LASACO ASSURANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016

DOYIN OWOLABI & CO.
(Chartered Accountants)
14, Falolu Street
Off Itire Road,
Surulere, Lagos.

LASACO ASSURANCE PLC

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENED DECEMBER 31 2016

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LASACO ASSURANCE PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
CORPORATE INFORMATION

REGISTERED OFFICE/HEAD OFFICE
Plot 16, ACME Road
Ogba Industrial Estate
Ikeja
Lagos State.
Tel: (234) 01 – 2120557
E-mail: info@lasacoassurance.com
Website: www.lasacoassurance.com
Incorporation Certificate: RC 31126 of 20th December, 1979

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS:

Mrs. Derinola Disu	-	Chairman (Appointed April 01, 2016)
Engineer Ashim A. Oyekan		Chairman, (Retired March 30, 2016)
Dr (Mrs) 'Toyin Adebola Phillips	-	Chairman, Finance and Investment Committee (Retired March 30, 2016)
Mrs. Aduke Modupeolu Thorpe	-	Chairman, Establishment Committee(Retired March 30, 2016)
Chief Micheal Segun Abraham	-	Member,Finance and Investments Committee (Retired March 30, 2016)
Mr. Olusola Olatayo Ladipo-Ajayi	-	Managing Director / CEO (Retired May , 2016)
Mr. Segun Balogun		Managing Director / CEO (Appointed May, 2016)
Ms. Kikelomo Kasim	-	Independent Director
Engineer Sanni Ndanusa	-	Independent Director
Mrs. Derinola Disu		Director (Appointed November 2015)
Mr. Akin Odusami		Director (Appointed November, 2015)
Otunba Akin Doherty	-	Director (Appointed May 17,2016)
Mr. 'Biodun Dosunmu	-	Executive Director (Resigned Deember 02, 2016)

Company Secretary	Gertrude Olutekunbi (Mrs.)
AUDITORS	Doyin Owolabi & Co. (Chartered Accountants) 14, Falolu Street, Surulere, Lagos FRC/2012/1CAN/00000000101
REGISTRARS	Apel Capital & Trust Ltd 8, Alhaji Bashorun Street, Off Norman Williams Street Ikoyi - Lagos Telephone: 01- 873928, 7401444-5 Contact Person: Oluwafunmilola Babalola Email: obabalola@apel.com.ng
BANKERS	Skye Bank Plc First Bank of Nigeria Plc Ecobank Nig. Ltd United Bank For Africa Plc Guaranty Trust Bank.
ACTUARY	HR Nigeria Ltd
ESTATE VALUER	Oletubo & Co Estate Surveyors & Valuers Fola Oyekan & Associates Estate Surveyors & Valuers

LASACO ASSURANCE PLC

OUR VISION

To be a market leader in Insurance and Financial Services in Nigeria, creating and sustaining an exceptional brand and providing long term value to our Stakeholders.

MISSION STATEMENT

We are committed to be the Insurance and Financial Services Company of choice in Nigeria, providing Products and Services of Superior Quality, using modern tools and a well motivated workforce to create long term value for all our Stakeholders.

OUR VALUES

Excellence

Professionalism

Integrity

Customer Focus

Trust

Accountability

Creativity

Teamwork

QUALITY POLICY STATEMENT

LASACO Assurance Plc is committed to delivering Insurance and Financial Services Of Superior Quality,

We are committed to continually improving the effectiveness of our Quality Management System.

We establish measurable goals and objectives at Departmental levels which we review as the need arises ensuring timely, effective implementation of company strategy.

LASACO ASSURANCE PLC

FINANCIAL HIGHLIGHTS

	2016 ₦'000	2015 ₦'000	
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS			
Total assets	19,298,231	16,133,430	20%
Shareholders' funds	7,851,942	6,578,796	19%
Financial assets	4,935,914	2,365,143	109%
Investment properties	3,341,000	3,053,000	9%
MAJOR STATEMENT OF COMPREHENSIVE INCOME ITEMS			
Gross premium written	6,041,590	5,102,097	18%
Net premium earned	1,400,395	2,464,237	-43%
Investment income	441,141	661,528	-33%
Other income	2,917,021	203,519	1333%
Gross claims paid	1,651,691	1,122,017	47%
Profit before taxation	1,142,880	404,113	183%
Profit after taxation	**944,461**	**283,320**	233%
INFORMATION PER 50K ORDINARY SHARE			
Earnings per share (kobo)	13	4	
Proposed dividend per share (kobo)	3	-	
Net assets (kobo)	107	90	
Stock exchange quotation (kobo) at 31 December	50	50	
Price earning ratio	7	13	
Number of 50k shares issued	7,334,344	7,334,344	
Number of employees	167	175	
Number of branches	**15**	**15**	

LASACO ASSURANCE PLC

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

The Directors are pleased to submit their report together with the audited financial statements of LASACO Assurance Plc for the year ended December 31, 2016.

Legal form and Principal activity

The Company was incorporated in December 20, 1979 under the Company Decree of 1968 . the Company then, known as Lagos State Assurance Company Limited obtained license as an insurer on July 7, 1980 and commenced business on August 1, 1980. It became a public limited liability company in 1991 when the Company's shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2007. The Company then separated the life business and transferred the related assets and liabilities to its subsidiary, LASACO Life Assurance Company Limited . On January 1, 2009 LASACO Life Assurance Co. Ltd commenced business. The Company operates from its corporate office in Lagos and whilst it maintains branches in major cities of the Federation.

However,the operations of LASACO Life Company Limited and LASACO Assurance Plc have been merged to become a Composite Insurance Comapny by a court sanction and an approval from the National Insurance Commission (NAICOM). Lasaco Life Assurance Company Limited thus ceased to exist as a Private Company from December, 2014 but now a department under LASACO Assurance Plc.

The Company is principally engaged in the provision of various classes of insurance such as general accident, fire, motor, engineering, marine, bond insurances and life assurance businesses. The Group also transacts insurance business for aviation, oil & gas and other special risks.

Operating results

The following is a summary of the Company's
operating results for the year ended December 31, 2016:

	2016 ₦'000	2015 ₦'000
Profit before taxation	1,142,880	404,113
Taxation charge	(198,419)	(120,793)
Profit after taxation	944,461	283,320
Transfer to statutory contigency reserve	(171,643)	(109,786)
Transfer to retained earnings for the year	**772,818**	**173,534**

Dividend

The Directors are proposing a dividend of 3 kobo per share for the year ended 31 December 2016.

LASACO ASSURANCE PLC

DIRECTORS' REPORT (CON'TD)
FOR THE YEAR ENDED DECEMBER 31, 2016

Directors and their interests

The Directors' interests in the issued share capital of the Company as recorded in the register of members and as advised by the Company's registrars for the purposes of section 275 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as follows:

December 31 2016

Name of Director	Direct	Indirect	Total
Mr. Olusola Ladipo - Ajayi	28,004,324	-	28,004,324
Mr. Segun Balogun	10,000,000	-	10,000,000
Engineer Ashim Adebowale Oyekan	25,011,138	-	25,011,138
Mrs. Aderinola Disu	-	-	
Mrs. Aduke Modupeolu Thorpe	2,342,592	-	2,342,592
Dr. (Mrs.) Olutoyin Adebola Philips	6,083,734	-	6,083,734
Chief (Dr.) Michael Olusegun Abraham	25,142,362	748,976,302	774,118,664
Otunba Akin Doherty	-	748,976,302	748,976,302
Mr. Akinola Odusanmi	1,971,496	-	1,971,496
Engineer Sani Ndanusa	-	-	-
Ms. Kikelomo Kasim	-	-	-
Mr. Biodun Dosunmu	774,415	-	774,415

December 31 2015

Name of Director	Direct	Indirect	Total
Mr. Olusola Ladipo - Ajayi	28,004,324	-	28,004,324
Mr. Segun Balogun	-	-	
Mrs. Aduke Modupeolu Thorpe	2,342,592	-	2,342,592
Dr. (Mrs.) Olutoyin Adebola Philips	6,083,734	-	6,083,734
Engineer Ashim Adebowale Oyekan	25,011,138	-	25,011,138
Chief (Dr.) Michael Olusegun Abraham	25,142,362	748,976,302	774,118,664
Mr. 'Biodun Dosunmu	774,415	-	774,415

LASACO ASSURANCE PLC

DIRECTORS' REPORT (CON'TD)
FOR THE YEAR ENDED DECEMBER 31, 2016

Directors' interest in contracts
In accordance with section 277 of the Companies and Allied Matters Act, none of the Directors has notified the Company of any declarable interests in contracts or proposed contracts with the Company.

Retiring Directors
In accordance with Sectin 259 of Companies and Allied matters Act CAP C20 LFN 2004, Mrs Aderinola Disu and Mr. Akin Odusanmi will retire by rotation at this annual general meeting, and being eligible they offer themselves for re- election.

Share capital
The called-up and fully paid-up shares of the Company were beneficially held as follows at:
December 31, 2016

	2016 Number of shares	Percentage	2015 Number of shares	Percentage
Canon Properties & Investment Ltd	765,764,739	10.44	765,764,739	10.44
Ibile Holdings	2,027,796,764	27.65	2,027,796,764	27.65
Nigerian Citizens and Associations	4,540,781,918	61.91	4,540,781,918	61.91
	7,334,343,421	**100.00**	**7,334,343,421**	**100**

Analysis of shareholders
According to the register of members, no shareholder other than the ones mentioned above held more than 5% of the issued share capital of the Company as at 31 December, 2016.

Donations
The Company made the following donations during the year:

	₦
(1) Kemson's School International	50,000
(2) Nigeria Council of Registered Ins. Brokers	50,000
(3) Nigerian British Chamber of Commerce	500,000
(3) Lagos state Governors Cup	1,000,000
	1,600,000

Employment of disabled persons
The Company’s recruitment and staff development policies and practices are non-discriminatory.

LASACO ASSURANCE PLC

DIRECTORS' REPORT (CON'TD)
FOR THE YEAR ENDED DECEMBER 31, 2016

Employee involvement and training

The Company ensures that employees are informed of matters concerning them through formal and informal fora with an appropriate two-way feedback mechanism. In accordance with the Company’s policy of continuous development, in-house training is provided on various aspects of the organisation. In addition, employees are nominated to attend both local and international courses and workshops which are complemented by on-the-job trainings.

Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company’s premises and employees are aware of existing regulations. The Company gives priority to the health and safety of its employees by ensuring that health and safety procedures are substantally complied with and maintained in its daily operations.

Acquisition of own shares

The Company did not purchase any of its own shares during the year.

Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Company as at December 31 2014 and the profit attributable to equity holders on that date other than as disclosed in the financial statements.

Auditors

In line with regulatory requirements, Messrs Doyin Owolabi & Co. (Chartered Accountants) having expressed their willingness, will continue in office as the Company's auditors in accordance with section 357 (2) of the Companies and Allied Matters Act CAP (20) laws of the Federation of Nigeria 2004.

By order of the Board

Gertrude Olulekunbi
Company Secretary
FRC/2015/NBA/000000/11389

9th March, 2017

LASACO ASSURANCE PLC

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

In accordance with provisions of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP I17 LFN 2004 the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the company as at the year end and of its profit and loss account for the year then ended and comply with the requirements of both Acts.

