GOLDLINK INSURANCE PLC

ANNUAL REPORT

31 DECEMBER 2016

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Corporate Information

Certificate of incorporation number	RC192814
Date of incorporation	15 April, 1992
Registrars	Sterling Registrars Limited
NAICOM license number	RIC -033

Interim board of directors and management

Mohammed Mustapha Bintube****	Chairman
Barrister Tonbofa Ashimi****	Director
Olanrewaju M. Sulaimon****	Director
Mr James O. Ayo*	Chairman
Mrs. Olufunke Moore**	Acting Managing Director
Mr Gbolahan Olutayo***	Managing Director
Mr Adeyinka Olutungase	Executive Director, Chief Financial Officer
Professor Chioma Kanu Agomo*	Director
Alhaji Sashe Ibrahim Dabana*	Director
Malam Abubakar Sadiq Mijinyawa*	Director
Ambassador Umaru Ilya Damagum*	Director

* Resigned on 25 of February 2016
** Appointed as Acting Managing Director on 13 of June 2016
*** Resigned as Managing Director on 13 of June 2016
**** Appointed on 25 of February 2016

Bankers and other professional advisors

Bankers:	Sterling Bank PLC Ecobank PLC Zenith Bank PLC Guaranty Trust Bank PLC Access Bank PLC First Bank PLC
Company Secretary / Head Legal:	Tobi Olaleye FRC/2014/NBA/00000008450
Registered Office:	6, Emmanuel Street Maryland Lagos
Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island, Lagos
Reinsurers:	Glanvill Enthoven & Co. (Nig) Ltd. JLT Reinsurers
Actuary:	Ernst and Young FRC/2012/NAS/00000000738
Estate Surveyor and Valuer:	Foluke Ismail & Associates (Estate Surveyors and Valuers) FRC/2013/NIESV/00000001701

Directors' Report
For the year ended 31 December 2016

The Directors have pleasure in presenting their annual 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 2016.

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 recapitalization exercise, the Company converted to a Public Liability Company on 11 May 2007 and was listed on the Nigerian Stock Exchange by way of introduction on 12 February 2008.

The Company's principal activity continues to be the 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 2016:

In thousands of Naira	**Company 2016**	**Company 2015**
Gross premium written	1,396,695	2,405,185
Loss before income tax	(1,314,139)	(409,451)
Taxation	17,781	59,245
Loss after taxation	(1,296,358)	(350,206)
Loss attributable to equity holders	(1,296,358)	(350,206)
Transfer to statutory contingency reserve	(35,462)	(6,727)
Transfer to retained losses	(1,331,820)	(356,933)
Shareholders' deficit	(5,504,619)	(4,245,710)
Loss per share (k) – Basic	(40)	(11)
Loss per share (k) – Diluted	(40)	(11)

Dividends
Proposed dividends
No dividend was proposed for the year ended 31 December 2016.

Directors and their interest
The Directors of the Company who held office during the year had no direct or indirect interest in the share capital of the Company as at 31 December 2016 (2015: Nil)

Retirement and appointment of Directors

The following directors served during the year under review:-

Mr James O. Ayo*	Chairman
Mr Gbolahan Olutayo***	Managing Director
Mr Adeyinka Olutungase	Executive Director, Chief Financial Officer
Professor Chioma Kanu Agomo*	Director
Alhaji Sashe Ibrahim Dabana*	Director
Malam Abubakar Sadiq Mijinyawa*	Director
Ambassador Umaru Ilya Damagum*	Director
Mrs. Olufunke Moore**	Acting Managing Director
Mohammed Mustapha Bintube****	Chairman
Barrister Tonbofa Ashimi****	Director
Olanrewaju M. Sulaimon****	Director

* Resigned on 25 February 2016
** Appointed as Acting Managing Director on 13 June 2016
*** Resigned as Managing Director on 13 June 2016
**** Appointed on 25 February 2016

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 2016:

	2016				2015			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Unity Kapital Assurance Plc	1,268,064,351	39.61%	-	-	1,268,064,351	39.61%	-	-
Enny Properties Ltd	174,377,113	5.45%	-	-	174,377,113	5.45%	-	-
R.K.O. Osayamen *	N/A	N/A	278,771,884	8.71%	N/A	N/A	278,771,884	8.71%

* R.K.O Osayamen's indirect shares are held through the following entities:

- Inter-Darlob Ltd	115,733,884
- Ruth Star Ltd	103,000,000
- Betty Pride Ltd	59,998,000
Total	278,731,884

Recovery of shares

Following a share capital audit excercise by the former Interim Board and Management, it was discovered that 2,548,774,014 shares of the Company were issued without cash consideration between 1995 and 2006. Of the 2,548,774,014 shares issued without cash consideration, a total of 1,348,549,941 units of shares have been surrendered and forfeited as at 31 December 2015. The 1,348,549,941 units of surrendered and forfeited shares of the Company have been treated as unissued shares following the approval received from the Securities and Exchange Commission.

Details of shares issues without cash consideration are summarized below

Names	Direct/indirect shares issued
Aiyeyi Samuel	77,739,497
Ariyo Wole	70,147,043
Diamond Bank/Alangrange Sec. Ltd-Trdg	-
Efegherimoni Tony	13,082,092
Famutimi Olabintan	21,896,028
Gbenga Afolayan	520,333,972
Idowu S.E	66,103,480
Madaki Ameh	-
Moore Funke	13,082,092
Odubogun Ranti	32,346,909
Okunniyi Femi	426,320,969
Oniwinde A. T	42,287,265
Osayameh R. K. O	774,081,638
Awoyode A. (Chief)	35,867,769
Akadiri Ayo	19,803,894
Amaefule Chuks	16,127,954
Okpue Prosper	13,519,556
Odutayo Gbolahan	13,082,092
Adesanya Yemi	12,782,431
Okunnoren E. K.	11,874,418
Owolabi M. Olabanji	3,816,800
Saliu Y.(Alhaji)	4,227,588
Olusesi M. O (Mr)	2,374,061
Owoniyi Dele	3,000,000
Adedeji E. A.	558,387
Agoye I. A	1,395,972
Oyinloye Yomi	13,082,092
Goldlink Staff Cooperative	79,611,784
Oyedele M. (Prince)	36,167,769
Onaduja Badejo	13,082,092
Others	210,978,370
Total	**2,548,774,014**

No additional shares were surrendered or forfeited in 2016. However, subsequent to year end, a total of 743,175,600 shares were recovered.
Details of the recovery made subsequent to year end are shown below;

Names	Owner	Shares surrendered	Shares forefeited	Total surrendered/ forefeited
A.T & EQUIP NIG LTD	Gbenga Afolayan	(17,028,236)	-	(17,028,236)
I K VENTURTES	Gbenga Afolayan	(94,740,632)	-	(94,740,632)
ENNY PROPERTIES	Okunniyi Femi	(174,377,113)	-	(174,377,113)
PHOLLAR OIL LTD	Okunniyi Femi	(40,016,021)	-	(40,016,021)
YETFEM PROPERTIES LTD	Okunniyi Femi	(1,799,584)	-	(1,799,584)
MANNY SHIPPING CO LTD	Okunniyi Femi	(116,785,557)	-	(116,785,557)
FLEX OIL LTD	Efegherimoni Tony	(19,656,573)	-	(19,656,573)
INTER-DALOB	Osayameh R. K. O	(115,773,884)	-	(115,773,884)
RUTH STAR LTD	Osayameh R. K. O	(103,000,000)	-	(103,000,000)
BETTY PRIDE	Osayameh R. K. O	(59,998,000)	-	(59,998,000)
TOTAL		**(743,175,600)**		**(743,175,600)**

Total shares surrendered/forfeited as at the date of issue of the financial statements are summarized below:

Names	Shares surrendered	Shares forefeited	Total surrendered/ forefeited
Aiyeyi Samuel		(54,717,198)	(54,717,198)
Ariyo Wole	(25,418,465)	-	(25,418,465)
Diamond Bank/Alangrange Sec. Ltd-Trdg	-	-	-
Efegherimoni Tony	(32,738,665)		(32,738,665)
Famutimi Olabintan	-	(21,896,028)	(21,896,028)
Gbenga Afolayan	(597,762,397)	-	(597,762,397)
Idowu S.E	(14,569,667)	-	(14,569,667)
Madaki Ameh	-	-	-
Moore Funke	(13,082,092)	-	(13,082,092)
Odubogun Ranti	(24,552,457)	-	(24,552,457)
Okunniyi Femi	(711,370,158)	-	(711,370,158)
Oniwinde A. T	(2,201,045)	-	(2,201,045)
Osayameh R. K. O	(492,896,434)	-	(492,896,434)
Awoyode A. (Chief)	(439,473)		(439,473)
Akadiri Ayo	-	(14,268,806)	(14,268,806)
Amaefule Chuks	-	(10,652,354)	(10,652,354)
Okpue Prosper	-	(9,764,512)	(9,764,512)
Odutayo Gbolahan	(6,546,572)	-	(6,546,572)
Adesanya Yemi	-	(200,000)	(200,000)
Okunnoren E. K.	(8,819,333)	-	(8,819,333)
Owolabi M. Olabanji	-	-	-
Saliu Y.(Alhaji)	(5,833,064)	-	(5,833,064)
Olusesi M. O (Mr)	-	(1,540,645)	(1,540,645)
Owoniyi Dele	-	-	-
Adedeji E. A.	-	-	-
Agoye I. A	-	(905,913)	(905,913)
Oyinloye Yomi	-	-	-
Goldlink Staff Cooperative	-	-	-
Oyedele M. (Prince)	-	(20,000,000)	(20,000,000)
Onaduja Badejo	(11,380,263)	-	(11,380,263)
Others	(10,170,000)	-	(10,170,000)
Total	**(1,957,780,085)**	**(133,945,456)**	**(2,091,725,541)**

Directors' Report
For the year ended 31 December 2016
Analysis of shareholding
The analysis of the distribution of the shares of the Company is as follows:

2016

Share range	No of holdings	Percentage of holdings
001-1000	1,192,638	0.037%
1001-10000	33,596,406	1.0%
10001-50000	93,940,813	2.93%
50001-100000	54,638,330	2%
100001-500000	156,074,702	5%
500001-1000000	76,962,562	2%
1000001 & Above	2,784,992,549	87%
Total	3,201,398,000	100%

2015

Share range	No of holdings	Percentage of holdings
001-1000	1,192,638	0.037%
1001-10000	33,596,406	1.0%
10001-50000	93,940,813	2.93%
50001-100000	54,638,330	2%
100001-500000	156,074,702	5%
500001-1000000	76,962,562	2%
1000001 & Above	2,784,992,549	87%
Total	3,201,398,000	100%

Share capital history
As at 31 December 2016, the Company's authorized share capital was N4,550,000,000 with paid up share capital of N1,600,699,000 divided into 3,201,398,000 ordinary shares of 50k each.

Details of the Company's share history is shown below:

Date issued	Shares issued/ (Surrendered)	Nominal Value (N)	Nature of shares in issue	Cumulative shares (N)	Issued share capital
1993	10,000,000	1	Cash	10,000,000	10,000,000
1994	-	1	Not applicable	10,000,000	10,000,000
1995	3,260,000	1	Bonus	13,260,000	13,260,000
1996	11,740,000	1	Cash	25,000,000	25,000,000
1997	25,000,000	1	Cash	50,000,000	50,000,000
1998	40,000,000	1	Cash	90,000,000	90,000,000
1999	100,000	1	Cash	90,100,000	90,100,000
2000		1	Not applicable	90,100,000	90,100,000
2001	30,000,000	1	Bonus	120,100,000	120,100,000
2002	30,025,000	1	Bonus	150,125,000	150,125,000
2003	209,875,000	1	Cash	360,000,000	360,000,000
2004	640,000,000	1	Cash	1,000,000,000	1,000,000,000
2005	1,395,000,000	1	Cash	2,395,000,000	2,395,000,000
2006	1,001,316,000	1	Cash	3,396,316,000	3,396,316,000
2007	339,631,000	1	Bonus	3,735,947,000	3,735,947,000
2008	814,000,000	1	Cash	4,549,947,000	4,549,947,000
2008		0.5	Share split	9,099,894,000	4,549,947,000
2009		1	Share reconstruction	4,549,947,000	4,549,947,000
2009 - 2014				4,549,947,000	2,274,973,500
2015	(1,348,549,941)	0.5	Surrender/forfeiture	3,201,397,059	1,600,698,530
2016		0.5		3,201,397,059	1,600,698,530

Property and equipment

Information relating to changes in property and equipment during the year is given in Note 10 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 donations to the under-listed organizations amounting to ₦4,050,000 (2015:₦3,250,000) during the year as follows:

Organisation:	2016
	₦
Institute of Chartered Accountants of Nigeria (ICAN)	25,000
Ibadan Golf Club	50,000
Chartered Insurance.institute of Nigeria	50,000
NIGERIA INSURER ASSOCIATION (NIA)	105,000
Nigerian Council of Registered Insurance Brokers (NCRIB)	100,000
Rotary Club of Omole	220,000
University of Ibadan	3,500,000
	4,050,000

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 31 December 2016, no disabled persons were in the employment of the Company (31 December 2015: Nil).

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.

Events after the reporting date

There were no subsequent events which could have had material effect on the financial position of the Company as at 31 December 2016, which have not been adequately provided for or disclosed. See note 34.

Auditors

Messrs. KPMG Professional Services, having completed the prescribed duration for the rotation of insurance companies, shall no longer continue in office as auditors to the Company. In accordance with Section 357 (1) of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, a new auditor shall be appointed at the next annual general meeting of the Company.

BY ORDER OF THE BOARD
Tobi Olaleye
FRC/2014/NBA/000000008450
Company Secretary
6, Emmanuel Street Maryland Lagos
6 July 2018

Statement of Directors' Responsibilities in relation to the financial statements for the year ended 31 December 201(

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 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 and have no reason to believe that the Company will not remain a going concern in the year ahead other than as disclosed in Note 35 to the financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mohammed Mustapha Bintube - Chairman	Mrs. Olufunke Moore - Acting Managing Director
FRC/2018/IODN/00000018479	FRC/2016/CIIN/00000014938
6 July 2018	6 July 2018

Corporate Governance Report

Introduction

Goldlink Insurance PLC has in place, corporate policies and standards to encourage good and transparent corporate governance framework in order to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices.

The Company strives to carry out its business operations on the principles of integrity and professionalism whilst enhancing shareholders value through transparent conduct with the adoption of applicable regulatory standards as well as international best practices in corporate governance, service delivery and value creation for all.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with NAICOM's Code of Corporate Governance with particular reference to compliance, disclosures and structure.

NAICOM's Code of Corporate Governance also requires that an annual board appraisal report should be submitted to NAICOM. The Board appraisal is to be conducted by an Independent consultant appointed by the Company.

Governance Structure

The governance of the Company resides with the Board of Directors who are accountable to shareholders for creating and delivering sustainable value by managing the Company's businesses. The Board is responsible for the efficient operations of the Company and ensures that the Company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to management. These oversight functions of the Board of Directors are exercised through its various Committees. In the course of the period under review, the Board had four (4) Committees focused on ensuring the proper management and direction of the Company via interactive dialogue on a regular basis.

The Interim Board comprises five (5) members, including the Chairman, two (2) Executive Directors, and three (3) Non-Executive Directors. They are made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board. The effectiveness of the Interim Board and Management derives from the appropriate balance and mix of skills and experience of the Directors. The interim board had 4 regular meetings during the year. Members and representatives of the Board also had 10 special meetings during the year to discuss with prospective capital market investors as part of the Company's recapitalisation plans.

Responsibilities of the Board

The Board determines the strategic objectives of the Company in delivering long-term growth and short-term goals. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conforming with governance principles and economic performance.

The powers reserved for the Board include the following;

- determination of Company's structure, size and composition, including appointment, succession planning for the senior management and Board Committee membership;
- approval of mergers and acquisitions, branch expansion, approval of remuneration policy and packages of the Board members
- approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate governance and anti-money laundering.
- approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars prospectus and principal regulatory filings with the regulators.
- approval of major change to the Company's corporate structure (excluding internal reorganizations) and changes relating to the Company's capital structure or its status as a public limited company
- approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices
- approval of the Company's strategy, medium and short term plans and its annual operating and capital expenditure budget; and
- recommendation to shareholders on the appointment or removal of auditors and the remuneration of auditors.

Roles of Key Members of the Board

The position of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons. The Chairman and the Chief Executive Officer are not members of the same extended family.

The Chairman

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company.

The Chairman is also responsible for promoting effective relationships and open communication, between Executive and Non- executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management and for making and implementing operational decisions. The CEO is responsible to the Board of Directors and in ensuring that the Company complies strictly with regulations and policies of both the Board and Regulatory authorities.
The CEO has the overall responsibility for the optimization of the Company's resources and for the Company’s financial performance.

The Chief Finance Officer

The Chief finance officer is responsible for presenting and reporting timely financial information of the Company. He is also responsible for financial planning and manging the financial risks of the Company. He is also a director of the interim mangement board and he reports directly to the CEO and the Board on all strategic financial matters.

Company Secretary

The Company Secretary is a point of reference and support for all Directors who updates the Directors with all requisite information promptly and regularly.
The Board may through the Company Secretary obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.
The Company Secretary is further responsible to assist the Chairman and Chief Executive Officer to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organize Board meetings and ensure that the Board’s discussions and decisions are documented in the minutes of meetings.

Induction and Continuous Training of Board Members

On appointment, Board members receive a formal induction tailored to meet their individual requirements. Management further strives to acquaint the Directors with the operations of the Company via trainings and seminars to the extent desired by Directors to enable them function in their position.
The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

Remuneration of Non Executive Directors

The Company’s policy on remuneration of Non-Executive Directors is guided by the provisions of the NAICOM Code of corporate governance which stipulate that the Executive Directors' remuneration should be limited to Directors' fees and reimbursable travel and hotel expenses. Directors' fees and sitting allowances were paid to only Non-executive directors are recommended by the Board Governance, Remuneration and Establishment and General Purpose Committee.

Dealings in Issuer's shares

The Company is yet to adopt a code of conduct regarding securities transactions by its Directors as the Board is an interim Board constituted by the National Insurance Commission (NAICOM). The Board is making efforts to adopt a code of conduct regarding securities transactions by its Directors, however the Directors have confirmed that none of the serving Directors transacted or dealt in the Company’s shares during the period under consideration other than transactions relating to shares surrendered.

Share Dealing Policy

In accordance with the Post-Listing Rules of the Nigerian Stock Exchange, Goldlink Insurance Plc has a share dealing policy. The Policy regulate securities transactions by its Directors, Employees and other Insiders on terms which are no less than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods were communicated periodically to drive compliance. In respect of the year ended 31st December 2016, the Directors of Goldlink Insurance Plc. hereby confirm that specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Stocks Exchange, and Nigeria’s Code of conduct, regarding securities transactions by Directors.

Complaints Management Policy

In compliance with the Securities and Exchange Commission Rules relating to the Complaints Management Framework of the Nigerian Capital Market (SEC Rules) issued on 16th of February, 2015 and the Nigerian Stock Exchange Directives (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies issued on 22nd April, 2015, Goldlink Insurance Plc. has further strengthened its compliant management procedure. The Company has in place a formal Compliant Management Policy by virtue of which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered and promptly resolved.

