

**Goldlink Insurance PLC**

**Financial Statements -- 31 December 2011  
Together with Directors' and Auditor's Reports**

**Financial Statements**  
*for the year ended 31 December 2011*

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## Directors' Report

### For the year ended 31 December 2011

The Directors are pleased to present their report on the affairs of Goldlink Insurance PLC ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2011.

#### Legal Form and Principal Activity

The Company was incorporated on 15 April 1992 as a private limited liability company. The Company obtained an insurance license from the National Insurance Commission on 8 September, 1993 and commenced business on 1 January 1994. Following the recapitalisation exercise, the Company converted to a Public Liability Company on 11 May 2007 and was listed on the NSE by way of introduction on 12 February 2008.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of life and general insurance services to both corporate and individual customers.

#### Operating results

The following is a summary of the Company's operating results for the year ended 31 December 2011

	2011	2010
	N'000	N'000
Gross earnings	2,757,961	3,456,510
Gross premium written	2,814,276	3,429,721
Loss before taxation	(2,906,728)	(346,987)
Taxation	(257,167)	(15,819)
Loss after taxation	(3,163,895)	(362,806)
Transfer to contingency reserve	(96,170)	(112,878)
Transfer to accumulated deficit	(3,260,065)	(475,684)
Basic earnings per share (k)	(70)k	(8)k
Diluted earnings per share (k)	(70)k	(8)k

#### Proposed dividend

No dividend was proposed as at the year ended 31 December 2011.

#### Directors and their interests

According to the register of shareholders, the directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

		(Number of ordinary shares held per register)			
		2011	2011	2010	2010
		Direct	Indirect	Direct	Indirect
Mr Gbenga Afolayan **	Chairman	284,486,025	307,276,372	284,486,025	200,308,905
Mr Femi Okunniyi **	Managing Director	274,335,882	563,397,535	274,585,882	241,077,809
Mr Tony Efeherimoni **	Executive	27,686,456	899,999	27,686,456	899,999
Chief Kingsley Olanrewaju Olufeko *	Non Executive	8,978,860	896,957	8,978,860	896,957
Rt Rev Ranti Odubogun **	Non Executive	24,552,457	-	24,552,457	-
Mr Samuel Egun Idowu **	Non Executive	32,569,667	-	38,445,426	-
Mr Oraka Uchenna(Rep of SPDC West Coop Society Ltd) *	Non Executive	40,569,667	-	40,569,667	-

The Board of directors who served during the year under review resigned following misstatements observed in the audited financial statements of the Company as at 31 December 2011. This led to the appointment of an Interim Board of Directors by the National Insurance Commission (NAICOM). The interim Board of directors was charged with the responsibility of carrying out full investigation on the draft financial reports and corporate governance failures observed by NAICOM in the course of reviewing the draft financial statements for the year ended 31 December 2011. Further to this, the Interim Board appointed KPMG to re-perform the audit of the statutory financial statements as at 31 December 2011.

Following the investigation by the Interim Board of directors as disclosed in Note 37 to these financial statements, certain directors and shareholders of the Company acquired 2,548,774,014 shares without valuable consideration. The investigation also revealed that 1,058,187,422 units were issued to the Directors and the Directors have surrendered 681,193,992 units as at date as shown below:

		Shares acquired	Shares surrendered
		Units	Units
Mr Gbenga Afolayan **	Chairman	520,333,972	335,993,529
Mr Femi Okunniyi **	Managing Director	426,320,969	278,391,883
Mr Tony Efeherimoni **	Executive	13,082,092	27,686,456
Rt Rev Ranti Odubogun **	Non Executive	32,346,909	24,552,457
Mr Samuel Egun Idowu **	Non Executive	66,103,480	14,569,667
		<b>1,058,187,422</b>	<b>681,193,992</b>

\* The directors resigned in October 2012.

**\*\*** *The directors resigned in October 2012 and they had shares issued without consideration as at 31 December 2011.*

The interim Board of Directors and management that assumed duty on November 1, 2012 comprise the following:

Mr. James O. Ayo	Chairman
Mr. Gbolahan Olutayo	MD/CEO
Professor Chioma Agomo	Director
Alhaji Sashe Ibrahim Dabana	Director
Malam Abubakar Sadiq Mijinyawa	Director
Ambassador Umaru Iliya Damagum	Director
Mr. Adeyinka Olutungase	Director

#### Contracts

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts during the year.

#### Significant shareholding

According to the Register of members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2011:

	<u>Interest</u>	<u>No. of Shares</u>	<u>% Holding</u>
Unity Kapital Assurance Plc		897,839,176	19.73%
Osayameh R.K.O	Direct	350,000,001	7.69%
	Indirect	287,303,434	6.31%
Mr Gbenga Afolayan	Direct	284,486,025	6.25%
	Indirect	307,276,372	6.75%
Mr Femi Okunniyi	Direct	274,335,882	6.03%
	Indirect	563,397,535	12.38%

#### Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

Share range	No of Shareholders	% of Shareholders	<u>2011</u>	
			Holding	% Holding
001-1000	640	4	147,579	0
1001-10000	6,011	38	9,997,653	0
10001-50000	5,267	33	401,167	0
50001-100000	1,488	9	36,117,347	1
100001-500000	1,756	11	140,555,695	3
500001-1000000	304	2	94,781,707	2
1000001 & Above	495	3	4,267,945,852	94
<b>Total</b>	<b>15,961</b>	<b>100</b>	<b>4,549,947,000</b>	<b>100</b>

Share range	No of Shareholders	% of Shareholders	<u>2010</u>	
			Holding	% Holding
001-1000	640	4	147,579	0
1001-10000	6,010	38	9,997,653	0
10001-50000	5,267	33	401,167	0
50001-100000	1,488	9	36,117,347	1
100001-500000	1,755	11	140,689,466	3
500001-1000000	303	2	93,901,097	2
1000001 & Above	498	3	4,268,692,691	94
<b>Total</b>	<b>15,961</b>	<b>100</b>	<b>4,549,947,000</b>	<b>100</b>

#### Property and equipment

Information relating to changes in property and equipment during the year is given in Note 9 to the financial statements

#### Donations and charitable gifts

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations to the under-listed organizations amounting to ₦3,915,000 (2010: ₦1,600,000) during the year as follows:

Organisations:	2011 ₦
1 NCRIB	250,000
2 WAICA 2011	50,000
3 Global Trust Ventures Limited	25,000
4 Chartered Insurance Institute of Nigeria	100,000
5 Professional Insurance Ladies Association	100,000
6 Recreation Centre @ LUTH, Idi-araba	30,000
7 National Association of Insurance Correspondents	50,000
8 Little Saints Orphanage	100,000
9 Lagos Chesire Home	100,000
10 Lagos Old People's Home	100,000
11 Church of the Ressurrection	250,000
12 Matchmaker's consult International	1,500,000
13 National Sports Commission	20,000
14 Nigeria Insurers Association (NIA)	190,000
15 Order of the knights of saints	50,000
16 University of Ibadan	1,000,000
	<hr/> <hr/> 3,915,000 <hr/> <hr/>

#### Employment of disabled persons

The Company is committed to providing equal opportunities and does not discriminate in considering applications from suitably qualified person, including disabled persons. However, as at 31st December 2011 (31 December 2010: Nil), no disabled persons were in the employment of the Company.

#### Health, safety and welfare of employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

#### Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses in the year under review.

#### Post-balance sheet events

There were no post balance sheet events which could have had material effect on the financial position of the Company as at 31 December 2011 and the loss for the year then ended which have not been adequately provided for or disclosed.

#### Auditors

In the course of the year, a vacancy was created by the erstwhile Auditor - Aloba Awomolo and Co. The vacancy was filled with the appointment of Messrs KPMG Professional Services. The Auditors, KPMG Professional Services have indicated their willingness to continue in office as auditors. In accordance with section 357(2) of Companies and Allied Matters Act of Nigeria, a resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

#### BY ORDER OF THE BOARD

Tobi Olaleye  
Company Secretary  
6, Emmanuel Street ,  
Maryland, Lagos  
FRC/2014/NBA/000000008450  
3 September 2014

## **Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2011**

The directors accept responsibility for the preparation of the annual financial statements set out on pages 8 to 69 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and National Insurance Commission (NAICOM) circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern as explained in Note 40 to the financial statements.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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Mr. James Olatunde Ayo - Chairman  
FRC/2014/CIIN/000000008352  
3 September 2014

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Mr. Gbolahan Olutayo - Managing Director  
FRC/2014/IMN/00000007106  
3 September 2014

**Report of the Audit Committee**  
**For the year ended 31 December 2011**

To the Members of **Goldlink Insurance Plc**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria 1990, the members of the Audit Committee of Goldlink Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2011 were satisfactory and reinforce the Company's internal control system.
- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.

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ELDER (DR) A. K. ONIWINDE

Chairman, Audit Committee  
FRC/2013/CIIN/00000002850

3 September 2014

Members of the Audit Committee are:

1	ELDER (DR) A. K. ONIWINDE	Chairman	
2	PRINCE M.O.OYEDELE	Member	
3	MALAM ABUBAKAR S. MIJINYAWA	Member	Appointed on December 5, 2012
4	AMBASSADOR UMAR ILIYA DAMAGUM	Member	Appointed on December 5, 2012
5	PROFESSOR CHIOMA KANU AGOMO	Member	Appointed on December 5, 2012
6	MR FRANCIS OKORO	Member	

In attendance:

TOBI OLALEYE  
FRC/2014/NBA/000000008450  
3 September 2014

Company Secretary

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Goldlink Insurance Plc

### **Report on the financial statements**

We have audited the accompanying financial statements of Goldlink Insurance Plc ("the Company"), which comprise the balance sheets as at 31 December, 2011, and the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies, notes to the financial statements, the five-year financial summary, as set out on pages 8 to 69.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, and relevant National Insurance Commission (NAICOM) guidelines and circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements give a true and fair view of the financial position of Goldlink Insurance Plc as at 31 December 2011, and of its financial performance and cash flows for the year ended in accordance with Statement of Accounting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars and the Financial Reporting Council of Nigeria Act, 2011.

### *Emphasis of matter*

Without qualifying our opinion, we draw attention to Note 40 to these financial statements which indicates that the Company recorded a loss after taxation of ₦ 3,163,895,000 for the year ended 31 December 2011 and as of that date, the Company's total liabilities exceeded its total assets by ₦ 2,449,576,000. The Company also had a negative shareholders' fund of ₦ 2,449,576,000 as at 31 December 2011 which was significantly below the minimum regulatory capital of ₦ 5,000,000,000 required for composite insurance business and a shortfall in solvency margin of ₦ 5,930,882,000 as at 31 December 2011. These conditions, along with other matters as set forth in Note 40, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

### *Other matters*

The financial statements of the Company as at and for the year ended 31 December 2010 were audited by another auditor whose report dated 31 March 2011 expressed an unmodified opinion on those financial statements.

### **Report on Other Legal and Regulatory Requirements**

#### *Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria*

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's balance sheets and profit and loss accounts are in agreement with the books of accounts.

Signed:

Kabir O. Okunlola, FCA

FRC/2012/ICAN/00000000428

For: KPMG Professional Services

Chartered Accountants

3 September 2014

Lagos, Nigeria

## **Statement of Significant Accounting Policies**

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial statements. These accounting policies have been consistently applied.

### **1 Basis of accounting**

These financial statements are prepared in accordance with, and comply with, Nigeria Statements of Accounting Standards (SAS), the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria and its interpretations issued by the National Insurance Commission in its Insurance Industry Guidelines on a yearly basis.

The financial statements are presented in Nigerian currency (Naira). The financial statements have been prepared using the annual basis of accounting and under the historical cost convention as modified by the carrying of property and equipment and long term investments at valuation amounts.

#### **a Life business:**

The financial statements for life business have been prepared using the fund method and under the historical cost convention as modified by the carrying of property and equipment and long term investments at valuation amount.

#### **b General business:**

The financial statements for general business have been prepared using the annual basis of accounting and under the historical cost convention as modified by the carrying of property & equipment and long term investments at valuation amount.

### **2 Use of estimates in the preparation of financial statements**

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in applying the Company's accounting policies. Although these estimates are determined on the basis of historical information and the directors' best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new and available information. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

The preparation of the financial statements requires Management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of income and expense during the reporting period.

These estimates are determined on the basis of historical information, actuarial analysis and other analytical techniques where actual results could differ from these estimates.

### **3 Classification of insurance contracts**

Contracts that are classified as insurance contracts are those under which the Company underwrites significant insurance risk from another party (the broker or insured) by agreeing to compensate the insured or other beneficiary if a fortuitous random event (the insured event) adversely affects the policyholder or other beneficiary.

### **4 Recognition and measurement of insurance contracts**

Short term insurance contracts under General business are accounted for on an annual basis while long term insurance contracts which comprise life contracts is accounted for using the fund method.

The operating surpluses or losses arising from long-term insurance contracts are determined by annual actuarial valuation. These surpluses or losses are arrived at after taking into account the movement in actuarial liabilities under unexpired policies and other reserves within the policyholder liabilities. All losses are charged to the profit and loss account while a maximum of 40% surplus is credited to the profit and loss account in line with NAICOM guidelines.

### **5 Cash and cash balances**

Cash and bank balances represent the Company's balances held with banks and cash in hand

### **6 Premium**

- *Gross premium:*

Gross premium written is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover.

*- Gross Premium earned:*

Gross premium earned is written premium after adjusting for the unearned portion of the premium.

*- Unearned premium:*

Premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.

*- Net Premium earned:*

Net premium represents gross premium less reinsurance costs. It is recognized as income from the date of attachment of risk.

(i) *Short-term insurance contracts premium*

Written premium on short-term insurance contracts comprises premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premium earned for the period represents written premium adjusted for unearned premium.

Premium relating to the expired risk period is taken as earned and recognized as revenue for the period while premium relating to the unexpired risk period is treated as unearned premium.

(ii) *Long-term insurance contracts premium*

Long term insurance contracts premium are premium received in respect of insurance contracts with maturity period exceeding one year.

Premium earned for the period represents written premium adjusted for unearned premium as part of transfer to life fund.

Premium relating to the expired risk period is taken as earned and recognized as revenue for the period while premium relating to the unexpired risk period is treated as unearned premium.

**7 Commission earned**

Commissions are recognized on ceding businesses to the reinsurers and other insurance companies, and are credited to the profit or loss account.

**8 Claims**

All claims paid and incurred are charged against revenue as expense when incurred. Claims handling expenses are also charged against revenue when incurred. Reinsurance recoveries are recognized when the Company records the liability for the claims and are netted off claims expense.

(i) *Claims arising from short-term insurance contracts*

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not reported (IBNR), which is computed at the rate of 10% of outstanding claims reported during the year of account as at balance sheet date. All claims paid and incurred are charged against revenue as expense when incurred.

(ii) *Claims arising from long-term insurance contracts*

Claims incurred in respect of long-term insurance contracts especially pure life business consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified to the Company by the insured are carried at the claim amounts advised.

**9 Underwriting expenses**

Underwriting expenses comprise acquisition and maintenance expenses. Acquisition expenses are incurred in obtaining and renewing insurance contracts. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff; and are deferred and amortized in proportion to the amount of premium determined separately for each class of business recognized in the reporting period in line with the matching concept. Maintenance expenses are incurred in servicing existing policies/contract. Maintenance expenses are charged to the revenue account in the accounting period in which they are incurred.

In life business, acquisition and maintenance expenses are charged to the fund during the accounting period in which they are incurred.

**10 Management expenses**

Management expenses are expenses other than claims and underwriting expenses. They include salaries and wages, depreciation expenses and other expenses. They are accounted for on an accrual basis.