These responsibilities include ensuring that:

(a) Adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities

(b) Proper accounting records are maintained

(c) Applicable accounting practices are followed

(d) Suitable accounting policies are used and consistently applied

(e) The financial statements are prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with;

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB);
- The requirements of the Insurance Act;
- Relevant guidelines and circulars issued by the National Insurance Commission (NAICOM);
- The requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profits and cash flows. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

By order of the Board

Segun Balogun **Aderinola Disu (Mrs.)**

LASACO ASSURANCE PLC
CERTIFICATION BY COMPANY SECRETARY
FOR THE YEAR ENDED DECEMBER 31, 2016

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matter Act, that for the year ended 31 December 2016, the company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Gertude Olutekunbi (Mrs.)
Company Secretary
FRC/2015/NBA/000000/11389

Lagos, Nigeria

9th March, 2017

LASACO ASSURANCE PLC
MANAGEMENTS' COMMENT AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

For a deeper understanding of our strategy, and operational performance and also in compliance with regulatory requirements, we have outlined a Management's Comment and Analysis (MC &A) report as contained hereunder.

All financial information presented in this MC&A, including tabular amounts, is in Naira and is prepared in accordance with International Financial Reporting Standards ("IFRS").

To facilitate the understanding of the company's position, it is advised that the content of this MC&A be read in conjunction with the full audited financial statements as well as the accompanying notes.

Nature of Business

LASACO Assurance Plc's major activity is Insurance business. LASACO's business portfolio currently include leadership and significant share of key Federal and State Governments Insurance businesses, multinational and private companies underwritng businesses in major sectors of the economy, from heavy Engineering and Construction, Banking and Finance, Manufacturing, Agricuture, Tourism, Life covers to high- tech capital intensive special risks areas of Oil and Gas, and Aerospace.

Business Objective and Strategy

The company aims to be a market leader in Insurance and Financial Services in Nigeria. By this, the company's objective is to emerge as one of the top ten Insurance service providers in Nigeria.

To ensure this goal is achieved, LASACO's strategy is to broaden and align service delivery channels along customer segments taking cognizance of the difference between policy administration, product support and customer care to adequately cater for peculiar needs for each segment.

LASACO is set to be a strong, efficient, cost effective and transparent Insurance and Financial services solution provider, investing in business and market segments that consistently offer profitable growth, increase return on our capital, and sustain long term shareholders' value.

Quality Policy Statement

LASACO Assurance Plc is committed to delivering Insurance and Financial Services of Superior Quality, surpassing customers expectations and ensuring strict compliance with regulatory and statutory requirements.

We are committed to continually improving the effectiveness of our Quality Management System in line with ISO 9001 - 2008 Certification.

We establish measurable goals and objectives at departmental levels which we review as the need arises ensuring timely and effective implementation of company strategy.

Performance Indicators

Operating Result, Cash flow and Financial Condition (in thousands of Nigerian Naira)

	2016	**2015**	**Change**
	₦'000	**₦'000**	**%**
Gross written premium	₦'000	5,102,097	#VALUE!
Net underwriting income	550,750	2,920,235	(81)
Underwriting profit	-	1,039,245	(100)
Investment income	7,618	661,528	(99)
Operating expenses	2,917,021	(1,509,797)	(293)
Profit before tax	(2,458,056)	404,113	(708)
EPS (k)	4	4	(4)

MANAGEMENTS' COMMENT AND ANALYSIS (Cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2016

In 2016, the premium income grew by 18% from N5.1 billion achieved in 2015 to N6.04billion in 2016.
Net premium income reduced by 43% fromN2.4billion in 2015 to N1.4billion in 2016. this was due to increase in un earned premium income and Reinsurance cost.
Claims expenses reduced by ₦84million from ₦706million in 2015 to ₦ 622million in 2016.

Underwriting profit reduced by ₦804 million from ₦1.03billion in 2015 to ₦ 235 million in 2016

Operating expenses for the year increased by ₦ 948million from ₦1.509billion to ₦ 2.458billion in 2016

The Company profit before tax for the year increase by 183% from N404million achievd in 2015 to N1.14billion in 2016.
Total asset moved form ₦16.1billion in 2015 to ₦19.2 billion in 2016.
Shareholder's fund also increased by N1.27billion from ₦6.578billion to ₦ 7.851billion.

Liquidity, Capital Resources and Risk Factors

The Company's cash investment is in accordance with its investments policy and complies with the regulatory requirements. The company's investment strategy is influenced by a focus on highly liquid financial instruments such as term deposit, equity and debt instruments. At the end of December 2016, the Company had approximately ₦10.8 b invested in fixed income and ₦1.1billion in equity instruments.

Forward Looking Statements

Some aspects of the statement above will also apply to the company's future outlook. Reference to the Company's or Management's budget, estimates, expectations, forecasts, predictions or projections constitute aspect of the "forward-looking statements". Such statements may also be deduced from the use of conditional or forward‐looking terminologies including but not limited to words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the adverse variants of such which appear within the body of this document.

Many factors and assumptions may affect the manifestation of the Company's projections, including, but not limited to, production rate, claims rate, employee turnover, relationships with brokers, agents and suppliers, economic and political conditions, non-compliance with laws or regulations by the Company's employees, brokers, agents, suppliers, and/or partners, and other factors that are beyond its control.

Without prejudice to the Company, such Forward Looking Statements reflect Management's current belief and are based on available information which are subject to risks and uncertainties as identified. Therefore, the eventual action and/or outcome could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes.

The forward-looking statements in this document reflect the Company's expectations as it was at the time the Company's Board of Directors approved this document, and are subject to change after this date. The Company does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

LASACO ASSURANCE PLC

CORPORATE GOVERNANCE REPORT

In accordance with the general requirements of the Code of Best Practices and Principles of Corporate Governance in Nigeria, 2011 ("the code"), we hereby highlight those key principles and practices that form the basis of the high standards of corporate conduct for which LASACO is known for.

At LASACO, we conduct our business activities in accordance with the highest degree of ethical standards of good governance, integrity and in full compliance with the law, while taking into account the interest of stakeholders. We reach out to our employees, business partners, associates and stakeholders at large to secure their commitment and participation in upholding high standards of conduct in the performance of their duties.

The Board of Directors are responsible for setting, reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives, monitoring implementation and management performance; and overseeing major capital expenditures, acquisitions and investments. In order to fulfill their responsibilities, we ensure that Board members have access to accurate, relevant and timely information and that Board Members devote sufficient time to their responsibilities and duties.

During the course of the year in view, Mr. Olusola Ladipo- Ajayi retired as the Managing Director in May, while Mr. Segun Balogun was appointed as the Managing Director of the Company with effect from May, 2016. Mr. Riliwan Oshinusi joined the Company as the Deputy Managing Director in June, 2016. In compliance with the NAICOM Code of Corporate Governance that all Directors that have been on the Board of Insurance Companies for more than 9 years were asked to retire, Engineer Ashim Oyekan, Mrs. Aduke Thrope, Mrs Toyin Phillips and Dr. Segun Abraham all retired from the Board in April, 2016 and Mrs. Aderinola Disu became the Chairman of the Board.

In April, 2016, the Nigerian Stock Exchange (NSE) in conjunction with the Convention on Business Integrity (CBI) forwarded Corporate Governance Rating System (CGRS) self – assessment tools to the company. The Questionnaire was completed and submitted. In October, 2016, they conducted verification of all the answers we filled in the Questionnaire and observed that some documents were not in place. We were directed to ensure that the documents were in place before 2019 when the next Corporate Governance Rating exercise will be conducted. We have however put all the documents in place. Also, our Directors sat and passed the Fiduciary Awareness Certification Test organized by NSE and CBI.

The Matters Reserved For the Board

The Board of Director's major performance enhancing and direction-setting responsibilities include the following matters:

i. Strategy formulation, policy thrust and Management Policies
ii. Integrity of financial controls and reports
iii. Risk assessment and internal controls
iv. Board and top executive Appointments
v. Creating and sustaining appropriate relationships with all stakeholders
vi. Selection, Performance Appraisal and Remuneration of Executive Directors
vii. Succession Planning
viii. Corporate Responsibility through the approval of relevant policies
ix. Approves and reviews the matters reserved for the Board and the terms of reference for Board Committees
x. Determines the remuneration for Non-Executive Directors
xi. Sets the procedure for determining the remuneration of the company's independent auditors
xii. Nominates members of the Board's committees and determines the scope of delegated authority to Board Committees and the Manangement as well as their respective responsibilities and accountability.
xiii. Develops and enforces a code of conduct for Non-Executive Directors and a binding Statement of Standards of Business Conduct for compliance by all company employees.
iv. Ensures compliance with all relevant laws and regulations by the Company and its officers.

LASACO ASSURANCE PLC
CORPORATE GOVERNANCE REPORT

The Board was made up of **Five** Non-Executive and **Three** Executive Directors, Two **Independent Director and one Alternate Director** during the 2016 financial year. At LASACO, the position of the company Chairman is separated and distinct from that of the Company Managing Director/Chief Executive Officer. The Chairman is Non-Executive Director.

The Board of LASACO Assurance Plc. met **(8)** times during the 2016 financial year. The following are the list of the Directors and their attendance records at the Board meetings:

BOARD OF DIRECTORS

	10-02-16	**02-03-16**	**30-03-16**	**17-05-16**	**29-06-16**	**30-09-16**	**10-11-16**	**24-11-16**
Engineer A.A. Oyekan	P	P	P	N/A	N/A	N/A	N/A	N/A
Mr. O.O. Ladipo-Ajayi	P	P	P	N/A	N/A	N/A	N/A	N/A
Mr Segun Balogun	P	P	P	P	P	P	P	P
Mrs. A. M. Thorpe	P	P	P	N/A	N/A	N/A	N/A	N/A
Dr. (Mrs.) O. Philips	P	P	P	N/A	N/A	N/A	N/A	N/A
Ms. Kikelomo Kasim	P	P	A	P	P	P	P	P
Chief M. O. Abraham	A	A	A	N/A	N/A	N/A	N/A	N/A
Engineer Sani Ndanusa	P	P	A	P	P	P	P	P
Engineer Tunde Ogunde	P	A	P	N/A	N/A	N/A	N/A	N/A
Mrs. A. Disu	P	P	P	P	P	P	P	P
Otunba Akin Doherty	N/A	N/A	N/A	N/A	P	P	P	A
Mr. A. Odusanmi	P	P	P	P	P	P	P	P
Mr. R. Oshinusi	N/A	N/A	N/A	N/A	P	P	P	P
Mr. A. L. Dosunmu	P	P	P	P	P	P	P	P

KEY: A = Absent P = Present E = Emergency N/A = Not Applicable

COMMITTEES OF THE BOARD

The Board performs its various duties and responsibilities through three (3) Committees: the Finance, and Investment Committee, the Establishment and Corporate Governance Committee, and the Audit , Risk Management and Complince Committee. All Board Committees make recommendations for consideration and approval by the full Board.

At the management level, a Management Committee presided over by the Managing Director/Chief Executive Officer and comprising the Executive Director, Deputy and Assistant General Managers and selected Senior Controllers, including the Internal Auditor and Chief Risk Officer meet regularly every Monday of each week.

CORPORATE GOVERNANCE REPORT

1. FINANCEAND INVESTMENT COMMITTEE

The Committee was chaired by a Non-Executive Director and made up of three other Non-Executive Directors and the two Executive Directors for a total membership of six (6) members.