Board Committees

The Board carries out its responsibilities through its Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has five (5) Committees, namely; Board Audit & Compliance Committee, Board Investment & Finance Committee, Board Enterprise Management and Technical Committee, Board Governance, Remuneration & Establishment Committee and Life Operations Committee. Through these Committees, the Board is able to more effectively deal with complex and specialized issues and fully utilize its expertise to formulate strategies for the Company.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated below:

(i) Board Audit Committee.

The Committee shall be responsible for the review of the integrity of the data and information provided in the Audit and/or Financial Reports.

The Committee shall provide oversight functions over the Company's financial statements, its internal control and risk management functions. The Committee is responsible for ensuring compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor; and performance of the Company's internal audit function as well as that of external auditors.
The Committee chairman reports formally to the Board on its proceedings after each meeting on all matters within its functions and responsibilities. The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The Board Audit & Compliance Committee comprised the following members during the period under review:

1	Mr Olanrewaju Sulaimon	Chairman
2	Barr Tonbofa Ashimi	Member

(ii) Board Finance Investment & General Purpose Committee

The Board Investment and Finance Committee is responsible for the approval of investment decisions made by management of the Company and the related portfolio limits by Management of the Company. This Committee shall have supervisory functions over investment and other finance-related issues such as capital & funding requirements.
The main functions of the Committee are to approve all investments above the limit of the management. Where it is not expedient for the members of the Committee to meet, an investment approval can be obtained through circularization of the approval. The Committee is also responsible for the review and approval of the investment manual on a periodic basis and to further identify specific areas for review as approved by the Board, in particular the financial implications of new and major investment strategies/initiatives.
The Committee shall make recommendations of investment policies for consideration and adoption by the Board, including proposed ethical positions with respect to appropriate investments and shall conduct a review of the performance of the major assets in the company's investment portfolios on a quarterly basis.

The Board Finance Investment & General Purpose Committee comprised the following members during the period under review:

1	Mr Olanrewaju Sulaimon	Chairman (Director)
2	Barr. Tonbofa Asimi	Member (Director)
3	Mr. Adeyinka Olutungase	Member (Director)

(iii) Enterprise Risk Management Committee

This Committee has supervisory functions over the entity wide risk management including management of business risks relating to underwriting as well as the Company's risk reward strategy.
The main functions of the Committee are to assist in the oversight of the review and approval of the Company's risk management policy including risk appetite and risk strategy; to oversee management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms.

The Committee is also charged with the review of large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental & social management system.

The Board Enterprise Risk Management Committee comprised the following members during the period under review:

1	Barr. Tonbofa Ashimi	Chairman (Director)
2	Olanrewaju Sulaimon	Member (Director)
3	Mrs Funke Moore	Member (Managing Director)

(iv) Establishment, Remuneration & Governance Committee

The Committee has supervisory functions over the whole Company, recruitment and ensuring corporate governance compliance. The main functions of the Committee are to establish the criteria for Board committee memberships, review candidates qualifications and any potential conflict of interest and make recommendations to the Board.
The Board Establishment,Remuneration & Governance Committee comprised the following members:

1	Barr Tonbofa Ashimi	Chairperson (Director)
2	Mrs FunkeMoore	Member (Executive Director)
3	Mr Olanrewaju Sulaimon	Member (Director)

(v) Life Operation Committee

The Committee oversees the operations of the Life division of the Company. This includes overseeing the financial and investment activities, overseeing the formulation and implementation of an effective management policy of the Life division of the Company.
The Life Operation Committee comprised the following members:

1	Mr Olanrewaju Sulaimon	Chairman (Director)
2	Barr Tonbofa Ashimi	Member (Director)
3	Mrs Funke Moore	Member (ManagingDirector)

Changes on the Board

There were changes made to the Board composition during the year under review.The changes were as follow:

1	Mr. James Olatunde Ayo	Resigned February 25, 2016
2	Prof. Chioma Kanu Agomo	Resigned February 25, 2016
3	Mallam Abubakar S. Mijinyawa	Resigned February 25, 2016
4	Amb. Umar Ilya Damagum	Resigned February 25, 2016
5	Alhaji Sashe Ibrahim Dabana	Resigned February 25, 2016
6	Mr Gbolahan .T. Olutayo	Resigned June 13, 2016
7	Mohammed Mustapha Bintube	Appointed February 25, 2016
8	Barr Tonbofa Ashimi	Appointed February 25, 2016
9	Mr Olanrewaju Sulaimon	Appointed February 25, 2016
10	Mrs Funke Moore	Appointed June 14, 2016

Attendance of Board and Board Committee Meeting

The table below shows the frequency of meetings of the Board of Directors, the statutory audit committee, Board committees as well as Members' attendance for the year ended December 31, 2016.

The Interim Board of Directors and Management

The Board held regular meetings 15 times during the period under review.

S/N	Name of Director	Designation	Number of meetings attended	29/01/2016	17/02/2016	25/02/2016	3/3/2016	10/3/2016	19/03/2016	13/04/2016	13/6/2016	12/7/2016	13/07/2016	21/07/2016	2/9/2016	21/10/2016	27/10/2016	20/12/2016
1	Mr. James Olatunde Ayo	Chairman	2	✓	✓	✓	R	R	R	R	R	R	R	R	R	R	R	R
2	Prof. Chioma Kanu Agomo	Director	2	✓	✓	✓	R	R	R	R	R	R	R	R	R	R	R	R
3	Mallam Abubakar.S. Mijinyawa	Director	nil	☒	☒	✓	R	R	R	R	R	R	R	R	R	R	R	R
4	AmB. Umar Ilya Damagum	Director	1	✓	☒	✓	R	R	R	R	R	R	R	R	R	R	R	R
5	Alhaji Sashe Ibrahim Dabana	Director	2	✓	✓	✓	R	R	R	R	R	R	R	R	R	R	R	R
6	Mohammed Bintube	Chairman	13	N	N	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Mr. Gbolahan Olutayo *	Managing Director	6	✓	✓	✓	✓	✓	✓	✓	R	R	R	R	R	R	R	R
8	Mrs Funke Moore **	Managing Director	9	N	N	✓	N	N	N	N	✓	✓	✓	✓	✓	✓	✓	✓
9	Mr. Adeyinka Olutungase	Finance Director	15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Mr Olanrewaju Sulaimon	Director	13	N	N	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Barr. Tonbofa Ashimi	Director	12	N	N	✓	✓	✓	✓	✓	✓	✓	✓	✓	☒	✓	✓	✓

* Resigned on 13 June 2016
** Appointed on 14 June, 2016
☒ Absent
✓ Present
R Resigned
N Not yet appointed

Board Audit & Compliance Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	Designation	Numbe of Meetings Attended	28/06/16
Mr Olanrewaju Sulaimon	Chairman	1	✓
Barr. Tonbofa Ashimi	Member	1	✓

Board Finance Investment & General Purpose Committee:

The Committee met twice during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	16/06/2016	22/06/2016
Mr Olanrewaju Sulaimon	Chairman	2	✓	✓
Barr. Tonbofa Ashimi	Member	2	✓	✓
Mr Adeyinka Olutungase	Member	2	✓	✓

Enterprise Risk Management Committee

The Committee met twice during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	27/06/2016	11/7/2016
Barr. Tonbofa Ashimi	Chairman	2	✓	✓
Mr Olanrewaju Sul;aimon	Member	2	✓	✓
Mrs Funke Moore	Member	2	✓	✓

Board Establishment Remuneration & Governance Committee

The Committee met twice during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	27/06/2016	11/7/2016
Barr. Tonbofa Ashimi	Chairman	2	✓	✓
Mr Olanrewaju Sulaimon	Member	2	✓	✓
Mrs Funke Moore	Member	2	✓	✓

Life Operations Committee

The Committee met once during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	28/06/2016
Ambassador Umaru Ilya Damagum	Chairman	1	✓
Professor Chioma Agomo	Member	1	✓
Mrs Funke Moore	Member	1	✓

Details of Statutory Audit Committee Meetings and attendance

Statutory Audit Committee

The Committee met 3 times during the period under review:

NAME OF DIRECTOR	TITLE	NUMBER OF COMMITTEE MEETINGS ATTENDED	14/4/2016	27/10/2016	9/11/2016
Elder (Dr.) A. K. Oniwinde	Chairman	3	✓	✓	✓
Prince M. O. Oyedele	Member	2	☒	✓	✓
Mr Francis Okoro	Member	3	✓	✓	✓
Mohammed Mustapha Bintube	Member	3	✓	✓	✓
Mrs Tonbofa Ashimi	Member	3	✓	✓	✓
Mr Olanrewaju Sulaimon	Member	3	✓	✓	✓

Shareholders

The General Meeting of the Company is the highest decision making body of the Company. The Company is driven by its desire to deliver significant returns on its shareholders investment. The shareholders have an opportunity to express their concerns (if any) and opinion on the Company's financial results and all other issues at the Annual General Meeting of the Company.

Protection of Shareholders Rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication Policy

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities.
Furthermore, the Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the Company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters.
In order to reach its overall goal on information dissemination, the Company is guided by the following principles, legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by NAICOM.

The principles that guide the Company's information dissemination include the following:

Efficiency: The Company uses modern communication technologies in a timely manner to convey its messages to its target groups. The Company responds without unnecessary delay to information requests by the media and the public.

Transparency: The Company strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Company and its customers, and company secretary.

Clarity: The Company aims at clarity, i.e. to send uniform and clear messages on key issues.

Cultural awareness: The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment.

Feedback: The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

Independent Advice

The Board of Directors are at their own discretion and at the Company's expense required to seek Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

Management Committees

The Company has six (6) Management Committees which meet once in a month to review the performance of the previous month and as well plan for the coming one.

1) Management Committee, comprising the executive management and other senior staff. The Committee meets on the first working day of each month. The Management Committee (MC) is set up to identify and make recommendations on strategies that will aid the achievement of the long term objectives of the Company.
2) Enlarged Management Committee, comprising the management committee and head of departments including Lagos branches and selected upcountry branches. The meeting date is the same first working day of the month.
3) Accounts, Finance and Admin Committee including IT department.
4) Technical Committee
5) Marketing Technical Committee
6) Life Company Committee.

Monitoring Compliance with Corporate Governance

Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the Company. The Chief Compliance Officer together with the Chief Executive Officer have submitted that the Company was in compliance with the Corporate Governance Code, other than as disclosed during the course of the year.

Internal Management Structure: The Company operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility. An annual appraisal of the duties assigned and dedicated to each person is done by the first quarter of the preceding year.

Report of the Audit Committee
For the year ended 31 December 2016

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 2016 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.

Mr Samuel Adedoyin
Chairman, Audit Committee
FRC/2013/ICAN/00000002573
6 July 2018

Members of the Audit Committee are:

Elder (Dr.) A. K. Oniwinde *	Chairman
Mr Samuel Adedoyin **	Chairman
Prince M. O. Oyedele *	Member
Mr Francis Okoro *	Member
Mallam Abubakar .S. Mijinyawa ^	Member
Ambassador Ilya Umar Damagum ^	Member
Professor Chioma Kanu Agomo ^	Member
Mr Adebayo Olusola Oniwinde **	Member
Mr Tajudeen A Olawuyi **	Member
Mr Olanrewaju M Sulaimon **	Member
Mrs Tonbofa Ashimi **	Member
Alh Mohammed M Bintube **	Member

^ Resigned 26 February 2016
* Resigned 27 April 2018
** Appointed 27 April 2018

In attendance:

Tobi Olaleye — Company Secretary
FRC/2014/NBA/00000008450
6 July 2018

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Goldlink Insurance Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Goldlink Insurance Plc** (the Company), which comprise the statement of financial position as at 31 December, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 18 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

Basis for Opinion

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

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 35 to these financial statements which indicates that the Company recorded a loss after taxation of ₦1,296,358,000 for the year ended 31 December 2016 (2015: N350,206,000) and as of that date, the Company's total liabilities exceeded its total assets by ₦5,504,619,000 (2015: N4,245,710,000). The Company's negative shareholders' fund of ₦5,504,619,000 as at 31 December 2016 was significantly below the minimum regulatory capital of ₦5,000,000,000 required for composite insurance business and a shortfall in solvency margin of ₦10,480,110,000 as at 31 December 2016 (2015: N9,218,044,000) for the composite insurance business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦4,129,485,000 as at 31 December 2016 (2015: ₦3,149,995,000) for the General and Life insurance businesses. These conditions, as set forth in Note 35 indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Key audit matter

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

Valuation of insurance contract liabilities

The risk

The Company's valuation of insurance contract liabilities is complex and involves high estimation uncertainties and significant judgment over uncertain future outcomes. Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involves actuarial assumptions such as inflation rate and discount rates whose eventual outcome is uncertain. The level of complexity, the assumptions and judgement involved in estimating these amounts resulted in insurance contract liabilities being a matter of significance to our audit.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls instituted by the Company around the gathering of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the underlying data used in actuarial valuations to source documentation.

• We assessed the competence, independence and objectivity of management's external actuary.

• With the assistance of our actuarial specialists, we evaluated the Company's valuation methodology and assumptions for consistency between reporting periods.

• We involved our actuarial specialists to independently test and challenge the appropriateness of the methodology used by the Company's external actuary for determining the insurance contract liabilities. This involved an assessment of the appropriateness of the basic chain ladder method and expected loss ratio method, taking into account available industry data and specific product features of the Company.

• With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary including assumptions on the projected cash flows, basic chain ladder runoff period, inflation rate and discount rate by comparing them to Company specific and industry data and market trends.

Refer to note 2.2.11 (accounting policy), note 3 (significant accounting judgements, estimates and assumptions), and note 12 (insurance contract liabilities).

Other Information

The Directors are responsible for the other information. The other information comprises the List of Directors, Officers and Professional Advisors, Directors' Report, Corporate Governance Report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee and Other National Disclosures (but does not include the financial statements and our audit report thereon) which we received prior to the date of the auditor's report; and the Vision Statement, Mission Statement and Core Values, Corporate Profile, Notice of Annual General Meeting, Chairman's Statement, Chief Executive Officer's Review, Board of Directors' pictures, List of Management team, Corporate Social Responsibility Report and Board Performance Assessment Report ("the other reports") which are expected to be made available to us after that date.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act , Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011 the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

• Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with Audit Committee , we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and Section 28(2) of the Insurance Act 2003.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with the requirements of Section 1 (17) of the National Insurance Commission of Nigeria Operational Guidelines

The Company incurred penalties with respect to contraventions of the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year (see note 33 for details).

Signed:

Kabir Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
6 July 2018
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0159285

1.1 Company Information and Accounting Policies

The Company was incorporated on 15 April 1992 as a private limited liability Company. The address of its registered office is 6 Emmanuel Street, Maryland, Lagos State, Nigeria. The Company obtained an insurance license from the National Insurance Commission on 8 September 1993 and commenced business operation on 1 January 1994. Following the recapitalisation exercise, the Company converted to a Public Limited Liability Company on 11 May 2007 and was listed on the Nigerian Stock Exchange by way of introduction on 12 February 2008. The Company was suspended from the Nigerian Stock Exchange in 2011 and is taking steps to recommence full activities on the Nigerian Stock Exchange.

The Company's principal activities are 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.
The financial statements for the year ended 31 December 2016 were approved for issue by the Board of Directors on 6 July 2018.

1.2 Basis of presentation

(a) *Statement of compliance*
The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria, and relevant National Insurance Commission (NAICOM) guidelines and circulars, to the extent that they do not conflict with the requirements of IFRS.

(b) *Basis of measurement*

These financial statements have been prepared on the historical cost basis except for the following:
- Available for sale financial instruments are measured at fair value;
- Land and buildings are measured using the revaluation model;
- Insurance liabilities are based on actuarial valuations;
- Loans and advances measured at amortized cost

The directors are of the opinion that the Company will continue as a going concern for the foreseeable future. See Note 35 to the financial statements.

(c) *Functional and presentation currency*
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the ‘functional currency’). The financial statements are presented in thousands of Naira (₦), which is the Company’s functional currency.

(d) *Use of estimates and judgement*
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3 to the financial statements.

(e) *Regulatory authority and financial reporting*
The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

(i) Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

(ii) Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

(iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 18.3 to cover fluctuations in securities and variation in statistical estimates;

(iv) Section 22 (1a) requires the maintenance of a general reserve fund for Life business, which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

(v) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act.

(vi) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria.

2 Accounting policies

2.1 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 2.2 to all periods presented in these financial statements.

Standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

IFRS 9: Financial Instruments

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

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.
The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
Given the nature of the Company's operations, this standard is not expected to have a pervasive impact on the Company's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.
The standard is also expected to change the manner in which the Company classifies its financial assets. Depending on the business model of the Company and the cash flow characteristics of the financial asset, the Company may choose to classify the financial asset as Fair Value or Amortised Cost. The Company can also elect to present changes in the fair value of equity investments in the "Profit or Loss" or Other Comprehensive Income"

IFRS 15: Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.
This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 16: Leases

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

* assets and liabilities for leases with a term of more than 12 months, unless the underlying assets is of low value;
* depreciation of lease assets seperately from interest on lease liabilities in profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases or finance leases, and to account for these two types of leasers differently. The Company is currently in the process of assessing the impact that the initial application would have on its business and will adopt the standard for the year ending 31 December 2019.

Newly effective standards

The following new or amended standards became effective during the year, and did not have a significant impact on the Company's financial statements:

New or Amended Standards

Regulatory Deferral Accounts (IFRS 14)
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
Equity Method in Separate Financial Statements (Amendments to IAS 27)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
Annual Improvements to IFRSs 2012 - 2014 Cycle - various standards.
Investment Entities: Applying the consolidation Exception (Amendments to IFRS 10, IFRS12 and IFRS 28)
Amendments to IAS 1- Disclosure initiative

2.2 Significant accounting policies

Except for the changes explained in Note 2.1, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

2.2.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, temporary overdrafts, short term bank deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.2.2 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the financial position date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in profit or loss.

Unrealized exchange differences on financial assets are a component of the change in their entire fair value. For financial assets held for trading or a financial asset designated at fair value through profit or loss, unrealised exchange differences are recognized in profit or loss. For financial assets held as available for sale, unrealised exchange differences are recognized directly in equity until the asset is sold or becomes impaired.

2.2.3 Financial instruments

(a) Classification

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Company classifies its financial assets into the following categories:

- held-to-maturity investments;
- loans and receivables, and
- available-for-sale financial assets

The Company's financial assets include cash and cash equivalents, trade receivables, reinsurance assets, other receivables, government treasury bills, quoted and unquoted equity instruments.

The Company's financial liabilities are classified as other financial liabilities and it includes investment contract liabilities, trade payables and other payables.

(b) *Initial recognition*

Financial instruments are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets and financial liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(c) *Subsequent measurement*

Subsequent measurement of financial instruments depends on their classification. Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(i) *Available-for-sale financial assets*

Available for sale financial investments include equity securities. The Company classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost less impairment. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to profit or loss upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in profit or loss when the Company's right to receive payment has been established.

Interest income on available for sale investments are recognised in investment income in profit and loss using effective interest rates

Other fair value changes, other than impairment losses, are recognised in OCI and presented in the fair value reserve within equity.

(ii) *Loans and receivables*

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as at fair value through profit or loss or available-for-sale.

Loans and receivables consist primarily of trade receivables and other receivables.

Loans and receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention and ability to hold to maturity other than:

- Those that the Company designates as available for sale.
- Those that meet the definition of loans and receivables.

