
	319,300	**70,180**	**749,423**	**108,191**

36 Underwriting expenses	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Acquisition expenses (note 36.1)	385,337	221,713	1,050,332	814,876
Maintenance expenses (note 36.2)	222,261	182,741	628,450	761,000
	607,597.60	**404,454**	**1,678,782**	**1,575,875**

36.1 Analysis of acquisition expenses

	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Commission expense	201,537	153,196	910,098	884,591
Business acquisition cost	112,707	14,889	253,657	32,818
Movement in deferred acquisition cost (see note 11.2)	71,093	53,628	(113,423)	(102,533)
	385,337	**221,713**	**1,050,332**	**814,876**

36.2 Analysis of maintenance expenses	3 months to 30 Sept 2019	3 months to 30 Sept 2018	9 months to 30 Sept 2019	9 months to 30 Sept 2018
	₦'000	₦'000	₦'000	₦'000
Staff costs (see note 41)	86,319	57,186	255,310	223,962
Directors' emoluments (see note 41)	6,960	8,220	29,109	27,366
Retirement benefit cost (see note 41)	5,552	18,632	17,698	24,248
Other operating expenses (note 41)	123,429	98,703	326,333	485,423
	222,261	**182,741**	**628,450**	**761,000**

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.

Notes to the financial statements

37	**Investment income**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		₦'000	**₦'000**	**₦'000**	**₦'000**
	Dividend income	19,595	7	781,948	1,059,145
	Interest income	480,193	234,679	1,003,721	661,714
	Investment income per statement of profit or loss and OCI	**499,788**	**234,687**	**1,785,669**	**1,720,859**
	Other investment income	3,509	-	9,653	-
	Revaluation (loss)/gain on investment properties (see note 13b)	-	-	-	-
	Revaluation (loss)/gain on property and equipment	-	-	-	-
	Fair value change on FVTPL securities	(15,754)	19,085	42,297	300,935
	Investment income for hypothecation	**487,543**	**253,772**	**1,837,619**	**2,021,793**

37.1	**Hypothecation of investment income**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		N'000	**N'000**	**N'000**	**N'000**
	Investment income that relate to policyholders (note 37.2)	61,768	61,611	140,694	173,154
	Investment income that relate to shareholders (note 37.3)	422,266	192,162	1,687,272	1,848,640
		484,034	**253,773**	**1,827,966**	**2,021,794**

37.2	**Investment income that relate to policy holders**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		₦'000	**₦'000**	**₦'000**	**₦'000**
	Income from money market	61,768	61,611	140,694	173,154
	Fair value change on FVTPL securities	-	-	-	-
		61,768	**61,611**	**140,694**	**173,154**

37.3	**Investment income that relate to shareholders**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		₦'000	**₦'000**	**₦'000**	**₦'000**
	Dividend income	19,595	7	781,948	1,059,145
	Income from money market	300,565	173,070	732,756	488,560
	Income from bonds	117,860	16,779	130,271	16,779
	Fair value change on FVTPL securities	(15,754)	2,306	42,297	284,156
	Revaluation (loss)/gain on investment properties	-	-	-	-
	Revaluation (loss)/gain on property and equipment	-	-	-	-
		422,266	**192,162**	**1,687,272**	**1,848,640**

38	**Net impairment loss on financial assets**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		₦'000	**₦'000**	**₦'000**	**₦'000**
	Impairment loss on placement with financial institutions	-	-	-	-
	Impairment loss on loans and receivables (note 8.6(b))	-	-	-	-
		-	-	-	-

39	**Net fair value gains/(loss) on financial assets at fair value through profit or loss**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		₦'000	**₦'000**	**N'000**	**N'000**
	Appreciation in value of short-term investments - quoted securities	**(15,754)**	**19,085**	**42,297**	**300,935**

40	**Other operating (loss)/income (net)**	**3 months to 30 Sept 2019**	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
		N'000	**N'000**	**N'000**	**N'000**
	Sundry (loss)/income	(1,511)	(2,138)	7,394	5,667
	Loss on sale of property & equipment	-	(367)	(118)	(367)
	Exchange gains	(623)	9,486	(1,926)	36,284
	Rental income	2,500	-	11,000	5,000
	Write back of provision no longer required	-	-	-	7,114
		366	**6,981**	**16,350**	**53,698**

Notes to the financial statements

41 Maintenance and management expenses

Maintenance and management expenses comprise:

	9 months to30 Sept 2019		9 months to30 Sept 2018	
In thousands of Naira	**Maintenance Expenses**	**Management Expenses**	**Maintenance Expenses**	**Management Expenses**
Staff cost	255,310	382,966	223,962	335,943
Director emoluments	29,109	43,663	27,366	41,049
Pension contribution	9,519	14,279	8,418	12,626
Retirement benefits	8,178	12,268	15,831	23,746
Contract staff cost	40,486	60,728	35,034	52,550
Advertising & publicity	4,877	7,316	3,088	4,631
Marketing expenses	7,714	11,570	7,506	11,259
Medical	10,213	15,319	6,590	9,886
Staff training & development	36,143	54,214	11,454	17,182
Corporate Expense	226,901	-	202,589	7,998
AGM expenses	-	20,322	6,450	9,675
Bank charges	-	23,791	6,429	9,644
Computer consumables	-	357	55	83
Depreciation & amortisation	-	110,091	-	98,544
Diesel and fuel	-	41,628	13,566	20,349
Entertainment	-	1,676	579	868
Fines & penalties	-	7,250	2,180	3,270
Industrial training fund	-	8,824	3,621	5,432
Insurance expenses	-	27,460	9,484	14,226
Insurance supervision fee	-	64,155	-	42,243
Legal and secretarial expenses	-	21,653	6,364	9,546
Retail agents expenses			12,894	-
Lighting & heating	-	5,627	2,325	3,487
Maintenance expense	-	82,094	23,191	34,787
Newspapers & periodicals	-	477	253	380
Postage and telephone	-	11,464	13,791	20,686
Consultancy expenses	-	54,816	29,756	44,634
Rent & rate	-	28,672	11,907	17,860
Stationaries	-	13,028	5,176	7,764
Subscriptions, contributions & donations	-	27,602	4,955	7,432
Transport and business travels	-	9,424	3,645	5,468
Withholding tax & VAT	-	33,159	12,436	18,654
Audit fee	-	18,750	-	18,750
Finance lease cost (see note (i) below)	-	16,689	5,756	8,635
Asset derecognition	-	-	-	-
Taxation expenses			-	3,942
Others	-	50,893	44,348	66,522
Total	**628,450**	**1,282,225**	**761,000**	**989,751**

(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 2019	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
	N'000	**N'000**	**N'000**	**N'000**
Fair value gain / (loss) in available-for-sale investments - quoted equities	(1,278)	(2,695)	(3,251)	(3,509)
Fair value gain / (loss) in available-for-sale investments - unquoted equities	-	-	-	-
Exchange difference	-	-	-	-
	(1,278)	**(2,695)**	**(3,251)**	**(3,509)**

43 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	3 months to 30 Sept 2019	**3 months to 30 Sept 2018**	**9 months to 30 Sept 2019**	**9 months to 30 Sept 2018**
Profit attributable to ordinary shareholders (N'000)	19,147	(409,382)	**591,914**	**84,385**
Weighted average number of ordinary shares	**7,999,999**	**7,999,999**	**7,999,999**	**7,999,999**
Basic and diluted earnings per share (Kobo)	**0.2**	**(5.1)**	**7.4**	**1.1**

Notes to the financial Statements

47 Contravention

	30 Sept 2019	31 Dec 2018
	₦'000	₦'000
Extension of display of Wall Drape without approval	-	-
Default filing of 2017 audited accounts to the Nigerian Stock Exchange	-	3,500
Late filing of 2017 audited accounts to the Securities & Exchange Commission	-	1,950
Stage carriage without permission	-	-
	-	5,450

48 Other related party transactions

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

49 Events after the reporting period

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

50 Contingencies

50.1 Contingent liabilities

The Company is involved in pending litigations with claims of N148.3million (31 December 2017: N149.8million). Based on legal advice, the directors are of the opinion that no liability will eventuate therefrom.

51 Commitments

The Company had no capital commitments at the reporting date.

Other National Disclosures

Statement of Value Added
For the year ending

	30 Sep 2019		31 December 2018	
	₦'000	**%**	**₦'000**	%
Net premium	2,851,036	171	3,477,836	81
Investment income	1,795,322	108	1,971,529	92
Other income	431,072	26	336,859	10
Claims incurred, commissions paid and operating expenses (local)	(3,412,872)	(205)	(3,366,005)	(84)
Value added	**1,664,558**	**100**	**2,420,219**	**100**
Distribution:				
Employees and directors (staff cost)	687,606	41	774,927	21
Government (taxes)	274,947	17	453,282	2
Asset replacement (depreciation)	110,091	7	130,324	4
Contingency reserve	160,564	10	212,338	15
Expansion (retained on the business)	431,350	26	849,348	58
	1,664,558	**100**	**2,420,219**	**100**