The following are the key terms of reference of the Finance and Investment Committee:

a) To review the Company's operational standards and performance.

b) To oversee financial reporting, policies and processes as well as compliance level.

c) To oversee internal controls and compliance within the company and the Company at large.

d) To oversee capital and operating expenditures, specific projects and their financing within the overall Business Plan and Budget approved by the Board.

e) To ensure that there are no conflicts of interest by Directors and Top Managers in the Company in the conduct of business.

f) To proffer suggestions on optimal use of the Company's resources.

Membership

Dr. (Mrs) Olutoyin Philips	**Chairman** (Retired)
Otunba Akin Doherty	**Chairman**
Engineer Sani Ndanusa	**Member**
Dr. M. Segun Abraham	**Member** (Retired)
Mr. Akinola Odusanmi	**Member**
Ms. Kikelomo Kasim	**Member**
Mr. O. Olusola Ladipo-Ajayi	**Managing Director** (Retired)
Mr. Segun Balogun	**Managing Director**
Rilwan Oshinusi	**Deputy Managing Director**
Mr. 'Biodun Dosunmu	**Executive Director**

The Board Finance and Investment Committee met two times during the year. The following table shows the meeting dates and the attendance of the Committee members at such meetings:

ATTENDANCE

	02-02-16	**27-09-16**
Dr. (Mrs) Olutoyin Philips	P	N/A
Otunba Akin Doherty	N/A	P
Engineer Sani Ndanusa	P	P
Dr. M. Segun Abraham	P	N/A
Mr. Akinola Odusanmi	N/A	P
Ms. Kikelomo Kasim	P	P
Mr. O. Olusola Ladipo-Ajayi	P	N/A
Mr. Segun Balogun	P	P
Rilwan Oshinusi	N/A	P
Mr. 'Biodun Dosunmu	P	P

KEY: A = Absent P = Present N/A = Not Applicable

CORPORATE GOVERNANCE REPORT - Contnued

2. THE BOARD ESTABLISHMENT AND CORPORATE GOVERNANCE COMMITTEE

The Board Establishment and Corporate Governance Committee was made up of Four non-Executive Directors, **one** of whom chaired the Committee and were joined by the **three** Executive Directors.

The Terms of reference of the Board Establishment Committee are as follows:
a. To define the criteria and the procedure for the appointments and promotion of key officer of the company and the Company, at manager cadres and above.
b. To oversee proper administration of the Board approved performance based appraisal and remuneration System.
c. To review from time to time the organizational structure and succession planning proposals of the Company and make appropriate recommendations to the full Board.
d. Oversees the implementation of Board approved performance goals and objectives for the Executive Directors and Top Management.

Membership

Mrs Aduke Thorpe	Chairman	(Retired)
Mr. Akinola Odusanmi	Chairman	
Otunba Akin Doherty	Member	
Dr. (Mrs.) Olutoyin Philips	Member	(Retired)
Engineer Sani Ndanusa	Member	
Chief Olusegun Abraham	Member	(Retired)
Ms Kikelomo Kasim	Member	
Mr. O. Olusola Ladipo-Ajayi	Member	(Retired)
Mr. Segun Balogun	Member	
Mr. Rilwan Oshnusi	Member	
Mr. A. L Dosunmu	Member	

The Board Establishment Committee met four times during the year under review.
The following table shows the meeting dates and the attendance of the Committee members at such meetings:

Attendance:	**02-02-16**	**27-09-16**	**17-10-16**	**08-11-16**
Mrs Aduke Thorpe	P	N/A	N/A	N/A
Mr. Akinola Odusanmi	N/A	P	P	P
Otunba Akin Doherty				
Dr. (Mrs.) Olutoyin Philips	P	N/A	N/A	N/A
Engineer Sani Ndanusa	A	P	P	P
Chief Olusegun Abraham				
Ms Kikelomo Kasim	P	P	P	A
Mr. O. Olusola Ladipo-Ajayi	P	N/A	N/A	N/A
Mr. Segun Balogun	P	P	P	A
Mr. Rilwan Oshnusi	N/A	P	P	P
Mr. A. L Dosunmu	P	P	P	P

3. AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Audit, Risk Management and Compliance Committee was made up of **Four** non-Executive Directors, **one** of whom chaired the Committee and were joined by the **Three** Executive Directors. Committee was formed following the directive of the National Insurance Commission for companies to have an Audit Committee separate from the Statutory Audit Committee.

The Terms of reference of the Audit, Risk Management and Compliance Committee are as follows:

a) The Committee shall be responsible for the review of the integrity of the data and information provided in

b) To provide oversight functions with regards to both the company's financial statements and its internal and risk management functions.

c) To revie the terms of engagement and recommend the appointment or re-appointment and compensation of External Auditors to the Board and Shareholders.

Membership:

Kikelomo Kasim	Chairman
Akinola Odusanmi	Member
Otunba Akin Doherty	Member
Engineer Sani Ndannusa	Member
Mr. Segun Balogun	Member
Mr. Rilwan Oshinusi	Member
Mr. Biodun Dosunmu	Member

The Audit, Risk Management and Compliance Committee met once during the year under review. The table

below shows the meeting date and the attendance of the Committee members at such meeting:

Attendance:	28-09-16
Kikelomo Kasim	P
Mr. Akinola Ousanmi	P
Engr. Sani Ndanusa	P
Otunba Akin Doherty	P
Mr. Segun Balogun	P
Mr. Rilwan Oshinusi	P
Mr. A.L Dosunmu	P

3.THE STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee was made up of Six (6) members comprising three representatives of the shareholders who were elected at the 2013 Annual General Meeting held on 22nd October, 2015 for a period of one year till the conclusion of the 2015 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The Chairman of the Audit Committee for 2015 was Mr. Matthew Akinlade, FCA, a shareholders' representative. The meetings of the Committee were attended by the Company's Internal Audit representatives and representatives of Doyin Owolabi and Company, the Company's independent External Auditors. The Company Secretary is the Secretary of the Committee.

Mr. Matthew Akinlade	**Chairman – Shareholders'Representative**		
Mr. S.O. Ogunnowo	**Member**	"	"
Olaaje (Mrs) Abigail	**Member**	"	"
Dr. (Mrs.) Olutoyin Philips	**Member Board's Representative**		
Mrs. Aduke Thorpe	**Member**	"	"
Ms Kikelomo Kasim	**Member**	"	"

4. THE STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee was made up of Six (6) members comprising three representatives of the shareholders who were elected at the 2014 Annual General Meeting held on 16th November, 2015 for a period of one year till the conclusion of the 2016 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The Chairman of the Audit Committee for 2016 was Mr. Matthew Akinlade, FCA, a shareholders' representative. The meetings of the Committee were attended by the Company's Internal Audit representatives and representatives of Doyin Owolabi and Company, the Company's independent External Auditors. The Company Secretary is the Secretary of the Committee.

Membership:

Mr. Matthew Akinlade	Chairman – Shareholders' Representative		
Mr. S.O. Ogunnowo	Member	"	"
Olaaje (Mrs) Abigail	Member	"	"
Dr. (Mrs.) Olutoyin Philips	Member	Board's Representative	(Retired)
Mrs. Aduke Thorpe	Member	"	(Retired)
Ms Kikelomo Kasim	Member	"	
Mr. Akinola Odusanmi	Member	"	
Otunba Akin Doherty	Member	"	

Attendance:	**10-02-16**	**18-04-16**	**29-09-16**
Mr. Matthew Akinlade	P	P	P
Mr. S.O. Ogunnowo	P	P	P
Olaaje (Mrs) Abigail	P	P	P
Dr. (Mrs.) Olutoyin Philips	P	N/A	N/A
Mrs. Aduke Thorpe	P	N/A	N/A
Ms Kikelomo Kasim	P	A	P
Mr. Akinola Odusanmi	N/A	P	P
Otunba Akin Doherty	N/A	A	P

The term of Reference of the Committee:

The following are the terms of reference of th Committee as provided in section 359(6) of the Companies and Allied Matters Act CAP C20 laws of the Federation of Nigeria, 2004:

I. Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical pactices:

II Review the scope of planning of audit requirements;

III. Review the findings on management matters in conjuction with the external auditors and department response thereon;

IV Keep under review the effectiveness of the Company's system of accounting and internal control;

V Make recommendations to the Board with regards to the appointment, removal and remuneration of the of the External Auditors of the Company.

VI. Authorise the intenal auditor to carry out investigation into any activities of the Company which may be of interest or concern to the committee.

LASACO ASSURANCE PLC

RISK MANAGEMENT DECLARATION

The Board Risk Management Committee of LASACO Assurance Plc hereby declares as follows:

a The company has systems in place for the purpose of ensuring compliance with NAICOM guideline;

b The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company;

c The company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and

d The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations.

……………………………………… ………………………………………

Segun Balogun **Aderinola Disu(Mrs.)**

FRC/2013/CIIN/00000002288 **FRC/2017/NBA/00000016203**

LASACO ASSURANCE PLC
REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED DECEMBER 31, 2016

TO MEMBERS OF LASACO ASSURANCE PLC

In compliance with the provisions of Section 359(3) to (6) of the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria 2004, the Committee considered the Audited Financial Statements for the year ended 31 December 2016 together with the Management Control Report from the Auditors and the Company's responses to this report at its meeting held on March 2,2017.

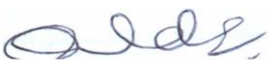
In our opinion, the scope and planning of the audit for the year ended 31 December 2016 were adequate.

After due consideration, the committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and generally accepted accounting principles and give a true and fair view of the state of the group's financial affairs.

The Committee reviewed Management's responses to the Auditors' findings in respect of Management Matters and the Auditors and our members are satisfied with management's responses thereto. On a review of insider/related party transactions, the Committee was satisfied with their status.

The Committee therefore recommended that the Audited Financial Statements of the Company for the year ended December 31 2016 and the Auditors' Report thereon be presented for adoption at the Annual General Meeting.

The committee also approved the provision made in the Financial Statements in relation to the remuneration of the auditors



MR. MATTHEW AKINLADE
Chairman, Audit Committee
FRC/2013/ICAN/0000002111
March 2,2017

MEMBERS OF THE AUDIT COMMITTEE ARE:

Mr. Mathew Akinlade	-	Chairman – Shareholders' Representative
Mrs. Abigail Olaaje	-	Member – Shareholders' Representative
Mr. Samuel Olagoke	-	Member – Shareholders' Representative
Mr. Akin Odusanmi	-	Member – Board's Representative
Otunba Akin Doherty	-	Member – Board's Representative
Ms. Kikelomo Kasim	-	Member - Board 's Representative

Doyin Owolabi & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the shareholders of LASACO Assurance Plc

Report on the Audit of the Financial statements

Opinion

We have audited the accompanying financial statements of LASACO Assurance Plc. which comprise the statement of financ1al position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of LASACO Assurance Plc.as at 31 December, 2016 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act !17 LFN 2004 and Finncial Reporting Council of Nigeria Act, 2011.

Basis of 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 Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the !CAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtamed is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period.

In line with the International Auditing Standards, we report that there are no matters in the financial statements and the notes thereto as at 31st December,2016 that we need to emphasized or amplify on.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary, Enterprise Risk Management Report, Directors' Report, Chairman's Statement, Result at a glance and MD/CEO's review, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Internationa Fiancial Reporting Standards and requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act 117 2004 and Financial Reporting Act, 2011 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 dueto 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 have no realistic alternative but to do so.

Doyin Owolabi & Co.