Such instruments include trade and other receivables and are carried at amortised cost, less any allowance for impairment.

(iv) *Other financial liabilities*

Financial liabilities which include insurance contract liabilities, investment contract liabilities, borrowings, trade payable and other payables are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis. Trade payable comprise liabilities due to agents, brokers and re-insurance companies

(d) *Fair value measurement*

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

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

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

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

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

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(e) ***Amortised cost measurement***

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(f) *Impairment of financial asset*

(i) *Financial assets carried at amortised cost*

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company.

Trade receivables are initially recognised at fair value and subsequently measured at cost less impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect all amount due under the original terms of invoice. Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised when they are assessed as uncollectible. If in subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the profit or loss.

For other financial assets measured at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated cash flows discounted at original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Company may measure impairment on the basis of the amount of the instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) *Assets classified as available-for-sale*

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 9 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

All impairment losses are recognized in profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to profit or loss and is recognized as part of the impairment loss. The amount of the loss recognized in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in profit or loss, is reversed through the profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the profit or loss but accounted for directly in equity.

(g) *Offsetting financial instruments*

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

Income and expenses are presented on a net basis only when permitted under IFRSs, e.g. for gains and losses from arising from similar transactions such as the Company's trading activities.

(h) *Derecognition of financial instruments*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.2.4 Reinsurance assets

These are receivables that arise from reinsurance contracts. The details of recognition and measurement of reinsurance contracts have been set out under note 2.2.10(b)(iii).

2.2.5 Other receivables

Other receivables are carried at cost less accumulated impairment losses. Prepayments are amortised on a straight line basis to the profit or loss account.

2.2.6 Intangible assets

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in 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. The estimated useful life of software is five years subject to annual reassessment.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.2.7 Property and equipment

Recognition and measurement

Property and equipment comprise land and buildings and other properties owned by the Company. Items of property and equipment are carried at cost less accumulated depreciation and impairment losses except land and building which is carried at revalued amount. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent cost

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. All other repairs and maintenance costs are charged to the profit or loss account during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Subsequent measurement

All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less accumulated depreciation and impairment losses, if any.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.
Residual values, useful lives and depreciation methods of property and equipment are required to be reviewed annually.

The estimated useful lives for the current and comparative period are as follows:

Land - Not depreciated
Building- 50 years
Furniture & fittings - 5 years
Office equipment - 5 years
Computer equipment- 5 years
Motor vehicles - 4 years

Fair value of land and buildings

The fair value of land and buildings is the market value. The market value of a property is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is the open market basis and is the basis by which a qualified property valuer carries out the valuation of land and building at specified reporting periods to determine the revalued amount.

Derecognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the income statement in the year of de-recognition.

Dismantling/Restoration costs
No provision has been made in respect of dismantling or restoration costs as the Company does not have any legal or constructive obligation to dismantle its assets, or restore the site on which the items of PPE are located

2.2.8 Impairment of non-financial asset

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

2.2.9 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

2.2.10 Insurance Contracts

The Company issues contracts that transfer insurance risk.

The Company enters into insurance contracts as its primary business activities. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary.

The Company classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

(a) Types of insurance contracts

The Company classifies insurance contracts into life and non-life insurance contracts

(i) *Non life insurance contract*

These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Non-life insurance contracts protects the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There are no maturity or surrender benefits.

(ii) *Life insurance contract*

These contracts insure events associated with human life (for example, death or survival) over a long duration.

(b) Insurance contracts- Recognition and measurement

(i) *Premiums*

Gross written premiums for insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Company by insurance brokers and duly certified thereto. Gross premiums are stated gross of commissions and taxes payable and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

The Company also enters into co-insurance; an arrangement whereby two or more insurance companies enter into a single contract with the insured to cover a risk in agreed proportions at an overall premium.

Premiums on coinsurance are included in gross written premiums

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

(ii) *Unearned premiums*

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the profit or loss by setting up a provision for premium deficiency.

(iii) *Reinsurance*

The Company cedes out insurance risks in the normal course of business for the purpose of limiting its net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premium ceded and claims reimbursed are presented in the income statement and statement of financial position separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Reinsurance recoverables are estimated in a manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Company reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the income statement as a result of an event that occurred after its initial recognition, for which the Company may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

(iv) *Commission income*

Commissions are recognized on ceding business to the reassurer, and are credited to the profit and loss.

(v) *Underwriting expenses*

Underwriting expenses are made up of acquisition and maintenance expenses.

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

(vi) *Claims incurred*

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverables are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts 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 by the insured are carried at the claim amounts advised.

(vii) *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 correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

(viii) *Salvage*

Some non-life insurance contracts permit the Company to sell (usually damaged) assets acquired in the process of settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right). Salvage recoveries are presented net of the claim expense.

(ix) *Subrogation*

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other receivables when the liability is settled and the Company has the right to receive future cash flow from the third party.

2.2.11 Insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 2.2.10(b) of the accounting policies. Insurance contract liabilities are determined as follows:

(a) Non-life business

(i) *Reserves for unearned premium and unexpired risk*

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the reserves for unearned premium.

(ii) *Reserves for outstanding claims*

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred plus claims incurred but not reported ("IBNR") as at the reporting date.The IBNR is based on the liability adequacy test.

(iii) *Liabilities adequacy test*

The gross liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the income statement for the year. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out in the following notes.

● *Reserving methodology and assumptions*

For non-life insurance risks, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The three methods more commonly used are the Inflation-adjusted Chain Ladder, Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year and payment year. The claims paid data was sub–divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

● *Discounted inflation-adjusted basic chain ladder method*

Historical claims paid were grouped into 10 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 10 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 10% to allow for a margin of prudence.

The future claims (the ultimate claim amount less claims paid to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus claims paid till date minus outstanding claims.

● *Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method*

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.
- The run off period is ten (10) years and hence the method assumes no more claims will be paid subsequently.

● *Expected loss ratio method*

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special Risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by studying the historical loss ratios, investigating any differences and using judgments to derive a loss ratio, where loss ratio is defined as claims incurred divided by earned premiums. Paid claims already emerged is then deducted for from the estimated Ultimate claims to obtain the reserves. Outstanding claims is stated as amount estimated less paid claims.

(b) Life business

General reserve fund

This is made up of net liabilities in force as computed by the actuaries at the time of the actuarial valuation.

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefrom are charged to the profit and loss account while the surplus is appropriated to the shareholders and credited to the income statement.

The liability adequacy test was carried out by the Company's Actuary; Ernst & Young Limited (FRC/2012/NAS/00000000738). The liability adequacy test is carried out at every financial reporting year end.

2.2.12 Recognition and measurement of investment contracts

Investment contracts and the related receipts and payments are accounted for in the statement of financial position in line with the accounting policies for financial instruments stated in note 2.2.3. The deposit liability recognized in the statement of financial position represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

2.2.13 Provisions, contingent assets and contingent liabilities

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.

Provisions are determined by discounting the expected future cash flows a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent assets are not recognised in the financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Company, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Company’s control.

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 a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

2.2.14 Income tax

Income tax comprises current and deferred taxes. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current tax

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

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company income tax (based on taxable income (or loss) for the year) and Minimum tax. Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which are based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax.

(b) Deferred taxation

Deferred taxation, which arises from temporary differences in the recognition of items for accounting and tax purposes, is calculated using the balance sheet liability method. Deferred taxation is provided fully on temporary 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.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.2.15 Leases

(a) Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

2.2.16 Share capital and reserves

(a) Share capital and premium

The Company classifies ordinary shares and share premium as equity. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

(b) Contingency reserves

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 for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation until the reserve reaches the amount of the minimum paid-up share capital.

(c) Revaluation reserves

Assets revaluation reserves warehouses the fair value differences on the revaluation of items of land and building as at the statement of financial position date. The revalaution surplus is recognised net of revaluation deficit for items of land and building.

(d) Available for sale reserves

Available for sale reserves warehouses the fair value gains or losses on valuation of available for sale financial assets.

(e) Treasury shares

Where the Company purchases its own ordinary shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(f) Earnings per share

The Company presents ordinary basic earnings per share (EPS) for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.2.17 Revenue recognition

(a) Insurance contracts:

See note 2.2.10(b)(i) & 2.2.10(b)(iv) for recognition of premium and commission on insurance contracts.

(b) Investment and other operating income

Investment income comprises interest income earned on cash equivalents, and income earned on trading securities including all realised and unrealised fair value changes, dividend income and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income and expenses for all interest-bearing financial instruments are recognised within 'investment income' and 'finance costs' in the income statement using the effective interest rate method.

(c) Dividend income

Dividend income is recognised in profit and loss when the right to receive income is established. Dividend income from equity securities is recognised in profit or loss within "investment income".

2.2.19 Management expenses

Management expenses are expenses other than claims and underwriting expenses.They are accounted for on an accrual basis and comprise the following:

(a) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post Employment Benefits

(a) *Defined contribution pension scheme*

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Company pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay fixed contributions of 8% 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 enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit or loss.

(ii) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after reporting date are discounted to present value.

(b) Other operating expenses

Other operating expenses are recognised on an accrual basis. They include depreciation expenses, administrative expenses and professional fees.

2.2.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Segment operating results are reviewed regularly by the Board of Directors (being the chief operating decision maker) and used to make decisions about resources allocated to each segment. Segment operating results and discrete financial information are also used to assess segmental performance. Segment results include items directly attibutable to a segment as well as those that can be allocated on a reasonable basis.

2.2.21 Related party transactions

The Company's key management personnel, and persons connected with them, are considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Goldlink Insurance Plc. See note 31 for details of related party transactions during the year.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant & equipment will have an impact on the carrying value. The Company revalued its land and building as the end of the year and revaluation adjustment was made to the carrying value of the land and building.

Retirement benefits obligation

The cost of defined benefit obligation and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Valuation of Insurance and Investment contract liabilities

For General insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, portion of premium and expected loss methods.

The liability for life insurance contracts and investment contract liabilities is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional write-offs to profit or loss.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

Impairment of available-for-sale equity financial assets

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. In this respect, a decline of 20% or more is regarded as significant, and a period of 9 months or longer is considered to be prolonged. If any such qualitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

Impairment on receivables

In accordance with the accounting policy, the Company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations requires the use of estimates based on passage of time and probability of recovery.

Statement of Financial Position

As at 31 December

In thousands of Naira	Note	31-Dec-16	31-Dec-15
Assets			
Cash and cash equivalents	4	54,996	64,851
Other financial assets	5	62,876	54,597
Trade receivables	6	22,976	21,070
Reinsurance assets	7	245,766	203,974
Deferred acquisition cost	8	73,467	71,158
Other receivables and prepayments	9	23,147	39,731
Property and equipment	10	890,913	894,544
Statutory deposits	11	500,000	500,000
Total assets		1,874,141	1,849,925
Liabilities			
Insurance contract liabilities	12	4,419,599	3,485,210
Investment contract liabilities	13	1,576,874	1,501,028
Trade payables	14	324,969	178,794
Other payables and accruals	15	768,443	583,195
Current tax liabilities	16	257,213	306,060
Deferred tax liabilities	17	31,662	41,348
Total liabilities		7,378,760	6,095,635
Capital and reserves			
Issued and paid up share capital	18.1	1,600,699	1,600,699
Share premium	18.2	1,989,523	1,989,523
Contingency reserve	18.3	1,524,736	1,489,274
Retained losses	18.4	(10,624,413)	(9,292,593)
Asset revaluation reserves	18.5	34,808	-
Available for sale reserve	18.6	7,683	12,602
Treasury shares	18.7	(47,350)	(47,350)
Exchange gains reserves	18.9	9,695	2,135
Shareholders deficit		(5,504,619)	(4,245,710)
Total equity and liabilities		1,874,141	1,849,925

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 6 July 2018 BY:

Alh. Mohammed Mustapha Bintube
FRC/2018/IODN/00000018479 — Chairman

Mrs. Olufunke Moore
FRC/2016/CIIN/00000014938 — Acting Managing Director

Additionally certified by:

Mr. Adeyinka Olutungase
FRC/2014/ICAN/00000006910 — Chief Financial Officer

The significant accounting policies on pages 18 to 31 and the notes on pages 37 to 80 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

In thousands of Naira	**Note**	**31-Dec-16**	**31-Dec-15**
Gross premium written	19	1,396,695	2,405,185
Gross premium income	19	1,588,518	2,537,815
Gross premium income	19	1,588,518	2,537,815
Reinsurance expense	20	(228,816)	(472,094)
Net premium income		1,359,702	2,065,721
Fees and commission income	21	28,967	65,463
Net underwriting income		1,388,669	2,131,184
Claims expense	22	(1,498,770)	(1,061,271)
Underwriting expenses	23	(287,008)	(457,301)
Underwriting profit		(397,109)	612,612
Investment income	24(a)	59,036	41,325
Other operating income/(loss)	25(b)	(9,753)	41,760
Net impairment (loss)/reversal	28	2,606	81,546
Management expenses	26	(881,487)	(1,096,477)
Loss on life investment contract	13(b)	(87,432)	(90,217)
Loss before tax		(1,314,139)	(409,451)
Net income tax credit	29	17,781	59,245
Loss after taxation		(1,296,358)	(350,206)
Other comprehensive income, net of tax			
Items within other comprehensive income that may be reclassified to profit or loss			
Exchange gains on available for sale financial assets	18.9	10,800	3,050
Income tax effect	18.9	(3,240)	(915)
Fair value loss on available for sale financial assets	5(a)(i)	(4,919)	(6,765)
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property & equipment	18.5	49,726	-
Deferred tax on asset revaluation reserve	18.5	(14,918)	10,962
Total other comprehensive income for the year		37,449	6,332
Total comprehensive loss for the year		(1,258,909)	(343,874)
Loss per share - Basic (Kobo)	30	(40)	(11)

The significant accounting policies on pages 18 to 31 and the notes on pages 37 to 80 are an integral part of these financial statements.

Statement of changes in Equity
For the year ended 31 December, 2016

In thousands of Naira		Share capital	Share premium	Asset revaluation reserves	Available for sale reserve	Treasury shares	Exchange gains reserve	Contingency reserve	Actuarial reserves	Retained earnings	Total equity
As at 1 January, 2016		1,600,699	1,989,523	-	12,602	(47,350)	2,135	1,489,274	-	(9,292,593)	(4,245,710)
Loss for the year	18.4	-	-	-	-	-	-	-	-	(1,296,358)	(1,296,358)
Other comprehensive income											
Fair value changes of available for sale financial assets	18.6	-	-	-	(4,919)	-	-	-	-	-	(4,919)
Exchange gains on available for sale financial assets	18.9	-	-	-	-	-	10,800	-	-	-	10,800
Fair value changes on property & equipmen	18.5	-	-	49,726	-	-	-	-		-	49,726
Income tax impact	18.5	-	-	(14,918)	-	-	(3,240)	-	-	-	(18,158)
Total comprehensive income for the year		-	-	34,808	(4,919)	-	7,560	-	-	(1,296,358)	(1,258,909)
Transfers within equity											
Transfer to statutory contingency reserve	18.3	-	-	-	-	-	-	35,462	-	(35,462)	-
Total transactions with owners		-	-	-	-	-	-	35,462	-	(35,462)	-
As at 31 December 2016		1,600,699	1,989,523	34,808	7,683	(47,350)	9,695	1,524,736	-	(10,624,413)	(5,504,619)

		Share capital	Share premium	Asset revaluation reserves	Available for sale reserve	Treasury shares	Exchange gains reserve	Contingency reserve	Actuarial reserves	Retained earnings	Total equity
In thousands of Naira											
As at 1 January, 2015		2,274,974	2,663,798	686,754	19,367	(47,350)	-	1,482,547	22,259	(11,004,185)	(3,901,836)
Loss for the year	18.4	-	-	-	-	-	-	-	-	(350,206)	(350,206)
Other comprehensive income											
Fair value changes of available for sale financial assets	18.6	-	-	-	(6,765)	-	-	-	-	-	(6,765)
Exchange gains on available for sale financial assets	18.9	-	-	-	-	-	3,050	-	-	-	3,050
Remeasurement of defined benefit liability		-	-	-	-	-	-	-	-	-	-
Reversal of deferred tax on asset revaluation reserve	18.5	-	-	10,962	-	-	-	-			10,962
Fair value changes on property & equipment		-	-		-	-	-	-		-	-
Income tax impact		-	-	-	-	-	(915)	-	-	-	(915)
Total comprehensive income for the year		-	-	10,962	(6,765)	-	2,135	-	-	(350,206)	(343,874)
Transfers within equity											
Transfer to statutory contingency reserve	18.3	-	-	-	-	-	-	6,727	-	(6,727)	-
Shares surrendered/forefeited		(674,275)	(674,275)	-	-	-	-	-	-	1,348,550	-
Transfer into retained earnings	18.4	-	-	(697,716)	-	-	-	-	-	697,716	
Acquistion of treasury shares		-	-	-	-	-	-	-	-	-	-
Transfers into retained earnings upon termination of defined benefit obligation scheme	18.4	-	-	-	-	-		-	(22,259)	22,259	-
Total transactions with owners		(674,275)	(674,275)	(697,716)	-	-	-	6,727	(22,259)	2,061,798	-
As at 31 December 2015		1,600,699	1,989,523	-	12,602	(47,350)	2,135	1,489,274	-	(9,292,593)	(4,245,710)

Statement of Cash Flows

for the year ended 31 December 2016

	Note	31-Dec-2016 N'000	31-Dec-2015 N'000
Cash flows from operating activities:			
Premium received from policy holders	19b	1,480,903	2,530,247
Re-insurance receipt in respect of claims/reinsurance	7.2	21,616	125,666
Investment contract liabilities (Deposit received less withdrawals)	13	(11,586)	124,395
Cash paid to employees	27(d)	(452,585)	(563,146)
Reinsurance premium paid	20	(184,627)	(472,094)
Commission received	21	38,868	65,463
Other income received	25	52,258	12,236
Net claims paid	12.6	(402,365)	(1,150,897)
Other operating cash payments	15(e)	(351,984)	(342,108)
Commission paid	23.1	(199,641)	(355,412)
Taxes paid	16	(58,910)	(30,239)
Unclaimed dividends returned during the year		-	31,956
		(68,053)	**(23,934)**
Cash flows from investing activities:			
Purchases of property and equipment	10	(720)	(14,635)
Proceeds from sale of property and equipment	25(c)	1,999	1,535
Purchase of available for sale financial assets	5(c)	-	(17,599)
Interest on investments	24	53,344	47,834
Dividend received	24(b)	3,575	675
Net cash used in investing activities		**58,198**	**17,810**
Cash flows from financing activities:			
Net cash used in financing activities		**-**	**-**
Net decrease in cash and cash equivalents		(9,855)	(6,124)
Cash and cash equivalents at beginning of year		64,851	70,975
Cash and cash equivalents at end of year	4	**54,996**	**64,851**

The significant accounting policies on pages 18 to 31 and the notes on pages 37 to 80 are an integral part of these financial statements.

Notes to the financial statements

4 Cash and cash equivalents

In thousands of Naira	31-Dec-16	31-Dec-15
Cash in hand	139	497
Cash at bank	40,840	51,692
Short term bank deposits (see (a) below)	14,017	12,662
	54,996	64,851

(a) Short term bank deposits are made for varying maturities of between one day and three months depending on the immediate cash requirements of the Company. The carrying amounts disclosed above reasonably approximates fair value at the reporting date.