**11 Technical reserves**

**a General business:**

*(i) Provision for unexpired premiums:*

The portion of gross premium income on short term general business insurance contracts, which is estimated to be unearned in the current period, is accounted for as unexpired risk provision. This is computed separately for each contract and individual policy as at the balance sheet date using principally the time apportionment basis for direct businesses in accordance with the provisions of Section 20 of the Insurance Act 2003.

*(ii) Reserve for outstanding claims*

Outstanding claims comprise provisions for all the Company's estimated ultimate costs of settling all claims and related claim handling expenses incurred but unpaid as at the balance sheet date. Outstanding claims that have occurred at the balance sheet date and have been notified to the Company are carried at their reported amounts. Adequate provisions are also made for claims incurred but not reported (IBNR) at 10% of outstanding claims amount as at the balance sheet date in accordance with the provision of Section 20 of the Insurance Act 2003.

*(iii) Contingency reserve*

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act, 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

**b Life business:**

**(i) General reserve fund (Life fund)**

This comprise net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation and an additional 25% of net premium for every year between valuation dates.

**(ii) Contingency reserve**

This is credited with the higher of 1% of gross premiums and 10% of profit after taxation.

**12 Deferred acquisition costs**

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that corresponds to the unearned premium are deferred as an asset and recognized in the subsequent period.

**13 Property and equipment**

**a Recognition and classification**

Property and equipment comprise land and buildings and other properties owned by the Company.

Property and equipment are stated at historical cost or revalued amount less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. In the case of revalued assets, depreciation is calculated by reference to the enhanced value of the assets concerned. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred. Freehold land is not depreciated.

Surpluses arising on the revaluation of individual fixed assets are credited to the asset revaluation account. However, recognition of such surpluses are subject to the provision of the relevant section of the policy guideline. Deficits arising on revaluation of individual fixed assets are recognised against any existing revaluation surplus on the same item before being charged to the profit and loss account. When previously revalued fixed assets are disposed of, any revaluation surplus relating to the disposed assets is transferred to the profit and loss account.

All other fixed assets are subsequently stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. In the case of revalued assets, depreciation is calculated by reference to the enhanced value of the assets concerned. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

All construction costs are carried at cost as work-in-progress. On completion of construction, the related amounts are transferred to the appropriate category of fixed assets.

Payments in advance for items of fixed assets are classified under prepayments and upon delivery are reclassified as additions to the appropriate category of property and equipment. Capital work-in-progress is not depreciated.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell and value in use.

**b Depreciation**

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as stated below. No depreciation is charged on property and equipment until they are brought into use.

The principal annual rates used for this purpose are as follows:

<b>Asset</b>	<b>Depreciation rate</b>
Buildings	2%
Office equipment	20%
Computer equipment	20%
Furniture and fittings	20%
Motor vehicles	25%

**c Disposal**

Gains and losses on disposal of fixed assets are credited to the profit and loss account.

**14 Intangible assets**

*Software*

Software acquired by the Company is stated at cost less accumulated amortization and accumulated impairment losses.

Purchased software is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalized as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortization and any accumulated impairment losses.

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

Amortization is recognized in profit or loss 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 future economic benefits embodied in the asset. The estimated useful life of software is three to five years.

Amortization method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

This is a new policy in line with the Statement of Accounting Standard number 31: On Intangible Assets issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board), which is effective for annual periods beginning on or after 1 January 2011. See Note 38 for details of the reclassifications made to the balance sheet on implementation of the new accounting policy. There was no effect on either the profit and loss account or retained earnings.

**15 Investments**

Investments are initially recognized at cost and classified into short and long term in accordance with the Statement of Accounting Standard (SAS 13) on accounting for investments depending on the purpose for which they are acquired. This classification is revalued at every reporting date.

Investments are classified as follows:

(a) *Short-term investments*

An investment is classified into this category at inception if acquired principally on temporary basis for a period not more than one year. Such investment can be converted into cash when current financing needs make it desirable, or if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making.

(b) *Long-term investments*

Long-term investments relate to investments over a long period of time to earn income. These are investments other than short-term investments and comprise:

(i) *Quoted investments*

Quoted investments are stated at market value as at the balance sheet date, as provided by Section 24(13)(b) of the Insurance Act, 2003. An increase in the carrying amount arising from the revaluation of quoted investments is credited to owner equity as revaluation surplus. To the extent that a decrease in carrying amount off-set a previous increase, for the same investment that has been credited to revaluation surplus rather than profit and loss account.

ii *Unquoted investments*

These are stated at cost. Where in the opinion of the directors, the value of any unquoted investment falls below its cost, an appropriate provision for the diminution in value thereof is charged against the profit and loss account of the relevant year.

16 **Investment property**

Investment property comprises land and buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the Company's operations. An occupation of more than 15% of the property is considered substantial. Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in the value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the profit and loss account. Reductions in the carrying amount of the property are reversed when there is an increase, following a revaluation in accordance with the Company's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to an asset revaluation reserve. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account. An increase in revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

17 **Actuarial valuation**

Actuarial valuations are conducted at least once in every three years to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds at the date of valuation. All deficits arising there from are charged to the profit and loss account while a maximum of 40% of the surplus is appropriated to the shareholder and credited to the profit and loss account.

18 **Deposit administration**

Receipts from deposit administration and other businesses of savings nature are recognized as liabilities. Interest accruing from investment of the savings is recognized in the deposit administration revenue account in the period it is earned while interest paid and due to depositors is recognized as an expense.

19 **Investment income**

Investment income comprises interest income earned on short-term deposits, rental income, dividend and income earned on trading of securities. Investment income is accounted for on accrual basis.

**20 Dividend income**

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and are stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

**21 Premium debtors**

Debtors are stated at cost after writing off bad debts and deducting provision made for other specific debts considered doubtful of recovery. An allowance for specific debt is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. In line with the statutory guidelines set by NAICOM, allowance for outstanding premium is made as follows:

<u>Period outstanding</u>	<u>% Allowance required</u>
Up to 3 months	10
3 - 6 months	50
Above 6 months	100

When a receivable in respect of which a provision has already been made is deemed uncollectible, it is written-off against the related provision and subsequent recoveries are credited to the profit and loss account.

Receivables in respect of which a previous provision was not made are written-off directly to the profit and loss account when they are deemed to be uncollectible.

**22 Foreign currency transactions**

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gains or losses arising from a fluctuation subsequent to the date of the transaction are credited to the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at that date.

Exchange gains arising from the revaluation of long term monetary assets and liabilities are taken to the Foreign exchange revaluation reserve and recognized in the profit and loss account on realization of the asset or liability. Exchange losses are recognized in the revaluation reserve account to the extent of gain previously recognized otherwise they are taken to the profit and loss account.

**23 Current taxation**

Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year using the statutory tax rate at the balance sheet date.

**24 Deferred taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**25 Retirement benefit obligations**

**a Pension costs**

The Company operates a defined contributory retirement benefit scheme as stipulated in the Pension Reform Act 2004. Under the defined contributory scheme, the Company pays 12.5% contribution to a separate entity-Pension Fund Administrators; employees also pay 7.5% of basic salary to the same entity. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan.

The Company's obligations are recognized in the profit and loss account as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payment is available.

**b Gratuity benefits**

The Company has a defined contribution gratuity scheme for its employees, which is funded. Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of management and non-management staff and charged to the profit and loss account. Employees under this scheme are those who had served a minimum of 5 years. These entitlements are calculated based on certain percentage of gross emoluments less 13th month and leave allowance.

<b>Years</b>	<b>%</b>
5-9 years	60%
10-14 years	70%
15-19 years	80%
20-24 years	90%
25 and above	100%

**26 Dividend**

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

**27 Segment reporting**

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

**28 Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to materialize.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and contingent assets are never recognized rather they are disclosed in the financial statements when they arise.

**29 Borrowings**

Borrowings are recorded at outstanding principal and accrued interest. Interest costs are recognized in the profit and loss account over the duration of the instrument.

**30 Other assets**

Receivables and other sundry debtors are classified as other assets and are stated at cost less allowance for doubtful amounts. Allowances and write-offs are recognized when a receivable is deemed not collectible based on the original terms of the contract. Subsequent recoveries are credited to the profit and loss account.

Prepayments are stated at cost net of amortization.

**31 Earnings per share**

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

32 **Commercial loans**

Commercial loans represent loans availed to customers at agreed terms. Allowances are determined as stated below:

<b>Period outstanding</b>	<b>% allowance required</b>
Up to 3 months	Nil
3-6 months	10
6-12 months	50
Above one (1) year	100

When a commercial loan in respect of which an allowance has already been made is deemed not collectible, it is written off against the related provision and subsequent recoveries are credited to the profit and loss account.

Commercial loans in respect of which a previous provision was not made are written off to the profit and loss account when they are deemed to be not collectible.

33 **Reinsurance**

Proportional and non proportional reinsurance premiums are accounted for on an accrual basis. Reinsurance premiums are recognized as outflows in accordance with the tenor of the reinsurance contract. Unexpired reinsurance cost is determined on a time apportionment basis and is accounted for as unexpired reinsurance cost.

## Composite Balance Sheets As at 31 December 2011

	Notes	Company 2011 N'000	Company 2010 N'000
<b>Assets</b>			
Cash and bank balances	1	307,490	182,245
Short term investments	2	108,364	2,285,234
Premium debtors	3	128,135	1,100,926
Reinsurance recoverables, other assets and loans	4	301,687	778,872
Deferred acquisition cost	5	256,531	215,528
Long term investments	6	44,765	923,923
Investment properties	7	-	167,881
Statutory deposit	8	500,000	500,000
Property and equipment	9	1,756,619	2,730,441
Intangible assets	10	19,654	29,908
<b>Total assets</b>		<b>3,423,245</b>	<b>8,914,958</b>
<b>Liabilities</b>			
Creditors and accruals	11	194,900	67,400
Retirement benefit obligation	12	206,062	-
Borrowings	14	330,402	156,225
Insurance funds	15	3,834,226	1,968,174
Liability for administered deposits	16	733,566	303,537
Taxation payable	17	314,896	34,417
Deferred taxation	18	258,769	46,340
		<b>5,872,821</b>	<b>2,576,093</b>
<b>Capital and reserves</b>			
Share capital	19	2,274,974	2,274,974
Share premium	20	2,663,798	2,663,798
Statutory contingency reserve	21	1,135,867	1,039,697
Asset revaluation reserve	22	1,202,044	-
General reserve	23	(9,726,259)	360,396
<b>Shareholders (deficit)/funds</b>		<b>(2,449,576)</b>	<b>6,338,865</b>
<b>Total liabilities and reserves</b>		<b>3,423,245</b>	<b>8,914,958</b>

Signed on behalf of the board of directors on 3 September 2014:

-----  
Mr. James Olatunde Ayo - Chairman  
FRC/2014/CIIN/000000008352

-----  
Mr. Gbolahan Olutayo - Managing Director  
FRC/2014/IMN/00000007106  
Additionally certified by:

-----  
Adeyinka Olutungase- Chief Finance Officer  
FRC/2014/ICAN/000000006910

*The statement of accounting policies and accompanying notes form an integral part of these financial statements.*

## Composite Profit and Loss Accounts For the year ended 31 December 2011

	Notes	Company 2011 N'000	Company 2010 N'000
Gross earnings		2,757,961	3,456,510
<b>Income</b>			
Gross premium written		2,814,276	3,429,721
Less: increase in unearned premium	15.1(a)(ii)	(165,881)	(178,721)
Gross premium earned		2,648,395	3,251,000
Reinsurance cost	24.1	(603,174)	(578,242)
<b>Net premium earned</b>		2,045,221	2,672,758
Commission earned		78,678	38,346
		2,123,899	2,711,104
<b>Expenses</b>			
Net claims incurred	32	1,463,924	1,021,901
Acquisition expenses	33a	359,022	778,299
Maintenance cost	33(b)(i)	77,617	137,201
		1,900,563	1,937,401
<b>Underwriting profit</b>		223,336	773,703
Shareholders share of valuation (deficit)		(13,439)	-
Investment and other income	25	30,888	167,164
Bad debt recovered	25(a)	34,870	109,144
(Loss)/profit from deposit administration		(25,660)	3,600
		249,995	1,053,611
Management expenses	26(a)	(1,053,774)	(799,993)
Write offs and provisions for bad and doubtful accounts	27	(2,102,949)	(600,605)
<b>Loss before taxation</b>		(2,906,728)	(346,987)
Taxation	28	(257,167)	(15,819)
<b>Loss after taxation</b>		(3,163,895)	(362,806)
<b>Appropriations:</b>			
Transfer to statutory contingency reserve	21	96,170	112,878
Transfer to general reserve	23	(3,260,065)	(475,684)
Balance, beginning of year ( initially stated) (see note 23(a))		360,397	912,610
Prior year adjustment (see note 23(a))		(6,826,591)	14,468
Balance, beginning of year (restated)		(6,466,194)	927,078
Transfer from profit and loss account (see note 23(a))		(3,260,065)	(475,684)
General reserve		(9,726,259)	451,394
Basic earnings per share (k)	29	(70)k	(8)k
Diluted earnings per share (k)	29	(70)k	(8)k
Declared dividend per share (k)	30	0k	2k

*The statement of accounting policies and accompanying notes form an integral part of these financial statements.*

**Statement of Cash Flows**  
**For the year ended 31 December 2011**

	Notes	Company 2011 N'000	Company 2010 N'000
<b>Cashflow from operating activities</b>			
Operating (loss)/profit before changes in working capital	31	(174,995)	880,958
<i>Changes in working capital:</i>			
Short term investments		(25,028)	56,330
Premium debtors		143,261	(611,423)
Reinsurance recoverables, other assets and loans		(112,460)	(194,676)
Deferred acquisition costs		(41,003)	(123,890)
Creditors and accruals		129,612	(36,780)
Liability for administered deposits		114,425	33,854
		<u>33,812</u>	<u>4,373</u>
Tax paid	17	(23,937)	(33,153)
Vat paid		<u>(9,215)</u>	<u>(120)</u>
<b>Net cash flow from operating activities</b>		<u>660</u>	<u>(28,900)</u>
<b>Cashflow from investing activities</b>			
Purchase of fixed assets	9	(38,713)	-
Purchase of investment property		-	(167,881)
Sale of property and equipment		-	43,995
Purchase of investments		(12,926)	-
Dividend from investments	25.2	2,047	23,304
<b>Net cashflow from investing activities</b>		<u>(49,592)</u>	<u>(100,582)</u>
<b>Cashflow from financing activities</b>			
Dividend paid	13	-	(90,998)
Increase in borrowings		174,177	156,225
<b>Net cashflow from financing activities</b>		<u>174,177</u>	<u>65,227</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		125,245	(64,255)
Cash and bank balances, beginning of year		182,245	246,500
<b>Cash and bank balances, end of year</b>	1	<u>307,490</u>	<u>182,245</u>

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

## General Business Balance Sheets

### As at 31 December 2011

	Notes	2011 N'000	2010 N'000
<b>Assets</b>			
Cash and bank balances	1.1	268,303	142,953
Short term investments	2.1	50,256	1,669,662
Premium debtors	3.1	82,848	727,575
Reinsurance recoverables, other assets and loans	4.1	288,166	520,740
Deferred acquisition cost	5	256,531	215,528
Long term investments	6.1	25,926	401,190
Investment properties	7	-	167,881
Statutory deposit	8	300,000	300,000
Property and equipment	9.1	1,128,236	1,790,579
Intangible assets	10.1	11,793	17,945
<b>Total assets</b>		<u>2,412,059</u>	<u>5,954,053</u>
<b>Liabilities</b>			
Creditors and accruals	11.1	508,775	39,500
Retirement benefit provision	12.1	182,390	-
Dividend payable	13	-	-
Borrowings	14.1	330,402	156,225
Insurance funds	15.1	2,827,710	1,414,958
Taxation payable	17.1	289,344	20,422
Deferred taxation	18.1	100,505	41,543
		<u>4,239,126</u>	<u>1,672,648</u>
		289,344	
<b>Capital and reserves</b>			
Share capital	19.1	1,174,974	1,174,974
Share premium	20.1	1,679,666	1,679,666
Statutory contingency reserve	21.1	1,087,952	1,003,524
Asset revaluation reserve	22.1	1,120,842	-
General reserve	23.1	(6,890,501)	423,241
		<u>(1,827,067)</u>	<u>4,281,405</u>
<b>Total liabilities and reserves</b>		<u>2,412,059</u>	<u>5,954,053</u>