INDEPNDENT AUDITOR'S REPORT

To the shareholders of LASACO Assurance Plc

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 a ssurance, 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 prov ide a basis for our opinion. The risk of not detecting a matenal 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating 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 continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statemens. We are responsible for the direction, supervison and performance of the company's audit. We are remain solely responsible for our audit opinion.

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

We also provide the Audit Committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relattonships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

- No contravention of the sections of Insurance Act or NAICOM circulars and gutdelines came to our knowledge during the year end

1164278

Adedoyin Idowu Owolabi, FCA

FRC/2013/ICAN/00000000101

For: Doyin Owolabi & Co.

(Chartered Accountants)

Lagos, Nigeria

9 March, 2017

LASACO ASSURANCE PLC

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER, 2016

1. Reporting entity

Assurance Company Limited obtained license as an insurer on July 7, 1980 and commenced business on August 1, 1980. It became a public limited liability company in 1991 when the Company's shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2007. The Company then separated the life business and transferred the related assets and liabilities to its subsidiary, LASACO Life Assurance Company Limited . On January 1, 2009 LASACO Life Assurance Co. Ltd commenced business. The Company operates from its corporate office in Lagos and whilst it maintains branches in major cities of the Federation.

In September 2012, National Insurance Commision granted the Company, Approval in Principle to merger the operations of LASACO Assurance Plc and LASACO Life Assurance Limited. Consequent upon this the Company proceeded with the merging process.

The purpose of the merger is to enable the Company operate as a composite Insurance Company as against the group structure in operation before the merger.

The merger process was concluded on December 16,2014 with conclusion of the Court Ordered Meeting and final Court approval. This is in line with Section30(1)(b) of the Insurance Act.
All assets and liabilities of LASACO Life Assurance Ltd have been transferred to LASACO Assurance Plc, hence LASACO Life Assurance Co Ltd cease to operate as an Insurance Company and as a subsidiary of LASACO Assurance Plc with effect from December, 17 2014.

The 2016 Financial statement was prepared as a Composite Insurance Company.

The company is principally engaged in the provision of various classes of insurance such as general accident, fire, motor, engineering, marine, bond insurances and life assurance businesses. The company also transacts insurance business for avaiation, oil & gas and other special risks.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The issuance of these Company financial statements were authorized by the Board of Directors on March 09, 2017.

2. Going concern

These financial statement have been prepared on a going concern basis, the company has no intention or need to reduce substantially its business operations. The management believes that the company going concern assumption is appropriate due to sufficient capital adequacy ratio and projected liquidity. Liquidity ratio and continuous evaluation of current ratio of the company is carried out to ensure that there are no going concern threats to the operations of the company.

3. Basis of presentation

3.1 Statement of Complaince with International Financial Reporting Standards

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria and the Financial Reporting Council of Nigeria Act to the extent that they do not conflict with IFRS

3.2 Functional and Presentation Currency

The financial statements are presented in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousands.

3.3 Basis of Measurement

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

- Financial instruments are measured at fair value
- Investment properties are measured at fair value
- Building is carried at re-valued amount

3.4 Use Of Estimate and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and 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 on-going basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

LASACO ASSURANCE PLC

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2016

4. Changes in accounting policy and disclosures

4.1 A number of new Standards and Amendments to Standards came into effect for annual periods beginning on 1 January, 2016.

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these consolidated financial statements as summarized in the table below:

IFRS	Effective Date	Subject of standard/amendment
IFRS 14 Regulatory Deferral Accounts	IFRS 14 Regulatory Deferral Accounts	IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognized regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income.Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.This standard does not impact on the consolidated financial statements as the Group does not provide services subject to rate regulation and in addition, the group has applied IFRS 1 in prior year when converting to IFRS.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Effective for annual periods beginning on or after 1 January 2016	The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS	Effective for annual periods beginning on or after 1 January 2016	The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:
16 and IAS 38)		a) when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or
		b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Based on the assessment, it was noted that none of its intangible assets or property, plant and equipment are being amortized or depreciated based on revenue
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Effective for annual periods beginning on or after 1 January 2016	The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. For the purpose of bringing bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as a living plant that: i. is used in the production or supply of agricultural produce; ii. is expected to bear produce for more than one period; and iii. has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales." The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16.
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Effective for annual periods beginning on or after 1 January 2016	The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at cost, in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The Group has assessed the impact of this amendment in its financial statements and noted that this amendment does not affect the entity's accounting treatment of its investment in its subsidiary

Changes in accounting policy and disclosures (CON'TD)

Disclosure Initiative (Amendments to IAS 1)	Effective for annual periods beginning on or after 1 January 2016	The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. Disclosure Initiative policies that were perceived as being potentially unhelpful(Amendments to IAS 1) makes the following changes: i. Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply. ii Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. iii. Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Effective for annual periods beginning on or after 1 January 2016	The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. Investment Entities: The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also states that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. In addition, when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. In addition, an investment entity measuring all of its subsidiaries at fair value must provide the disclosures relating to investment entities as required by IFRS 12.

5 Annual Improvements to IFRSs 2010 - 2012 Cycle

(Effective for annual periods beginning on or after 1 January 2016, except as detailed below)

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.

IFRS	Effective Date	Subject of standard/amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal.	The amendment introduces specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendment clarifies that such a change is considered as a continuation of the original plan of disposal and accordingly an entity should not apply paragraphs 27-29 of IFRS 5 regarding changes to a plan of sale in those situations.
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	(i) Servicing contracts (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim	The amendment provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. Also, the amendment clarifies that the offsetting disclosures are not specifically required for all interim periods. However, the disclosures may need to be included in the condensed interim financial statements to satisfy the requirements in IAS 34 Interim Financial Reporting.
IAS 19 Employee Benefits	Discount rate: regional market issue	The amendment clarifies that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The basis for conclusions to the amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level which is consistent with the currency in which the benefits are to be paid. For currencies for which there is no deep market in such high quality bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency should be used
IAS 34 Interim Financial Reporting	Disclosure of information 'elsewhere in the interim financial report'.	The amendment clarifies the requirements relating to information required by paragraph 16A of IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendment requires that such information to be included either in the interim financial statements or incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2016

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2016:

i IFRS 9 Financial Instruments;
ii. IFRS 15 Revenue from Contracts with Customers;
iii. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
iv. IFRS 16 Leases
v. Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses
vi. Amendments to IAS 7 Additional disclosure on changes in financing activities
vii. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
viii. Amendments to IFRS 4 upon applying IFRS 9

IFRS 9 Financial Instruments
(Effective for annual periods beginning on or after 1 January 2018)
In July 2014, the IASB finalized the reform of financial instruments accounting and issuedIFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities
With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognized financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortized cost or fair value under IFRS 9. Specifically:
* a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and
(ii) has contractual cash flows that solely payments of principal and interest on the principal amount outstanding must be measured
at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
*a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and
(ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding,
must be measured fair value option.
*all other debt instruments must be measured at FVTPL.
*all equity investments are to be measured in the statement of financial position at fair value, with gainsequity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology
The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting
The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'.

Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under redeliberation at the time of writing.

IFRS 15 Revenue from Contracts with Customers (Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

IAS 18 Revenue;
IAS 11 Construction Contracts;
IFRIC 13 Customer Loyalty Programmes;
IFRIC 15 Agreements for the Construction of Real Estate;
IFRIC 18 Transfers of Assets from Customers; and
SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new revenue Standard:
•Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
•Whether the transaction price allocated to each performance obligation should be recognized as revenue over time or at a pointin time. Under IFRS 15, an entity recognizes revenue when a performance obligation is satisfied, which is when 'control' of the goods orperformance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognized over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:
1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting.

Please see IFRS 9 for details.

• When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognized. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognized as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

• When costs incurred to obtain a contract and costs to fulfil a contract can be recognized as an asset.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.
The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

IFRS 16 Leases

IFRS 16 Leases was issued, it specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date of this standard is 1 January 2018

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

IAS 12 Income Taxes was amended to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.
Effective date of the amendment is 1 January, 2017

Amendments to IAS 7 Additional disclosure on changes in financing activities

IAS 7 was amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

IFRS 2 was amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share based payment transactions from cash-settled to equity-settled.

Effective date is 1 January 2018

6. Amendments to IFRS 4 upon applying IFRS 9

IFRS 4 Insurance Contracts was amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

i. an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets

is the so-called overlay approach;

ii. an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called

deferral approach.
The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Overlay approach to be applied when IFRS 9 is first applied.

7. Foreign Currency

a) Functional and Presentation Currency

Items included in the financial statements of each of the Company's entity are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in thousands of naira which is the Company's presentation currency.

b) Transaction and Balances

Foreign currency transaction are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within other 'operating income' or 'other operating expenses'.

Changes in the fair value of monetary securities denominated in foreign currecy classified as available for sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. Translation differeces related to changes in amortized cost are recognised in profit or loss, other changes in carrying amount is recognised in 'other comprehensive income'.

Non-monetary assets and liabilities carried at fair value are translated to functional currency at the exchange rates ruling at valuation date. Non-monetary assets and liabilities carried at historic cost are translated to functional currency at the exchange ruling at the date of initial recognition. Exchange differences arising on the settlement of transactions or the translation of working capital assets and liabilities are recognised in the settlement of comprehensive income as financial services income.

8. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and cash in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. For the purpose of the cashflow, cash and cash equivalents consist of cash and cash equivalents as defined above.

9. Financial Assets

The Company classifies its financial assets into the following categories: Held to maturity, Loans and receivables and available for sale.

(i) Held to maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity when the Company has the positive intention and ability to hold until maturity other than:

- those that the Company upon initial recognition designates at fair value through profit or loss
- those that the Company designates as available for sale: and
- those that meet the definintion of loans and receivables.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market other than:

- those that the Company intends to sell in the short term which are declassified as fair value through profit or loss

and those that the Company upon initial recognition designates as at fair value through profit or loss

- those that the Company upon initial recognition designates as Available for sale
- those for which the holder may not recover substantially all of its investment other than because of credit risk.

They include:

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Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market other than:

- those that the Company intends to sell in the short term which are declassified as fair value through profit or loss

and those that the Company upon initial recognition designates as at fair value through profit or loss

- those that the Company upon initial recognition designates as Available for sale
- those for which the holder may not recover substantially all of its investment other than because of credit risk.

They include:

(a) Trade Receivables – These are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. After initial recognition they are measured at amortized cost using the effective interest rate method less impairment. Discounting rate is omitted where the effect of discounting is immaterial.

(b) Reinsurance and Co- Insurance Receivables – The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policy holders.

(c) Other receivables – Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contract.

(iii) Available for Sales

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

10 Recognition and De-recognition

Financial instruments are recognized when Company becomes party to a contractual arrangement that constitutes a financial assets or financial liability for the Company.

Financial assets are derecognized when the contractual right to receive the cash flows expire or when the asset is transferred. Financial liabilities are derecognized when the obligation to deliver cash or other resources in terms of the contract is discharged, cancelled or expires.

Held to Maturity

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transactions costs directly attributable to acquisition are also included in the cost of investment. After initial measurement, held to maturity financial assets are measured at amortized cost, using the effective interest rate method, less impairment. Gains and losses are recognised in the income statement when investments are de-recognised or impaired.

Loans and Receivables

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortized cost, using the effective interest rate method (EIR) less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gains and losses are recognised in the income statement when the investments are de-recognised or impaired.