5 Other financial assets

In thousands of Naira	31-Dec-16	31-Dec-15
Available for sale financial assets (see (a) below)	60,478	54,597
Held to maturity financial assets (see (b) below)	2,398	-
	62,876	54,597

(a) **Available for sale financial assets**

In thousands of Naira	31-Dec-16	31-Dec-15
Quoted equity securities measured at fair value (see (i) below)	30,028	34,947
Unquoted equity securities measured at fair value (see (iv) below)	30,450	19,650
	60,478	54,597

(i) **Quoted equities**

Opening balance of quoted equities	34,947	40,713
Additions during the year	-	999
Fair value loss	(4,919)	(6,765)
Closing balance	30,028	34,947

(ii) **Unquoted equities at cost**

Unquoted equities (cost)	1,083,589	1,083,589
Impairment loss (see (iii) below)	(1,083,589)	(1,083,589)
Closing balance	-	-

(iii) This represents impairment loss on the Company's investments in unquoted equities. The Directors are of the opinion that the Company's investment in these unquoted equities is not recoverable, and consequently, the investments have been fully impaired. The fully impaired investments are analysed below:

In thousands of Naira	31-Dec-16	31-Dec-15
AT&T Equip Nig Ltd	239,164	239,164
IK Ventures Ltd	226,791	226,791
Betty Pride Nigeria Limited	210,000	210,000
Owonoko Farms Ltd	147,106	147,106
Fodatek Ventures Limited	101,730	101,730
GICO Investments Co Ltd	100,000	100,000
Alangrange Securities Ltd	57,298	57,298
Discovery Fund	1,000	1,000
The Frontier Fund	500	500
	1,083,589	1,083,589

The movement in allowance for impairment losses on unquoted equities at cost is as follows:

Opening balance	1,083,589	1,069,294
Impairment charge during the year (see note 28)	-	14,295
Closing balance	1,083,589	1,083,589

(iv) **Unquoted equities at fair value**

Opening balance	19,650	-
Additions during the year	-	16,600
Unrealised exchange gain (see note 18.9)	10,800	3,050
Closing balance	30,450	19,650

(b) **Held to maturity financial assets**

In thousands of Naira	31-Dec-16	31-Dec-15
Treasury bills held to maturity	2,398	-

(c) *Cash outflow on purchase of AFS financial assets is shown below:*

	31-Dec-16	**31-Dec-15**
	N'000	N'000
Purchase of quoted equities (5a(i))	-	999
Purchase of unquoted equities (5a(iv))	-	16,600
Total cash outflow on purchase	-	17,599

6 Trade receivables

(a) Trade receivables comprise the following:

In thousands of Naira	31-Dec-16	31-Dec-15
Due from brokers and insurance companies	569,443	559,413
Allowance for impairment losses (see (c) below)	(546,467)	(538,343)
	22,976	21,070

Trade receivables represent balances subsequently collected by the Company as at the date of approval of the financial statements.

In thousands of Naira	31-Dec-16	31-Dec-15
Current	22,976	21,070
Non-current	-	-
	22,976	21,070

(b) The age analysis of trade receivables as at the end of the year is as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Analysis of insurance receivables in days		
0-90 days	22,976	21,070
91-180 days	-	-
181days and above	546,467	538,343
	569,443	559,413

(c) The movements in the allowance for impairment of trade receivables are as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	538,343	656,806
Additional impairment during the year (see note 28)	8,124	-
Reversals during the year (see note 28)	-	(118,463)
Balance, end of year	546,467	538,343

7 Reinsurance assets

In thousands of Naira	31-Dec-16	31-Dec-15
Prepaid re-insurance	44,319	88,508
Claims recoverable (see note 7.1 below)	201,447	115,466
	245,766	203,974

7.1 Claims recoverable are analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Recoverable on claims paid	6,134	6,134
Recoverable on outstanding claims	172,798	98,932
Recoverable on IBNR	22,515	10,400
	201,447	115,466

In thousands of Naira	31-Dec-16	31-Dec-15
Current	245,766	203,974
Non-current	-	-
	245,766	203,974

7.2 Cash received in respect of reinsurance during the year is shown below:

In thousands of Naira	Notes	31-Dec-16	31-Dec-15
Opening balance claims recoverable	7.1	115,466	119,297
Claims recovery for the year- General	22	97,357	90,256
Claims recovery for the year- Life	22	10,240	31,579
Closing balance claims recoverable	7.1	(201,447)	(115,466)
Cash received in respect of reinsurance		21,616	125,666

Reinsurance assets are to be settled on demand and the carrying amount is not significantly different from the fair value.

8 Deferred acquisition cost

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

In thousands of Naira	31-Dec-16	31-Dec-15
Motor	23,991	31,249
Fire	5,409	7,457
General accident	9,981	14,471
Marine	30,648	11,291
Aviation	-	-
Bond & Indemnity	2,354	4,108
Engineering	1,084	2,582
Oil & Gas	-	-
	73,467	71,158

(b) The movement in the deferred acquisition cost during the year is as shown below:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	71,158	84,095
Movement during the year (see note 23.1)	2,309	(12,937)
Balance, end of year	73,467	71,158

In thousands of Naira	31-Dec-16	31-Dec-15
Current	73,467	71,158
Non Current	-	-
	73,467	71,158

9 Other receivables and prepayments

In thousands of Naira	31-Dec-16	31-Dec-15
Loans (see (a) below)	15,994	26,049
Other receivables (see (b) below)	2,261	6,947
	18,255	32,996
Prepayment	4,892	6,735
	23,147	39,731

In thousands of Naira	31-Dec-16	31-Dec-15
Current	23,147	39,731
Non Current	-	-
	23,147	39,731

(a) Loans

In thousands of Naira	31-Dec-16	31-Dec-15
Staff loans	117,509	131,293
Loan to policy holders	14,730	19,270
	132,239	150,563
Impairment allowance (see note 9(a)(i) below)	(116,245)	(124,514)
	15,994	26,049

Loans to policy holders are secured by the surrender value of policies in force as at year end. They are repayable on demand and the carrying value approximates fair value.

(i) Impairment allowance on loans can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Impairment on staff loans	115,019	118,787
Impairment of loans to policy holders	1,226	5,727
	116,245	124,514

(ii) Impairment on staff loans represent provisions on loans granted to former executives. These loans were fully provided for as they have been deemed doubtful of recovery by management.

(iii) Impairment of loans to policyholders represent the extent to which the loan balance exceeds the surrender value as at the end of the year due to errors in the accounting treatment of loans repayment by policyholders.

(iv) Movement in impairment on loans is shown below

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	124,514	118,787
Charge for the year- loans to policy holders (see note 28)	-	5,727
(write-back) for the year- staff loans (see note 28)	(8,269)	-
Balance, end of year	116,245	124,514

(b) Other receivables

In thousands of Naira	31-Dec-16	31-Dec-15
Other assets	169,877	175,372
Impairment allowance (see (i) below)	(167,616)	(168,425)
	2,261	6,947

Other receivables comprises receivables that have been fully impaired over the years.

(i) Movement in the allowances for other receivables are as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	168,425	151,530
(Write-back)/charge for the year (see note 28)	(809)	16,895
Balance, end of year	167,616	168,425

10 Property and equipment	**Land**	**Building**	**Motor vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & fittings**	**Total**
In thousands of Naira							
Cost/valuation							
31-Dec-16							
Balance, beginning of year	319,000	519,770	305,095	48,734	34,623	42,570	1,269,792
Additions	-			150	570		720
Revaluation (loss)/gain	(29,929)	79,655	-	-	-	-	49,726
Disposals	-	-	(4,500)	-	-	-	(4,500)
Balance, end of year	289,071	599,425	300,595	48,884	35,193	42,570	1,315,738
Accumulated depreciation							
31-Dec-16							
Balance, beginning of year	-	14,605	263,510	38,326	24,536	34,271	375,248
Additions	-	12,138	28,081	5,014	4,060	3,378	52,671
Disposals	-	-	(3,094)	-	-	-	(3,094)
Balance, end of year	-	26,743	288,497	43,340	28,596	37,649	424,825
Net Book Value							
Net book value 31 December 2016	289,071	572,682	12,098	5,544	6,597	4,921	890,913
Net book value 31 December 2015	319,000	505,165	41,585	10,408	10,087	8,299	894,544

(i) The land and buildings were revalued by Foluke Ismail of Foluke Ismail & Associates - FRC/2013/NIESV/00000001701, (Estate Surveyors and Valuers) on 15 June 2017 using direct market comparison method, depreciated replacement cost method and investment valuation method to arrive at the open market value.
Under the cost model, the carrying amount of land and building was ₦1,539,408,099 (31 December 2015: ₦1,539,408,099).

(ii) The Company had no restrictions to the use of its property and equipment as at the balance sheet date.

(iii) No leased assets are included in the property and equipment (31 December 2015: Nil)

(iv) The Company had no capital commitments as at the balance sheet date (31 December 2015: Nil)

(v) The income tax impact of the fair value changes on property and equipment recognised in other comprehensive income is -14,918,000 (31 December 2015: Nil).

(vi) A listing of the Company's land and buildings with their values and locations as at year end is as shown below:

Asset description	**Location**	**Value (₦'000)**
- Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony way, Onigbongbo, Maryland, Lagos	570,000
- Land	No 2, Harare street, off Rabat street, Wuse Zone 6, Abuja	255,000
- Land	Mowe	18,848
- Building	D 27, Ikota shopping complex	14,480
- Land-perfection of title document	Lagos & Abuja	1,731
- Building-renovation and partitioning	Lagos & Abuja	1,694
		861,753

10 **Property and equipment**	**Land**	**Building**	**Motor vehicles**	**Computer Equipment**	**Office Equipment**	**Furniture & fittings**	**Total**
In thousands of Naira							
Cost/valuation							
31-Dec-15							
Balance, beginning of year	319,000	519,770	321,184	48,251	33,936	41,423	1,283,564
Additions	-	-	11,194	483	1,681	1,277	14,635
Disposals	-	-	(27,283)	-	(994)	(131)	(28,408)
Balance, end of year	319,000	519,770	305,095	48,734	34,623	42,570	1,269,792
Accumulated depreciation							
31-Dec-15							
Balance, beginning of year	-	2,016	257,627	32,432	21,354	31,098	344,527
Additions	-	12,589	33,166	5,894	4,176	3,304	59,129
Disposals	-	-	(27,283)	-	(994)	(131)	(28,408)
Balance, end of year	-	14,605	263,510	38,326	24,536	34,271	375,248
Net Book Value							
Net book value 31 December 2015	319,000	505,165	41,585	10,408	10,087	8,299	894,544
Net book value 31 December 2014	319,000	517,753	63,557	15,922	12,582	10,223	939,038

(i) The Company had no restrictions to the use of its property and equipment as at the balance sheet date.
(ii) No leased assets are included in the property and equipment (31 December 2015: Nil)
(iii) The Company had no capital commitments as at the balance sheet date (31 December 2015: Nil)
(iv) A listing of the Company's land and buildings with their values and locations as at year end was as shown below:

	Asset description	**Location**	**Value (₦'000)**
	Land & building	No 6, Emmanuel street, off Mobolaji Bank Anthony	539,761
-	Land & building	No 2, Harare street, off Rabat street, Wuse Zone 6,	247,108
-	Land	Mowe	18,848
-	Building	D 27, Ikota shopping complex	14,800
-	Land-perfection of title document	Lagos & Abuja	1,794
-	Building-renovation and partitioning	Lagos & Abuja	1,854
-			824,165

11 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria at 31 December 2016, in compliance with the Insurance Act, CAP 117 LFN 2004 and comprise:

In thousands of Naira	31-Dec-16	31-Dec-15
General business	300,000	300,000
Life business	200,000	200,000
	500,000	500,000

In thousands of Naira	31-Dec-16	31-Dec-15
Current	-	-
Non-current	500,000	500,000
	500,000	500,000

12 Insurance contract liabilities

In thousands of Naira	31-Dec-16	31-Dec-15
General insurance		
Outstanding claims	2,141,684	1,566,087
Claims incurred but not reported	295,395	95,321
Outstanding claims provision (see 12.1)	2,437,079	1,661,408
Provision for unearned premium (see 12.3)	449,252	554,961
	2,886,331	2,216,369
Life insurance		
Individual life insurance fund	62,700	57,994
Group life-Unexpired premium reserve (UPR)	96,986	193,363
Group life-Additional unexpired risk reserve (AURR)	6,594	1,036
Life insurance contract liability (see 12.4)	166,280	252,394
Group life-Incurred but not reported claims (IBNR)	372,809	309,076
Outstanding claims	994,179	707,371
Provision for outstanding claims (see 12.2)	1,366,988	1,016,447
	1,533,268	1,268,841
	4,419,599	3,485,210

In thousands of Naira	31-Dec-16	31-Dec-15
Current	3,135,863	2,273,458
Non-current	1,283,736	1,211,752
	4,419,599	3,485,210

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test outstanding claims liability as at 31 December 2016 and the comparative period was performed by Olurotimi O. Okpaise of Ernst & Young (FRC/2012/NAS/00000000738).

12.1 **Outstanding claims provision-General business**

(i) Movement in outstanding claims provision inclusive of IBNR:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	1,661,408	1,847,894
Claims incurred during the year	1,061,422	402,778
Claims paid during the year (see note 22)	(285,751)	(589,264)
Balance, end of year	2,437,079	1,661,408

(ii) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	1,661,408	1,847,894
Movement during the year (see note 22)	775,671	(186,486)
Balance, end of year	2,437,079	1,661,408

12.2 Outstanding claims provision-Life business

In thousands of Naira	31-Dec-16	31-Dec-15
Outstanding claims	994,179	707,371
IBNR	372,809	309,076
	1,366,988	1,016,447

(i) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	1,016,447	857,291
Claims incurred during the year	467,155	720,789
Claims paid during the year (see note 22)	(116,614)	(561,633)
Balance, end of year	1,366,988	1,016,447

(ii) Movement in outstanding claims provision:

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	1,016,447	857,291
Movement during the year	350,541	218,695
Balance, end of year	1,366,988	1,016,447

12.3 Provision for unearned premium

Movement in provision for unearned premium

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	554,961	724,435
Movement during the year (see note 19)	(105,709)	(169,473)
Balance, end of year	449,252	554,961

12.4 Life insurance contract liability

Movement in life insurance contract liability

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	252,394	215,551
Movement during the year (See note 19(a))	(86,114)	36,843
Balance, end of year	166,280	252,394

12.5 Outstanding claims- age analysis

An analysis of the time between when the outstanding claims were reported and the date of the financial statements is presented below:

In thousands of Naira	**General**	**Life**
0 - 90 days	67,163	26,336
91 - 180 days	24,004	179,396
181 - 360 days	207,099	105,620
Above 360 days	1,843,418	682,827
	2,141,684	994,179

12.6 Analysis of claims paid during the year

In thousands of Naira	31-Dec-16	31-Dec-15
Claims paid- General (See 12.1(i))	285,751	589,264
Claims paid- Life (See 12.2(i))	116,614	561,633
Total claims paid	402,365	1,150,897

13 Investment contract liabilities

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	1,501,028	1,285,057
Deposits received	-	237,007
Guaranteed interest (See note 13(b) below)	87,432	91,576
	1,588,460	1,613,640
Less: withdrawals	(11,586)	(112,612)
Balance, end of year	1,576,874	1,501,028

In thousands of Naira	31-Dec-16	31-Dec-15
Current	1,576,874	1,285,057
Non current	-	215,971
	1,576,874	1,501,028

13(b) Loss on life investment contract

In thousands of Naira	31-Dec-16	31-Dec-15
Investment income	-	7,671
Guaranteed interest	(87,432)	(91,576)
Management expenses (see note 26(b))	-	(6,313)
	(87,432)	(90,217)

14 Trade payables

In thousands of Naira	31-Dec-16	31-Dec-15
Due to reinsurers	293,915	148,728
Premium received in advance	31,054	30,066
	324,969	178,794

In thousands of Naira	31-Dec-16	31-Dec-15
Current	324,969	178,794
Non current	-	-
	324,969	178,794

15 Other payables and accruals

In thousands of Naira	31-Dec-16	31-Dec-15
Other payables (see (a) below)	193,985	65,354
Sundry creditors (see (b) below)	65,706	91,501
Unclaimed dividends	31,956	31,956
Deferred commission income	9,901	-
Pension payable	74,040	30,400
Retirement benefit payable (see (c) below)	303,788	306,253
	679,376	525,464
Accrued expenses (see (d) below)	89,067	57,731
	768,443	583,195

(a) Breakdown of other payables

In thousands of Naira	31-Dec-16	31-Dec-15
Salaries payable	97,780	33,123
ITF levy	17,793	3,699
Withholding tax payable	9,748	7,405
VAT payable	10,101	10,020
Other payables	58,563	11,107
Total Other payables	193,985	65,354

(b) Sundry creditors comprises sundry expenses incurred but not yet paid for during the year.

(c) Movement in retirement benefit payable can be analysed as shown below:

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	306,253	-
Transfer from retirement benefit obligations	-	313,628
Payments made during the year	(2,465)	(7,375)
At 31 December	303,788	306,253

(d) Breakdown of accrued expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Accrual for audit fees	24,000	21,500
Accrual for consultancy fees	24,925	7,500
Accrual for NAICOM levy	29,769	17,390
Accrued AGM expenses	9,032	10,000
Other accrued expenses	1,341	1,341
	89,067	57,731

In thousands of Naira	31-Dec-16	31-Dec-15
Current	768,443	583,195
Non current	-	-
	768,443	583,195

(e) Cash expenses paid during the year

In thousands of Naira	Notes	31-Dec-16	31-Dec-15
Opening balance other payables and accruals less prepayment		589,930	254,363
Total management expenses	26	881,487	1,096,477
Maintenance expenses for the year		177,108	206,402
Less staff cost for the year	27	(517,242)	(625,204)
Closing balance other payables and accruals less prepayment		(779,299)	(589,930)
Expenses paid during the year		351,984	342,108

16 Current tax liabilities

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

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	306,060	290,901
Charge for the year	10,063	45,398
Tax paid during the year	(58,910)	(30,239)
Balance, end of year	257,213	306,060

Current tax liabilities can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Company income tax	252,671	300,959
Education tax	4,542	5,101
Balance, end of year	257,213	306,060

17 Deferred taxation

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

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

In thousands of Naira	31-Dec-16	31-Dec-15
Balance, beginning of year	41,348	156,038
(Credit) to profit or loss account for the year	(27,844)	(104,643)
Recognised in OCI		
Tax impact on exchange gain reserves (see note 18.9)	3,240	915
Tax impact on asset revaluation reserve (see note 18.5)	14,918	(10,962)
Balance, end of year	31,662	41,348

As at year end, deferred tax asset of ₦249 million (31 December 2015: ₦308 million) had not been recognised because the directors have determined that it is currently uncertain that there will be future taxable profit against which the tax assets can be utilised.