Financial Summary

	30 Sep 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2015 ₦'000	31 Dec 2014 ₦'000	31 Dec 2013 ₦'000
Statement of financial position							
Assets							
Cash and cash equivalents	1,513,280	1,205,124	1,843,757	2,843,284	2,414,144	2,239,372	1,895,754
Financial assets	19,355,902	19,057,336	18,659,072	14,829,344	14,806,482	13,521,354	13,660,786
Trade receivables	182,471	32,090	13,741	18,637	18,432	3,895	3,494
Reinsurance assets	994,985	543,636	558,813	784,347	315,694	398,213	136,513
Deferred acquisition cost	372,520	259,098	176,274	189,626	188,128	119,415	188,159
Deferred tax assets	-	-	-	-	-	197,167	362,407
Other receivables and prepayments	344,480	287,101	238,777	139,769	130,865	83,546	118,010
Investment property	144,000	144,000	135,000	92,000	97,000	71,700	57,382
Intangible assets	9,024	14,110	26,445	24,101	26,069	34,765	-
Property and equipment	1,414,050	1,303,014	1,356,279	1,111,339	1,195,422	1,006,795	1,015,995
Statutory deposit	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Total assets	**24,630,712**	**23,145,509**	**23,308,158**	**20,332,447**	**19,492,236**	**17,976,222**	**17,738,500**
Liabilities							
Insurance contract liabilities	4,892,155	4,289,254	2,443,858	2,860,449	2,276,752	1,623,963	1,694,587
Trade payables	138,506	144,234	107,346	43,749	229,316	244,617	441,950
Finance lease obligations	485,131	350,232	307,546	-	-	-	-
Provision and other payables	80,030	56,037	88,222	264,261	327,273	249,361	84,326
Retirement benefit obligations	28,551	22,905	30,471	68,948	84,225	128,279	-
Income tax liabilities	338,805	203,979	177,941	337,109	147,355	142,313	149,679
Deferred tax liabilities	158,381	158,381	199,942	224,639	117,921	-	-
Total liabilities	**6,121,559**	**5,225,022**	**3,355,326**	**3,799,155**	**3,182,842**	**2,388,533**	**2,370,542**
Capital and reserves							
Issued and paid-up share capital	3,999,999	3,999,999	3,999,999	3,999,999	3,999,396	3,999,396	3,999,396
Share premium	729,044	729,044	729,044	729,044	729,044	729,044	729,044
Contingency reserve	1,938,903	1,778,339	1,616,603	1,038,349	917,387	803,712	712,070
Retained earnings	1,661,802	1,230,452	2,082,306	(230,708)	(654,310)	(1,049,054)	(1,285,709)
Assets revaluation reserve	752,084	752,083	752,083	733,656	733,656	567,004	541,987
Re-measurement reserve	23,761	23,761	4,484	42,368	13,547	10,537,587	-
Fair value reserve	9,403,558	9,406,809	10,768,313	10,220,584	10,570,674	-	10,671,170
Total equity	**18,509,151**	**17,920,487**	**19,952,833**	**16,533,292**	**16,309,394**	**15,587,689**	**15,367,958**
Total liabilities and equity	**24,630,710**	**23,145,509**	**23,308,158**	**20,332,447**	**19,492,236**	**17,976,222**	**17,738,500**
Statement of profit or loss							
Net premium income	2,851,036	2,508,833	2,840,379	2,835,885	2,436,231	1,950,854	1,585,706
Underwriting results	295,117	(698,586)	450,438	701,864	1,267	402,498	183,021
Profit/(loss) before taxation	866,861	387,155	3,001,152	942,682	929,109	580,846	563,062
Taxation	-	-	(34,273)	(398,118)	(416,862)	(255,849)	(148,780)
Profit/(loss) after taxation	866,861	387,155	2,896,319	544,564	512,247	324,997	414,282
Transfer to contingency reserve	160,564	578,254	578,254	120,962	113,675	91,642	82,857
Dividend	-	-	-	-	-	-	-
Transfer to revenue reserve	706,297	(191,099)	2,318,065	423,602	398,572	233,355	331,425
Basic earnings per share (kobo)	7.4	1.1	6.8	6.8	6.4	4.1	5.2