Available-For-Sale Financial Assets

After initial measurement, available-for-sale financial assets are subsequently measured at fair value. The fair values for quoted instruments in active markets are based on current bid price. The fair value of unquoted equities and other instruments for which there is no active market are established using valuation techniques corroborated by independent third parties. These inputs may include reference to the current fair value of other instruments that are substantially similar in terms of underlying cash flows and risks characteristics. Available for sale equity instruments for which fair value cannot be reliably determined are carried at cost less impairment allowance, if any.

Unrealized gain and losses arising from changes in the fair value are recognised in other comprehensive income while the investment is held and are subsequently transferred to the income statement upon sale or de-recognition of the instrument. When available for sale instrument are impaired, the result of loss is recognised immediately in the statement of profit or loss.

Dividends received are recognised in the income statement when the Company's right to such payment has been established.

11 Impairment of Assets

a) Financial Asset carried at amortized cost

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the Company of
Objective evidence of impairment may include the following indications:

- the debtors or a Company of debtors is experiencing significant financial difficulty
- default or delinquency in interest or principal payment
- the probability the debtor will enter bankruptcy or
- other financial re-organization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate with defaults.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's 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 the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 the income statement.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

When the financial asset at amortized cost is uncollectible, it is written off against the related allowance for impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to Investment securities are classified as net gains/loss of financial assets while those on receivables are classified as operating expenses.

b) Assets Classified As Available for Sale

In the case of equity investment classified as available for sale, a significant 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. The cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the income statement.

12 Impairment of Other Non-Financial Assets

Assets that have indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are Companyed at the lowest levels for which there are separately identifiable cash flow.

13 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

14 Reinsurance Contracts

Reinsurance contracts are contracts entered into with reinsurers under which the Company is compensated for losses on one or more long-term policy contracts issued by the company. The expected claims and benefits to which the company is entitled under these contracts are recognised as reinsurance assets.

15. Deferred Expenses

Deferred Acquisition Cost (DAC) refers to direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts. These costs are deferred with the expectation that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, deferred acquisition costs for life insurance business are amortized over the expected life of the contracts as a constant percentage of expected premiums. DAC for general insurance business is amortized over the period in which the related revenues are earned. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period. DAC is derecognised when the related contracts are either settled or disposed off.

16. Other Receivables and Prepayments

Prepayments are carried at cost less accumulated impairment. A provision 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 the amount due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible. If in a susbequent period the amount of the impaiement loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognised, the previously recognised impaiment is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit or loss.

17. Investment Properties

Investment properties comprises of properties held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost and subsequently carried at fair value based on valuers hired by the Company. Investment properties are revalued with sufficient regularity by external professional. The valuators value is determined by discounting expected future cash flows at appropriate market interest rates. Changes in fair value of investment properties are recognised in the statement of comprehensive income as investment surplus. When investment properties become owner-occupied, the Company reclassifies them to owner-occupied properties at a deemed cost equal to the fair value of properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised directly in equity as a revaluation surplus. Investment properties are derecognised when they have either been disposed off or when they are permanently withdrawn from use and no future benefit is expected from their disposal.

18. Property, Plant and Equipment

Property, plant and equipment are reflected at their depreciated cost prices less provisions for impairment in value, where appropriate. Depreciation is recognised in net income and is provided for on a straight-line basis, taking into account the residual value and estimated useful lives of the assets as follows:

Building	50 Years
Furniture and Equipment	5 Years
Motor Vehicle	4 Years

If the expected residual value is equal or greater than the carrying value, no depreciation is provided for. The residual values, estimated useful lives of the assets and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate. Cost prices include costs directly attributable to the acquisition of property and equipment, as well as subsequent expenditure when it is probable that the future economic benefits associated with the item will flow to the Company and the expenditure can be measured reliably. Property and equipment are derecognised at disposal date or at the date when it is permanently withdrawn from use being ineligible to dispose off. The differences between the carrying amounts at the date of de-recognition and any disposal proceeds, as applicable, is recognised in the income statement.

Owner-Occupied Property

Owner-occupied property is property held for use in the supply of services or for administration purposes. The properties are valued at carrying amount less depreciation and provision for impairment in value, where appropriate. The carrying amount is based on the cost of properties classified as owner-occupied on date of acquisition and fair value at the date of reclassification in instances where properties are reclassified from investment properties to owner-occupied properties. Depreciation is provided for on a straight line basis by taking into account the residual and estimated useful life of the property.

The residual values, estimated useful lives of the owner-occupied properties and depreciation methods are reviewed at each statement of financial position date and adjusted for as appropriate. If the expected residual value is equal or greater than the carrying value, no depreciation is provided for. When owner-occupied properties become investment properties, they are reclassified to investment properties at the fair value of properties at the date of reclassification.

The difference between the carrying value and fair value of the properties at the date of reclassification is recognized directly in other comprehensive income as a revaluation surplus. Owner-occupied property is de-recognized at disposal date or at the date when it is permanently withdrawn from use being ineligible to dispose off. The differences between the carrying amounts at the date of de-recognition and any disposal proceeds, as applicable, is recognised in the income statement

19. Statutory Deposit

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

20. Intangible Assets

Intangible assets represent cost associated with the acquisition of software and inherent goodwill on business combination.

(i) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

It is technically feasible to complete the software product so that it will be available for use;

- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software pr
- The expenditure attributable to the software product during its development can be reliably measured."

Directly attributable costs that are capitalized as part of the software product include the software development, employee costs and an appropriate portion of directly attributable cost.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortized over their useful lives, which does not exceed five years.

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit (CGU)'s or Companys of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Company of units to which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sale. Any impairment is recognised immediately as an expense and is not subsequently reversed.

21. Insurance Contracts

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature.

(a) Types of Insurance Contracts

The Company classify insurance contracts into Life and Non – Life Insurance contracts

(1) Non – Life Insurance contracts

These are accident, property and casualty 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 (business interruption cover).

Non- life insurance contracts protect 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. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

(2) Life insurance contracts

This contract insures event associated with human life.

(i) Non- life insurance contract premium and claims

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(ii) Life insurance contract premium and claims

Premiums are recognised as revenue when they become payable by the contract holders. Premium is shown before deduction of commission.

Claims and other benefits are recorded as an expense when they are incurred.

(iii) Salvage

Some non-life insurance contracts permit the Company to sell (usually damaged) property 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 clients property (i.e. subrogation right). Salvage recoveries are used to reduce the claim expense when the claim is settled.

(iv) 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 assets when the liability is settled and the Company has the right to receive future cash flow from the third party.

(v) Receivables and payables relating to insurance contracts

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

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

22. Investment Contract

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unitised funds are measured at fair value. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the Company.

23. Technical Reserves

These are computed in compliance with provision of Section 20,21 and 22 of the Insurance Act 2003 as follows:

(a) General Insurance contracts

Reserve for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserve for outstanding claims

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

Reserve for Unexpired risks

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)"

(b) Life Insurance Contract

Life fund

This made up of net liabilities on policies in force as computed by the actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the statement of profit or loss.

The reserves include Incurred But Not Reported (IBNR) and unearned premium.

Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired
The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves.

24. Trade and Other Payables

Trade and payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method. The fair value of a non – interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

25. Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

26. Current and Deferred Income Tax

Income Taxes

Taxation in the income statement is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years.

Deferred Taxes

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the related deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilized.

27. Share Capital and Share Premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds net of tax.

28. Contingency Reserves

(a) Non-Life Business

In accordance with section 20(1) of insurance Act 2003, the contingency reserve is credited with the higher of 3% of total premiums, or 20% of the profits. This shall be accumulated until it reaches the amount of the higher of minimum paid-up capital or 50 percent of net premium.

(b) Life Business

In accordance with section 22(1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

29. Earnings Per Share

Basic earnings per share (EPS) is 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 period.

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.

30. Dividend

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

31. Contingent Liabilities

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

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

32. Revenue Recognition

Revenue comprises the fair value for services, net of value added tax. Revenue is recognized as follows:

(a) Gross Premiums

Gross premiums on life and non-life are recognised as revenue when payable by the policy holder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the component policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of businesses written in prior accounting periods.

(b) Dividend Income

Dividend income for available- for- sale equities is recognised when the right to receive payment is established. This is the ex-dividend date for equity securities.

(c) Deficit and Surplus on 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 fund as at the date of valuation. All deficits arising there from are charged to the profit or loss account while the surplus is appropriated to the shareholders and credited to the income statement.

(d) Fees and Commission Income

Reinsurers and other insurance companies are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees for services provided in future periods, then they are deferred and recognised over those future periods.

(e) Investment Income

Investment income includes interest, rental and dividend income received. Interest income is accounted for on a time proportionate basis that takes into account the effective yield on the asset and includes the net income earned from short term investments. Rental income on operating lease is recognised on a straight-line basis over the lease term.

33. Finance Cost

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

34. Reinsurance Expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

35 Underwriting expenses

This is made up of acquisition cost and maintenance expenses. Acquisition cost comprises all direct and indirect cost arising from the writing of insurance contracts. Examples of these costs include but not limited to, commission expense, and other technical expenses. Maintenance expenses are those incurred in servicing existing contract/policies. These expenses are charged in the accounting year in which they are incurred.

36 Other opearting expenses

Other operating expenses include wages, professional fees, depreciation expenses etc. Other expenses are accounted for on accrual basis and recognized in the income statement upon the utilization of the service.

37 Pension benefit obligation and other post- employment benefits

The Company operates a contributory pension scheme for eligible employees. Employees contibute 8.5% and the Employer contribute 10% each of the qualifying staff salaries in line with the provisions of the Pension Reform Act 2014.

38 Annuity contracts

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity or surrender benefits. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contact and throughout the life of the annuitants. The annuity funds are invested in long tailed government bonds and reasonable money markets instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistency, maintenance expenses and investment income thta are established at the time the contract is issued.

LASACO ASSURANCE PLC

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 ₦'000	2015 ₦'000
ASSETS			
Cash and cash equivalents	8	7,101,466	7,831,119
Financial assets	9	4,935,914	2,365,143
Trade receivables	10	31,444	13,257
Reinsurance assets	11	2,209,767	1,267,545
Other receivables & Prepayments	12	519,387	546,159
Deferred acquisition cost	13	82,758	68,379
Investment properties	14	3,341,000	3,053,000
Intangible Assets	15	6,923	9,526
Property and Equipment	16	569,572	479,301
Statutory deposit	17	500,000	500,000
Total assets		**19,298,231**	**16,133,430**
LIABILITIES			
Investment contract liabilities	18	1,126,497	1,081,971
Insurance contract liabilities	19	6,439,881	4,627,356
Trade payables	20	3,040,282	2,906,055
Other payables	21	94,857	58,617
Employee benefit liabilities	22	487,200	630,300
Deferred tax liabilities	23	166,190	170,769
Current income tax liabilities	24	91,382	79,566
Total liabilities		**11,446,289**	**9,554,634**
EQUITY			
Issued share capital	25	3,667,172	3,667,172
Share premium	26	940,612	940,612
Contingency reserve	27	1,271,833	1,100,190
Other reserve	28	1,147,327	818,642
Retained earnings	29	824,998	52,180
Shareholders' Funds		**7,851,942**	**6,578,796**
Total Liabilities and Equity		**19,298,231**	**16,133,430**
		-	-

These Financial Statements were approved by the Board of Directors on March 09, 2017 and signed on its behalf by:

Akinwale Sofile	**Segun Balogun**	**Aderinola Disu (Mrs)**
Chief Financial Officer	**Managing Director/CEO**	**Chairman**
FRC/2012/ICAN/000000000494	**FRC/2013/CIIN/00000006548**	**FRC/2017/NBA/00000016203**

The accompanying notes form an integral part of these statements of financial position.