The analysis of unrecognised deferred tax asset is as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Unrelieved losses	(248,948)	(308,323)
	(248,948)	(308,323)

Recognised deferred tax (assets) and liabilities are attributable to :

In thousands of Naira	31-Dec-16	31-Dec-15
Property and equipment	27,781	40,433
Unrealised exchange gains	3,881	915
	31,662	41,348

18 Capital and reserves

18.1 Share capital

Share capital comprises:

In thousands of Naira	31-Dec-16	31-Dec-15
(a) **Authorised:**		
Ordinary shares of 50k each:		
9,100,000,000 units (2015: 9,100,000,000 units)	4,550,000	4,550,000
(b) **Issued and fully paid**		
Ordinary shares of 50k each:		
General business 1,653,450,780 units (2015: 1,653,450,780 units) (see (i) below)	826,725	826,726
Life business 1,547,946,280 units (2015: 1,547,946,280 units) (see (ii) below)	773,973	773,973
3,201,397,000 units (2015: 3,201,397,000 units)	1,600,699	1,600,699

	31-Dec-16	31-Dec-15
(i) *General business*		
Ordinary shares of 50k each:		
At 1 January (2,349,947,000 units 2015: 1,653,450,780 units)	826,726	1,174,974
Surrender/Forfeiture (696,496,220 units)	-	(348,248)
At 31 December (1,653,450,780 units)	826,726	826,726
(ii) *Life business*		
Ordinary shares of 50k each:		
At 1 January (2,200,000,000 units 2015: 1,547,946,280 units)	773,973	1,100,000
Surrender/Forfeiture (652,053,720 units)	-	(326,027)
At 31 December (1,548,826,098 units)	773,973	773,973

18.2 Share premium

The movement in share premium can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	1,989,523	2,663,798
Surrender/forefeiture	-	(674,275)
At 31 December	1,989,523	1,989,523

18.3 Contingency reserve

In accordance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life business is credited with the greater of 3% of total premiums or 20% of profits. This shall accumulate until it reaches the amount of greater of minimum paid- up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premiums or 10% of profits (whichever is greater) and accumulated until it reaches the amount of minimum paid- up capital.

No transfer was made to contingency reserves for General business during the year as the reserves had reached the regulatory cap (minimum paid-up share capital) in line with the Insurance Act.

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

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	1,489,274	1,482,547
Transfer during the year (see note 18.4)	35,462	6,727
At 31 December	1,524,736	1,489,274

18.4 **Retained earnings**

The movement in retained earnings can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	(9,292,593)	(11,004,185)
Loss for the year	(1,296,358)	(350,206)
Transfer to contingency reserves (see note 18.3)	(35,462)	(6,727)
Surrender/forefeiture	-	1,348,550
Transfer from actuarial valuation reserves (see note 18.8 below)	-	22,259
Transfer from asset revaluation reserves (see note 18.5)	-	697,716
At 31 December	(10,624,413)	(9,292,593)

18.5 **Asset revaluation reserves**

This reserve is the accumulation of net revaluation gain on properties and equipment. See statement of changes in equities for movement in asset revaluation reserve.

The movement in asset revaluation reserves can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	-	686,754
Fair value gain on revalued land and building	49,726	-
Deferred tax (charge)/reversal (see note 17)	(14,918)	10,962
Transfer into retained earnings (see note 18.4 above)	-	(697,716)
At 31 December	34,808	-

18.6 **Available for sale reserve**

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognised or impaired.

Movement in available for sale reserve can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	12,602	19,367
Fair value loss (see note 5(a)(i))	(4,919)	(6,765)
At 31 December	7,683	12,602

18.7 **Treasury shares**

The Company held its own shares as at the year end. The carrying amount of the shares as at year end was ₦47,350,000 (2015: ₦47,350,000).

18.8 **Actuarial reserves**

This reserve represents net actuarial gain/(loss) on defined benefit obligation. See statement of changes in equity for movement in actuarial reserves.

Movement in actuarial reserves can be analysed as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
At 1 January	-	22,259
Transfer to retained earnings upon termination of defined benefit obligation scheme (see note 18.4)	-	(22,259)
At 31 December	-	-

18.9 **Exchange gains reserve**

Exchange gains reserve warehouses the unrealised gains or losses upon retranslation of foreign currency denominated assets and liabilities.

Movement in exchange gains reserve is analysed below:

In thousands of Naira	31-Dec-15	31-Dec-14
At 1 January	2,135	-
Exchange gains on available for sale financial assets (see note 5(a)(iv))	10,800	3,050
Deferred tax	(3,240)	(915)
At 31 December	9,695	2,135

19 Gross premium written

In thousands of Naira	31-Dec-16	31-Dec-15
Gross premium arising from insurance contracts issued	1,396,695	2,405,185
Decrease in unearned premium (see (a) below)	191,823	132,630
	1,588,518	2,537,815

a Changes in unearned premium provision

In thousands of Naira	31-Dec-16	31-Dec-15
General business:		
(Increase)/decrease		
Motor	19,842	127,872
Fire	2,835	20,976
General accident	23,690	21,289
Bond	7,860	3,055
Marine	(5,215)	(51,042)
Engineering	8,229	2,635
Oil & gas	47,889	40,578
Aviation	579	4,110
	105,709	169,473
Life business:		
In thousands of Naira		
Changes in individual life	90,822	(6,698)
Changes in group life	(4,708)	(30,145)
	86,114	(36,843)
	191,823	132,630

b Analysis of premium received from policy holders during the year

In thousands of Naira	31-Dec-16	31-Dec-15
Net opening balance- trade receivable and unearned premium	(533,891)	(541,459)
Gross premium income for the year	1,588,518	2,537,815
Net closing balance- trade receivable and unearned premium	426,276	533,891
Premium received	1,480,903	2,530,247

20 Reinsurance expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Reinsurance premium paid	184,627	640,079
Increase / (decrease) in unexpired reinsurance cost	44,189	(167,985)
	228,816	472,094

21 Fees and commissions

In thousands of Naira	31-Dec-16	31-Dec-15
Commissions earned on insurance contract	28,967	65,463
	28,967	65,463

Analysis of commission received

In thousands of Naira		
Commission earned on insurance contract	28,967	65,463
Deferred commission income (see note 15)	9,901	-
Total commission received	38,868	65,463

22 Claims expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Net benefit and claims incurred	1,498,770	1,061,271

	31-Dec-16	31-Dec-15
General business		
Gross claims paid (see note 12.1(i))	285,751	589,264
Claim recoveries	(97,357)	(90,256)
Gross change in insurance contract liabilities (see note 12.1(ii))	775,671	(186,486)
	964,065	312,522
Life business		
Gross claims paid (see note 12.2(i))	116,614	561,633
Claim recoveries	(10,240)	(31,579)
Gross change in insurance contract liabilities	428,331	218,695
	534,705	748,749
	1,498,770	1,061,271

23 Underwriting expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Acquisition expenses	197,332	342,475
Maintenance expenses	89,676	114,826
	287,008	457,301

23.1 **Acquisition expenses**

In thousands of Naira	31-Dec-16	31-Dec-15
General business:		
Commission paid	150,223	261,997
Movement in deferred acquisition cost (see note 8(b))	(2,309)	(12,937)
	147,914	249,060
Life business:		
Individual life	6,111	18,161
Group life	43,307	70,811
Investment contract liability	-	4,443
	49,418	93,415
	197,332	342,475
Analysis of total commission paid		
General business:	150,223	261,997
Life business:	49,418	93,415
Total commission paid	199,641	355,412

23.2 **Maintenance expenses**

In thousands of Naira	31-Dec-16	31-Dec-15
General business:		
Handling charges	-	574
Marketing expenses	26,146	65,420
Business development expenses	51,684	19,248
Other maintenance expenses	7,868	14,074
	85,698	99,316
Life business:		
Marketing expenses	2,143	8,932
Handling charges	1,835	6,578
	3,978	15,510
	89,676	114,826

24 Investment income

In thousands of Naira	31-Dec-16	31-Dec-15
Interest income		
Interest income on fixed deposit	419	12,592
Interest income on statutory deposit	52,925	35,242
Total interest income	53,344	47,834
Dividend income	5,692	675
Total investment income	59,036	48,509

(a) Investment income is analysed below:

In thousands of Naira	31-Dec-16	31-Dec-15
General business (see (i) below)	37,905	35,447
Life business(see (ii) below)	21,131	13,062
	59,036	48,509
i General business:		
Interest income	32,708	35,447
Dividend income	5,197	-
	37,905	35,447
ii Life business:		
* Investment income		
Interest income	20,635	12,387
Dividend income	496	675
	21,131	13,062
* -Life business	9,509	5,878
-Life investment contract	11,622	7,184
	21,131	13,062

(b) *Analysis of dividend received*

	31-Dec-16	31-Dec-15
Opening balance, dividend receivable	-	-
Dividend income for the year	5,692	675
Closing balance, dividend receivable	(2,117)	-
Dividend received during the year	3,575	675

25 Other operating income/(loss)

In thousands of Naira	31-Dec-16	31-Dec-15
Foreign exchange (loss)/gain (see (a) below)	(63,700)	11,269
Gain on disposal of PPE	593	1,535
Other operating income (see (b) below)	52,258	12,236
Provision no longer required	1,096	16,720
	(9,753)	41,760

(a) During the year, the Company recorded a net foreign exchange loss of N63.7million, arising mostly from its foreign currency-denominated reinsurance payables. In line with its policy, the Company uses the CBN official rate to translate its foreign currency balances for financial reporting purposes. Thus, sequel to the depreciation in value of Naira between December 2015 (N199/$) and December 2016 (N305/$), foreign currency denominated reinsurance payables were retranslated at higher rates at the end of the year, resulting in foreign exchange losses.

(b) Other operating income mostly comprises refunds on excess bank charges, and the Company's share of surpluses in African Oil and Energy Insurance Pool. It is analysed below:

In thousands of Naira	31-Dec-16	31-Dec-15
-General business	47,632	11,837
-Life business	4,626	399
	52,258	12,236
-Life investment contract	-	487
	52,258	12,723

(c) *Analysis of cash proceeds from disposal of PPE*

In thousands of Naira	31-Dec-16	31-Dec-15
Cost of PPE disposed (See note 10)	4,500	28,408
Accumulated depreciation on PPE disposed (See note 10)	(3,094)	(28,408)
Net book value of PPE disposed	1,406	-
Gain on disposal of PPE	593	1,535
Cash proceeds from disposal	1,999	1,535

26 Management expenses

(a) Management expenses comprise:

In thousands of Naira	31-Dec-16	31-Dec-15
Employee benefit costs note (27)	517,242	625,204
Depreciation of property, plant and equipment	52,670	59,129
Travelling & tours	16,623	26,009
Audit fees	15,000	15,000
Telecommunication	3,848	4,262
Professional fees	74,211	81,077
Training expense	7,093	19,017
Advertisement	15,472	24,605
NAICOM levy	12,434	17,423
Bank charges	2,477	7,810
Other management expenses (see c)	164,417	223,254
	881,487	1,102,790

(b) Management expenses is analysed below:

In thousands of Naira	31-Dec-16	31-Dec-15
Profit and loss accounts:		
-General business	752,462	976,528
-Life business	129,025	119,949
	881,487	1,096,477
-Life investment contract (see note 13(b))	-	6,313
	881,487	1,102,790

(c) Other management expenses is analysed below:

-General business:	31-Dec-16	31-Dec-15
In thousands of Naira		
Cleaning	4,301	4,600
Postage expenses	2,239	3,603
Printing & stationeries	5,404	7,474
Subscriptions & donations	13,465	8,396
Security	1,110	1,980
Motor running	11,064	15,030
Medical expenses	740	274
Insurance & licensing	5,637	10,665
Local transportation	566	2,009
Office provision	2,766	4,168
Newspaper & magazine	950	957
Computer & other consumable	8,443	13,610
Repairs & maintenance	7,822	11,987
Government levy	14,235	7,875
Penalties and fines	355	500
General expenses	290	12,685
Miscellaneous expenses	2,000	1,453
Fuel & oil	23,439	34,065
Entertainment	1,104	2,972
Electricity & water rate	4,588	3,856
Rent	6,321	10,547
Stamp duty	18,583	19
Technology costs	11,241	43,081
	146,663	201,806

	31-Dec-16	31-Dec-15
-Life business:		
In thousands of Naira		
Cleaning	467	412
Postages	26	41
Stationeries	341	360
Motor running	803	2,152
Medical expenses	194	109
Insurance & licensing	317	80
Local transportation	226	678
Office provision	444	749
Newspaper & magazine	64	92
Computer & other consumables	186	626
Repairs & maintenance	1,101	258
General expenses	2,278	7,384
Government levy	2,291	-
Fuel & oil	4,938	1,215
Entertainment	77	278
Electricity & water rate	540	438
Rent	3,170	5,398
Printing	46	618
Donations & subscriptions	245	560
	17,754	21,448
	164,417	223,254

27 Employee benefit costs

	31-Dec-16	31-Dec-15
In thousands of Naira		
Staff salaries & directors cost	483,355	588,895
Other staff benefit	5,450	13,866
Director's expenses	28,437	22,443
	517,242	625,204

(a) Staff information

Employees earning more than ₦100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	31-Dec-16	31-Dec-15
	Numbers	Numbers
₦101,001 - ₦500,000	-	-
₦500,001 - ₦750,000	-	-
₦750,000 - ₦1,000,000	24	30
₦1,000,000 - ₦2,000,000	61	98
₦2,000,000 - ₦3,000,000	19	22
Over ₦3,000,000	26	47
	130	197

(b) The average number of full time persons employed by the Company during the year was as follows:

	31-Dec-16	31-Dec-15
	Numbers	Numbers
Management staff	5	7
Non-management staff	125	190
	130	197

(c) Directors remuneration
In thousands of Naira

i Remuneration paid to the directors of the Company (excluding pension contribution and other allowances) was as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Directors' fees	11,000	5,500
Other emoluments	16,775	28,327
	27,775	33,827

ii The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

	31-Dec-16	31-Dec-15
Highest paid director (Managing Director)	16,154	19,489
	16,154	19,489

(d) Analysis of cash paid to employees

	Notes	31-Dec-16	31-Dec-15
Opening balance of salary payable	15(a)	33,123	(28,935)
Staff cost for the year	27	517,242	625,204
Closing balance of salary payable	15(a)	(97,780)	(33,123)
Cash paid to employees		452,585	563,146

28 Net impairment (reversals)/losses

In thousands of Naira	31-Dec-16	31-Dec-15
Impairment loss/(reversal) on trade receivables (See note 6(c))	3,624	(118,463)
Impairment loss/(reversal) on available for sale financial assets (see note 5(a(iii))	-	14,295
Impairment (write back)/ charge on staff loans (see note 9(a)(i))	(8,269)	-
Impairment charge/(reversal) on loans (see note 9(a)(iv))	4,500	5,727
Impairment charge/(reversal) on other receivables (see note 9(b)(i))	(809)	16,895
Impairment reversal other assets	(1,652)	-
	(2,606)	(81,546)

(a) Analysis of net impairment losses

i *General Business*

Impairment loss/(reversals) on trade receivables	-	(24,001)
Impairment loss/(reversal) on staff loans	(5,429)	-
Impairment loss/(reversal) on available for sale financial assets	-	8,577
Impairment charge on other receivables	2,240	14,642
Impairment reversal on other assets	(1,652)	-
	(4,841)	(782)

ii *Life Business*

Impairment loss/(reversals) on trade receivables	3,624	(94,462)
Impairment loss/(reversal) on available for sale financial assets	-	5,718
Impairment charge/(reversal) on staff loans and loans to policy holders	1,661	5,727
Impairment charge/(reversals) on other receivables	(3,049)	2,253
	2,236	(80,764)

iii Reversal of impairment allowance on trade receivable represents recoveries made during the year for which impairments had been previously made

29 Tax expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Minimum tax	1,964	40,297
Company income tax	3,558	-
Education tax	4,541	5,101
	10,063	45,398
Deferred tax charge/(credit) (see note 17)	(27,844)	(104,643)
	(17,781)	(59,245)

29.1 Reconciliation of effective tax rate

	Rate	31-Dec-16	Rate	31-Dec-15
Loss before tax		(1,314,139)		(409,451)
Income tax using the domestic corporation tax rate	30%	(394,242)	30%	(122,835)
Minimum tax	0%	1,964	-10%	40,297
Education tax	0%	4,541	-1%	5,101
Tax exempt income	0.1%	(1,885)	0.2%	(895)
Non-deductible expenses	-33%	431,216	-27%	111,583
Changes in unrecognized deferred taxes	5%	(59,375)	23%	(92,497)
	1%	(17,781)	14%	(59,245)

30 Earnings per share

Basic earnings per share has been computed based on the profit after taxation attributable to equity holders and the weighted average number of ordinary shares outstanding during the period of 3,201,397,060 units (2015: 3,201,397,060 units). 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 dillutive ordinary shares, of which there are currently none in existence.

In thousands of Naira	31-Dec-16	31-Dec-15
Loss attributable to equity holders	(1,296,358)	(350,206)
Weighted average number of shares	3,201,396	3,201,397
Loss per share - Basic (kobo)	(40)	(11)

The Company does not have instruments with potential dilutive effects, and thus it has not disclosed diluted earnings per share.

31 Related party transactions

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercises influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes associates, joint ventures and the Company's pension schemes, as well as key management personnel.

(a) ***Transactions with related parties***

The Company's related transactions mainly arise from relationships through its Key management personnel. The Key management personnel of the Company are regarded as Directors who have control over the Company. During the year under review, the Interim Board and Management had no transactions with the Company other than the fees they earn in their capacity as Directors (See Note 27c).

(b) Transactions with Key management personnel

The Company's key management personnel , and persons connected with them , are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel excercise control. The key mangement personnel have been identified as the executive directors and non-executive directors. Close family members are family or those family members who may be expected to influence, or be influenced by that individual in their dealings with Goldlink Insurance Plc.

Director's remuneration

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Director's fees	11,000	5,500
Other emoluments	16,775	28,327
	27,775	**33,827**

32 Contingent liabilities, litigations and claims

The company, in its ordinary course of business, had 5 pending cases as at 31 December 2016 (2015:1) as a defendant. Litigation claims against the Company as at 31 December 2016 amounted to ₦250 million (2015: ₦16million). These litigations arose in the normal course of business, and all relate to unpaid claims. The directors, having sought advice of professional counsel are of the opinion that no additional liability will crystallise from these claims. Accordingly, no provisions have been made in these financial statements.

33 Contravention of laws and regulations

The Company contravened a regulatory requirement during the year and paid a total penalty of ₦355,000 (2015: ₦500,000). This is analysed below:

Description	**31-Dec-16**	**31-Dec-15**
	N'000	N'000
Late submission of 3rd and 4th quarter returns to the Securities and Exchange Commission	-	500
Late submission of 2nd quarter returns to National Insurance Commission	355	-
	355	500

34 Events after reporting date

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

35 Going concern

The Company made a loss after tax of ₦1,296,358,000 for the year ended 31 December 2016 (2015: ₦350,206,000) and as of that date, its total liabilities exceeded total assets by ₦5,504,619,000 (2015: ₦4,245,710,000). The operating losses mainly resulted from decreased premiums due to reduced business activities during the year.

The minimum regulatory capital required by the National Insurance Commission (NAICOM) for composite insurance business is ₦5 billion. The Company, with a negative shareholders' fund of ₦5,504,619,000 (2015: ₦4,245,710,000), is significantly below the minimum regulatory capital by ₦10,504,619,000 (2015: ₦9,245,710,000). In addition, the Company's shareholder's fund deteriorated further during the year under review as a result of the operating losses after taxation.
The Company also had a shortfall in solvency margin of ₦10,480,110,000 as at 31 December 2016 (2015:₦9,218,044,000) for the composite business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦4,129,485,000 as at 31 December 2016 (2015: ₦3,149,995,000) for the composite business.