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

## **General Business Profit and Loss Accounts**

### **For the year ended 31 December 2011**

	Notes	2011 N'000	2010 N'000
<b>Income</b>			
Gross premium written		2,814,276	3,429,721
Add: (Increase) in unearned premium		(165,881)	(178,721)
Gross premium earned		2,648,395	3,251,000
Reinsurance cost	24.1	(603,174)	(578,242)
<b>Net premium earned</b>		2,045,221	2,672,758
Commission earned		78,678	38,346
<b>Total income</b>		2,123,899	2,711,104
<b>Expenses</b>			
Net claims incurred		1,463,924	1,021,901
Acquisition expenses	33a(i)	359,022	778,299
Maintenance cost	33 b (i)	77,617	137,201
<b>Total underwriting expenses and claims incurred</b>		1,900,563	1,937,401
<b>Underwriting profit</b>		223,336	773,703
Investment and other income	25.1	16,272	143,860
Bad debt recovered	25.1	34,870	109,144
<b>Net operating income</b>		274,478	1,026,707
Management expenses	26.1	(891,791)	(784,104)
Write offs and provisions for bad and doubtful accounts	27.1	(1,132,455)	(592,126)
<b>Loss before taxation</b>		(1,749,768)	(349,523)
Taxation	28.1	(95,107)	(7,033)
<b>Loss after taxation</b>		(1,844,875)	(356,556)
Transfer to statutory contingency reserve	21.1	84,428	102,892
Transfer to general reserve	23.1	(1,929,303)	(459,448)
Balance, beginning of year ( initially stated) (see note 23.1(a))		423,241	963,483
Prior year adjustment (see note 23.1(a))		(5,384,439)	10,204
Balance, beginning of year (restated)		(4,961,198)	973,687
Transfer from profit and loss account (see note 23.1(a))		(1,929,303)	(459,448)
Dividends declared		-	(90,998)
<b>General reserve</b>		(6,890,501)	423,241

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

**General Business Revenue Account**  
**For the year ended 31 December 2011**

	Notes	Motor N'000	Fire N'000	General Accident N'000	Marine N'000	Aviation N'000	Bond N'000	Engineering N'000	Oil & Gas N'000	2011 Total N'000	2010 Total N'000
<b>INCOME</b>											
Direct premium		1,119,418	229,821	483,979	223,115	7,258	23,388	120,345	606,952	2,814,276	3,423,572
Inward premium		-	-	-	-	-	-	-	-	-	6,149
<b>Gross premium written</b>		<u>1,119,418</u>	<u>229,821</u>	<u>483,979</u>	<u>223,115</u>	<u>7,258</u>	<u>23,388</u>	<u>120,345</u>	<u>606,952</u>	<u>2,814,276</u>	<u>3,429,721</u>
Less (increase)/decrease in unearned premium income	15.1(a)(i)	5,728	(45,702)	(27,857)	6,459	12,561	(9,244)	(23,409)	(84,417)	(165,881)	(178,721)
<b>Gross premium earned</b>		<u>1,125,146</u>	<u>184,119</u>	<u>456,122</u>	<u>229,574</u>	<u>19,819</u>	<u>14,144</u>	<u>96,936</u>	<u>522,535</u>	<u>2,648,395</u>	<u>3,251,000</u>
Reinsurance cost	24.1	(43,556)	(90,917)	(29,243)	(38,288)	(485)	(3,276)	(22,839)	(374,570)	(603,174)	(578,242)
<b>Net premium earned</b>		<u>1,081,590</u>	<u>93,202</u>	<u>426,879</u>	<u>191,286</u>	<u>19,334</u>	<u>10,868</u>	<u>74,097</u>	<u>147,965</u>	<u>2,045,221</u>	<u>2,672,758</u>
Commissions earned		41,608	3,585	16,422	7,359	744	418	2,850	5,692	78,678	38,346
<b>Total income</b>		<u>1,123,198</u>	<u>96,787</u>	<u>443,301</u>	<u>198,645</u>	<u>20,078</u>	<u>11,286</u>	<u>76,947</u>	<u>153,657</u>	<u>2,123,899</u>	<u>2,711,104</u>
<b>EXPENSES</b>											
Gross claims paid	32	370,550	168,072	176,048	44,010	-	530	34,003	14,944	808,157	961,212
Increase/(decrease) in outstanding claims provision	15.1(b)(iii)	124,964	143,146	219,835	557	9,938	95,089	20,758	90,865	705,152	70,292
<b>Gross Claims incurred</b>		<u>495,514</u>	<u>311,218</u>	<u>395,883</u>	<u>44,567</u>	<u>9,938</u>	<u>95,619</u>	<u>54,761</u>	<u>105,809</u>	<u>1,513,309</u>	<u>1,031,504</u>
Deduct: reinsurance claims recoveries/recoverable		(10,497)	(18,452)	(13,243)	(2,603)	-	-	(4,590)	-	(49,385)	(9,603)
<b>Net claims incurred</b>	32	<u>485,017</u>	<u>292,766</u>	<u>382,640</u>	<u>41,964</u>	<u>9,938</u>	<u>95,619</u>	<u>50,171</u>	<u>105,809</u>	<u>1,463,924</u>	<u>1,021,901</u>
<b>Add underwriting expenses:</b>											
Acquisition expenses	33a(i)	189,864	16,361	74,935	33,579	3,394	1,908	13,007	25,974	359,022	778,299
Maintenance expenses	33(b)(i)	34,178	3,793	14,052	3,856	4,680	1,888	1,256	13,914	77,617	137,201
		<u>224,042</u>	<u>20,154</u>	<u>88,987</u>	<u>37,435</u>	<u>8,074</u>	<u>3,796</u>	<u>14,263</u>	<u>39,888</u>	<u>436,639</u>	<u>915,500</u>
<b>Total expenses and claims incurred</b>		<u>709,059</u>	<u>312,920</u>	<u>471,627</u>	<u>79,399</u>	<u>18,012</u>	<u>99,415</u>	<u>64,434</u>	<u>145,697</u>	<u>1,900,563</u>	<u>1,937,401</u>
<b>Underwriting profit/(loss)</b>		<u>414,139</u>	<u>(216,133)</u>	<u>(28,326)</u>	<u>119,246</u>	<u>2,066</u>	<u>(88,129)</u>	<u>12,513</u>	<u>7,960</u>	<u>223,336</u>	<u>773,703</u>

## **Life Business Balance Sheet**

### **As at 31 December 2011**

	Notes	2011 N'000	2010 N'000
<b>Assets</b>			
Cash and bank balances	1.2	39,187	39,292
Short term investments	2.2	58,108	615,572
Premium debtors	3.2	45,287	373,351
Reinsurance recoverables, other assets and loans	4.2	370,369	258,132
Long term investments	6.2	18,839	522,733
Statutory deposit	8	200,000	200,000
Property and equipment	9.2	628,383	939,862
Intangible assets	10.2	7,861	11,963
<b>Total assets</b>		<b>1,368,034</b>	<b>2,960,905</b>
<b>Liabilities</b>			
Creditors and accruals	11.2	42,973	27,900
Retirement benefit provision	12.2	23,672	-
Insurance funds	15.2	1,006,516	553,216
Liability for administered deposits	16	733,566	303,537
Taxation payable	17.2	25,552	13,995
Deferred taxation	18.2	158,264	4,797
		<b>1,990,543</b>	<b>903,445</b>
<b>Capital and reserves</b>			
Share capital	19.2	1,100,000	1,100,000
Share premium	20.2	984,132	984,132
Statutory contingency reserve	21.2	47,915	36,173
Asset revaluation reserve	22.2	81,202	-
General reserve	23.2	(2,835,758)	(62,845)
		<b>(622,509)</b>	<b>2,057,460</b>
<b>Total liabilities and reserves</b>		<b>1,368,034</b>	<b>2,960,905</b>

*The statement of accounting policies and accompanying notes form an integral part of these financial statements.*

## **Life Business Profit and Loss Account** **For the year ended 31 December 2011**

	Notes	2011 N'000	2010 N'000
<b>Income</b>			
Investment and other income	25(b)	14,616	23,304
Shareholders' share of valuation deficit		(13,439)	-
(Loss)/profit from deposit administration		(25,660)	3,600
Net operating (loss)/income		<u>(24,483)</u>	<u>26,904</u>
Management expenses	26(b)	(161,983)	(15,889)
Write offs and provisions for bad and doubtful accounts	27.2	(970,494)	(8,479)
<b>Profit/(loss) before taxation</b>		<u>(1,156,960)</u>	<u>2,536</u>
Taxation	28.2	(162,059)	(8,786)
<b>Loss after taxation</b>		<u><u>(1,319,019)</u></u>	<u><u>(6,250)</u></u>
Transfer to statutory contingency reserve	21.2	<u>11,742</u>	<u>9,986</u>
Transfer to general reserve	23.2	<u><u>(1,330,761)</u></u>	<u><u>(16,236)</u></u>
Balance, beginning of year ( initially stated) (see note 23.1(a))		(62,845)	(50,874)
Prior year adjustment (see note 23.2(a))		(1,442,152)	4,264
Balance, beginning of year (restated)		<u>(1,504,997)</u>	<u>(46,610)</u>
Transfer from profit and loss account (see note 23.2(a))		<u>(1,330,761)</u>	<u>(16,235)</u>
General reserve, end of year		<u><u>(2,835,758)</u></u>	<u><u>(62,845)</u></u>

The statement of accounting policies and accompanying notes form an integral part of these financial statements.





**Life Business Revenue Account**  
**For the year ended 31 December 2011**

	Notes	Individual Life N'000	Group Life N'000	2011 Total N'000	2010 Total N'000
<b>Income</b>					
Direct premiums		22,208	1,152,003	1,174,211	998,576
Inward reinsurance premiums		-	-	-	-
Gross premium		22,208	1,152,003	1,174,211	998,576
Reinsurance cost	24.2	(108)	(12,920)	(13,028)	(40,404)
<b>Premium retained</b>		22,100	1,139,083	1,161,183	958,172
Investment income	25(b)	55	2,878	2,933	12,316
<b>Total income</b>		22,155	1,141,961	1,164,116	970,488
Direct claims paid		-	(540,205)	(540,205)	(394,395)
Surrenders		(2,331)	-	(2,331)	(2,274)
Maturity claims		(1,096)	-	(1,096)	(2,858)
Increase/(decrease) in outstanding claims	15.2 (c)	528	(54,174)	(53,646)	-
<b>Gross claims incurred</b>		(2,899)	(594,379)	(597,278)	(399,527)
<b>Deduct:</b>					
Reinsurance claims recoveries/recoverables		-	23,633	23,633	15,668
<b>Net claims incurred</b>		(2,899)	(570,746)	(573,645)	(383,859)
Acquisition expenses	33a(ii)	(2,094)	(108,599)	(110,693)	(198,232)
Maintenance expenses	33(b)	(314)	(16,290)	(16,604)	(645)
Management expenses	26(b)	(3,524)	(182,793)	(186,317)	(130,044)
<b>Total expenses</b>		(8,831)	(878,428)	(887,259)	(712,780)
Surplus		13,324	263,533	276,857	257,708
Shareholders' share of valuation (deficit)/surplus		(646)	(12,793)	(13,439)	-
Accretion/increase to life fund		13,970	276,326	290,296	257,708
		13,324	263,533	276,857	257,708

**Deposit Administration Revenue Account**  
**For the year ended 31 December 2011**

	Notes	Company 2011 N'000	Company 2010 N'000
Investment and other income	25(b)	17,918	36,546
Total income		<u>17,918</u>	<u>36,546</u>
Expenses			
Guaranteed interest	16	36,856	28,725
Management expenses	26(b)	6,722	4,221
Total expenses		<u>43,578</u>	<u>32,946</u>
(Loss)/profit from deposit administration		<u>(25,660)</u>	<u>3,600</u>

## Notes to the Financial Statements For the year ended 31 December 2011

### 1 Cash and bank balances

Cash and bank balances comprise:

	Company 2011 N'000	Company 2010 N'000
Cash in hand	596	301
Cash at bank	306,894	181,944
	<u>307,490</u>	<u>182,245</u>

#### 1.1 General business

	2011 N'000	2010 N'000
Cash in hand	379	235
Cash at bank	267,924	142,718
	<u>268,303</u>	<u>142,953</u>

#### 1.2 Life business

	2011 N'000	2010 N'000
Cash in hand	217	66
Cash at bank	38,970	39,226
	<u>39,187</u>	<u>39,292</u>

### 2 Short term investments

(a) Short term investments comprise:

	Company 2011 N'000	Company 2010 N'000
Placements with banks	108,364	2,285,234
	<u>108,364</u>	<u>2,285,234</u>

(b) Hypothecation of short term investments

	Company 2011 N'000	Company 2010 N'000
Shareholders' funds	-	296,438
Insurance funds	50,256	1,711,788
Deposit administration	58,108	277,008
	<u>108,364</u>	<u>2,285,234</u>

## 2.1 General business

### (a)(i) Short term investments comprise:

	2011 N'000	2010 N'000
Placements with banks	50,256	1,669,662
	<u>50,256</u>	<u>1,669,662</u>

### (b) Hypothecation of short term investments

	2011 N'000	2010 N'000
Shareholders' funds	-	218,223
Insurance funds	50,256	1,451,439
	<u>50,256</u>	<u>1,669,662</u>

## 2.2 Life business

### (a) Short term investments comprise:

	2011 N'000	2010 N'000
Placements with banks	58,108	615,572
	<u>58,108</u>	<u>615,572</u>

### (b) Hypothecation of short term investments

	2011 N'000	2010 N'000
Shareholders' funds	-	78,215
Insurance funds	-	260,349
Deposit administration	58,108	277,007
	<u>58,108</u>	<u>615,571</u>

## 3 Premium debtors

### (a) Premium debtors comprise:

	Company 2011 N'000	Company 2010 N'000
Premium debtors	621,170	1,340,781
Less: allowance for doubtful accounts (see (c) below)	(493,035)	(239,855)
	<u>128,135</u>	<u>1,100,926</u>

(b) The movement in premium debtors during the year was as follows:

	Company 2011 N'000	Company 2010 N'000
Opening balance	1,340,781	1,090,553
Prior year adjustment (See note 23)	(336,495)	-
	1,004,286	1,090,553
Movements during the year	(383,116)	250,228
	<u>621,170</u>	<u>1,340,781</u>

(c) The movement in allowance for doubtful premium debtors during the year was as follows:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year	239,855	-
Addition during the year (see note 27)	253,180	239,855
Balance, end of year	<u>493,035</u>	<u>239,855</u>

(d) The age analysis of premium debtors and related provisions are as follows:

	Company 2011 Premium Debtors N'000	Company 2011 Provision N'000
0 - 90 days	127,337	-
91 - 180 days	1,599	800
181 days and above	492,235	492,235
	<u>621,171</u>	<u>493,035</u>
	2010 Premium Debtors N'000	2010 Provision N'000
0 - 90 days	1,000,947	-
91 - 180 days	199,957	99,978
181 days and above	139,877	139,877
	<u>1,340,781</u>	<u>239,855</u>

### 3.1 General business:

(a) Premium debtors comprise:

	2011 N'000	2010 N'000
Premium debtors	427,293	963,182
Less: allowance for doubtful accounts (see (c) below)	(344,445)	(235,607)
	<u>82,848</u>	<u>727,575</u>

(b) The movement in premium debtors during the year was as follows:

	2011 N'000	2010 N'000
Opening balance	963,182	1,057,960
Prior year adjustment (See note 23.1 (b) )	(197,810)	-
	765,372	1,057,960
Movements during the year	(338,079)	(94,778)

<u>427,293</u>	<u>963,182</u>
----------------	----------------

(c) The movement in allowance for doubtful premium debtors during the year was as follows:

	2011	2010
	N'000	N'000
Balance, beginning of year	-	-
Prior year adjustment (see note 23.1b)	235,607	-
	235,607	-
Addition during the year (see note 27.1)	108,838	235,607
Balance, end of year	344,445	235,607

(d) The age analysis of premium debtors and related provisions are as follows:

	2011	2011
	Premium Debtors	Provision
	N'000	N'000
0 - 90 days	82,849	-
91 - 180 days	-	-
181 days and above	344,445	344,445
	427,294	344,445
	2010	2010
	Premium Debtors	Provision
	N'000	N'000
0 - 90 days	630,900	-
91 - 180 days	193,349	96,674
181 days and above	138,933	138,933
	963,182	235,607

### 3.2 Life business:

(a) Premium debtors comprise:

	2011	2010
	N'000	N'000
Premium debtors	193,877	377,599
Less: allowance for doubtful accounts (see (c) below)	(148,590)	(4,248)
	45,287	373,351

(b) The movement in premium debtors during the year was as follows:

	2011	2010
	N'000	N'000
Opening balance	377,599	32,593
Prior year adjustment (See note 23.2 (b))	(138,685)	-
	238,914	32,593
Movements during the year	(45,037)	345,006
	193,877	377,599

(c) The movement in allowance for doubtful premium debtors during the year was as follows:

	2011	2010
	N'000	N'000
Balance, beginning of year	-	-
Prior year adjustment ( see note 23.2(b))	4,248	-
	4,248	-
Addition during the year (see note 27.2)	144,342	4,248
Balance, end of year	148,590	4,248

(d) The age analysis of premium debtors and related provisions are as follows:

	2011	2011
	Premium Debtors	Provision
	N'000	N'000
0 - 90 days	44,488	-
91 - 180 days	1,599	800
181 days and above	147,790	147,790
	<u>193,877</u>	<u>148,590</u>
	2010	2010
	Premium Debtors	Provision
	N'000	N'000
0 - 90 days	370,047	-
91 - 180 days	6,608	3,304
181 days and above	944	944
	<u>377,599</u>	<u>4,248</u>

#### 4 Reinsurance recoverables, other assets and loans

(a) Reinsurance recoverables, other assets and loans comprise:

	Company 2011	Company 2010
	N'000	N'000
Prepayments	6,488	47,266
Loans to policyholders	5,619	53,200
Staff loans	28,053	178,165
Agency loans	-	20,320
Prepaid re-insurance	69,174	50,282
Other debtors	7,088	53,419
Interest receivable	784	77,172
GICO credit & thrift	-	93,918
Due from reinsurers	184,481	205,130
Other debit balances ( see ( c ) below	<u>143,617</u>	<u>-</u>
	445,304	778,872
Less: allowance for other debit balances (see (b) below)	<u>(143,617)</u>	<u>-</u>
	<u>301,687</u>	<u>778,872</u>

(b) The movement in allowance for other debit balances during the year was as follows:

	Company 2011	Company 2010
	N'000	N'000
Balance, beginning of year	-	-
Addition during the year (see note 27)	<u>143,617</u>	<u>-</u>
Balance, end of year	<u>143,617</u>	<u>-</u>

(c) Other debit balances are unsubstantiated balances which have been fully provided for. They comprise:

	2011	2010
	N'000	N'000
<i>General business</i>		
Unsubstantiated cash and bank balances	8,580	-
Unsubstantiated short term investments	3,611	-
Unsubstantiated investment property ( see note 7)	26,806	-
Unsubstantiated prepaid rent	16,581	-
Unsubstantiated staff share loan	65,303	-
Unsubstantiated property & equipment	<u>10,159</u>	<u>-</u>
	131,040	-
<i>Life business</i>		
Unsubstantiated short term investments	<u>12,577</u>	<u>-</u>
	143,617	-

#### 4.1 General business

(a) Reinsurance recoverables, other assets and loans comprise:

	2011	2010
	N'000	N'000
Prepayments	3,892	21,623
Staff loans	23,126	142,918
Prepaid re-insurance	69,174	50,282
Other debtors	7,088	6,533
Interest receivable	405	50,740
GICO credit & thrift	-	43,514
Due from reinsurers	184,481	205,130
Other debit balances	131,040	-
	<u>419,206</u>	<u>520,740</u>
Less: allowance for other debit balances (see (b) below)	<u>(131,040)</u>	<u>-</u>
	<u><u>288,166</u></u>	<u><u>520,740</u></u>

(b) The movement in allowance for other debit balances during the year was as follows:

	2011	2010
	N'000	N'000
Balance, beginning of year	-	-
Addition during the year (see note 27.1)	131,040	-
Balance, end of year	<u><u>131,040</u></u>	<u><u>-</u></u>

#### 4.2 Life business

(a) Reinsurance recoverables, other assets and loans comprise:

	2011	2010
	N'000	N'000
Prepayments	2,596	25,643
Loans to policy holders	5,619	53,200
Staff loans	4,927	35,247
Agency loans	-	20,320
Prepaid re-insurance	-	-
Other debtors	-	46,886
Interest receivable	379	26,432
GICO credit & thrift	-	50,404
Due from reinsurers	-	-
Due from general business	356,848	-
Other debit balances	12,577	-
	<u>382,946</u>	<u>258,132</u>
Less: allowance for other debit balances (see (b) below)	<u>(12,577)</u>	<u>-</u>
	<u><u>370,369</u></u>	<u><u>258,132</u></u>

(b) The movement in allowance for other debit balances during the year was as follows:

	2011 N'000	2010 N'000
Balance, beginning of year	-	-
Addition during the year (see note 27.2)	12,577	-
Balance, end of year	<u>12,577</u>	<u>-</u>

## 5 Deferred acquisition cost

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

### General business

	Company 2011 N'000	Company 2010 N'000
Motor	80,400	85,729
Fire	20,473	17,601
General accident	60,905	37,065
Marine	24,765	17,087
Aviation	764	556
Bond and indemnity	3,015	1,791
Engineering	13,097	9,216
Oil and gas	53,112	46,483
	<u>256,531</u>	<u>215,528</u>

(ii) The movement in the deferred acquisition costs during the year is as shown below:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year	215,528	91,638
Increase during the year	41,003	123,890
Balance, end of year	<u>256,531</u>	<u>215,528</u>

## 6 Long term investments

(a) Long term investments comprise:

	Company 2011 <u>N'000</u>	Company 2010 <u>N'000</u>
Quoted investments (see (6.1 and 6.2) below)	30,471	130,961
Unquoted investments (see (6.1 and 6.2) below)	14,294	792,962
	<u>44,765</u>	<u>923,923</u>

(a)(i) Hypothecation of long term investment-

	Company 2011 <u>N'000</u>	Company 2010 <u>N'000</u>
Shareholders funds	-	408,985
Insurance funds	25,926	383,978
Deposit Administration	18,839	130,960
	<u>44,765</u>	<u>923,923</u>

## (b) Quoted investments

Quoted investments comprise:

	Market 2011 <u>N'000</u>	Cost 2011 <u>N'000</u>	Market 2010 <u>N'000</u>	Cost 2010 <u>N'000</u>
Ordinary shares	<u>30,471</u>	150,084	<u>130,961</u>	150,084
Excess of market value over cost (see (b)(i) below)		(119,613)		(19,123)
		<u>30,471</u>		<u>130,961</u>

( b)(i) The movement in allowance for diminution in quoted investment is shown below:

	2011 <u>N'000</u>	2010 <u>N'000</u>
Balance, beginning of year (initially stated)	19,123	-
Prior year adjustment ( see note 23(b))	(8,319)	-
Balance, beginning of year (restated)	10,804	-
Addition during the year (see note 27)	108,809	19,123
Balance, end of year	<u>119,613</u>	<u>19,123</u>

**( c ) Unquoted investments**

	2011
	N'000
Cost	1,134,589
Additions during the year	12,926
Unquoted investments written off (see note 27)	(63,926)
	1,083,589
Less: allowance for diminution in unquoted investments (see (c)(ii) below)	(1,069,295)
Carrying value	14,294

**(c)(i) Unquoted investments comprise:**

	2011
	N'000
Investment in Discovery Fund	1,000
Investment in Frontier Fund	500
Equity investments in Alangrange securities	57,298
Equity investments in Owonoko Farms Ltd	147,106
Equity investments in GICO Investments and Co	100,000
Equity investments in IK Ventures Ltd	226,791
Equity investments in AT&T Equip Nig. Ltd	239,164
Equity investments in Fodatek Ventures Ltd	101,730
Equity investments in Betty Pride Nig. Ltd	210,000
	1,083,589

**(c)(ii) The movement in allowance for diminution in unquoted investment is shown below:**

	2011
	N'000
Balance, beginning of year	341,627
Addition during the year (see note 27)	727,668
Balance, end of year	1,069,295

**6.1 General Business**

	2011
	N'000
Quoted investments (see (b(i)) below)	17,350
Unquoted investments (see (c) below)	8,576
	25,926

**(a) Hypothecation of long term investments -**

	<u>2011</u>
	N'000
Shareholders funds	-
Insurance funds	25,926
Deposit administration	-
	<u>25,926</u>

**(b)(i) Quoted investments**

	Market value 2011 N'000	Cost 2011 N'000	Market value 2010 N'000
Ordinary shares	<u>17,350</u>	74,456	<u>59,564</u>
Excess of market value over cost (see note b(ii) below))		(57,106)	
		<u>17,350</u>	

**(b)(ii) The movement in allowance for diminution in quoted investment is shown below:**

	<u>2011</u>
	N'000
Balance, beginning of year (initially stated)	14,892
Prior year adjustment (see note 23(b))	<u>(8,319)</u>
Balance, beginning of year (restated)	6,573
Addition during the year (see note 27.1)	50,533
Balance, end of year	<u>57,106</u>

**(c) Unquoted investments**

	<u>2011</u>
	N'000
Cost	683,253
Investments written-off during the year (see note 27.1)	(33,100)
Less: allowance for diminution in unquoted investments (see (c)(ii) below)	(641,577)
Carrying value	<u>8,576</u>

**(c)(i) Unquoted investments comprise:**

	2011
	N'000
Equity investments in unquoted companies at cost	<u>683,253</u>

**(c)(ii) The movement in allowance for diminution in unquoted investment is shown below:**

	2011
	N'000
Balance, beginning of year	341,627
Addition during the year (see note 27.1)	299,950
Balance, end of year	<u>641,577</u>

**6.2 Life business**

	2011
	N'000
Quoted investments (see (b) below)	13,121
Unquoted investments (see (c) below)	5,718
	<u>18,839</u>

**(a) Hypothecation of long term investments -**

	2011
	N'000
Shareholders funds	-
Insurance funds	-
Deposit administration	18,839
	<u>18,839</u>

**(b) Quoted investments**

	Market value 2011 N'000	Cost 2011 N'000	Market value 2010 N'000
Ordinary shares	<u>13,121</u>	75,628	<u>71,397</u>
Excess of market value over cost (see note (b)(i) below))		(62,507)	
		<u>13,121</u>	

**(b)(i)** The movement in allowance for diminution in quoted investment is shown below:

	<u>2011</u> N'000
Balance, beginning of year	4,231
Addition during the year (see note 27.2)	58,276
Balance, end of year	<u>62,507</u>

**(c) Unquoted investments**

	<u>2011</u> N'000
Cost	451,336
Additions during the year	<u>12,926</u>
	464,262
Unquoted investment written off (see note 27.2)	(30,826)
Less: allowance for diminution in unquoted investments (see (c)(ii) below)	(427,718)
Carrying value	<u><u>5,718</u></u>

**(c)(i)** Unquoted investments comprise

	<u>2011</u> N'000
Equity investments in unquoted companies at cost	464,262
	<u>464,262</u>

**(c)(ii)** The movement in allowance for diminution in unquoted investment is shown below:

	<u>2011</u> N'000
Balance, beginning of year	-
Addition during the year (see note 27.2)	427,718
Balance, end of year	<u><u>427,718</u></u>

## **7 Investment properties**

The movement in investment properties during the year is shown below:

	Company 2011 <hr/> N'000
Cost	
Balance, beginning of year	167,881
Addition during the year	-
Reclassification to property & equipment (see note 9)*	(141,076)
Reclassification to other debit balances ( see note 4 (c) )	(26,805)
	<hr/>
Balance, end of year	<hr/> <hr/> -

\*The property was reclassified from investment property to property and equipment based on the current d intention on the use of the property.

## **8 Statutory deposits**

This represents deposit with the Central Bank of Nigeria as at 31 December 2011, in compliance w Insurance Act, CAP 117 LFN 2004. Statutory deposit comprise:

	Company 2011 <hr/> N'000
General Business	300,000
Life Business	200,000
	<hr/>
	<hr/> <hr/> 500,000

2010
N'000
1,134,589
-
-
1,134,589
(341,627)
792,962

2010
N'000
1,000
500
108,298
147,106
100,000
226,791
239,164
101,730
210,000
1,134,589

2010
N'000
-
341,627
341,627

2010
N'000
59,564
341,626
401,190

2010
<u>N'000</u>
108,648
232,978
59,564
<u>401,190</u>

Cost
2010
<u>N'000</u>
74,456

(14,892)
<u>59,564</u>

2010
<u>N'000</u>
-
-
-
14,892
<u>14,892</u>

2010
<u>N'000</u>
683,253
-
(341,627)
<u>341,626</u>

2010
N'000
683,253

2010
N'000
-
341,627
341,627

2010
N'000
71,397
451,336
522,733

2010
N'000
300,336
151,000
71,397
522,733

Cost
2010
N'000
75,628
(4,231)
71,397

2010
N'000
-
4,231
<u>4,231</u>

2010
N'000
451,336
-
<u>451,336</u>
-
-
<u>451,336</u>

2010
N'000
451,336
<u>451,336</u>

2010
N'000
-
-
<u>-</u>

Company
2010
<hr/>
₦'000
-
167,881
-
-
<hr/>
167,881
<hr/>

Directors'

With the

Company
2010
<hr/>
₦'000
300,000
200,000
<hr/>
500,000
<hr/>

**9 Property and equipment**  
**Company**

	Land & Building N'000	Motor vehicles N'000	Computer equipment N'000	Office equipments N'000	Furniture & fittings N'000	Total N'000
<b>Cost/valuation</b>						
Balance, beginning of year (previously reported)	2,170,472	596,274	190,870	283,394	171,399	3,412,409
Prior year adjustment (see (iv) below)	(400,472)	(398,919)	(171,720)	(268,119)	(145,859)	(1,385,089)
Balance, beginning of year (restated)	1,770,000	197,355	19,150	15,275	25,540	2,027,320
Additions	-	18,680	14,265	3,602	2,166	38,713
Transfer from investment property (see note 7)	141,076	-	-	-	-	141,076
Balance, end of year	<u>1,911,076</u>	<u>216,035</u>	<u>33,415</u>	<u>18,877</u>	<u>27,706</u>	<u>2,207,109</u>
<b>Accumulated depreciation</b>						
Balance, beginning of year (previously reported)	171,325	279,041	86,836	74,306	70,460	681,968
Prior year adjustment (see (iv) below)	31,352	(158,728)	(79,306)	(67,797)	(58,683)	(333,162)
Balance, beginning of year (restated)	202,677	120,313	7,530	6,509	11,777	348,806
Charge for the year	37,842	49,872	5,391	3,313	5,267	101,685
Balance, end of year	<u>240,519</u>	<u>170,185</u>	<u>12,921</u>	<u>9,822</u>	<u>17,044</u>	<u>450,491</u>
<b>Net book value</b>						
End of year	<u>1,670,557</u>	<u>45,850</u>	<u>20,494</u>	<u>9,055</u>	<u>10,662</u>	<u>1,756,618</u>
Beginning of year	<u>1,999,147</u>	<u>317,233</u>	<u>104,034</u>	<u>209,088</u>	<u>100,939</u>	<u>2,730,441</u>

- (i) The land and buildings were revalued by Wole Ogungbola & Co., (Estate Surveyor and Valuers) on 13 May 2005 using Direct market comparison and Depreciated replacement cost methods of valuation to arrive at the open market value.
- (ii) Included in land and buildings is the Company's Head Office building (N1.58billion), which was used to secure an overdraft facility with Sterling Bank Plc.
- (iii) No leased assets are included in the fixed assets (31 December 2010: Nil)
- (iv) Amount represents write-off of unsubstantiated property and equipment against general reserves.