Other National Disclosures
Revenue Account
For the year ending

30 Sep 2019

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Total
Direct receipted premium	675,460	604,903	837,388	347,867	340,105	15,893	209,291	2,161,320	5,192,227
Inward premium	31,798	15,048	50,408	23,188	781	-	3,560	35,110	159,893
Gross premium written	**707,258**	**619,951**	**887,796**	**371,055**	**340,886**	**15,893**	**212,851**	**2,196,430**	**5,352,120**
Changes in reserve for unexpired risk	(94,778)	(70,931)	(11,159)	(17,404)	(127,027)	2,470	(49,638)	(383,491)	(751,958)
Gross premium earned	**612,480**	**549,020**	**876,637**	**353,651**	**213,859**	**18,363**	**163,213**	**1,812,939**	**4,600,162**
Reinsurance Expenses	(414,005)	(321,120)	(5,457)	(149,300)	(134,138)	(7,495)	(162,052)	(966,751)	(2,160,318)
Movement in Prepaid-Reinsurance Cost	62,731	73,642	(14,401)	22,629	(49,601)	(161)	37,887	278,467	411,193
Re-insurance cost	(351,274)	(247,478)	(19,858)	(126,671)	(183,739)	(7,656)	(124,165)	(688,284)	(1,749,125)
Net earned premium	**261,206**	**301,542**	**856,779**	**226,980**	**30,120**	**10,707**	**39,048**	**1,124,655**	**2,851,037**
Commissions received	108,747	81,523	907	40,923	226	2,052	36,863	143,481	414,722
Total underwriting income	**369,953**	**383,065**	**857,686**	**267,903**	**30,346**	**12,759**	**75,911**	**1,268,136**	**3,265,759**
Underwriting expenses									
Gross Claims incurred	(606,234)	(345,660)	(374,112)	(67,390)	(158,251)	(59,160)	(1,401)	(429,073)	(2,041,281)
Recovery on Claims incurred	361,564	120,202	67,415	17,823	182,335	-	(5,396)	5,480	749,423
Net Claims Expenses	(244,670)	(225,458)	(306,697)	(49,567)	24,084	(59,160)	(6,797)	(423,593)	(1,291,858)
Maintenance expenses	(83,047)	(72,795)	(104,246)	(43,570)	(40,027)	(1,866)	(24,993)	(257,906)	(628,450)
Acquisition expenses (Note 36)	(127,958)	(132,163)	(131,926)	(97,559)	(47,225)	(2,677)	(38,157)	(472,667)	(1,050,332)
Underwriting profit	**(85,722)**	**(47,351)**	**314,817**	**77,207**	**(32,822)**	**(50,944)**	**5,964**	**113,970**	**295,119**

30 Sep 2018

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Total
Direct receipted premium	476,717	511,544	993,082	275,140	123,699	14,708	120,904	1,841,063	4,356,857
Inward premium	41,813	13,810	47,223	24,622	181	-	7,166	48,065	182,881
Gross premium written	**518,530**	**525,354**	**1,040,306**	**299,763**	**123,880**	**14,708**	**128,070**	**1,889,128**	**4,539,738**
Changes in reserve for unexpired risk	(50,957)	(96,916)	(188,229)	24,727	(37,975)	(4,994)	(8,452)	(499,773)	(862,569)
Gross premium earned	**467,573**	**428,438**	**852,077**	**324,490**	**85,905**	**9,714**	**119,618**	**1,389,355**	**3,677,168**
Reinsurance expenses (Note 33)	(231,724)	(132,327)	(44,780)	(110,436)	(51,175)	(6,135)	(65,509)	(526,250)	(1,168,335)
Net earned premium	**235,849**	**296,111**	**807,297**	**214,053**	**34,730**	**3,579**	**54,109**	**863,105**	**2,508,834**
Commissions received	69,176	52,681	6,624	32,788	588	2,641	21,434	342	186,275
Total underwriting income	**305,026**	**348,792**	**813,922**	**246,842**	**35,318**	**6,220**	**75,543**	**863,447**	**2,695,108**
Underwriting expenses									
Claims expenses (Note 35)	(119,970)	(113,264)	(110,957)	(108,026)	(21,267)	(2,509)	(33,268)	(305,615)	(814,876)
Maintenance expenses	(86,922)	(88,066)	(174,387)	(50,249)	(20,766)	(2,465)	(21,468)	(316,676)	(761,000)
Acquisition expenses (Note 36)	(47,286)	(17,290)	(193,426)	(220)	(127,296)	(16,279)	58,980	(1,475,002)	(1,817,820)
Underwriting profit	**50,848**	**130,172**	**335,151**	**88,346**	**(134,012)**	**(15,033)**	**79,787**	**(1,233,846)**	**(698,587)**