The National Insurance Commission (NAICOM) intervened with the appointment of the three man interim board in February 2016. The three man interim board has been charged with the responsibility of overseeing the affairs of the Company, recapitalizing and repositioning the Company. NAICOM also currently recognizes the Company as one of the operators in the insurance industry.

The Interim Board is primarily responsible for managing the Company via recapitalization, and recovery of market share. In the event that the Company does not succeed in recapitalizing, these conditions may constitute non-compliance with the regulatory capital requirements, which could lead to the withdrawal of the Company's operating license. Also, the inadequate capital may threaten the Company's ability to carry out its normal operations. These conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern or realize its assets and settle its liabilities in the normal course of business. The continuation of the Company's operations is dependent upon future profitability and the ability of the Company to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligations as they fall due.

The Board of Directors has ongoing plans to recapitalize the Company. The ongoing recapitalization plan is aimed at injecting additional capital of N3.3 billion, comprising ordinary shares (via rights issue) of N2.3 billion, and preference shares of N1 billion. The plan was ratified by the shareholders during the last annual general meeting on 27 April 2018.

In addition, the Company intends to broaden its operational strategies, intensify its marketing efforts in order to retain existing customers and attract new customers. Steps have also been taken to re-energize the marketing team and prioritize payment of outstanding claims hindering new businesses.

The Directors are of the view that based on the recapitalisation plan and their continued re-evaluation of the Company's capital requirements, the going concern of the Company is not threatened and its business continuity is not in doubt. These financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern.

36 Enterprise Risk Management Framework

Introduction

As a composite insurance Company, Goldlink Insurance PLC sees risk management as a primary objective which aims to protect the Company's stakeholders from events that could hinder the sustainable achievement of its financial performance objectives. The management of the Company recognises the importance of having an efficient and effective risk management system in place. Hence, the Company has developed an Enterprise-wide Risk Management Framework. The ERM framework assists the Company in identifying, and managing all the classes of risks that are embedded in its processes and operations.

The ERM framework/programme helps structure and coordinates all direct and indirect risk management activities within the Company while eliminating redundancies and ensuring consistency in the risk management process. Our strategy also entails constantly monitoring daily risk positions, attracting and retaining qualified personnel, reducing volatility in supplies, and managing political risk. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of directors to Executive management committees and senior management.

The Board of directors approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's risk management policies:

- identification of risks and its interpretation,
- limit structure to ensure the appropriate quality and diversification of assets,
- align underwriting and reinsurance strategy to the corporate goals and,
- specify reporting requirements.

(a) Capital management objectives, policies and approach

Strategic risks

The Company has established the following capital management objectives, policies and approach to managing the risks that affects its capital position:

- maintain the required level of stability of the Company thereby providing a degree of security to policyholders.
- allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- maintain financial strength to support new business growth and satisfy the requirements of the policyholders, regulators and other stakeholders.
- maintain strong liquidity; align the profile of assets and liabilities, taking into consideration risks inherent in the business.
- maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company's operations are also subject to regulatory requirements of the National Insurance Commission (NAICOM). Such regulations not only prescribe approval and monitoring activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

The Company's capital management policy is to hold sufficient capital to cover statutory requirements based on NAICOM directives, including any additional amounts required by the regulator.

In reporting financial strength, capital and solvency are measured using the rules prescribed by NAICOM. These regulatory tests are based upon required levels of solvency, capital, and a series of prudent assumptions in respect of the type of assets held.

(b) **Approach to Capital Management**

The primary source of capital used by the Company is Equity Shareholders' funds. The company's capital management strategy seeks to focus on the creation of shareholders' value in order to meet crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The adequacy level of capital determines the degree of confidence that stakeholders (suppliers, clients investors, depositors and counterparties) would have in the Company's business. Hence, the Company seeks to ensure that adequate capital exists to buffer the following:

- absorb large unexpected losses
- protect clients and other creditors
- provide confidence to external investors and rating agencies
- support a good credit rating; and
- run operations of the company efficiently and generate commensurate returns.

As an important ERM objective, Goldlink Insurance Plc maintains a risk appetite which is expressed quantitatively using the following metrics:
Solvency margin = Total admissible assets minus total liabilities
Debt-to-capital ratio = Total debt/Capital
Shareholders equity ratio = Shareholders equity/total asset.

The capital management process is governed by the Board of directors who has the ultimate responsibility for the capital management process. The Board of directors is supported by the Risk Enterprise Committee, Risk management department and Account department.

The company seeks to maintain economic capital level sufficient to meet internal capital needs. The capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/political landscape, and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

The account department and risk management department implement responsive capital management processes that include preparing plans for capital adequacy, setting risk limits, monitoring compliance with these plans and limits, analysing and assessing the actual results, evaluating the level of capital adequacy, and implementing policies when necessary.

Capital is forecasted into the future on an annual basis based on the defined corporate strategy and goals. Constraints on the Company's capital by stakeholders are considered in performing the forecast.

Capital is allocated to activities that provide the highest returns. The process clearly specifies the basis for the calculation of capital to be allocated to risk types (known as the "risk capital") and the limits on capital to be allocated to each of the risk categories, business activities and units. The allocation of capital is based on the risk profiles of the business activities and business units (i.e. based on the contribution of each business unit to the overall volatility of cash flows).

The minimum regulatory capital required by the National Insurance Commission (NAICOM) for composite insurance business is ₦5 billion. The Company, with a negative shareholders' fund of ₦5,504,619,000 (2015: ₦4,245,710,000), is significantly below the minimum regulatory capital by ₦10,504,619,000 (2015: ₦9,245,710,000). In addition, the Company's shareholder's fund deteriorated further during the year under review as a result of the operating losses after taxation.
The Company also had a shortfall in solvency margin of ₦10,480,110,000 as at 31 December 2016 (2015:₦9,218,044,000) for the composite business. The total admissible assets of the Company less the net insurance contract liabilities and investment contract liabilities was in deficit of ₦5,480,110,000 as at 31 December 2016 (2015: ₦4,218,044,000) for the composite business.

These constitute non-compliance with the regulatory capital requirements, which could lead to the withdrawal of the Company's operating license. Also, 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 its regulatory capital requirement and generate sufficient cash flows to meet its obligations as they fall due.

The Company intends to broaden its operational strategies, intensify 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 is successfully concluded.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern or 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.

(i) **Solvency margin**

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liability in Nigeria.

The solvency margin which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

The National Insurance Commission (NAICOM) has requested that composite Insurance Companies disclose the solvency margins for the composite business and not just for the non-life segment of the business, as was the practice.

The solvency margin for composite business as at 31 December 2016 is as follows:

In thousands of Naira

			31-Dec-16	**31-Dec-16**	**31-Dec-15**
	Admissible Assets:	**Total**	Inadmissible	Admissible	
	Cash and cash equivalents	54,996	-	54,996	64,851
	Financial assets	62,876	-	62,876	54,597
	Trade receivables	22,976	-	22,976	21,070
	Reinsurance assets	245,766	-	245,766	203,974
	Deferred acquisition cost	73,467	-	73,467	71,158
	Other receivables and prepayments	23,147	7,153	15,994	26,049
	Property and equipment	890,913	-	890,913	894,544
	Statutory deposits	500,000	-	500,000	500,000
	Total admissible assets	1,874,141	7,153	1,866,988	1,836,243
Less:	Total liabilities				
	Insurance contract liabilities	4,419,599	-	4,419,599	3,485,210
	Investment contract liabilities	1,576,874		1,576,874	1,501,028
	Trade payables	324,969	-	324,969	178,794
	Other payables and accruals	768,443	-	768,443	583,195
	Current tax liabilities	257,213	-	257,213	306,060
	Deferred tax liabilities	31,662	31,662	-	-
(B)	Total liabilities	7,378,760	(31,662)	(7,347,098)	(6,054,287)

TEST OF SOLVENCY:

In thousands of Naira

		31-Dec-16	31-Dec-15
Excess of admissible assets over liabilities-solvency		(5,480,110)	(4,218,044)
TEST I	Gross premium income	1,588,518	2,537,815
	Less: Reinsurances	(228,816)	(472,094)
	Net Premium	1,359,702	2,065,721
	15% thereof	203,955	309,858
TEST II	Minimum paid up capital	5,000,000	5,000,000
	The highest thereof:	5,000,000	5,000,000
	Deficit of solvency	(10,480,110)	(9,218,044)
	Solvency Ratio	-110%	-84%

The Company had a negative shareholders' fund of ₦5,504,619,000 (2015: ₦4,245,710,000), which was significantly below the minimum regulatory capital by of N5,000,000,000 required for composite insurance businesses, and a shortfall in solvency margin of ₦10,480,110,000 as at 31 December 2016 (2015:₦9,218,044,000) for the composite business.

(c) **Operational Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address the risks
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

(d) **Financial risks**

The Company has exposure to the following risks from financial instruments:

Credit risks
Liquidity risks
Market risks

(e) **Credit risks**

Goldlink Insurance Plc seeks to ensure the establishment of principles, policies, processes and structure for managing credit risk.

The credit risk appetite is in line with the Company's strategic objectives, available resources and the provisions of NAICOM Operational guidelines. In setting this risk appetite, the corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients, are taken into consideration.

The Company's credit risk appetite includes the following:

- Credit limits shall not exceed 10% of the 3 years gross premium generated from each client.
- Individual broker's indebtedness, at the end of each financial year, shall not exceed the limit set by management at the beginning of that financial year.
- Unpaid premiums shall not remain outstanding for more than a period of 1 month, after which this would serve as an objective indicator of impairment.
- Credit tolerance limit for Category A shall not exceed N50 million
- Credit tolerance limit for Category B shall not exceed N25 million
- Credit tolerance limit for Category C shall not exceed N15 million

Credit risk appetite limits shall be updated from time to time, to reflect changes in the business and to comply with any changes in regulatory provisions.

The credit risk management governance structure comprises the board of directors, ERM committee, management risk committee, technical operations department, risk management department and the internal audit department.

The Board risk committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting of credit risk.

The credit control unit identifies credit amongst other functions by assessing/evaluating the repayment capacity of clients/counterparties, credit policyholders, insurance brokers, etc. The evaluation entails the analysis of counterparties' financial statements cash flow, management experience and other client risk factors.

An internal credit rating is in place to measure the counterparty credit risk. All clients and counterparties that are to be granted credit shall be rated using the Company's risk-rating model. The risk-rating model comprises:

Client/counterparty risk rating : evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.

Transaction risk rating: defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals.

The risk rating scale ranges from D to AAA, where D represents a credit of the lowest quality and AAA represents a credit of the highest quality.

The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, security management, and provision for impairment.

The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of aging report, credit portfolio quality and delinquency management.

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for relevance and for changes in the risk environment.

Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

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

The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The table below shows the maximum exposure to credit risk for the Company's financial assets. The maximum exposure is shown gross, before the effect of mitigation.

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Financial instruments		
Other receivables*	18,255	32,996
Reinsurance assets	245,766	203,974
Trade receivables	22,976	21,070
Cash and cash equivalents	54,996	64,851
	341,993	322,891

* Other receivables included here is net of prepayments.

Trade receivables

The Company is exposed to this risk from its core business i.e. outstanding premiums from clients. Trade receivables are short-term in nature consisting of a large number of policyholders and are subject to moderate credit risk. The Company categorizes its exposure to this risk on individual basis based on risks grade and aging and periodically reviews trade receivable to ensure credit worthiness.

Credit risk exposure to direct business is relatively high as the bulk of the Company's underwriting is driven by business obtained from direct policyholders. However, the Company manages this risk by strictly adhering to NAICOM's policy on "No premium, No cover". The Company's exposure to credit risk arising from brokered business is relatively moderate and the risk is managed by the Company's internal rating model for brokers. The Company's credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Company transacts business with.

The Company focuses on effective management of its exposure to credit risk especially premium related debts. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

Outlined below is the Company's exposure to credit risk arising from trade receivables

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Gross Amount		
Neither past due nor impaired	-	-
Past due but not impaired	22,976	21,070
Impaired	546,467	538,343
Total	569,443	559,413
Impairment		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	546,467	538,343
Total	546,467	538,343
Carrying Amount	22,976	**21,070**

Credit Definitions

Impaired trade receivables

Impaired trade receivables for which the Company determines that it is probable that it will be unable to collect the contractual payments according to the contractual terms of the agreement(s). These receivables were in the books prior to the enforcement of NAICOM's "No premium, no cover" policy in 2015.

Past due but not impaired trade receivables

Trade receivables where contractual payments are past due (outstanding for more than 30 days) but the Company believes that impairment is not appropriate on the basis that the amounts owed have been received subsequently as at the Company's reporting date.

Neither past due nor impaired

Trade receivables where contractual payments are not due and that the Company believes are not impaired. They have been outstanding for less than 30 days.

Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on receivables subject to individual assessment for impairment.

Reinsurance

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Money market investments

The Company's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The Company further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis. The credit risk exposure associated with money market investments is low.

Other receivables

Other receivables balances constitute other debtors and other assets. The Company has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Company constantly monitors its exposure to these receivables via periodic performance review. The Company further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is low.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

The Company's risk management department seeks to maintain an independent liquidity risk-reporting framework that consistently communicates liquidity risk information across the Company and ensures availability of timely information for liquidity management decisions.

The Company seeks to maintain a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Maturity profiles

The table that follows summarises the maturity profile of the non–derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Residual contractual maturity of financial assets and liabilities
As at 31 December 2016

In thousands of Naira	Notes	Carrying value	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years	Total
Assets								
Cash and cash equivalents	4	54,996	55,114	55,114	-	-	-	55,114
Available for sale financial assets:								
Quoted equity securities	5(a)	30,028	30,028	-	-		30,028	30,028
Unquoted equity securities	5(a)	30,450	30,450	-	-	-	30,450	30,450
Held to maturity financial assets	5(b)	2,398	2,850	-	-	2,850	-	2,850
Trade receivables	6	22,976	22,976	22,976	-	-	-	22,976
Other receivables*	9	18,255	18,255	-	-	18,255	-	18,255
Reinsurance assets	7	245,766	245,766	245,766	-	-	-	245,766
		404,869	405,439	323,856	-	21,105	60,478	405,439
Liabilities								
Insurance contract liabilities	12	2,437,079	2,437,079	2,141,684	-	295,395	-	2,437,079
Investment contract liabilities	13	1,576,874	1,576,874	1,576,874	-	1,576,874	-	3,153,748
Trade payables	14	324,969	324,969	324,969	-	-	-	324,969
Other payables**	15	679,376	679,376	679,376	-	-	-	679,376
		5,018,298	5,018,298	4,722,903	-	1,872,269	-	6,595,172
Gap (assets-liabilities)		(4,613,429)	(4,612,859)	(4,399,047)	-	(1,851,164)	60,478	(6,189,733)

* Other receivables included here is net of prepayments
**Other payables included here is net of accruals

Residual contractual maturity of financial assets and liabilities
As at 31 December 2015

In thousands of Naira	Notes	Carrying value	Gross nominal inflow/outflow	1-3 months	3-6 months	6-12 months	1-5 years	Total
Assets								
Cash and cash equivalents	4	64,851	64,851	64,851	-	-	-	64,851
Available for sale financial assets:								
Quoted equity securities	5(a)	34,947	34,947	-	-		34,947	34,947
Unquoted equity securities	5(a)	19,650	19,650	-	-	-	19,650	19,650
Trade receivables	6	21,070	21,070	21,070	-	-	-	21,070
Other receivables*	9	32,996	32,996	-	-	32,996	-	32,996
Reinsurance assets	7	203,974	203,974	203,974	-	-	-	203,974
		377,488	377,488	289,895	-	32,996	54,597	377,488
Liabilities								
Insurance contract liabilities	12	1,661,408	1,661,408	1,566,087	-	95,321	-	1,661,408
Investment contract liabilities	13	1,501,028	1,501,028	-	-	1,285,057	215,971	1,501,028
Trade payables	14	178,794	178,794	178,794	-	-	-	178,794
Other payables**	15	525,464	525,464	525,464	-	-	-	525,464
		3,866,694	3,866,694	2,270,345	-	1,380,378	215,971	3,866,694
Gap (assets-liabilities)		(3,456,081)	(3,456,081)	(1,947,325)	-	(1,347,382)	(161,374)	(3,456,081)

* Other receivables included here is net of prepayments

**Other payables included here is net of accruals

(g) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company’s enterprise risk management policy sets out the assessment and determination of what constitutes market risk . Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

(h) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to US dollar.

The Company’s financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. The main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

The table below summarises the Company’s financial assets and liabilities by major currencies:

31 December 2016	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Total**
In thousands of Naira						
Assets						
Cash and cash equivalents	4	46,222	6,223	1,774	777	54,996
Investment securities		-	-	-	-	-
Available for sale:						
Quoted equity securities	5(a)	30,028	-	-	-	30,028
Unquoted equity securities	5(a)	-	30,450	-	-	30,450
Held to maturity	5(b)	2,398	-	-	-	2,398
Other receivables	9	18,255	-	-	-	18,255
Trade receivables	6	22,976	-	-	-	22,976
Reinsurance assets	7	245,766	-	-	-	245,766
Total		365,645	36,673	1,774	777	404,869
Liabilities						
Insurance contract liabilities	12	3,092,589	1,327,010	-	-	4,419,599
Investment contract liabilities	13	1,576,874	-	-	-	1,576,874
Trade payables	14	87,304	237,665	-	-	324,969
Other payables and accruals	15	768,443	-	-	-	768,443
Total		5,525,210	1,564,675	-	-	7,089,885

Financial assets and liabilities by major currencies:

31 December 2015 *In thousands of Naira*		**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro (EUR)**	**Total**
Assets						
Cash and cash equivalents	4	54,849	9,033	583	386	64,851
Available for sale:						
Quoted equity securities	5(a)	34,947	-	-	-	34,947
Unquoted equity securities	5(a)	-	19,650	-	-	19,650
Other receivables	9	32,996	-	-	-	32,996
Trade receivables	6	21,070	-	-	-	21,070
Reinsurance assets	7	203,974	-	-	-	203,974
Total		347,836	28,683	583	386	377,488
Liabilities						
Insurance contract liabilities	12	2,576,558	908,652	-	-	3,485,210
Investment contract liabilities	13	1,501,028	-	-	-	1,501,028
Trade payables	14	178,794	-	-	-	178,794
Other payables and accruals	15	583,195	-	-	-	583,195
Total		4,839,575	908,652	-	-	5,748,227

(i) **Interest rate risks**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Company monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed.

The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements.

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

As at end of the year, the company was not exposed to any risks arising from interest rate fluctuations, as all its investments in fixed income securities were subject to fixed rates. The carrying amount of these financial instrument is a reasonable approximation of their fair value.

(k) **Market price risk**

Market price risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or exchange rate risk). The Company is exposed to market price risk through its investments in quoted equities and is thus subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from equity investments is determined by the fair value of the investments.