**9.1 General business**

	Land & Building N'000	Motor vehicles N'000	Computer equipment N'000	Office equipments N'000	Furniture & fittings N'000	Total N'000
<b>Cost/valuation</b>						
Balance, beginning of year (previously reported)	1,355,521	401,625	138,481	200,811	87,205	2,183,643
Prior year adjustment (see (iii) below)	<u>(293,521)</u>	<u>(275,117)</u>	<u>(119,974)</u>	<u>(186,821)</u>	<u>(64,285)</u>	<u>(939,718)</u>
Balance, beginning of year (restated)	1,062,000	126,508	18,507	13,990	22,920	1,243,925
Additions	-	18,680	10,381	2,483	1,601	33,145
Transfer from investment property	141,076	-	-	-	-	141,076
Balance, end of year	<u>1,203,076</u>	<u>145,188</u>	<u>28,888</u>	<u>16,473</u>	<u>24,521</u>	<u>1,418,146</u>
<b>Accumulated depreciation</b>						
Balance, beginning of year (previously reported)	105,424	151,669	54,243	43,210	38,518	393,064
Prior year adjustment (see (iii) below)	<u>17,876</u>	<u>(77,257)</u>	<u>(47,046)</u>	<u>(37,170)</u>	<u>(27,969)</u>	<u>(171,566)</u>
Balance, beginning of year (restated)	123,300	74,412	7,197	6,040	10,549	221,498
Charge for the year	23,834	32,160	4,774	2,930	4,715	68,413
Balance, end of year	<u>147,134</u>	<u>106,572</u>	<u>11,971</u>	<u>8,970</u>	<u>15,264</u>	<u>289,911</u>
Net book value						
End of year	<u>1,055,942</u>	<u>38,616</u>	<u>16,918</u>	<u>7,503</u>	<u>9,257</u>	<u>1,128,236</u>
Beginning of year	<u>1,250,097</u>	<u>249,956</u>	<u>84,238</u>	<u>157,601</u>	<u>48,687</u>	<u>1,790,579</u>

- (i) The land and buildings were revalued by Wole Ogungbola & Co., (Estate Surveyor and Valuers) on 13 May 2005 using Direct market comparison and Depreciated replacement cost methods of valuation to arrive at the open market value.
- (ii) No leased assets are included in the fixed assets (31 December 2010: Nil)
- (iii) Amount represents write-off of unsubstantiated property and equipment against general reserves.

## 9.2 Life business

	Land & Building N'000	Motor vehicles N'000	Computer equipment N'000	Office equipments N'000	Furniture & fittings N'000	Total N'000
<b>Cost/valuation</b>						
Balance, beginning of year (previously reported)	814,951	194,649	52,389	82,583	84,194	1,228,766
Prior year adjustment (see (iii) below)	(106,951)	(123,802)	(51,746)	(81,298)	(81,574)	(445,371)
Balance, beginning of year (restated)	708,000	70,847	643	1,285	2,620	783,395
Additions	-	-	3,884	1,119	565	5,568
Balance, end of year	<u>708,000</u>	<u>70,847</u>	<u>4,527</u>	<u>2,404</u>	<u>3,185</u>	<u>788,963</u>
<b>Accumulated depreciation</b>						
Balance, beginning of year	65,901	127,372	32,593	31,096	31,942	288,904
Prior year adjustment (see (iii) below)	13,476	(81,471)	(32,260)	(30,627)	(30,714)	(161,596)
Balance, beginning of year (restated)	79,377	45,901	333	469	1,228	127,308
Charge for the year	14,008	17,712	617	383	552	33,272
Balance, end of year	<u>93,385</u>	<u>63,613</u>	<u>950</u>	<u>852</u>	<u>1,780</u>	<u>160,580</u>
<b>Net book value</b>						
End of year	<u>614,615</u>	<u>7,234</u>	<u>3,577</u>	<u>1,552</u>	<u>1,405</u>	<u>628,383</u>
Beginning of year	<u>749,050</u>	<u>67,277</u>	<u>19,796</u>	<u>51,487</u>	<u>52,252</u>	<u>939,862</u>

- (i) The land and buildings were revalued by Wole Ogungbola & Co., (Estate Surveyor and Valuers) on 13 May 2005 using Direct market comparison and Depreciated replacement cost methods of valuation to arrive at the open market value.
- (ii) No leased assets are included in the fixed assets (31 December 2010: Nil)
- (iii) Amount represents write-off of unsubstantiated property and equipment against general reserves.

## 10 Intangible assets

The Company adopted the new accounting standard - Statement of Accounting Standards 31: On Intangible Assets, which became operative for financial statements covering periods beginning on or after 1 January 2011. As a result, the carrying amount of the cost of its acquired software cost, which does not form part of a related hardware and previously classified as property and equipment, was reclassified to Intangible assets. The movement on intangible asset account during the year was as follows:

	Company 2011 N'000
<b>Cost:</b>	
Balance, beginning of year	51,271
Additions	-
	<u>51,271</u>
<b>Amortisation</b>	
Balance, beginning of year	21,363
Amortisation for the year	10,254
Disposals	-
	<u>31,617</u>
<b>Net book value:</b>	
End of year	<u>19,654</u>
Beginning of year	<u>29,908</u>

### 10.1 General business

	2011 N'000
<b>Cost:</b>	
Balance, beginning of year	30,763
Additions	-
	<u>30,763</u>
<b>Amortisation</b>	
Balance, beginning of year	12,817
Amortisation for the year	6,153
Disposals	-
	<u>18,970</u>
<b>Net book value:</b>	
End of year	<u>11,793</u>
Beginning of year	<u>17,945</u>

### 10.2 Life business

	2011 N'000
<b>Cost:</b>	
Balance, beginning of year	20,508
Additions	-
	<u>20,508</u>
<b>Amortisation</b>	
Balance, beginning of year	8,545
Amortisation for the year	4,102
Disposals	-
	<u>12,647</u>
<b>Net book value:</b>	
End of year	<u>7,861</u>
Beginning of year	<u>11,963</u>

## 11 Creditors and accruals

(a) Creditors and accruals comprise:

	Company 2011 N'000	Company 2010 N'000
Due to reinsurers	112,107	37,389
Sundry creditors	12,656	-
Accruals	70,137	30,011
	<u>194,900</u>	<u>67,400</u>

### 11.1 General business

(a) Creditors and accruals comprise:

	2011 N'000	2010 N'000
Due to reinsurers	81,790	19,992
Due to life business (see note 23.1(b))	356,848	-
Accruals	70,137	19,508
	<u>508,775</u>	<u>39,500</u>

### 11.2 Life business

(a) Creditors and accruals comprise:

	2011 N'000	2010 N'000
Due to reinsurers	30,317	17,397
Sundry creditors	12,656	-
Accruals	-	10,503
	<u>42,973</u>	<u>27,900</u>

## 12 Retirement benefit obligation

Movement in gratuity provision is as shown below:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year (initially stated)	-	-
Prior year adjustment (see note 23 (b))	164,415	-
Balance, beginning of year (restated)	164,415	-
Current year provision	41,647	-
Balance, end of year	<u>206,062</u>	<u>-</u>

## 12.1 General business

	2011	2010
	N'000	N'000
Balance, beginning of year (initially stated)	-	-
Prior year adjustment (see note 23.1(b))	145,764	-
Balance, beginning of year (restated)	145,764	-
Current year provision	36,626	-
Balance, end of year	<u>182,390</u>	<u>-</u>

## 12.2 Life business

	2011	2010
	N'000	N'000
Balance, beginning of year (initially stated)	-	-
Prior year adjustment (see note 23.2(b))	18,651	-
Balance, beginning of year (restated)	18,651	-
Current year provision	5,021	-
Balance, end of year	<u>23,672</u>	<u>-</u>

## 13 Dividend payable

The movement on the dividend payable account during the year is as shown below:

	Company 2011	Company 2010
	N'000	N'000
Balance, beginning of the year	-	-
Dividend declared during the year	-	90,998
Payment during the year	-	(90,998)
Balance, end of year	<u>-</u>	<u>-</u>

## 14 Borrowings

(a) Borrowings comprise:

	Company 2011	Company 2010
	N'000	N'000
Overdraft facility (see note 14.1 below)	330,402	156,225
	<u>330,402</u>	<u>156,225</u>

### 14.1 General business

Borrowings comprise:

	2011	2010
	N'000	N'000
Overdraft facility (see (b) below)	330,402	156,225
	<u>330,402</u>	<u>156,225</u>

(b) This represents the outstanding balance on overdraft facility obtained by the Company from Sterling Bank Plc at an interest rate of 19%. The Company's head-office building (N1.58billion) was used to secure the overdraft facility.

## 15 Insurance funds

Insurance funds comprise:

	Company 2011 N'000	Company 2010 N'000
Unearned premium	1,490,013	1,324,132
Outstanding claims - General business	1,337,697	90,826
Outstanding claims - Life business	238,419	75,416
Life funds	768,097	477,801
	<u>3,834,226</u>	<u>1,968,174</u>

### 15.1 General business

Insurance funds comprise:

	2011 N'000	2010 N'000
Unearned premium (see (a)(i) below)	1,490,013	1,324,132
Outstanding claim (see (b)(i) & (b) (iii) below)	1,337,697	90,826
	<u>2,827,710</u>	<u>1,414,958</u>

(a)(i) The movement in the unearned premium account during the year was as follows:

Balance, beginning of year	1,324,132	1,145,411
Addition during the year	165,881	178,721
Balance, end of year	<u>1,490,013</u>	<u>1,324,132</u>

(a)(ii) Unearned premium comprises:

	Company 2011 N'000	Company 2010 N'000
Motor	619,015	624,743
Fire	117,318	71,616
General accident	297,984	270,127
Marine	113,895	120,354
Aviation	3,705	16,266
Bond	11,939	2,695
Engineering	61,433	38,024
Oil and gas	264,724	180,307
	<u>1,490,013</u>	<u>1,324,132</u>

**Outstanding claims**

(b)(i) The provision for outstanding claims is inclusive of 10% Incurred But Not Reported (IBNR) provision as required under section 20(1)(b) of the Insurance Act 2003 and it comprises:

	Gross claims Outstanding 2011 N'000	Provision for IBNR 2011 N'000	Outstanding Claims 2011 N'000
Motor	130,023	13,002	143,025
Fire	229,933	22,993	252,926
General accident	172,265	17,226	189,491
Marine	25,205	2,521	27,726
Aviation	-	-	-
Bond	63,368	6,337	69,705
Engineering	26,749	2,675	29,424
Oil and gas	568,545	56,855	625,400
	<u>1,216,088</u>	<u>121,609</u>	<u>1,337,697</u>

(b)(ii)	Gross claims Outstanding 2010 N'000	Provision for IBNR 2010 N'000	Outstanding Claims 2010 N'000
Motor	26,452	2,645	29,097
Fire	7,002	701	7,703
General accident	13,850	1,385	15,235
Marine	20,323	2,032	22,355
Aviation	-	-	-
Bond	3,958	396	4,353
Engineering	10,984	1,098	12,083
Oil and gas	-	-	-
	<u>82,569</u>	<u>8,257</u>	<u>90,826</u>

(b)(iii) The movement on the provision for outstanding claims during the year was as follows:

	2011 N'000	2010 N'000
Gross provision for outstanding claims	1,216,088	82,569
Provision for IBNR	<u>121,609</u>	<u>8,257</u>
Provision for outstanding claims - Closing	1,337,697	90,826
Less: provision for outstanding claims - Opening	(90,826)	(20,534)
Less: prior year adjustment to outstanding claims (see note 23.1(b))	<u>(541,719)</u>	<u>-</u>
Increase in outstanding claims	<u>705,152</u>	<u>70,292</u>

**15.2 Life business**

Insurance funds comprise

	Company 2011 N'000	Company 2010 N'000
Life funds (see (a) below)	768,097	477,801
Outstanding claims (see (c) below)	238,419	75,416
	<u>1,006,516</u>	<u>553,216</u>

(a) Life funds comprise

	Company 2011 N'000	Company 2010 N'000
Group life	768,097	477,801
Individual life	-	-
	<u>768,097</u>	<u>477,801</u>

(a)(i) The movement on the life funds account during the year was as follows:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year	477,801	223,595
Addition during the year	290,296	254,206
Balance, end of year	<u>768,097</u>	<u>477,801</u>

(b) Actuarial valuation

In accordance with the provisions of Section 22-(1a) of the Insurance Act of 2003, the increase in life fund represents 25% of net premium for the year ended 31 December 2011 due to the fact that no actuarial valuation was done during the year under review. The last actuarial valuation was as at 31 December 2010.

(c) Outstanding claims

The movement in the provision for outstanding claims during the year was as follows:

	Group life 2011 N'000	Individual life 2011 N'000	Company 2011 N'000	Company 2010 N'000
Opening balance initially stated	74,888	528	75,416	99,681
Prior year adjustment (see note 23.2(b))	109,357	-	109,357	-
Opening balance restated	184,245	528	184,773	99,681
Increase/(decrease) in provision for outstanding claims	54,174	(528)	53,646	(24,265)
Closing balance	<u>238,419</u>	<u>-</u>	<u>238,419</u>	<u>75,416</u>

**16 Liability for administered deposits**

**Life business**

The movement on liability for administered deposit during the year was as follows:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year as initially stated	303,537	269,684
Prior year under-provision for liability for administered deposits (see note 23.2(b))	315,604	-
Balance, beginning of year restated	619,141	269,684
Deposits received	228,401	229,551
Guaranteed interest	36,856	28,725
	<u>884,398</u>	<u>527,960</u>
Less: withdrawals	(150,832)	(224,423)
Balance, end of year	<u>733,566</u>	<u>303,537</u>

## 17 Taxation payable

The movement on taxation payable account during the year was as follows:

	Company 2011	Company 2010
	N'000	N'000
Balance, beginning of year	34,417	64,281
Prior year under provision (see note 28)	190,066	(13,458)
Charge for the year (see note 28)	114,350	16,747
Payment during the year	(23,937)	(33,153)
Balance, end of year	<u>314,896</u>	<u>34,417</u>

### 17.1 General business

	2011	2010
	N'000	N'000
Balance, beginning of year	20,422	48,194
Prior year under provision (see note 28.1)	181,830	(9,194)
Charge for the year (see note 28.1)	102,044	5,747
Payment during the year	(14,952)	(24,325)
Balance, end of year	<u>289,344</u>	<u>20,422</u>

### 17.2 Life business

	2011	2010
	N'000	N'000
Balance, beginning of year	13,995	16,087
Prior year under provision (see note 28.2)	8,236	(4,264)
Charge for the year (see note 28.2)	12,306	11,000
Payment during the year	(8,985)	(8,828)
Balance, end of year	<u>25,552</u>	<u>13,995</u>

## 18 Deferred taxation

The movement on deferred taxation account during the year was as follows:

	Company 2011	Company 2010
	N'000	N'000
Balance, beginning of year	46,340	43,767
(Credit)/charge to profit and loss account for the year (see note 28)	(47,250)	2,573
Charge to asset revaluation reserve (see note 22)	259,679	-
Balance, end of year	<u>258,769</u>	<u>46,340</u>

### 18.1 General business

	2011	2010
	N'000	N'000
Balance, beginning of year	41,543	40,257
(Credit)/charge to profit and loss account for the year (see note 28.1)	(188,767)	1,286
Charge to asset revaluation reserve (see note 22.1)	247,729	-
Balance, end of year	<u>100,505</u>	<u>41,543</u>

### 18.2 Life business

	2011	2010
	N'000	N'000
Balance, beginning of year	4,797	3,510
Charge to profit and loss account for the year (see note 28.2)	141,517	1,287
Charge to asset revaluation reserve (see note 22.2)	11,950	-
Balance, end of year	<u>158,264</u>	<u>4,797</u>

- (a) As at 31 December 2011, the Company had an unrecognised deferred tax asset of N 382,757,395. However the directors have ascertained that it is currently uncertain that there will be future taxable profits upon which the tax assets can be utilised.