LASACO ASSURANCE PLC

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 ₦'000	2015 ₦'000
Gross premiums written		6,041,590	5,102,097
Unearned premium		(383,193)	**705,539**
Gross insurance premium income		**5,658,397**	**5,807,636**
Reinsurance expenses		(4,258,002)	(3,343,399)
Net insurance premium income	30	**1,400,395**	**2,464,237**
Fees and commission income	31	550,750	455,998
Net underwriting income		**1,951,145**	**2,920,235**
Claims expenses (net)	32	622,776	706,929
Underwriting expenses	33	734,090	722,720
Increase in Life fund	19.2b	120,988	281,579
Increase in Annuity fund	19.2c	37,864	29,584
Increase in Health insurance fund	19.2d	200,271	140,178
Total underwriting expenses		**1,715,989**	**1,880,990**
Underwriting profit		**235,156**	**1,039,245**
Profit on investment contract	34	7,618	9,618
Investment income	35	441,141	661,528
Other income	36	2,917,021	203,519
Other operating and administrative expenses	37	(2,458,056)	(1,509,797)
Profit before taxation		**1,142,880**	**404,113**
Taxation	24	(198,419)	(120,793)
Profit after taxation		**944,461**	**283,320**
Other comprehensive income net of tax			
Items that are or may be classified to profit or loss:			
Net fair value gain on available for sale financial assets		203,328	-
Items that will not be classified to profit or loss:			
Revaluation gain on property	28.1	27,685	-
Total comprehensive income for the year		**1,175,474**	**283,320**
Profit attributable to:			
Owner of equity		1,175,474	283,320
Non controlling interest		-	-
		1,175,474	**283,320**
Earnings per share(kobo)	44		
- Actual		0.16	0.04
- Adjusted		0.16	0.04

LASACO ASSURANCE PLC
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Fair value reserve ₦'000	Contingency reserve ₦'000	Retianed earnings ₦'000	Total equity ₦'000
Balance as at 1 January, 2016	3,667,172	940,612	513,693	345,545	1,100,190	52,180	6,619,392
Total other comprehensive income for the year	-	-	-		-	-	-
Transfer from (to) retained earnings	-	-	-	-	-	27,685	27,685
Transfer to revaluation reserve			-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	171,643	(171,643)	-
Transaction with owner of business:							
- Dividend	-	-	-	-	-	-	-
- Issue of share capital	-	-	-	-	-	-	-
Balance as at 31 December, 2016	**3,667,172**	**940,612**	**513,693**	**345,545**	**1,271,833**	**(91,778)**	**6,647,077**

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Fair value reserve ₦'000	Contingency reserve ₦'000	Retianed earnings ₦'000	Total equity ₦'000
Balance as at 1 January, 2015	3,667,172	940,612	513,693	345,545	990,404	(121,354)	6,336,072
Total other comprehensive income for the year	-	-	-		-	-	-
Transfer from (to) retained earnings	-	-	-	-	-	283,320	283,320
Transfer to revaluation reserve			-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	109,786	(109,786)	-
Transaction with owner of business:							
- Dividend	-	-	-	-	-	-	-
- Issue of share capital	-	-	-	-	-	-	-
Balance as at 31 December, 2015	**3,667,172**	**940,612**	**513,693**	**345,545**	**1,100,190**	**52,180**	**6,619,392**

LASACO ASSURANCE PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016 ₦'000	2015 ₦'000
Cash flow from operating activities			
Premium received from policy holders		6,023,403	5,102,097
Reinsurance receipts in respect of claims		612,686	1,313,040
Reinsurance cost		(4,182,167)	(2,257,965)
Commission paid	13	(548,192)	(320,785)
Cash paid to and on behalf of employees		(835,259)	(680,198)
Payment to co-insurance		(2,861,149)	
Other operating cash payments		(843,209)	(298,895)
Fees and Commission received	33	550,750	455,998
Deposit received on deposit admin		-	154,708
Premium deposits		2,991,717	
Dividend received		19,488	-
Interest received		473,798	-
Claims paid	32	(1,651,691)	(1,122,017)
Tax paid		(191,182)	(114,073)
Net cash provided by operating activities		(441,007)	2,231,910
Cash flow from investing activities			
Purchase of property and equipment		(165,197)	(68,525)
Purchase of Intangible Assets		-	(4,805)
Sale of Property, and Equipment		3,779	14,349
Sale of investment properties		-	42,000
Disposal of Financial assets		-	62,362
Purchase of bond		(127,228)	(77,935)
Net cash provided by investing activities		**(288,646)**	**(32,554)**
Cash flow from financing activities			
Interest on overdraft		-	-
Issue of share capital		-	-
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(729,653)	2,908,999
Cash and cash equivalents at the beginning of the year		7,831,119	4,922,120
Cash and cash equivalents at the end of the year		**7,101,466**	**7,831,119**
Represented by:		**7,101,466**	**7,831,119**

LASACO ASSURANCE PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. General information

LASACO Assurance Plc was incorporated on 20th December, 1979. The group commenced operations on 1st August, 1980. In LASACO Company, we transact all classes of Insurance businesses, in addition to conducting Real Estate Business and High Impact Financial Services.

However,the operations of LASACO Life Company Limited and LASACO Assurance Plc have been merged to become a Composite Insurance Comapny by a court sanction in 16 December , 2014 and an approval from the National Insurance Commission (NAICOM). LASACO Life Assurance Company Limited thus ceased to exist as a Private Company from December 17 , 2014 but now a department under LASACO Assurance Plc.

The authorized share capital in the Company is in excess of ₦5 billion with a paid-up share capital of ₦3.667million
LASACO Assurance Plc vision is to transform and grow the LASACO brand into a World-Class Financial Services Mega Company.
The issuance of the Company financial statements were authorized by the Board of Directors on March 09, 2017

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 22 – 40.

These policies have been consistently applied to all the years presented unless otherwise stated.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Fair Value of Financial Assets

3.1.1 Financial assets at fair value through profit or loss

This includes financial assets held for trading. Investments typically bought with the intention to sell in the near future are classified as held for trading; these investments are initially recorded at fair value and are subsequently re-measured at fair value. Fair value adjustments and realized gains and losses are recognized in the income statement. The Company evaluates its financial assets at fair value through profit and loss (held for trading) when there is an intent to sell them in the nearest future. When the Company is unable to trade these financial assets due to inactive markets and management intent to sell them in the foreseeable future significantly changes, the company may elect to reclassify these financial assets to loans and receivables, available-for-sale or held to maturity depending on nature of the asset.

3.1.2 Available-for-sale Financial Assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value. The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets or management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meets the definition of loans and receivables; the reclassification to 'held to maturity' is permitted only when the entity has the ability and intention to hold the financial assets until maturity.

3.1.3 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortized cost, using the effective interest rate method (EIR) less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gains and losses are recognised in the income statement when the investments are derecognised or impaired.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CON'TD)

3.1.4 Held to Maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity when the Company has the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

All transactions costs directly attributable to acquisition are also included in the cost of investment. After initial measurement, held to maturity financial assets are measured at amortised cost, using the effective interest rate method, less impairment. Gains and losses are recognised in the income statement when investments are derecognised or impaired.

3.2 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability the debtor will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate withre either

3.3 Valuation of Investment Contract Liabilities

Unitised investment contract fair values are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund. Non-unitised investment contract fair values are determined by using valuation techniques, such as discounted cash flow methods and stochastic modelling. A variety of factors are considered in these valuation techniques, including time value of money, volatility, policyholder behaviour, servicing cost and fair values of similar instruments.

Certain incremental acquisition costs and sales enhancements that are directly attributable to securing an investment management service are also deferred and recorded in deferred expenses. These deferred costs are amortized over the period in which the service is provided.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CON'TD)

3.4 Valuation of Employee Benefits Liability

The valuation assumptions fall under two broad categories.

· Financial Assumptions
· Demographic Assumptions

Financial Assumptions

Long Term Average	31.12.2016	31.12.2015
Discount Rate (p.a)	16%	12%
Rate of Salary Increase (p.a)	13%	12%
Rate of Inflation (p.a)	12%	9%

In order to measure the liability, the projected benefit was discounted to a net present value as at the current balance sheet date, using an interest assumption (called the discount rate).

The discount rate is determined on the balance sheet date by reference to market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate is based on market yields on Government bonds) the discount rate therefore reflect the duration of the liabilities of the benefit programme.

The weighted average liability duration for the plan is **8.62** years. The average weighted duration of the longest Nigerian Government bond as at 31 December, 2016 was 5.85 years with a gross redemption yield of **15.32%**. That is the benefit liability term is longer than equivalent risk free assets – the longer term introduces uncertainty – which could be reflected in higher yield.

A discount rate of 16% has been adopted for the current valuation.

Salaries on average, in the long term, have been assumed to increase at a rate of 1% above inflation.

Demographic Assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This has been rated down by one year to more accurately reflect mortality in Nigeria.

Sample age	Number of deaths in a year of age out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CON'TD)

Withdrawal from Service
Withdrawal from Service

Age Band			Rate
Less than or equal to		30	6.0%
31	-	39	5.0%
40	-	44	3.0%
45	-	55	1.0%
56	-	60	0.0%

3.4.1. Deferred Tax Liabilities

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the related deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilized.

3.4.2. Premium Receivables

They are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence that the company will not be able to collect all the amount due under the original terms of the invoice. Allowances are made based on the impairment model which considers the loss given default for each customer, probability of default for the sector which the customer belongs and emergence period which serve as an impairment trigger based on the age of the debt. Any debt that is over 30 days in this instance is considered impaired.

3.4.3. Liabilities Arising From Insurance Contracts

(i) Claims arising from non-life insurance contracts:

Liabilities for unpaid claims are estimated on case by case basis. The reserve made for claims fluctuate base on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and which reserve the Company deems adequate.

(ii) Liabilities arising from Life Insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract been written. Management makes various assumptions such as expenses, inflation, interest rate, mortality, and further mortality improved in estimating the required reserves for life contracts.

4 RISK MANAGEMENT FRAMEWORK

The operations of the Company are subject to regulatory requirements within Nigeria. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive reserves (e.g., contingency reserve, limits on recognition of revaluation reserves for solvency purposes and distribution to shareholders of actuarial surpluses) to minimise the risk of default and insolvency on the part of insurance companies and to meet unforeseen liabilities as they arise.

The principal technique of the Company's Assets and Liabilities matching 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.

Insurance Risk

The principal risk the Company faces under insurance contracts is that the 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 to 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 risks 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.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The company's retention limit is presently =N=10million on any one life (Subject to change from time to time).

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 Executive Risk Management (ERM) committee and senior management review the underwriting strategy of 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.

RISK MANAGEMENT FRAMEWORK

Life Insurance Contracts

Life insurance contracts offered by the Company include: whole life and term assurance; Whole life and term assurance are conventional regular premium products whereas lump sum benefits are payable in the event of death or permanent disability.
Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets.