Market price risk sensitivity analysis

Using equity portfolio weighted beta of 0.82, if the all share index (ASI) had increased or decreased by 10% as at 31 December 2016, with all other variables held constant, the Company's net asset value could have increased or decreased by N2,467,657. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The impact of increase or decrease in ASI on the Company's equity portfolio is shown in the sensitivity analysis below:

Sensitivity analysis:

In thousands of Naira	**Note**	**2016**	**2015**
Fair value of quoted equities		30,028	34,947
Increase in ASI			
1%		247	301
3%		740	903
10%		2,468	3,009
Decrease in ASI			
1%		(247)	(301)
3%		(740)	(903)
10%		(2,468)	(3,009)

37 Fair values of financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities and their fair values

31-Dec-16
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	4	-	-	54,996	-	-	54,996	54,996
Financial assets	5	-	2,398	-	60,478	-	62,876	62,876
Trade receivables	6	-	-	22,976	-	-	22,976	22,976
Reinsurance assets	7	-	-	245,766	-	-	245,766	245,766
Other receivables*		-	-	18,255	-	-	18,255	18,255
Total		-	2,398	341,993	60,478	-	404,869	404,869
Liabilities								
Insurance contract liabilities	12	-	-	-	-	4,419,599	4,419,599	4,419,599
Investment contract liabilities	13	-	-	-	-	1,576,874	1,576,874	1,576,874
Trade payables	14	-	-	-	-	324,969	324,969	324,969
Other payables and accruals**	15	-	-	-	-	679,376	679,376	679,376
Total		-	-	-	-	7,000,818	7,000,818	7,000,818

*Other receivables is net of prepayments
**Other payables and accruals is net of accruals

31-Dec-15
In thousands of Naira

	Notes	At fair value through P/L	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount	Fair value
Assets:								
Cash and cash equivalents	4	-	-	64,851	-	-	64,851	64,851
Financial assets	5	-	-	-	34,947	-	34,947	34,947
Trade receivables	6	-	-	21,070	-	-	21,070	21,070
Reinsurance assets	7	-	-	203,974	-	-	203,974	203,974
Other receivables*		-	-	32,996	-	-	32,996	32,996
Total		-	-	322,891	34,947	-	357,838	357,838
Liabilities								
Insurance contract liabilities	12	-	-	-	-	1,661,408	1,661,408	1,661,408
Investment contract liabilities	13	-	-	-	-	1,501,028	1,501,028	1,501,028
Trade payables	14	-	-	-	-	178,794	178,794	178,794
Other payables and accruals**	15	-	-	-	-	525,464	525,464	525,464
Total		-	-	-	-	3,866,694	3,866,694	3,866,694

*Other receivables is net of prepayments
**Other payables and accruals is net of accruals

This does not include the Company's unquoted equity securities with a carrying amount of ₦30,450,000 (2015:₦19,650,000). Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

38 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e., held to maturity and loans and receivables).

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate their fair value.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Determination of fair value and fair value hierarchy

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar assets or liablities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of quoted equities have been determined using level 1 heirarchy.

31 December 2016
(in thousands of Naira)

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- Available for sale	30,028	-	-	30,028
Total	**30,028**	**-**	**-**	**30,028**

31 December 2015
(in thousands of naira)

Asset Type	Level 1	Level 2	Level 3	Total
Equities securities- Available for sale	34,947	-	-	34,947
Total	**34,947**	**-**	**-**	**34,947**

Determination of fair value for instruments not measured at fair value

The carrying amount of the financial assets and liabilities not measured at fair value approxiamates their fair value amounts.

Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

39 Insurance Risk

The claims development history of the Company as at 31 December 2016 was as follows:

(a) Claims development tables

The claims development history of the Company is as follows:
in thousands of Naira

Motor

Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2007	-	126,407	3,769	1,684	460	-	7	-	-	-
2008	199,885	125,376	6,963	6,782	4,006	28	3,164	-	-	-
2009	199,737	126,076	9,593	3,528	218	-	-	-	-	-
2010	215,964	158,686	13,500	1,917	21	-	-	-	-	-
2011	197,034	126,498	6,786	1,884	1,893	-	-	-	-	-
2012	237,362	116,523	9,614	945	34	-	-	-	-	-
2013	156,508	86,654	10,161	196	-	-	-	-	-	-
2014	130,483	69,538	1,567	-	-	-	-	-	-	-
2015	108,508	35,684	-	-	-	-	-	-	-	-
2016	72,711	-	-	-	-	-	-	-	-	-

Marine

Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2007	-	31,517	3,463	1,075	844	-	-	-	-	-
2008	2,986	12,666	4,201	235	-	-	-	-	-	-
2009	1,953	15,031	1,132	1,367	-	-	575	-	-	-
2010	9,330	16,781	1,139	2,694	-	-	-	-	-	-
2011	9,640	13,523	6,560	635	20	-	-	-	-	-
2012	2,052	13,067	1,781	-	-	-	-	-	-	-
2013	10,798	7,326	635	-	-	-	-	-	-	-
2014	19,229	17,135	4,902	-	-	-	-	-	-	-
2015	7,537	13,812	-	-	-	-	-	-	-	-
2016	7,917	-	-	-	-	-	-	-	-	-

General Accident

Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2007	-	50,585	34,895	7,463	4,154	987	1,407	871	-	-
2008	25,496	75,014	27,671	9,101	4,733	141	524	924	-	-
2009	34,297	61,577	32,026	14,579	1,232	534	1,754	2,248	-	-
2010	11,693	62,920	27,683	12,680	4,755	1,069	484	-	-	-
2011	43,003	86,692	21,353	4,447	2,886	177	-	-	-	-
2012	41,489	87,296	26,786	4,891	64	-	-	-	-	-
2013	48,608	58,424	10,912	16,164	-	-	-	-	-	-
2014	36,265	41,118	9,142	-	-	-	-	-	-	-
2015	26,786	31,443	-	-	-	-	-	-	-	-
2016	10,922	-	-	-	-	-	-	-	-	-

Fire

Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2007	-	47,080	8,354	32	335	649	-	-	-	33
2008	30,837	18,003	9,507	53	316	-	-	-	-	-
2009	12,040	20,006	11,840	309	292	-	-	-	-	-
2010	19,835	20,587	3,426	599	316	-	-	-	-	-
2011	18,731	38,190	8,631	506	279	54	-	-	-	-
2012	21,140	40,892	4,785	2,578	2,438	-	-	-	-	-
2013	45,627	39,263	1,664	877	-	-	-	-	-	-
2014	25,987	27,699	3,211	-	-	-	-	-	-	-
2015	18,458	16,691	-	-	-	-	-	-	-	-
2016	19,478	-	-	-	-	-	-	-	-	-

Engineering

Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2007	-	1,492	252	58	22	-	-	-	-	33
2008	3,308	10,964	1,161	9	23	-	-	-	-	-
2009	1,090	4,562	288	82	6	342	-	-	-	-
2010	3,663	6,877	6,245	13	508	-	-	-	-	-
2011	1,286	6,832	3,342	641	-	-	-	-	-	-
2012	6,977	18,637	2,296	2,650	-	-	-	-	-	-
2013	1,732	1,226	388	373	-	-	-	-	-	-
2014	5,168	16,561	7,637	-	-	-	-	-	-	-
2015	3,566	425	-	-				-	-	-
2016	1,041	-	-	-				-	-	-

Cummulative Claims Development Pattern (Yearly Projections) (N)

Motor

Accident Year	1	2	3	4	5	6	7	8	9	10
2007	-	302,023	309,930	313,089	313,872	313,872	313,882	313,882	313,882	313,882
2008	477,582	740,584	753,648	765,185	771,269	771,309	775,418	775,418	775,418	775,418
2009	418,989	655,545	671,863	677,221	677,529	677,529	677,529	677,529	677,529	677,529
2010	405,212	675,150	695,654	698,350	698,377	698,377	698,377	698,406	698,406	698,406
2011	335,172	527,301	536,844	539,290	541,533	541,533	541,826	541,826	541,826	541,826
2012	360,511	524,381	536,865	537,985	538,019	538,377	538,381	538,381	538,381	538,381
2013	220,100	332,623	344,662	344,858	346,988	346,994	346,998	346,998	346,998	346,998
2014	169,438	251,827	253,394	265,917	266,855	266,860	266,863	266,863	266,863	266,863
2015	128,558	164,242	236,392	238,459	239,392	239,398	239,401	239,401	239,401	239,401
2016	72,711	150,517	154,843	156,347	157,026	157,030	157,032	157,032	157,032	157,032

Marine

Accident Year	1	2	3	4	5	6	7	8	9	10
2007	-	75,302	82,566	84,584	86,019	86,019	86,019	86,019	86,019	86,019
2008	7,135	33,706	41,588	41,988	41,988	41,988	41,988	41,988	41,988	41,988
2009	4,096	32,300	34,226	36,302	36,302	36,302	36,984	36,984	36,984	36,984
2010	17,505	46,051	47,782	51,570	51,570	51,570	51,570	51,628	51,628	51,628
2011	16,399	36,937	46,163	46,988	47,012	47,012	47,840	47,840	47,840	47,840
2012	3,117	21,493	23,807	23,807	23,807	27,477	27,477	27,477	27,477	27,477
2013	15,185	24,698	25,451	25,451	33,653	33,741	33,741	33,741	33,741	33,741
2014	24,970	45,271	50,173	55,073	55,366	55,534	55,534	55,534	55,534	55,534
2015	8,930	22,743	30,533	33,870	34,067	34,182	34,182	34,182	34,182	34,182
2016	7,917	18,971	22,939	25,590	25,749	25,840	25,840	25,840	25,840	25,840

General Accident

Accident Year	1	2	3	4	5	6	7	8	9	10
2007	-	120,862	194,062	208,065	215,131	216,631	218,609	219,740	219,740	219,740
2008	60,916	218,273	270,192	285,674	292,863	293,061	293,742	294,837	294,837	294,837
2009	71,945	187,483	241,962	264,105	265,838	266,531	268,609	270,857	270,977	270,977
2010	21,940	128,973	171,019	188,852	195,026	196,293	196,777	200,132	200,132	200,132
2011	73,152	204,823	234,852	240,627	244,047	244,224	251,288	251,684	251,684	251,684
2012	63,015	185,781	220,564	226,358	226,423	236,778	237,523	237,953	237,953	237,953
2013	68,358	144,225	157,153	173,317	202,064	202,893	203,618	204,035	204,035	204,035
2014	47,092	95,809	104,951	134,298	137,428	138,067	138,625	138,947	138,947	138,947
2015	31,736	63,179	125,279	135,389	138,833	139,536	140,150	140,504	140,504	140,504
2016	10,922	39,670	51,065	55,484	56,990	57,297	57,565	57,720	57,720	57,720

Fire

Accident Year	1	2	3	4	5	6	7	8	9	10
2007	-	112,488	130,012	130,071	130,641	131,626	131,626	131,626	131,626	131,659
2008	73,678	111,442	129,279	129,370	129,851	129,851	129,851	129,851	129,851	129,908
2009	25,257	62,794	82,934	83,404	83,815	83,815	83,815	83,815	84,905	84,905
2010	37,217	72,237	77,441	78,284	78,695	78,695	78,695	85,396	85,396	85,396
2011	31,862	89,867	102,004	102,661	102,992	103,046	124,649	124,649	124,649	124,649
2012	32,108	89,615	95,828	98,883	101,321	125,274	125,274	125,274	125,274	125,274
2013	64,166	115,151	117,123	118,000	138,273	138,628	138,628	138,628	138,628	138,628
2014	33,745	66,563	69,775	91,358	92,231	92,499	92,499	92,499	92,499	92,499
2015	21,869	38,560	71,662	72,395	73,165	73,401	73,401	73,401	73,401	73,401
2016	19,478	36,136	41,390	41,866	42,364	42,517	42,517	42,517	42,517	42,517

Engineering

Accident Year	1	2	3	4	5	6	7	8	9	10
2007	-	3,566	4,094	4,202	4,240	4,240	4,240	4,240	4,240	4,240
2008	7,905	30,903	33,081	33,096	33,131	33,131	33,131	33,131	33,131	33,131
2009	2,287	10,846	11,337	11,461	11,469	11,912	11,912	11,912	11,912	11,912
2010	6,873	18,570	28,056	28,074	28,733	28,733	28,733	43,192	43,192	43,192
2011	2,187	12,564	17,264	18,096	18,096	18,096	22,028	22,028	22,028	22,028
2012	10,597	36,806	39,788	42,928	42,928	52,073	52,073	52,073	52,073	52,073
2013	2,436	4,028	4,487	4,861	6,097	6,947	6,947	6,947	6,947	6,947
2014	6,710	26,332	33,969	35,754	36,006	36,258	36,258	36,258	36,258	36,258
2015	4,226	4,651	16,271	16,922	17,047	17,171	17,171	17,171	17,171	17,171
2016	1,041	6,573	8,107	8,463	8,531	8,599	8,599	8,599	8,599	8,599

39.1 Life Insurance Contracts
Sensitivity analysis report for life insurance liabilities

	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Deposit based policies (Risk Reserve)									
GICO Savings	364,745	361,553	368,012	401,219	328,270	372,010	357,573	364,639	364,850
Goldlink Uni-Dowment	51,083,143	47,365,189	55,297,093	55,177,355	46,999,902	58,172,852	45,441,948	52,247,384	49,917,631
Goldlink Flexi-Dowment	4,388,354	4,243,541	4,544,434	4,842,771	3,950,101	4,682,739	4,129,436	4,467,140	4,309,478
Individual investment linked account balance	175,613,273	175,613,273	175,613,273	175,613,273	175,613,273	175,613,273	175,613,273	175,613,273	175,613,273
Individual with participation in profit									
Endowment Assurance	464,310	420,345	512,691	470,792	457,827	469,325	459,738	465,587	463,032
Educational Endowments	6,244,485	6,042,902	6,458,415	6,285,820	6,203,149	6,265,004	6,225,358	6,247,391	6,241,577
Individual without participation in profits									
Mortgage Protection	138,411	135,020	142,005	144,482	132,340	142,874	134,347	142,275	134,547
Term Assurance	16,480	16,130	16,844	19,067	13,893	17,619	15,386	16,541	16,419
Group Deposit Base Business	1,072,761,583	1,072,761,583	1,072,761,583	1,072,761,583	1,072,761,583	1,072,761,583	1,072,761,583	1,072,761,583	1,072,761,583
Group life - UPR	96,986,256	96,986,256	96,986,256	96,986,256	96,986,256	96,986,256	96,986,256	96,986,256	96,986,256
Group life- AURR	4,036,460	4,036,460	4,036,460	4,036,460	4,036,460	4,036,460	4,036,460	4,036,460	4,036,460
Group life- IBNR	301,794,697	301,794,697	301,794,697	301,794,697	301,794,697	301,794,697	301,794,697	301,794,697	301,794,697
Additional Reserves	73,572,293	73,572,293	73,572,293	73,572,293	73,572,293	73,572,293	73,572,293	73,572,293	73,572,293
Reinsurance	(22,515,155)	(22,515,155)	(22,515,155)	(22,515,155)	(22,515,155)	(22,515,155)	(22,515,155)	(22,515,155)	(22,515,155)
Net liability	**1,764,949,335**	**1,760,834,087**	**1,769,588,901**	**1,769,590,913**	**1,760,334,889**	**1,772,371,830**	**1,759,013,193**	**1,766,200,364**	**1,763,696,941**
% Change in net liability		**-0.23%**	**0.26%**	**0.26%**	**-0.26%**	**0.42%**	**-0.34%**	**0.07%**	**-0.07%**

Summary	**Base**	**VIR +1%**	**VIR -1%**	**Expenses +10%**	**Expenses -10%**	**Expense inflation +2%**	**Expense inflation -2%**	**Mortality +5%**	**Mortality -5%**
Individual	311,885,493	307,770,245	316,525,061	316,527,073	307,271,047	319,307,987	305,949,351	313,136,523	310,633,099
Group	1,453,063,842	1,453,063,842	1,453,063,842	1,453,063,842	1,453,063,842	1,453,063,842	1,453,063,842	1,453,063,842	1,453,063,842
Net liability	**1,764,949,335**	**1,760,834,087**	**1,769,588,903**	**1,769,590,915**	**1,760,334,889**	**1,772,371,829**	**1,759,013,193**	**1,766,200,365**	**1,763,696,941**
% change in liability	**-**	**-0.20%**	**0.28%**	**0.26%**	**-0.20%**	**0.50%**	**-0.33%**	**0.08%**	**-0.03%**

The principal risk the Company faces under insurance contracts is that actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line and territory.

The Company's underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgement of the board and senior management.

Each year, as part of the planning process, the Risk Enterprise committee and senior management review the underwriting strategy of each core insurance businesses taking into account profit, growth and risk appetite considerations. The review is carried out for each major class of business and approved by the committee.

39.2 General insurance contracts

The Company principally issues the following types of general insurance contracts: motor, fire, marine, aviation, general accident, engineering and bonds.

Risks under general insurance policies usually cover a twelve month duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual

Non life reserve sensitivity analysis

Class of Business	Base	5% Loss Ratio	(-5%) Loss Ratio	1% Inflation Rate	(-1)% Inflation Rate	1% Discount Rate	(-1)% Discount Rate
General Accident	226,606,130	266,146,721	197,294,674	229,045,840	224,182,440	224,930,418	228,318,056
Engineering*	65,692,520	68,477,883	62,539,279	66,431,750	64,956,641	65,257,795	66,135,780
Fire	390,462,072	455,399,333	330,331,478	393,270,670	387,677,679	388,038,864	392,932,874
Marine	85,644,689	102,010,901	73,803,894	86,259,976	85,032,184	85,122,202	86,176,809
Motor	218,776,141	262,136,064	177,551,158	221,046,267	216,514,749	217,474,894	220,101,429
Bond	80,143,042	82,535,312	76,606,330	80,143,042	80,143,042	79,380,039	80,923,278
Oil & Gas	1,327,010,219	1,383,925,687	1,277,645,439	1,327,010,219	1,327,010,219	1,314,376,407	1,339,929,375
Aviation	42,744,135	44,261,230	41,327,593	42,744,135	42,744,135	42,337,189	43,160,272
Total	**2,437,078,948**	**2,664,893,131**	**2,237,099,845**	**2,445,951,899**	**2,428,261,089**	**2,416,917,808**	**2,457,677,873**
Account Outstandin	2,141,283,655	2,141,283,655	2,141,283,655	2,141,283,655	2,141,283,655	2,141,283,655	2,141,283,655
IBNR	295,795,293	523,609,476	95,816,190	304,668,244	286,977,434	275,634,153	316,394,218
Percentage Change		**9.35%**	**-8.21%**	**0.36%**	**-0.36%**	**-0.83%**	**0.85%**

The key assumptions to which the estimation of liabilities is particularly sensitive to are as follows:

 Methods adopted assume the future claims follow a regression pattern from the historical data.

Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.

 An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.

 An assumption that gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claim expenses.

 The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.

 An assumed loss ratio of 20% for Oil & Gas and 30% for Bond and Aviation respectively.

40 Asset and liability management

The principal technique of the Company's Asset and Liability Management (ALM) is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each period, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

40.1 Hypothecation

31-Dec-16

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents	4	-	6,326	48,670	54,996
Financial assets	5	62,876	-	-	62,876
Trade receivables	6	-	-	22,976	22,976
Reinsurance assets	7	245,766	-	-	245,766
Deferred acquisition cost	8	73,467		-	73,467
Other receivables and prepayments	9	-	-	23,147	23,147
Property and equipment	10	-	-	890,913	890,913
Statutory deposit	11	-	-	500,000	500,000
Total Assets		382,109	6,326	1,485,706	1,874,141
Liabilities					
Insurance contract liabilities	12	4,419,599	-	-	4,419,599
Investment contract liabilities	13	-	1,576,874	-	1,576,874
Trade payables	14	-	-	324,969	324,969
Other payables and accruals	15	-	-	768,443	768,443
Current tax liabilities	16	-	-	257,213	257,213
Deferred tax liabilities	17	-	-	31,662	31,662
Total Liabilities		4,419,599	1,576,874	1,382,287	7,378,760
(Deficit)/surplus		(4,037,490)	(1,570,548)	103,419	(5,504,619)
Cummulative (deficit)/surplus		(4,037,490)	(5,608,038)	(5,504,619)	(5,504,619)

The Company is putting strategies in place to turn around the shareholders' deficit, via its recapitalisation plans.