The analysis of the unrecognised deferred tax asset is shown below:

	General N'000	Life N'000	Company N'000
Unrelieved losses	<u>280,684</u>	<u>102,073</u>	<u>382,757</u>

- (b) Recognised deferred tax (assets) and liabilities are attributable to the following:

	General N'000	Life N'000	Company N'000
Property and equipment	155,222	163,366	318,588
Gratuity provision	<u>(54,717)</u>	<u>(7,102)</u>	<u>(61,819)</u>
	<u>100,505</u>	<u>156,264</u>	<u>256,769</u>

## 19 Share capital

Share capital comprises:

	Company 2011 N'000	Company 2010 N'000
(a) <b>Authorised:</b>		
9,100,000,000 Ordinary shares of 50k each	<u>4,550,000</u>	<u>4,550,000</u>
(b) <b>Issued and fully paid:</b>		
4,549,947,000 Ordinary shares of 50k each	<u>2,274,974</u>	<u>2,274,974</u>

### 19.1 General business

	2011 N'000	2010 N'000
Issued and fully paid:		
2,349,947,000 Ordinary shares of 50k each	<u>1,174,974</u>	<u>1,174,974</u>

### 19.2 Life business

	2011 N'000	2010 N'000
Issued and fully paid:		
2,200,000,000 Ordinary shares of 50k each	<u>1,100,000</u>	<u>1,100,000</u>

**20 Share premium**

	Company 2011 N'000	Company 2010 N'000
Balance, end of year	<u>2,663,798</u>	<u>2,663,798</u>

**20.1 General business:**

	2011 N'000	2010 N'000
Balance, end of year	<u>1,679,666</u>	<u>1,679,666</u>

**20.2 Life business:**

	2011 N'000	2010 N'000
Balance, end of year	<u>984,132</u>	<u>984,132</u>

**21 Statutory contingency reserve**

The movement on statutory contingency reserve account during the year was as follows:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year	1,039,697	926,819
Transfer during the year	96,170	112,878
Balance, end of year	<u>1,135,867</u>	<u>1,039,697</u>

**21.1 General business**

	2011 N'000	2010 N'000
Balance, beginning of year	1,003,524	900,632
Transfer during the year	84,428	102,892
Balance, end of year	<u>1,087,952</u>	<u>1,003,524</u>

**21.2 Life business**

	2011 N'000	2010 N'000
Balance, beginning of year	36,173	26,187
Transfer during the year	11,742	9,986
Balance, end of year	<u>47,915</u>	<u>36,173</u>

## 22 Asset revaluation reserve

(a) The movement in the asset revaluation reserve account during the year is shown below:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year (initially stated)	-	-
Prior year adjustment (see note 23(b))	1,461,723	-
Balance, beginning of year (restated)	1,461,723	-
Deferred taxation on asset revaluation	(259,679)	-
Balance, end of year	<u>1,202,044</u>	<u>-</u>

### 22.1 General business

The movement in the asset revaluation reserve account during the year is shown below:

	2011 N'000	2010 N'000
Balance, beginning of year (initially stated)	-	-
Prior year adjustment (see note 23.1(b))	1,368,571	-
Balance, beginning of year (restated)	1,368,571	-
Revaluation surplus during the year:		
- property and equipment	-	-
- Investment properties	-	-
	<u>1,368,571</u>	<u>-</u>
Deferred taxation on asset revaluation	(247,729)	-
Balance, end of year	<u>1,120,842</u>	<u>-</u>

### 22.2 Life business

The movement in the asset revaluation reserve account during the year is shown below:

	2011 N'000	2010 N'000
Balance, beginning of year (initially stated)	-	-
Prior year adjustment (see note 23.2(b))	93,152	-
Balance, beginning of year (restated)	93,152	-
Revaluation surplus during the year:		
- property and equipment	-	-
- Investment properties	-	-
	<u>93,152</u>	<u>-</u>
Deferred taxation on asset revaluation	(11,950)	-
Balance, end of year	<u>81,202</u>	<u>-</u>

## 23 General reserve

(a) The movement on the general (deficit)/reserve account during the year is shown below:

	Company 2011 N'000	Company 2010 N'000
Balance, beginning of year (initially stated)	360,397	912,610
Prior year adjustment (see (b) below)	(6,826,591)	14,468
Balance, beginning of year (restated)	(6,466,194)	927,078
Transfer from profit and loss account	(3,260,065)	(475,683)
Dividends declared	-	(90,998)
General reserve, end of year	<u>(9,726,259)</u>	<u>360,397</u>

The prior year adjustments occurred as a result of the correction of fundamental errors that were previously made in the account. The fundamental errors mainly relate to irregularities and unsupported transactions arising from prior years.

(b) Prior year adjustment comprises:

	2011	2010
	N'000	N'000
Restatement of diminution in quoted investments (see note 6(b)(i))	8,319	-
Write-off of unsubstantiated short term placements	(2,160,682)	-
Write-off of unsubstantiated receivable from staff co-operative	(135,171)	-
Write-off of unsubstantiated staff loan balances	(92,123)	-
Restatement of premium debtors	(336,495)	-
Previously unrecognised outstanding claims	(651,076)	-
Previously unrecognised staff gratuity (see note 12)	(164,415)	-
Restatement of revaluation reserves (see note 22(a))	(1,461,723)	-
Write-off of unsubstantiated property and equipment ( see note 9)	(1,385,089)	-
Reversal of accumulated depreciation on unsubstantiated property & equipment ( see note 9)	333,162	-
Restatement of amount due to reinsurers	(7,104)	-
Write-off of unsubstantiated loans to policy holders	(53,200)	-
Write-off of unsubstantiated reinsurance recoverable balances	(114,566)	-
Write-off of unsubstantiated agency loan balances	(25,421)	-
Restatement of deposit administration liability (see note 16)	(315,604)	-
Restatement of other prepayments	(25,548)	-
Restatement of provision for premium debtors	(239,855)	-
	<u>(6,826,591)</u>	<u>-</u>

### 23.1 General business

	2011	2010
	N'000	N'000
(a) Balance, beginning of year ( initially stated)	423,241	963,483
Prior year adjustment (see (b) below)	(5,384,439)	10,204
Balance, beginning of year (restated)	(4,961,198)	973,687
Transfer from profit and loss account	(1,929,303)	(459,448)
Dividends declared	-	(90,998)
General reserve, end of year	<u>(6,890,501)</u>	<u>423,241</u>

(b) Prior year adjustment comprises:

	2011	2010
	N'000	N'000
Restatement of diminution in quoted investments (see note 6(b)(i))	8,319	-
Write-off of unsubstantiated short term placements	(1,615,795)	-
Write-off of unsubstantiated receivable from staff co-operative	(94,983)	-
Write-off of unsubstantiated staff loan balances	(60,405)	-
Restatement of premium debtors ( see ( 3.1 (b) )	(197,810)	-
Previously unrecognised outstanding claims (see note 15.1(b)(iii))	(541,719)	-
Current account balances between life and general business (see note 11.1(a))	(356,848)	-
Previously unrecognised staff gratuity (see note 12.1)	(145,764)	-
Restatement of revaluation reserves (see note 22.1)	(1,368,571)	-
Write-off of unsubstantiated property and equipment (see note 9.1)	(939,718)	-
Reversal of accumulated depreciation on unsubstantiated property & equipment ( see note 9.1)	171,566	-
Restatement of amount due to reinsurers	(7,104)	-
Restatement of provision for premium debtors (see note 3.1(c))	(235,607)	-
	<u>(5,384,439)</u>	<u>-</u>

**( c ) Quoted investment**

Balance previously stated (see note 6.1(b)(ii))	14,892
Prior year adjustment (see note 6.1(b)(ii))	<u>(8,319)</u>
Balance restated (see note 6.1(b)(ii))	<u><u>6,573</u></u>

The adjustment was made to correct diminution on quoted investments as at 31 December 2010 which was previously misstated.

**(d) Short term investment**

Balance previously stated (see note 2.1(a)(i))	1,669,662
Prior year adjustment	<u>(1,615,795)</u>
Balance restated - 1 Jan-2011	53,867
Reclassified to other debit balances(see note 4( c ) )	<u>(3,611)</u>
Balance restated	<u><u>50,256</u></u>

The adjustment was made to correct misstatements arising from unsubstantiated short term investments as at 31 December 2010.

**(e) Reinsurance recoverables, other assets and loans (staff co-operative)**

Balance previously stated	94,983
Prior year adjustment	<u>(94,983)</u>
Balance restated	<u><u>-</u></u>

The adjustment was made to correct unsubstantiated debit balances warehoused in staff co-operative account as at 31 December 2010.

**(f) Reinsurance recoverables, other assets and loans (staff loan)**

Balance previously stated	142,918
Prior year adjustment	<u>(60,405)</u>
Balance restated	<u><u>82,513</u></u>

The adjustment were made to correct unsubstantiated staff loan balances as at 31 December 2010.

**(g) Premium debtors**

Balance previously stated	-
Prior year adjustment	<u>(197,810)</u>
Balance restated	<u><u>(197,810)</u></u>

The adjustment was proposed to correctly state premium debtors balance as at 31 December 2010 in order to ascertain the appropriateness of the movements noted on the account during the year under review.

**(h) Provision for outstanding claims**

Balance previously stated (see note 15.1(b)(iii))	(90,826)
Prior year adjustment (see note 15.1(b)(iii))	<u>(541,719)</u>
Balance restated	<u><u>(632,545)</u></u>

The adjustment was made in order to capture previously unrecognised claims as at 31 December 2010.

**(i) Intercompany account**

Balance previously stated	-
Prior year adjustment	<u>(356,848)</u>
Balance restated	<u><u>(356,848)</u></u>

The adjustment was proposed to recognise intercompany account balance which was omitted from the books as at 31 December 2010.

**(j) Retirement benefit obligations**

Balance previously stated (see note 12.1)	-
Prior year adjustment	<u>(145,764)</u>
Balance restated (see note 12.1)	<u><u>(145,764)</u></u>

The adjustment was proposed to recognise gratuity provision which was omitted from the books as at 31 December 2010.

**(k) Asset revaluation reserve**

Balance previously stated (see note 22.1)	-
Prior year adjustment	<u>(1,368,571)</u>
Balance restated (see note 22.1)	<u><u>(1,368,571)</u></u>

The adjustment was proposed to recognise revaluation surplus on the head office building which was omitted from the books as at 31 December 2010.

**(l) Property, plant and equipment**

Balance previously stated (see note 9.1)	1,790,579
Prior year adjustment	<u>(939,718)</u>
Balance restated	<u><u>850,861</u></u>

The adjustment was made to properly state the net book value of property, plant and equipment as at 31 December 2010.

**(m) Due to reinsurers**

Balance previously stated	-
Prior year adjustment	<u>(7,104)</u>
Balance restated	<u><u>(7,104)</u></u>

The adjustment was made to properly state the opening balances due to reinsurers as at 31 December 2010.

**(n) Premium debtors**

Balance previously stated (see note 3.1(b))	-
Prior year adjustment	<u>(235,607)</u>
Balance restated (see note 3.1(b))	<u><u>(235,607)</u></u>

The adjustment was proposed to correctly state premium debtors balance as at 31 December 2010 in order to ascertain the appropriateness of the movements noted on the account during the year under review.

**23.2 Life business**

	2011	2010
	N'000	N'000
(a) Balance, beginning of year (initially stated)	(62,845)	(50,874)
Prior year adjustment (see (b) below)	<u>(1,442,152)</u>	<u>4,264</u>
Balance, beginning of year (restated)	(1,504,997)	(46,610)
Transfer from profit and loss account	(1,330,761)	(16,235)
General (deficit)/reserve, end of year	<u><u>(2,835,758)</u></u>	<u><u>(62,845)</u></u>

**(b) Prior year adjustment comprises:**

	2011	2010
	N'000	N'000
Write-off of unsubstantiated short term placements	(544,886)	-
Write-off of unsubstantiated receivable from staff co-operative	(40,188)	-
Write-off of unsubstantiated staff loan balances	(31,718)	-
Restatement of premium debtors ( 3.2 (b))	(138,685)	-
Previously unrecognised outstanding claims (see note 15.2 (c))	(109,357)	-
Current account balances between life and general business (see note 4.2(a))	356,848	-
Previously unrecognised staff gratuity (see note 12.2)	(18,651)	-
Restatement of revaluation reserves (see note 22.2)	(93,152)	-
Write-off of unsubstantiated property and equipment (see note 9.2)	(445,371)	-
Reversal of accumulated depreciation on unsubstantiated property & equipment ( see note 9.2)	161,596	-
Write-off of unsubstantiated loans to policy holders	(53,200)	-
Write-off of unsubstantiated reinsurance recoverable balances	(114,566)	-
Write-off of unsubstantiated agency loan balances	(25,421)	-
Restatement of deposit administration liability (see note 16)	(315,604)	-
Restatement of other prepayments	(25,548)	-
Restatement of provision for premium debtors ( see 3.2 ( c ))	(4,248)	-
	<u><u>(1,442,152)</u></u>	<u><u>-</u></u>

**(c) Short term investment**

Balance previously stated (see note 2.2 (a))	615,572
Prior year adjustment	<u>(544,886)</u>
Balance restated - 1 Jan-2011	70,685
Reclassified to other debit balances(see note 4( c) )	<u>(12,577)</u>
Balance restated	<u><u>58,108</u></u>

The adjustment was made to correct misstatements arising from unsubstantiated short term investments as at 31 December 2010.

**(d) Reinsurance recoverables, other assets and loans (staff co-operative)**

Balance previously stated	40,188
Prior year adjustment	<u>(40,188)</u>
Balance restated	<u><u>-</u></u>

The adjustment was made to correct unsubstantiated balances for staff co-operative as at 31 December 2010.

**(e) Reinsurance recoverables, other assets and loans (staff loan)**

Balance previously stated	31,718
Prior year adjustment	<u>(31,718)</u>
Balance restated	<u><u>-</u></u>

The adjustment to reverse unsubstantiated staff loan balances as at 31 December 2010.

**(f) Premium debtors**

Balance previously stated	-
Prior year adjustment	<u>(138,685)</u>
Balance restated	<u><u>(138,685)</u></u>

The adjustment was proposed to correctly state premium debtors balance as at 31 December 2010 in order to ascertain the appropriateness of the movements noted on the account during the year under review.