Mortality risk – risk of loss arising due to policyholders' death experience being different from expected;
Morbidity risk – risk of loss arising due to policyholder health experience being different from expected;
Longevity risk – risk of loss arising due to the annuitant living longer from expected;
Investment return risk – risk of loss arising from actual returns being different from expected;
Expense risk – risk of loss arising from expense experience being different from expected
Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different from expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

The Company’s underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. 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 Company.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Company's wide reinsurance limit of N10,000,000 (ten million naira) on any single life insured is in place.

The insurance risk described above is also affected by the contract holder’s right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holders' behaviour.

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

RISK MANAGEMENT FRAMEWORK

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

- **Mortality and morbidity rates**

  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company’s own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

  An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- **Longevity**

  Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company’s own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

  An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

- **Investment return**

  The weighted average rate of return is derived based on a model portfolio that assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

  An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

- **Expenses**

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

- **Lapse and surrender rates**

  Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company’s experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

  Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company’s own risk exposure.

  A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

RISK MANAGEMENT FRAMEWORK

Non–life insurance contracts (which comprise general insurance)

The Company principally issues the following types of general insurance contracts: motor, fire, marine and aviation, Oil and Gas, General Accidents, bonds etc.

Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer term claims that take some years to settle, there is also inflation risk. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

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 (e.g., flood damage)

.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophies based on the Company's risk appetite as decided by the Board. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 40% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

RISK MANAGEMENT FRAMEWORK

TABLE 1

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

	31-Dec-16			31-Dec-15		
	Gross liabilities	**Reinsurance liabilities**	**Net liabilities**	**Gross liabilities**	**Reinsurance liabilities**	**Net liabilities**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Motor	171,426	37,684	133,742	129,227	18,458	110,769
Fire	204,648	81,838	122,810	222,202	48,452	173,750
General accident	1,074,268	701,296	372,972	432,386	88,326	344,060
Marine and aviation	46,204	11,420	34,784	26,638	15,395	11,243
Oil and gas	1,593,435	690,519	902,916	906,773	307,066	599,707
Total	3,089,981	1,522,757	1,567,224	1,717,226	477,697	1,239,529

Key assumptions

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

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

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 basis. It should be noted that movements in these assumptions are non–linear.

RISK MANAGEMENT FRAMEWORK

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Claims Paid Triangulations as at 31 December 2016

Fire

Accident Period	Development									
	1 ₦'000	2 ₦'000	3 ₦'000	4 ₦'000	5 ₦'000	6 ₦'000	7 ₦'000	8 ₦'000	9 ₦'000	10 ₦'000
2007	16,599	24,716	-	-	827					
2008	43,546	8,238	7,876	51	182					
2009	777	4,553	3,835	-						
2010	37,932	6,470	9,153	-						
2011	5,220	11,463	1,534	835		32				
2012	4,968	27,553	78	-	8					
2013	5,622	7,297	24,355	7,027						
2014	4,934	32,101	18,987							
2015	13,919	26,524								
2016	8,492									

General Accident

Accident Period	Development									
	1 ₦'000	2 ₦'000	3 ₦'000	4 ₦'000	5 ₦'000	6 ₦'000	7 ₦'000	8 ₦'000	9 ₦'000	10 ₦'000
2007	119,956	16,772	228,537	235,946	237,906	238,681	238,713	238,713	238,713	238,713
2008	63,888	226,741	273,471	287,427	289,632	290,104	290,261	290,261	290,571	
2009	16,115	94,155	115,530	141,076	145,331	145,760	146,885	147,244		
2010	100,633	155,788	211,505	217,589	223,040	227,704	228,803			
2011	12,831	140,006	152,735	154,996	156,798	159,157				
2012	22,741	72,597	89,050	95,079	100,498					
2013	41,337	79,392	94,880	101,040						
2014	16,987	62,780	77,766							
2015	18,206	57,534								
2016	26,889									
Los Dev factors (LDF)		3,913	1,238	1,069	1,023	1,009	1,003	1,001	1,000	1,000

Motor

Accident Period	Development									
	1 ₦'000	2 ₦'000	3 ₦'000	4 ₦'000	5 ₦'000	6 ₦'000	7 ₦'000	8 ₦'000	9 ₦'000	10 ₦'000
2007	-	-	-	-	-					
2008	-	-	-	-						
2009	-	-	-	-	11,943		5,059			
2010	-	-	-	527						
2011	-	-	106		661					
2012	-	1,774	810							
2013	4,695	6,827	-							
2014	2,453	36,357	-							
2015	1,345	120	-							
2016	1,002	-								

RISK MANAGEMENT FRAMEWORK

Financial risks

Credit risk

The Company is exposed to the following categories of credit risk:

Direct Default Risk – the risk of non- receipt of the cash flows or assets to which it is entitled because brokers, clients and other debtors default on their obligations

Concentration Risk – this is the exposure to losses due to excessive concentration of business activities with individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc.

Counterparty Risk – this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

The Company therefore ensures the establishment of principles, policies and processes and structure for the management of 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 appetite/tolerance limits, 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 credit risk management governance structure comprises the board of Directors,Executive Risk Management 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.

RISK MANAGEMENT FRAMEWORK

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

The credit control unit identifies the credit risk by, amongst other functions 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 scale 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 model comprises :

Client/counterparty risk rating: This 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: This 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 (e.g. guarantees, and equitable and legal mortgages).

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 ageing report, credit portfolio quality and delinquency management.

A Company credit risk policy which 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 pertinence 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 or contributions will only persist during the grace period specified in the policy document or trust deed 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

RISK MANAGEMENT FRAMEWORK (CON'T D)

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation of credit risk.

31 December, 2016

	₦'000
Financial instruments	
Cash and cash equivalents	7,101,466
Held to maturity financial assets	3,788,835
Available–for–sale financial assets	1,147,079
Reinsurance assets	2,209,767
Trade receivables	31,444
Total credit risk exposure	**14,278,591**

31 December 2015

	₦'000
Financial instruments	
Cash and cash equivalents	7,831,119
Held to maturity financial assets	1,477,601
Available–for–sale financial assets	887,542
Reinsurance assets	1,267,545
Trade receivables	13,257
Total credit risk exposure	**11,477,064**

RISK MANAGEMENT FRAMEWORK (CON'T D)

Impaired financial assets

At 31 December, 2016 there were no impaired reinsurance assets (2015: nil) likewise there were no impaired loans and receivables. The Company records impairment allowances for insurance receivables in a separate impairment allowance account.

Liquidity risk

Liquidity risk is the inability of a business to meet its obligations on a timely basis. It is also the inability of a business to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. 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.

Liquidity risk exposure is strongly related to the credit and investment risk profile. For instance, an increase in our credit risk exposure may increase our liquidity risk profile; poor performance of the investment portfolio may have severe liquidity risk implications for the company

Another source of liquidity risk is the failure of insurance brokers and clients to meet their premium payment obligation as and when due.

The Company’s strategy for managing liquidity risks are as follows:
Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs.

Ensure strict credit control and an effective management of receivables
Ensure unrestricted access to financial markets to raise funds
Develop and continuously update the contingency funding plan which specifies minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

Adhere to the liquidity risk control limits
The company’s catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

The Liquidity Risk Management Governance Structure comprises the board of management, ERM Committee, Management Risk Committee, technical operations department, Risk management department and internal audit department.

The following early warning indicators are used to promptly identify liquidity risks:
- Negative trends in cash forecast
- Volume of outstanding premium
- Volatile liabilities
- Decline in earnings performance or projections
- Exceeding liquidity limits as indicated by relevant metrics
- Deteriorating third-party ratings of the company
- Scenario and sensitivity analysis

RISK MANAGEMENT FRAMEWORK (CON'T D)

The following approaches are adopted to assess liquidity risk exposures:

- Liquidity ratio analysis
- Cash flow analysis
- Scenario and sensitivity analysis

Liquidity ratios are used to assess the ability to meet short-term obligations. The relevant ratios include the following:

- Claims ratio
- Receivables to capital ratio,
- Ratio of technical provision to capital,
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio
- Retention rate

Cash flow analysis shows the net future cash flows of various time-bands. It (cash forecasting) is used to compare cash inflows and outflows daily and over a series of time bands (weekly, monthly, quarterly, bi-annually and yearly). The Company’s net funding requirement is determined by analyzing the present and future cash flows at selected maturity dates, based on assumptions about the income and expenditures. This analysis will include the cumulative net excess or shortfall over the period of the analysis.

Liquidity risk is measured by performing scenario and sensitivity analyses based on various stress factors that differ in terms of probability, severity and duration.

Scenarios are applied, based on normal business operations and on crisis, to determine the potential impact on funding requirements.

Based on the results of the stress test and scenario analysis, the following activities are performed:

- Quantify liquidity outflows in all stress scenario for each liquidity risk drive
- Identify cash inflows to close liquidity gaps under all stress scenarios
- Determine net liquidity position for each scenario

In managing liquidity risk mitigation and control, one way is having access to financial markets. This is by ensuring that the company has sufficient and unhindered access to funding from a range of sources in the financial markets, also assessing periodically the ability to obtain funds in both local and foreign currencies.

The Risk management department maintains 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.

RISK MANAGEMENT FRAMEWORK (CON'T D)

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.

Table 3

Maturity analysis (contractual undiscounted cash flow basis for non– derivatives)

	Carrying Amount	Up to a year	1–3 years	3–5 years	5–15 years	Over 15 years		Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
31 December, 2016								
Financial assets								
Cash and cash Equivalent	3,759,258	3,759,258	-	-	-	-	-	3,759,258
Held-to-maturity	-	750,163	-	-	-	-	-	750,163
Available- for- sale financial assets	3,788,835	-	-	-	3,788,835	-	-	3,788,835
Trade receivables	31,444	31,444	-	-	-	-	-	31,444
Reinsurance assets	2,209,767	2,209,767	-	-	-	-	-	2,209,767
	9,789,304	6,750,632	-	-	-	-	-	10,539,467
Financial liabilities								
Trade payables	1,126,497	1,126,497	-	-	-	-	-	1,126,497
Insurance contract liabilities	#REF!	#REF!	-	-	-	-	-	#REF!
Other payables	6,439,881	6,439,881	-	-	-	-	-	6,439,881
	#REF!	#REF!	-	-	-	-	-	#REF!
31 December, 2015								
Financial assets								
Cash and cash Equivalent	7,831,119	7,831,119	-	-	-	-	-	7,831,119
Held-to-maturity	1,477,601	854,666	-	-	622,935.00	-	-	1,477,601
Available- for- sale financial assets	887,542	-			887,542			887,542
Trade receivables	13,257	13,257	-	-	-	-	-	13,257
Reinsurance assets	1,267,545	1,267,545	-	-	-	-	-	1,267,545
	11,477,064	9,966,587	-	-	1,510,477	-	-	11,477,064
Financial liabilities								
Trade payables	10,862	10,862	-	-	-	-	-	10,862
Insurance contract liabilities	4,627,356	4,453,561	-	-	173,795	-	-	4,627,356
Other payables	2,919,766	2,919,766	-	-	-	-	-	2,919,766
	7,557,984	7,384,189	-	-	173,795	-	-	7,557,984

RISK MANAGEMENT FRAMEWORK (CON'T D)

Market risk

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).

A Company market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company 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 policy holders' liabilities and that assets are held to deliver income and gains for policy holders which are in line with expectations of the policy holders.

The company is active in money and capital market instruments, and investments in these instruments are basically for liquidity and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.