40.2 Hypothecation
31-Dec-15

In thousands of Naira	Note	**Insurance contract**	**Investment contract**	**Shareholders funds**	**Total**
Assets					
Cash and cash equivalents	4	-	12,697	52,154	64,851
Financial assets	5	54,597	-	-	54,597
Trade receivables	6	-	-	21,070	21,070
Reinsurance assets	7	203,974	-	-	203,974
Deferred acquisition cost	8	71,158		-	71,158
Other receivables and prepayments	9	-	-	39,731	39,731
Property and equipment	10	-	-	894,544	894,544
Statutory deposit	11	-	-	500,000	500,000
Total Assets		329,729	12,697	1,507,499	1,849,925
Liabilities					
Insurance contract liabilities	12	3,485,210	-	-	3,485,210
Investment contract liabilities	13	-	1,501,028	-	1,501,028
Trade payables	14	-	-	178,794	178,794
Other payables and accruals	15	-	-	583,195	583,195
Current tax liabilities	16	-	-	306,060	306,060
Deferred tax liabilities	17	-	-	41,348	41,348
Total Liabilities		3,485,210	1,501,028	1,109,397	6,095,635
(Deficit)/surplus		(3,155,481)	(1,488,331)	398,102	(4,245,710)
Cummulative (deficit)/surplus		(3,155,481)	(4,643,812)	(4,245,710)	(4,245,710)

41 Operating segments

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

Life insurance segment

The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk). It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

General insurance segment

The general insurance segment comprises general insurance to individuals and businesses. General insurance products offered include motor, fire, marine, avaiation, Oil & gas, engineering, general accident and bond & indemnity insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.

For inter segement transactions that occurs, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments.

Segment Profit or Loss and Other Comprehensive Income as at 31 December 2016

	General Insurance		Life Insurance		Elimination of interbusiness transactions	Total	
In thousands of Naira	2016	2015	2016	2015		2016	2015
Gross premium written	1,074,751	1,743,161	321,944	662,024	-	1,396,695	2,405,185
Gross premium income	1,180,461	1,912,635	408,056	625,180	-	1,588,517	2,537,815
Reinsurance expense	(215,422)	(456,723)	(13,394)	(15,371)	-	(228,816)	(472,094)
Net premium income	965,039	1,455,912	394,662	609,809	-	1,359,701	2,065,721
Fees and commission income	25,618	61,825	3,349	3,638	-	28,967	65,463
Net underwriting income	990,657	1,517,737	398,011	613,447	-	1,388,668	2,131,184
Claims expense	(964,065)	(312,522)	(534,705)	(748,749)	-	(1,498,770)	(1,061,271)
Underwriting expense	(233,612)	(348,376)	(140,828)	(108,925)	-	(374,440)	(457,301)
Underwriting profit/(loss)	(207,020)	856,839	(277,522)	(244,227)	-	(484,542)	612,612
Investment and other operating income	23,524	76,808	25,757	6,277	-	49,281	83,085
Impairment (losses)/reversals	8,800	782	(6,195)	80,764	-	2,605	81,546
Management expenses	(752,462)	(977,381)	(41,593)	(119,096)	-	(794,055)	(1,096,477)
Loss on life investment contract	-	-	(87,432)	(90,217)	-	(87,432)	(90,217)
Loss before tax	(927,158)	(42,952)	(386,985)	(366,499)	-	(1,314,143)	(409,451)
Income taxes	15,378	(43,805)	2,403	103,051	-	17,781	59,246
Loss after taxation	(911,780)	(86,757)	(384,582)	(263,448)	-	(1,296,362)	(350,205)
Other comprehensive income							
Items in other comprehensive income that may be reclassified subsequently to profit or loss							
Fair value changes of available for sale financial assets	(4,060)	(4,660)	(859)	(2,105)	-	(4,919)	(6,765)
Exchange gains on available for sale financial assets	10,800	3,050	-	-	-	10,800	3,050
Fair value changes on property and equipment	33,519	-	16,207	-	-	49,726	-
Income tax effect	-	(915)	-	-	-	-	(915)
Reversal of deferred tax on asset revaluation reserve	-	117,480	-	(106,519)	-	-	10,961
Total Comprehensive Income	(871,521)	28,198	(385,441)	(372,072)	-	(1,240,755)	(343,874)

Assets and liabilities	General Insurance		Life Insurance		Elimination of interbusiness transactions	Total	
In thousands of Naira	2016	2015	2016	2015		2016	2015
Tangible segment assets	1,343,415	1,318,285	1,921,659	1,910,805	(1,391,426)	1,873,648	1,849,925
Charged to other segments	-	-	-	-		-	-
Total assets	1,343,415	1,318,285	1,921,659	1,910,806	(1,391,426)	1,873,648	1,849,925
Segment liabilities	5,467,376	4,557,342	3,302,317	2,917,457	(1,391,426)	7,378,267	6,095,634
Charged to other segments	-	-	-	-		-	-
Total liabilities	5,467,376	4,557,342	3,302,317	2,917,458	(1,391,426)	7,378,267	6,095,635
Net assets	(4,123,961)	(3,239,057)	(1,380,658)	(1,006,653)	-	(5,504,619)	(4,245,710)

Other National Disclosures

Other National Disclosures

Value Added Statement

(All amounts in thousands of Naira unless otherwise stated)

	31-Dec-16	%	**31-Dec-15**	%
Gross premium income (Local)	1,588,518		2,537,815	
Investment income				
- Local	59,036		41,325	
- Foreign	-		-	
Other income				
- Local	(9,753)		41,760	
- Foreign	-		-	
Reinsurance, claims, commission & operating expenses				
- Local	(2,382,028)		(2,346,018)	
- Foreign	-		-	
Value (eroded)/added	**(744,227)**	**100**	**274,882**	**100**
Applied to pay:				
Employee benefit expense	517,242	227	625,204	187
Government as tax	(17,781)	-22	(59,245)	29
Retained in the business				-
Depreciation of property and equipment	52,670	22	59,129	17
Amortisation of intangible assets	-	0	-	0
To deplete reserve	(1,296,358)	-127	(350,206)	(133)
Value (eroded)/added	**(744,227)**	**100**	**274,882**	**100**

Other National Disclosures

Financial Summary

(All amounts in Naira thousands unless otherwise stated)

	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Cash & cash equivalents	54,996	64,851	70,975	349,665	308,783
Financial assets	62,876	54,597	55,008	62,982	57,294
Trade receivables	22,976	21,070	27,669	49,753	103,685
Reinsurance assets	245,766	203,974	376,180	446,172	583,149
Deferred acquisition cost	73,467	71,158	84,095	107,036	138,169
Other receivables and prepayments	23,147	39,731	95,279	116,930	89,888
Intangible assets	-	-	-	554	10,129
Property, and equipment	890,913	894,544	939,038	976,348	1,733,564
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	1,874,141	1,849,925	2,148,244	2,609,440	3,524,661
Liabilities					
Insurance contract liabilities	4,419,599	3,485,210	3,645,171	3,851,923	3,944,869
Investment contract liabilities	1,576,874	1,501,028	1,285,057	1,082,794	930,960
Trade payables	324,969	178,794	102,776	260,400	191,703
Other payables and accruals	768,443	583,195	256,509	155,844	207,315
Borrowings	-	-	-	-	351,878
Retirement benefit obligation	-	-	313,628	346,303	255,169
Current tax laibilities	257,213	306,060	290,901	291,146	322,315
Deferred tax liabilities	31,662	41,348	156,038	47,516	258,769
Total liabilities	7,378,760	6,095,635	6,050,080	6,035,926	6,462,978
Capital and reserves					
Issued and paid up share capital	1,600,699	1,600,699	2,274,974	2,274,974	2,274,974
Share premium	1,989,523	1,989,523	2,663,798	2,663,798	2,663,798
Contingency reserve	1,524,736	1,489,274	1,482,547	1,404,000	1,288,369
Retained losses	(10,624,413)	(9,292,593)	(11,004,185)	(10,396,431)	(10,349,308)
Revaluation reserves	34,808	-	686,754	675,823	1,202,044
Available for sale reserve	7,683	12,602	19,367	27,340	21,654
Treasury shares	(47,350)	(47,350)	(47,350)	(47,350)	(39,850)
Actuarial reserves	-	-	22,259	(28,640)	-
Exchange gains reserves	9,695	2,135	-	-	-
Total Equity	(5,504,619)	(4,245,710)	(3,901,837)	(3,426,487)	(2,938,318)
Total equity and liabilities	1,874,141	1,849,925	2,148,244	2,609,440	3,524,661

STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Gross premium written	1,396,695	2,405,185	3,113,179	4,352,511	5,403,884
Premium earned	1,588,518	2,537,815	3,737,251	3,973,082	5,565,913
(Loss)/profit before taxation	(1,314,139)	(409,451)	(414,652)	180,094	(776,934)
Taxation	17,781	59,245	(114,555)	(111,586)	(47,338)
(Loss)/profit after taxation	(1,296,358)	(350,206)	(529,207)	68,508	(824,272)
Transfer to contingency reserve	35,462	6,727	78,547	115,631	152,502
(Loss)/earnings per share (kobo)	(40)	(11)	(12)	2	(18)

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

General Business Statement of Financial Position

For the year ended 31 December, 2015

	Note	31-Dec-16	31-Dec-15
In thousands of Naira			
Assets			
Cash and cash equivalents		48,670	52,154
Other financial assets		44,135	37,395
Trade receivables		6,442	7,430
Reinsurance assets		217,117	180,179
Deferred acquisition cost	8	73,467	71,158
Other receivables and prepayments		7,157	19,117
Intangible assets		-	-
Property, plant and equipment		646,427	650,852
Statutory deposits	11	300,000	300,000
Total Assets		1,343,415	1,318,285
Liabilities			
Insurance contract liabilities	12	2,886,331	2,216,369
Trade payables		294,221	127,525
Other payables and accruals		2,022,693	1,902,002
Current tax liabilities		217,112	254,245
Deferred tax liabilities		47,019	57,201
Total Liabilities		5,467,376	4,557,342
Capital and reserves			
Issued and paid up share capital		826,725	826,725
Share premium		1,254,498	1,254,500
Contingency reserve		1,405,717	1,373,474
Retained losses		(7,595,171)	(6,651,062)
Revaluation reserves		23,464	-
Available for sale reserve		(1,539)	2,521
Treasury shares		(47,350)	(47,350)
Exchange gain reserves		9,695	2,135
Shareholders funds		(4,123,961)	(3,239,057)
Total equity and liabilities		1,343,415	1,318,285

Other National Disclosures

General Business Statement of Comprehensive Income

For the year ended 31 December 2016

In thousands of Naira	**Note**	**31-Dec-16**	**31-Dec-15**
Gross premium written		1,074,752	1,743,162
Gross premium income		1,180,461	1,912,635
Reinsurance expense		(215,422)	(456,723)
Net premium income		965,039	1,455,912
Fees and commission income		25,618	61,825
Net underwriting income		990,657	1,517,737
Claims expense	22	(964,065)	(312,522)
Underwriting expense		(233,612)	(348,376)
Underwriting (loss)/profit		(207,020)	856,839
Investment and other operating income		23,524	76,808
Management expense	26(b)	(752,462)	(976,528)
Net impairment (losses)/reversals		8,800	(71)
Loss before taxation		(927,158)	(42,952)
Income taxes		15,378	(43,805)
Loss after taxation		(911,780)	(86,757)
Items within other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income			
Fair value changes on available for sale financial assets		(4,060)	(4,660)
Exchange gains on available for sale financial assets		10,800	3,050
Income tax effect		-	(915)
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property and equipment		33,519	-
Reversal of deferred tax on asset revaluation reserve		-	117,480
Other comprehensive income for the year, net of tax		40,259	114,955
Total comprehensive income/(loss)		(871,521)	28,198

Other financial information

General Business Revenue Account

For the year ended 31 December 2015

In thousands of Naira	Notes	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	OIL & GAS	AVIATION	2016 TOTAL	2015 TOTAL
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
INCOME											
Direct Premium		615,285	85,403	175,018	84,264	50,436	25,938	34,953	2,864	1,074,161	1,736,831
Inward Reinsurance Premium		-	591	-	-	-	-	-	-	591	6,331
Gross Written Premium		615,285	85,994	175,018	84,264	50,436	25,938	34,953	2,864	1,074,752	1,743,162
Less: (Increase)/ decrease in unearned premium		19,842	2,835	23,690	(5,215)	7,860	8,229	47,890	579	105,710	169,473
Gross Premium income		635,127	88,829	198,708	79,049	58,296	34,167	82,843	3,443	1,180,462	1,912,635
Reinsurance Cost		(19,035)	(60,417)	(38,777)	(37,812)	(13,869)	(17,901)	(26,449)	(1,164)	(215,424)	(456,723)
Net Premium earned		616,092	28,412	159,931	41,237	44,427	16,266	56,394	2,279	965,038	1,455,912
Commissions earned		309	6,792	7,844	5,246	2,392	2,538	312	185	25,618	61,825
Net underwriting income		616,401	35,204	167,775	46,483	46,819	18,804	56,706	2,464	990,656	1,517,737
EXPENSES											
Gross Claims Paid	22	109,738	42,669	75,663	23,600	6,027	9,477	16,844	1,733	285,751	589,264
Increase/(decrease) in outstanding claims provision		134,286	124,845	27,174	13,833	28,568	10,972	418,352	17,634	775,664	(186,486)
Gross Claims incurred		244,024	167,514	102,837	37,433	34,595	20,449	435,196	19,367	1,061,415	402,778
Less: Reinsurance claims recoveries/recoverable	22	(12,649)	(27,969)	(30,783)	(12,289)	-	(9,410)	-	(4,254)	(97,354)	(90,256)
Net claims incurred		231,375	139,545	72,054	25,144	34,595	11,039	435,196	15,113	964,061	312,522
Add: Underwriting expenses:											
Acquisition expenses	23.1	72,255	21,277	39,096	(3,331)	10,597	7,216	755	52	147,917	249,060
Maintenance expenses: Handling charges	23.2	-	-	-	-	-	-	-	-	-	574
Marketing expenses	23.2	14,968	2,092	4,258	2,050	1,227	631	850	70	26,146	65,420
Other maintenance expenses	23.2	34,093	4,765	9,697	4,670	2,795	1,437	1,937	159	59,552	33,322
		121,316	28,134	53,050	3,389	14,619	9,284	3,542	280	233,615	348,376
Total expenses and claims incurred		352,691	167,679	125,104	28,533	49,214	20,323	438,738	15,394	1,197,676	660,898
Underwriting profit/(loss)		263,710	(132,475)	42,671	17,950	(2,395)	(1,519)	(382,032)	(12,927)	(207,020)	856,839

Other financial information

Life Business Statement of Financial Position

For the year ended 31 December, 2016

In thousands of Naira	Note	**31-Dec-16**	**31-Dec-15**
Assets			
Cash and cash equivalents		6,326	12,697
Other financial assets		18,741	17,202
Trade receivables		16,534	13,639
Reinsurance assets		28,650	23,795
Other receivables and prepayments		1,391,563	1,383,928
Intangible assets		-	-
Property, plant and equipment		244,487	243,692
Deferred tax assets		15,358	15,852
Statutory deposits	11	200,000	200,000
Total Assets		1,921,659	1,910,805
Liabilities			
Insurance contract liabilities	12	1,533,271	1,268,841
Investment contract liabilities	13	1,576,874	1,501,028
Trade payables		30,748	21,203
Other payables and accruals		121,323	74,570
Current tax liabilities		40,101	51,815
Total Liabilities		3,302,317	2,917,457
Capital and reserves			
Issued and paid up share capital	18.1	773,973	773,973
Share premium		735,023	735,023
Contingency reserve		119,019	115,799
Retained losses		(3,029,240)	(2,641,527)
Revaluation reserves		11,345	-
Available for sale reserve		9,222	10,080
Actuarial reserves		-	-
Shareholders funds		(1,380,658)	(1,006,652)
Total equity and liabilities		1,921,659	1,910,805

Other financial information

Life Business Statement of Comprehensive Income

For the year ended 31 December 2016

In thousands of Naira	Note	31-Dec-16	31-Dec-15
Gross premium written		321,944	662,024
Gross premium income		408,056	625,180
Reinsurance expense		(13,394)	(15,371)
Net premium income		394,662	609,809
Fees and commission income		3,349	3,638
Net underwriting income		398,011	613,447
Claims expense	22	(534,705)	(748,749)
Underwriting expense		(140,828)	(108,925)
Underwriting loss		(277,522)	(244,227)
Investment and other operating income		25,757	6,277
Management expense		(41,593)	(119,096)
Net impairment (losses)/reversals		(6,195)	80,764
Loss on investment contracts	13(b)	(87,432)	(90,217)
Loss before taxation		(386,985)	(366,499)
Income taxes		2,403	103,051
Loss after taxation		(384,582)	(263,448)
Items within other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income			
Fair value changes on available for sale financial assets		(859)	(2,105)
Income tax effect			-
Items within other comprehensive income that will not be reclassified to profit or loss			
Fair value changes on property & equipment		16,207	-
Actuarial gains/(losses) in defined benefit obligation liability			
-Due to assumption			-
-Due to experience			-
-Income tax effect			-
Reversal of deferred tax on asset revaluation reserve			(106,519)
Other comprehensive income for the year, net of tax		15,348	(108,624)
Total comprehensive income		(369,234)	(372,072)

Other financial information

Life Business Revenue Account
For the year ended 31 December 2016

In thousands of Naira	Note	Individual Life	Group Life	2016 Total	2015 Total
Income					
Direct premiums		250,079	71,864	321,943	730,205
Less: (increase)/decrease in unearned premium		90,822	(4,708)	86,114	36,843
Gross premium income		159,257	76,572	408,057	693,362
Unbundling of life investment contracts		-	-	-	68,183
Reinsurance cost		-	13,394	13,394	15,371
Premium retained		159,257	63,178	394,663	609,808
Commission earned		-	3,348	3,348	3,638
Total underwriting income		159,257	66,526	398,011	613,446
Expenses					
Gross claims paid		-	85,318	85,318	527,802
Surrenders		13,475	-	13,475	4,282
Maturity claims		17,821	-	17,821	29,549
Increase in outstanding claims	22	-	428,331	428,331	218,695
Gross claims incurred		31,296	513,649	544,945	780,328
Reinsurance claims recoveries/recoverables	22	(4,855)	(5,385)	(10,240)	(31,579)
Net claims incurred	22	26,441	508,264	534,705	748,749
Acquisition expenses		6,111	130,739	136,850	93,414
Maintenance expenses: Handling expenses		1,425	410	1,835	6,578
Marketing expenses		1,665	478	2,143	8,932
Total expenses		35,642	639,891	675,533	857,673
Underwriting profit/(loss)		123,615	(573,365)	(277,522)	(244,227)