**(g) Provision for outstanding claims**

Balance previously stated (see note 15.2(c ))	(75,416)
Prior year adjustment (see note 15.2 (c ))	<u>109,357</u>
	<u><u>33,941</u></u>

This adjustment was made in order to capture previously unrecognised claims which had crystallised as at 31 December 2010.

**(h) Intercompany account**

Balance previously stated	-
Prior year adjustment	<u>356,848</u>
Balance restated	<u><u>356,848</u></u>

This adjustment was proposed to recognise intercompany account balance which was omitted from the books as at 31 December 2010.

**(i) Retirement benefit obligations**

Balance previously stated (see note 12.2)	-
Prior year adjustment	<u>(18,651)</u>
Balance restated (see note 12.2)	<u><u>(18,651)</u></u>

This adjustment was proposed to recognise gratuity provision which was omitted from the books as at 31 December 2010.

**(j) Asset revaluation reserve**

Balance previously stated (see note 22.2)	-
Prior year adjustment	<u>(93,152)</u>
Balance restated (see note 22.2)	<u><u>(93,152)</u></u>

This adjustment was made to recognise revaluation surplus on head-office building and other fixed assets which were previously omitted from the books as at 31 December 2010.

**(k) Property, plant and equipment**

Balance previously stated (see note 9.2)	939,862
Prior year adjustment	<u>(445,371)</u>
Balance restated	<u><u>494,491</u></u>

The adjustment was made to properly state net book value of property, plant and equipment as at 31 December 2010.

**(l) Reinsurance recoverables, other assets and loans (loan to policy holders)**

Balance previously stated	-
Prior year adjustment	(53,200)
Balance restated	<u>(53,200)</u>

The adjustment was made to properly state opening balance on loan to policy holders as at 31 December 2010.

**(m) Reinsurance recoverables, other assets and loans (due from reinsurers)**

Balance previously stated	114,566
Prior year adjustment	(114,566)
Balance restated	<u>-</u>

The adjustment was made to reverse fictitious balances due from reinsurers as at 31 December 2010.

**(n) Reinsurance recoverables, other assets and loans (agency loan)**

Balance previously stated	-
Prior year adjustment	(25,421)
Balance restated	<u>(25,421)</u>

The adjustment was made to reverse fictitious balances on agency loans as at 31 December 2010.

**(o) Deposit Administration liabilities**

Balance previously stated (see note 16)	303,537
Prior year adjustment	(315,604)
Balance restated (see note 16)	<u>(12,067)</u>

The adjustment was made to correct understatement noted in deposit administration liabilities as at 31 December 2010.

**(p) Prepayments (others)**

Balance previously stated	-
Prior year adjustment	(25,548)
Balance restated	<u>(25,548)</u>

The adjustment was made to reverse fictitious prepayments balances as at 31 December 2010.

**(q) Premium debtors**

Balance previously stated	-
Prior year adjustment	(4,248)
Balance restated	<u>(4,248)</u>

The adjustment was made to properly state the opening balance of provision for premium debtors as at 31 December 2010 because the amount was previously omitted from the Company's books.

**24 Reinsurance cost**

	2011	2010
	N'000	N'000
Reinsurance premium paid	635,094	668,928
Less: unexpired reinsurance cost	(18,892)	(50,282)
	<u>616,202</u>	<u>618,646</u>

**24.1 General business**

Reinsurance cost comprises:

	2011	2010
	N'000	N'000
Reinsurance premium paid	622,066	628,524
Less: unexpired reinsurance cost	(18,892)	(50,282)
	<u>603,174</u>	<u>578,242</u>

## 24.2 Life business

Reinsurance cost comprises:

	2011	2010
	N'000	N'000
Reinsurance premium paid	13,028	40,404

## 25 Investment and other income

(a) Investment and other income comprises:

	Company 2011	Company 2010
	N'000	N'000
Interest income	38,247	192,722
Dividend income	2,047	23,304
Other income	11,445	-
	51,739	216,026
Bad debt recovered	34,870	109,144
	86,609	325,170

(b) Investment and other income is analysed below:

	Company 2011	Company 2010
	N'000	N'000
Profit and loss accounts:		
-General business	51,142	253,004
-Life business	14,616	23,304
	65,758	276,308
Directly allocated to funds:		
Life fund (see life revenue account)	2,933	12,316
Deposit administration (see deposit administration account)	17,918	36,546
	86,609	325,170

## 25.1 General business

	2011	2010
	N'000	N'000
Interest income	16,272	143,860
Bad debt recovered	34,870	109,144
	51,142	253,004

## 25.2 Life business

	2011	2010
	N'000	N'000
Interest income	21,975	48,862
Dividend income	2,047	23,304
Other income	11,445	-
	35,467	72,166

## 26 Management expenses

(a) Management expenses comprise:

	Company 2011	Company 2010
	N'000	N'000
Staff and directors' costs (see note 34(c)(i))	330,996	291,154
Pension and gratuity (see note 34(c)(i))	41,647	7,729
Other staff benefits (see note 34(c)(i))	23,273	50,218
Depreciation	101,685	146,968
Amortisation of intangible assets	10,254	10,254
Auditor remuneration	10,000	4,500
Travelling and tours	17,581	26,408
Professional fees	5,909	6,959
Advertisement	11,384	19,066
Telecommunication	16,970	14,616
Directors expenses	8,435	8,260
Office maintenance expenses	1,120	2,261
Rents and rate	11,207	11,508
Repairs and maintenance	20,153	24,411
Printing & stationeries	24,011	19,213
Fuel & Oil expenses	40,946	38,185
Computer expenses	19,549	32,119
Foreign exchange loss	1,399	-
Bank charges	34,992	28,197
Back duty assessment on WHT, VAT, PAYE & Technology taxes	62,622	-
Loss on correction of movement in outstanding claims	63,350	-
Loss on restatement of deposit administration account	108,757	-
Loss on correction of handling charges	87,988	-
Other management expenses	192,585	192,232
	<u>1,246,813</u>	<u>934,258</u>

(b) Management expenses is analysed below:

	Company 2011	Company 2010
	N'000	N'000
Profit and loss accounts:		
-General business	891,791	784,104
-Life business	161,983	15,889
	<u>1,053,774</u>	<u>799,993</u>
Directly allocated to funds:		
Life fund (see life revenue account)	186,317	130,044
Deposit administration (see deposit administration account)	6,722	4,221
	<u>1,246,813</u>	<u>934,258</u>

### 26.1 General business

	2011	2010
	N'000	N'000
Staff and directors' costs	294,474	261,198
Pension and gratuity	36,626	7,729
Other staff benefits	23,273	50,218
Depreciation	68,413	94,174
Amortisation of intangible assets	6,153	6,152
Travelling and tours	14,015	22,609
Professional fees	4,000	4,750
Advertisement	9,230	17,263
Telecommunication	14,813	12,378
Directors expenses	8,435	8,260
Auditor remuneration	6,000	4,500
Rents and rate	11,207	11,508
Repairs and maintenance	20,153	24,411
Printing & stationeries	24,011	19,213
Fuel & Oil expenses	40,946	38,185
Computer expenses	19,549	32,119
Foreign exchange loss	1,399	-
Bank charges	34,992	28,197
Back duty assessment on WHT, VAT, PAYE & Technology taxes	62,622	-
Loss on correction of handling charges	42,513	-

Other management expenses	<u>148,967</u>	<u>141,240</u>
	<u>891,791</u>	<u>784,104</u>

## 26.2 Life business

	2011	2010
	N'000	N'000
Staff and directors' costs	36,522	29,956
Pension and gratuity	5,021	-
Depreciation	33,272	52,794
Amortisation of intangible assets	4,101	4,102
Travelling and tours	3,566	3,799
Professional fees	1,909	2,209
Auditor remuneration	4,000	-
Advertisement	2,154	1,802
Telecommunication	2,157	2,239
Loss on correction of movement in outstanding claims	63,350	-
Loss on restatement of deposit administration account	108,757	-
Loss on correction of handling charges	45,475	-
Office maintenance expenses	1,120	2,261
Other management expenses	43,618	50,992
	<u>355,022</u>	<u>150,154</u>

## 27 Write offs and provisions for bad and doubtful accounts

Write offs and allowances for bad and doubtful accounts comprise:

	Company 2011	Company 2010
	N'000	N'000
Allowance for premium debtors balances (see note 3(c))	253,180	239,855
Allowance no longer required on staff loans	(35)	-
Policy loan written off	28,940	-
Allowances for doubtful other assets (see note 4(b))	143,617	-
Write off of unquoted investments (see note 6 ( c )	63,926	-
Allowance for doubtful placements	510,986	-
Allowance for doubtful unquoted investments (see note 6 ( c )(ii))	727,668	341,627
Allowance for doubtful quoted investments (see note 6(b)(i))	108,809	19,123
Write-off of staff loans	33,266	-
Write off of unsubstantiated reinsurer balances	232,592	-
	<u>2,102,949</u>	<u>600,605</u>

## 27.1 General business

	2011	2010
	N'000	N'000
Allowance for premium debtors balances (see note 3.1 ( c )	108,838	235,607
Allowances for doubtful other assets (see note 4.1(a)& (b))	131,040	-
Write off of unquoted investments (see note 6.1 ( c )	33,100	-
Write-off of unsubstantiated placements	243,136	-
Allowance for doubtful quoted investments (see note 6.1b(ii))	50,533	14,892
Allowance for doubtful unquoted investments (see note 6.1(c)(ii))	299,950	341,627
Write-off of staff loans	33,266	-
Write off of unsubstantiated reinsurer balances	232,592	-
	<u>1,132,455</u>	<u>592,126</u>

## 27.2 Life business

	2011	2010
	N'000	N'000
Allowance for premium debtors balances (see note 3.2(b))	144,342	4,248
Allowance no longer required on staff loans	(35)	-
Policy loan written off	28,940	-
Allowance for doubtful placements (see note 4.2(b))	12,577	-
Short term investment written-off	267,850	-
Allowance for doubtful quoted investments (see note 6.2b(i))	58,276	4,231
Write off of unquoted investments (see note 6.2c)	30,826	-
Allowance for doubtful unquoted investments (see note 6.2(c)(ii))	427,718	-
	<u>970,494</u>	<u>8,479</u>

## 28 Taxation charge

Taxation charge comprises:

	Company 2011	Company 2010
	N'000	N'000
Company income tax	-	11,017
Minimum tax (see note 17)	114,350	-
Education tax	-	2,203
NITDA	-	25
Prior year under-provision (see note 17)	190,066	-
	<u>304,416</u>	<u>13,245</u>
Deferred tax charge (see note 18)	(47,250)	2,573
	<u>257,166</u>	<u>15,818</u>

## 28.1 General business

	2011	2010
	N'000	N'000
Company income tax	-	4,789
Minimum tax (see note 17.1)	102,044	-
Education tax	-	958
Prior year under-provision (see note 17.1)	181,830	-
	<u>283,874</u>	<u>5,747</u>
Deferred tax (credit)/ charge (see note 18.1)	(188,767)	1,286
	<u>95,107</u>	<u>7,033</u>

## 28.2 Life business

	2011	2010
	N'000	N'000
Company income tax	-	6,228
Company income tax - Revenue A/c	-	-
Minimum tax (see note 17.2)	12,306	-
Education tax	-	1,246
NITDA	-	25
Prior year under-provision (see note 17.2)	8,236	-
	<u>20,542</u>	<u>7,499</u>
Deferred tax charge (see note 18.2)	141,517	1,287
	<u>162,059</u>	<u>8,786</u>

## 29 Basic and diluted earnings per share

Basic loss per share have been computed based on the loss after taxation attributable to equity holders and the weighted average number of ordinary shares outstanding during the year of 4,549,947,000 (2010: 4,549,947,000). Diluted earnings per share is computed by dividing the profit attributable to the equity holders of the Company by the weighted number of ordinary shares outstanding after adjusting the effects of all dilutive ordinary shares, of which there are currently none in existence.

	Company 2011 N'000	Company 2010 N'000
Loss attributable to equity holders	(3,163,895)	(362,806)
Weighted average number of shares	4,549,947,000	4,549,947,000
Outstanding shares at 31 December 2011	4,549,947,000	4,549,947,000
Loss per share - Basic (k)	(70)k	(8)k
Loss per share - Diluted (k)	(70)k	(8)k

## 30 Dividend per share

Dividend per share has been computed based on the sum of dividends declared and the number of ordinary shares outstanding during the year of 4,549,947,000 (2010: 4,549,947,000) qualifying for dividend.

	N'000	N'000
Weighted average number of shares	4,549,947,000	4,549,947,000
Dividend declared	-	90,998
Dividend per share (k)	0k	2k

## 31 Net cash flow from operating activities before changes in operating assets comprises:

	Company 2011 N'000	Company 2010 N'000
Loss after taxation	(3,163,895)	(362,806)
Add: Taxation	257,167	15,819
Loss before taxation	(2,906,728)	(346,987)
Depreciation (see note 26(a))	101,685	146,968
Amortisation of intangible assets (see note 26(a))	10,254	10,254
Opening balance adjustment	-	14,468
Increase in provision for unearned premium	165,881	178,721
Increase in life fund (see 15.2(a(i)))	290,296	254,206
Provision for outstanding claims	758,798	46,027
Provision for retirement benefit obligation (see note 12)	41,647	-
Short term investments written off	28,637	-
Allowance for doubtful placements (see note 27.2)	12,577	-
Allowance for doubtful premium debtors (see note 27)	253,180	239,855
Allowance for other assets (see note 27)	143,617	-
Unquoted investment written-off (see note 27)	63,926	-
Allowance for doubtful un-quoted investments (see note 27)	727,668	341,627
Allowance for doubtful quoted investments (see note 27)	108,809	19,123
Allowance for unsubstantiated investment property	26,805	-
Dividend received (see note 25.2)	(2,047)	(23,304)
	(174,995)	880,958

**32 Net Claims incurred**

	Company 2011 N'000	Company 2010 N'000
Gross claims paid	808,157	961,212
Increase in outstanding claims provision (15.1( b) (iii))	705,152	70,292
	1,513,309	1,031,504
Reinsurance claims recoveries/recoverables	(49,385)	(9,603)
<b>Net claims incurred</b>	<b>1,463,924</b>	<b>1,021,901</b>

**33 Acquisition & Maintenance expenses**

**33a** Acquisition expenses comprise:

	Company 2011 N'000	Company 2010 N'000
General business	359,022	778,299
Life business	110,693	198,232
	469,715	976,531

**33a(i) General business**

	2011 N'000	2010 N'000
Business procurement expenses	359,022	778,299
	359,022	778,299

**33a(ii) Life business**

	2011 N'000	2010 N'000
Business procurement expenses	110,693	198,232
	110,693	198,232

**33(b) Maintenance expenses**

Maintenance expenses comprise

	Company 2011 N'000	Company 2010 N'000
General business	77,617	137,201
Life business	16,604	645
	94,221	137,846

**33(b)(i) General business**

	2011 N'000	2010 N'000
Other maintenance expenses	77,617	137,201
	77,617	137,201

**33(b)(ii) Life business**

	2011	2010
	N'000	N'000
Other maintenance expenses	16,604	645
	<u>16,604</u>	<u>645</u>

**34 Supplementary profit and loss information**

**(a) General information**

The Company's loss before taxation for the year is stated after charging the following:

	Company 2011	Company 2010
	N'000	N'000
Depreciation of fixed assets	101,685	146,968
Amortisation of intangible assets	10,254	10,254
Auditor's remuneration	<u>10,000</u>	<u>4,750</u>

**(b) Staff and directors' information**

The average number of full time employees employed by the Company during the year was as follows:

	Company 2011	Company 2010
	Number	Number
Management staff	12	11
Non-management staff	149	138
	<u>161</u>	<u>149</u>

**(c) Staff and directors' costs:**

i Employee costs, including executive directors during the year comprises:

	Company 2011	Company 2010
	N'000	N'000
Wages and salaries (see note 26(a))	330,996	291,154
Other staff benefits (see note 26(a))	23,273	55,125
Pension and gratuity (see note 26(a))	41,647	7,729
	<u>395,916</u>	<u>354,008</u>

ii Staff and directors' costs comprise:

	2011	2010
	N'000	N'000
Charged to management expenses	130,652	116,823
Charged to underwriting expenses	265,264	237,185
	<u>395,916</u>	<u>354,008</u>

iii Employees earning more than N100,000 per annum received salaries in the following range:

	Company 2011 Number	Company 2010 Number
N101,001 - N500,000	-	10
N500,001 - N1,000,000	59	78
N1,000,001 - N2,000,000	61	27
N2,000,001 - N3,000,000	13	14
N3,000,001 - N4,000,000	15	12
N4,000,001 - N5,000,000	7	5
N5,000,001 - N6,000,000	-	-
N6,000,001 - N7,000,000	-	1
N7,000,001 - N8,000,000	-	-
N8,000,001 - N9,000,000	3	2
N9,000,001 - N10,000,000	-	-
N10,000,001 and above	3	-
	<u>161</u>	<u>149</u>

iv Directors' remuneration, excluding pension and other benefits was as follows:

	2011 N'000	2010 N'000
Directors' fees	8,435	7,540
Other emoluments	38,949	30,263
	<u>47,384</u>	<u>37,803</u>

v The directors' remuneration shown above includes

	2011 N'000	2010 N'000
Highest paid director (Chairman)	13,693	10,812
	<u>13,693</u>	<u>10,812</u>

vi The emoluments of all other directors who served during the year fell within the following range:

N5,000,000 - Above	1	1
N500,000- N1,000,000	4	5
	<u>5</u>	<u>6</u>

### 35 Related party transactions

The Company entered into transactions with related parties during the year under review:

Related parties to the Company and transactions are as follows:

#### Investments:

An aggregate of N855,347,560 was held as investments in related companies of which N842,502,537 has been provided for

Name of related party	Relationship	Nature of related party transactions	Outstanding balance 2011 N
Alangrange Securities Ltd	Former Managing Director (Femi Okunniyi) is a director and shareholder. Also, former Chairman (Gbenga Afolayan) is a shareholder.	Gold link Insurance Plc holds unquoted investments in Alangrange Securities Limited.	57,297,875
GICO Investments Co Ltd	Former Chairman and former MD are shareholders in GICO Investments Co. Ltd.	Gold link Insurance Plc holds unquoted investments in GICO Investments Co Limited.	100,000,000
AT&T Equip Nig Ltd	Gbenga Afolayan (Former Chairman) is a Director and shareholder.	Gold link Insurance Plc holds unquoted investments in AT&T Equip Nig. Limited.	239,163,685
Fodatek Ventures Limited	Femi Okunniyi (Former Managing director) is a Director and shareholder in Fodatek Ventures Limited.	Gold link Insurance Plc holds unquoted investments in Fodatek Ventures Limited.	101,730,000
Betty Pride Nigeria Limited	Ralph Oluwale Osayameh (one of the top 5 shareholders of Goldlink Insurance plc with 350,000,001 units of shares) is the Chairman/CEO of Betty Pride Nigeria Ltd. Also his wife Beatrice Olateju Osayameh (shareholder in Goldlink Insurance holding 40,529,550 units of shares) is the Managing Director of Betty Pride Nig. Ltd.	Gold link Insurance Plc holds unquoted investments in Betty Pride Nig. Limited.	210,000,000
Owonikoko Farms	Samuel Egun Idowu, is a non-executive director and shareholder in Goldlink Insurance Plc. Also, the Chairman of Owonikoko Farms.	Gold link Insurance Plc holds unquoted investments in Owonikoko Farms.	147,106,000
Unity Kapital Assurance Plc	Major shareholder of Goldlink Insurance	Goldlink Insurance holds quoted investments of 100,000 units of 50k each in Unity Kapital Assurance	50,000
			<b>855,347,560</b>

### 36 Contingent liabilities, litigations and claims.

The Company in its ordinary course of business is involved in three ( 3) cases as defendant. The total amount claimed against the Company is estimated at N78.82 million. These litigation claims arose in the normal course of business and are being contested by the Company. The directors, having sought professional advice of a legal counsel, are of the opinion that no significant liability will crystallise from these claims.

### 37 Subsequent events

Subsequent to the reporting period, the interim Board and Management based on investigation discovered that 2,548,774 units of shares (of ₦ 1 each) of the Company with par value of ₦ 2,548,774,014 were issued to certain shareholders and for directors of the Company without any valuable consideration between 1995 and 2006. The shares were filed with the Corp Affairs Commission (CAC) as part of the issued share capital of the Company. The investigation also revealed that 2,548,774,014 (of ₦ 1 each) shares issued without consideration, were reduced to ₦ 1,274,387,007 being nominal value of 2,548,774,014 shares (of 50 kobo each) in 2009 after a capital reconstruction of 2 for 1 share (of 50 kobo each) while balance of ₦ 1,274,387,007 was transferred to the share premium account.

The investigation further revealed that 1,497,358,861 units of the 2,548,774,014 units of shares (of 50 kobo each), have been sold by the concerned shareholders leaving 1,051,415,153 units as unsold. The interim Board and Management have taken steps to recover these outstanding shares of 1,051,415,153 units. As at the date of approval of the financial statements, a total of 888,332,593 units of shares (of 50 kobo each) have been surrendered to the Company. The interim Board and Management are taking steps to recover the balance of the unsold shares of 163,082,560 units. The interim Board & Management plans to cancel the 1,051,415,153 unsold shares with par value of 50 kobo per share; ₦ 525,707,577 based on the directive of the Securities and Exchange Commission (SEC). It also plans to recover the proceeds of the 1,497,358,861 shares from the respective shareholders and expects that the exercise will be concluded by the end of December 2014.

The share cancellation will be effected based on the requirements of the Companies and Allied Matters Act after obtaining

relevant regulatory approval. No adjustment has been reflected in these financial statements in respect of the share cancellation.

Dividends of ₦ 111,308,833 and ₦ 44,523,533 were paid in 2007 and 2009 respectively on the 2,548,774,014 shares. Interim Board and Management have also issued a demand for the refund of these dividends. The receipt of the dividend refunds will be credited to the revenue reserves.

There are no other subsequent events which have not been disclosed in the financial statements

### 38 Prior year comparative figures

Certain prior year corresponding balances have been reclassified to achieve consistent presentation with current year's figures. See Note 23 for prior period restatements and the significant reclassifications below :

#### (a) Adoption of new accounting policies - Intangible asset

This is the first set of financial statements after the implementation of the statement of Accounting Standards number 31 on intangible assets, which became effective for annual periods beginning on or after 1 January 2011. The implementation of the accounting policy resulted to a reclassification of computer software from property and equipment. The impact is shown as follows:

	Company 2011 ₦'000
<b>Property and Equipment</b>	
<b>Cost</b>	
Opening balance as previously stated	2,258,380
Reclassification to intangible assets	(51,271)
Balance as re-stated	<u>2,207,109</u>
<b>Accumulated depreciation</b>	
Balance as previously stated	482,108
Reclassification to intangible assets	(31,617)
Balance as re-stated	<u>450,491</u>
<b>Net book value</b>	
Balance as previously stated	<u>1,776,272</u>
Balance as re-stated	<u>1,756,618</u>
	Company 2011 ₦'000
<b>(b) Creditors and accruals</b>	
Creditors and accruals as previously stated	223,625
Reclassification to borrowings	(156,225)

Balance as re-stated

67,400
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### **39 Acquisition of own shares**

The Company purchased 1,609,497 units of its own shares during the year at 50 kobo per share which amounted to N804,748.50.

### **40 Going Concern**

The Company incurred a loss of N 3,163,895,000 for the year ended 31 December 2011 (2010: N 362,806,000) and as of date, its total liabilities exceeded total assets by N 2,449,576,000. These operating losses resulted from certain unsubstant expenses and huge write offs or allowance for investments, bad and doubtful receivable and other unsubstantiated balances

In addition, the minimum regulatory capital required by the National Insurance Commission (NAICOM) for companies in composite insurance business where the Company operates is ₦ 5 billion. Therefore the Company's negative shareholders' of ₦ 2,449,576,000 (2010: equity of ₦ 6,338,865,000 ) is significantly below the minimum regulatory capital of ₦ 7,449,576,000. The Company also had a shortfall in solvency margin of ₦ 5,930,882,000 as at 31 December 2011. This is below the Company's required minimum solvency margin of ₦ 3 billion based on the most recent regulatory guidelines. This constitutes non-compliance with the regulatory capital requirements which could lead to the withdrawal of the Company's operating license. Similarly, the inadequate capital threatens the Company's ability to carry out its normal operations. The continuation of the Company's operations is dependent upon future profitability and the ability of the Company to meet regulatory capital requirement and generate sufficient cash flows to meet its obligation as they fall due.

As a result of the negative shareholders' funds of ₦ 2,449,576,000 ( 2010: equity of ₦ 6,338,865,000) recorded by the Company as at year end, the interim management and board also seeks to embark on a recapitalisation of the Company through a private placement of not less than ₦ 5 billion and also capitalise future operating profit. This will contribute toward meeting the minimum share capital requirement of ₦ 5 billion for companies in the composite insurance business as stipulated by NAICOM.

In addition, the interim board and management is taking steps to resolve the shares of 2,548,774,014 units issued in consideration as part of the plans to resolve the going concern issue; See Note 37. The board expects that the exercise will be concluded by the end of December 2014.

The recapitalisation process described above is expected to commence after conclusion of the share recovery exercise.

Further, Management intends to turn around the company's operations and profitability by broadening its operational strategy, intensifying its marketing efforts in order to retain existing customers and attract new customers, as well as introduce innovative insurance products which would enhance its premium base as soon as the planned recapitalisation plans are successfully concluded.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to realize its assets and discharge its liabilities in the normal course of business. However the interim board and management believe that the Company will continue as a going concern and that the above plans will be successfully executed. The financial statements have therefore been prepared using the basis of accounting policies applicable to a going concern.

### **41 IFRS Roadmap**

Following the decision of the Federal Executive Council on the implementation of the International Financial Reporting Standards (IFRS),

- The Diagnostic phase, to identify key gaps between the Nigeria statement of accounting standards and international financial reporting standards, had been concluded with findings presented by IFRS consultants.
- Design and planning phase of the project, aimed at identifying new IFRS accounting policies, deliver core technical training staff, draft skeletal IFRS financial statements and establish opening IFRS statement of financial position. The objectives of design and planning phases have been largely achieved with the preparation of the opening statement of financial position at conclusion stages.

#### **Overall project**

The Company has completed the Diagnostic and Planning Phases and has commenced the Implementation phase. It is on schedule on the completion of the conversion project and is fully committed to the timely completion of the project.

#### *Status of conversion of the opening Statement of Financial Position and Comparative Financial Statements*

The conversion of the opening statement of financial position has been completed. The conversion of the comparative figures is expected to commence in the month of February 2014 with a completion date of April 2014.

#### *IFRS First-time Adoption Accounting Policy Options*

Considering the first-time adoption optional exemptions prescribed by IFRS 1, Goldlink Insurance Plc, has made its decision on which of the policies to adopt.





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**Value Added Statement**  
**For the year ended 31 December 2011**

	Company 2 0 1 1 N'000	%	Company 2 0 1 0 N'000	%
Gross premium (Local)	2,814,276		3,429,721	
Other income				
- Local	<u>(2,019,043)</u>		<u>(391,495)</u>	
	795,233		3,038,226	
Less:				
Provisions for bad and doubtful accounts	<u>(2,102,949)</u>		<u>(600,605)</u>	
	(1,307,716)		2,437,621	
Bought in materials and services				
- Local	(1,091,157)		(2,182,380)	
Value (eroded)/added	<u><u>(2,398,873)</u></u>	<u>100</u>	<u><u>255,241</u></u>	<u>100</u>

**Distribution of value (eroded)/added**

**To government**

Government as taxes	257,167	(11)	15,819	6
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**To employees**

Employee cost	395,916	(17)	354,008	139
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**Retained in the business**

Depreciation of property, plant and equipment and amortisation of intangible assets	111,939	(5)	157,222	62
Loss retained for the year	(3,163,895)	132	(362,806)	(142)
Dividend paid	-	-	90,998	36

Value (eroded)/added	<u><u>(2,398,873)</u></u>	<u>100</u>	<u><u>255,241</u></u>	<u>100</u>
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## Five-year financial summary

### Company

#### Balance sheet

	2011	2010	2009	2008	2007
	N'000	N'000	N'000	N'000	N'000
<b>Assets</b>					
Current assets	993,843	2,277,571	1,651,693	1,359,731	1,476,563
Investments	153,129	3,377,038	3,626,237	3,751,177	2,884,557
Statutory depositss	500,000	500,000	500,000	500,000	500,000
Fixed assets	1,756,619	2,730,441	2,961,565	2,873,612	2,744,409
Intangible assets	19,654	29,908	-	-	-
<b>Total assets</b>	<b>3,423,245</b>	<b>8,914,958</b>	<b>8,739,495</b>	<b>8,484,520</b>	<b>7,605,529</b>
<b>Liabilities</b>					
Creditors and accruals	194,900	67,400	170,795	38,118	596,174
Retirement benefit obligation	206,062	-	-	-	-
Borrowings	330,402	156,225	-	-	-
Insurance funds	3,834,226	1,968,174	1,369,005	1,116,420	1,106,061
Taxation payable	314,896	34,417	108,046	131,189	89,342
Deferred taxation	258,769	46,340	43,767	34,196	22,165
Liabilities for deposit admin	733,566	303,537	269,683	197,102	221,190
	<b>5,872,821</b>	<b>2,576,093</b>	<b>1,961,296</b>	<b>1,517,025</b>	<b>2,034,932</b>
<b>Capital and reserves</b>					
Share capital	2,274,974	2,274,974	2,274,974	4,549,947	3,735,947
Share premium	2,663,798	2,663,798	2,663,797	388,824	70,342
Equity price equalisation	-	-	-	-	288,218
Statutory contingency reserve	1,135,867	1,039,697	926,819	821,930	706,934
Asset revaluation reserve	1,202,044	-	-	-	-
General (deficit)/reserve	(9,726,259)	360,396	912,609	1,206,794	769,156
<b>Shareholders (deficit)/funds</b>	<b>(2,449,576)</b>	<b>6,338,865</b>	<b>6,778,199</b>	<b>6,967,495</b>	<b>5,570,597</b>
<b>Total liabilities and reserves</b>	<b>3,423,245</b>	<b>8,914,958</b>	<b>8,739,495</b>	<b>8,484,520</b>	<b>7,605,529</b>
	2011	2010	2009	2008	2007
	N'000	N'000	N'000	N'000	N'000
<b>Results</b>					
Gross premium written	2,814,276	3,429,721	3,749,312	3,426,815	2,320,994
Net Premium earned	2,045,221	2,672,758	3,179,179	3,156,604	2,191,917
(Loss)/Profit before taxation	(2,906,728)	(346,987)	(148,937)	492,114	666,047
Taxation	(257,167)	(15,819)	(41,708)	(85,670)	(72,060)
(Loss)/Profit after taxation	(3,163,895)	(362,806)	(190,645)	406,444	593,987
Dividend declared	-	-	90,998	-	454,995
Basic earnings per share (k)	(70)k	(8)k	(9)k	6k	16k
Diluted earnings per share (k)	(70)k	(8)k			
Dividend per share (k)	-	-	2k	-	5k