There is a very strict control over hedging activities (e.g., equity derivatives are only permitted to be held to facilitate portfolio management or to reduce investment risk).

A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors. The Company stipulates diversification benchmarks by type of instrument and geographical area.

Investment risk is the risk of loss (partial or full) of the principal amount and/or expected returns due to changes in the market variables. Investment risk is managed effectively and on a proactive basis by developing and implementing investment risk management strategies, policies and processes.

Investment in money, capital and other markets would expose a company to the following sources of Investment risks:

Capital Risk
This is the risk that the company will lose all or part of the principal amount invested. For example, if the company invests ₦10 million into the stock market, it faces a capital risk on the entire ₦10 million or part of it

Portfolio Risk:

This is the risk that the investment portfolio will perform "poorly" because of poor choice of investments in the portfolio.

Inflation risk:

The risk that inflation will outpace investment returns over time and erode the purchasing power of invested funds.

RISK MANAGEMENT FRAMEWORK (CON'T D)

Liquidity Risk:

It is the risk that an investment asset cannot be sold when the need arises. The company will be exposed to liquidity risk, when there is the need to sell an investment, and the investment cannot be liquidated due to insufficient secondary market or lack of sufficients demand for such a security. Liquidity risk is the current and future risk arising from the inability to meet our financial obligations when they become due.

Credit or Default Risk

Credit risk is created by the possibility of loss due to a counter party's or issuer's default, or inability to meet contractual payment terms. Higher quality bonds, including government bonds face the lowest credit risk.

Event Risk:

Event Risk is the risk of regulatory changes or other external occurrences that are significant, unanticipated and external, which impact negatively on the value of a security.

Market Risk:

This is the risk that the value of an investment will diminish due to unfavourable changing market conditions. A stock will rise or fall in price in response to investors' sentiments or changes in the fortunes of the company or its industry

Interest rate risk:

This is the risk of exposures to the volatility of interest rates. It is the risk of the value or future cash flows of financial instruments being affected by changes in interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The Company has no significant concentration of interest rate risk.

The Company's exposure to interest rate risk and a sensitivity analysis for financial liabilities is disclosed in note 6 to the financial statements.

Currency risk:

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates.

The Company's principal transactions are carried out in naira and its exposure to foreign exchange risk is minimal. The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. This mitigates the foreign currency exchange rate risk. Thus, 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.

RISK MANAGEMENT FRAMEWORK (CON'T D)

The Company has no significant concentration of currency risk.

Price risk

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

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit–linked business.

The Company has no significant concentration of price risk.

The Company will adopt a top down approach for defining its investment appetite. This is reviewed by senior management and approved by the Board Investment Committee (BIC) to ensure amongst other things that the investment risk assumed is commensurate with its strategy.

The following investment risk appetite statements guide the Company:-

- Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be.
- The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or that of our key officers.
- Business is not transacted with any organisation with perceived likelihood of failure or that shows signs of going concern challenges.
- A cautious and prudent approach is adopted in engaging in investment and trading activities.

The strategic management of the Company's investment portfolio is the fundamental responsibility of the Board Investment Committee (BIC) and senior management. The investment management team is responsible for implementing our policies by executing trade and investment decisions.

In accordance with section 6(2) of the NAICOM guidelines (which is subject to future amendments), the Company shall invest in any of the following categories of investment assets:

- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria.
- Bankers acceptance and commercial papers guaranteed by issuing bank.
- Quoted equities of not more than 50% of shareholders's fund.
- Unquoted equities not more than 20% of shareholders' fund.
- Property for Non-life insurance, not more than 35% of shareholders' fund.

RISK MANAGEMENT FRAMEWORK (CON'T D)

In measuring investment risk, the following approaches, which are detailed in the Risk Management Framework. are used:

- Volatility
- Value at risk (VAR)
- Sensitivity analysis
- Stress testing
- Scenario testing

Investment risk exposures are mitigated by:

- Setting internal investment risk control limits
- Complying with legal investment limits
- Establishing Investment Approval Limits
- Diversification, in order to smoothen out unsystematic risk events in our portfolios
- Clear separation of duties between the unit that initiates and executes trade, and the units that accounts for trade transactions and handles transaction settlement.

The risk management department is responsible for monitoring investment risk exposures while the financial control department provides relevant information to the risk management department for investment risk monitoring.

Operational risks

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

5 CAPITAL MANAGEMENT

The Company’s objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory stipulations and to best utilize capital allocations.

Insurance industry regulator measures the financial strength of Non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers’ capital against the risk profile. The regulator stipulates that insurers should produce a minimum solvency margin of 100%. During the year, the Company has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Company’s operations if the Company falls below this requirement as deemed necessary.

5. CAPITAL MANAGEMENT (CONTINUED)

The solvency margin for the Company as at 31 December 2016 is as follows:

			31-Dec-2016
ASSETS:	**TOTAL ₦'000**	**ADMISSIBLE ₦'000**	**IN ADMISSIBLE ₦'000**
Cash and cash equivalents	7,101,466	7,101,466	-
Financial assets	4,935,914	4,935,914	-
Trade receivables	31,444	31,444	-
Reinsurance assets	2,209,767	2,209,767	-
Other receivables	519,387	67,498	451,889
Deferred acquisition cost	82,758	82,758	-
Investment properties	3,341,000	3,341,000	-
Intangible Assets	6,923	-	6,923
Property (Land & Building)	365,355	365,355	
Property and Equipment	204,217	204,217	-
Statutory deposit	500,000	500,000	-
Total assets	19,298,231	18,839,419	458,812
LIABILITIES			
Investment contract liabilities	1,126,497	1,126,497	
Insurance ccontract liabilities	6,439,881	6,439,881	-
Trade payables	3,040,282	3,040,282	-
Other payables	94,857	94,857	-
Deferred tax liabilities	166,190	-	166,190
Employee benefit liabilities	487,200	487,200	-
Current income tax liabilities	91,382	91,382	-
Total liabilities	11,446,289	11,280,099	166,190
SOLVENCY MARGIN			7,559,320
REQUIRED			5,000,000
SURPLUS			**2,559,320**
SOLVENCY RATIO			**151%**

The Company further developed an internal capital adequacy model that assesses the risk of assets, policy liabilities and other exposures by applying various factors. The model calculates the capital required for each class of the broad risks identified by the Company and aggregates through co-variance methodology that considers the relationship between these risk categories.

As at year end, the Company showed a positive solvency margin of ₦2,559,320 and a solvency ratio of 151% which is higher than the regulators minimum capital adequacy of

6. 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.

	Notes	Held-to-maturity ₦'000	Loans and receivables ₦'000	Available-for-sale ₦'000	Other financial liabilities at amortised cost ₦'000	Total carrying amount ₦'000	Fair value amount ₦'000
31 December 2016							
Cash and cash equivalents	8	-	-	-	-	7,101,466	7,101,466
Financial assets	9	3,788,835	-	1,147,079	-	4,935,914	4,935,923
Trade receivables	10	-	-	-	-	31,444	31,444
Other receivables excluding prepayments	12	-	-	-	-	436,985	436,985
		3,788,835	**-**	**1,147,079**	**-**	**12,505,809**	**12,505,818**
Insurance contract liabilities	20				6,439,881	6,439,881	5,050,992
Investment contract liabilities	19				1,126,497	1,126,497	1,126,497
Trade and other payables					3,135,139	3,135,139	3,135,139
					10,701,517	**10,701,517**	**9,312,628**
31 December 2015							
Cash and cash equivalents	8	-	-	-	-	4,922,120	4,922,120
Financial assets	9	1,266,390	-	1,009,217	-	2,275,607	2,275,607
Trade receivables	10	-	-	-	-	204,495	204,495
Other receivables excluding prepayments	12	-	-	-	-	475,799	475,799
		1,266,390	**-**	**1,009,217**	**-**	**7,878,021**	**7,878,021**
Insurance contract liabilities	20	-	-	-	5,050,992	5,050,992	5,050,992
Trade and other payables		-	-	-	1,072,373	1,072,373	1,072,373
Investment contract liabilities	19	-	-	-	679,676	679,676	679,676
		-	**-**	**-**	**6,803,041**	**6,803,041**	**6,803,041**

7. SEGMENT INFORMATION

Segment Information

Following the management approach of IFRS 8, the company is organised into two operating segments. These segments distribute their Non life business and Life business

INCOME STATEMENT

	NON LIFE	LIFE		TOTAL
	₦'000	₦'000		₦'000
Gross premium written	3,516,692	2,524,898		6,041,590
Unearned Premium	(89,048)	(294,145)		(383,193)
Gross premium income	3,427,644	2,230,753		5,658,397
Outward Reinsurance Premium	(2,883,641)	(1,374,362)		(4,258,003)
Net premium income	544,003	856,391		1,400,394
Fees and Commission	302,089	248,662		550,751
Total Income	**846,092**	**1,105,053**		**1,951,145**
Net Claims expenses	213,463	409,313		622,776
Underwriting Expenses	383,743	709,471		1,093,214
				-
	597,206	**1,118,784**		**1,715,990**
Underwriting profit	**248,886**	**(13,731)**		**235,155**
Profit on investment contract	-	7,618		7,618
Gain on financial assets	528,657	768,350		1,297,007
Investment income	173,341	267,800		441,141
Other income	1,241,125	378,889		1,620,014
Management expenses	(1,618,454)	(839,602)		(2,458,056)
Net profit	**573,555**	**569,324**		**1,142,879**

STATEMENT OF FINANCIAL POSITION	**Non - Life**	**Life**		**Total**
ASSETS				
Cash and cash equivalents	3,796,733	3,304,733		7,101,466
Financial assets	2,804,355	2,131,559		4,935,914
Trade receivables	29,759	1,685		31,444
Reinsurance assets	1,522,757	687,010		2,209,767
Other receivables & Prepayments	85,794	1,170,535	(736,942)	519,387
Investment in subsidiary	2,000,000	-	(2,000,000)	-
Deferred acquisition cost	82,758	-		82,758
Investment properties	3,101,000	240,000		3,341,000
Intangible Assets	6,923	-		6,923
Property and Equipment	553,986	15,586		569,572
Statutory deposit	300,000	200,000		500,000
Total assets	**14,284,065**	**7,751,108**	(2,736,942)	**19,298,231**
LIABILITIES				
Investment contract liabilities	-	1,126,498		1,126,498
Insurance contract liabilities	3,089,981	3,349,900		6,439,881
Trade payables	3,040,282	-		3,040,282
Other payables	756,969	74,830	(736,942)	94,857
Employee benefit liabilities	431,400	55,800		487,200
Deferred tax liabilities	150,613	15,576		166,189
Current income tax liabilities	76,017	15,365		91,382
Total liabilities	7,545,262	4,637,969	(736,942)	**11,446,289**
EQUITY				
Issued share capital	3,667,172	2,000,000	(2,000,000)	3,667,172
Share premium	940,612	-		940,612
Contingency reserve	1,112,341	159,492		1,271,833
Other reserve	1,000,522	146,806		1,147,328
Retained earnings	18,152	806,844		824,996
Shareholders' Funds	**6,738,800**	**3,113,142**	**(2,736,942)**	**7,851,942**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

8. CASH AND CASH EQUIVALENTS

	2016 ₦'000	2015 ₦'000
Cash in hand and in Banks	735,898	4,071,861
Short term bank deposits	6,365,568	3,759,258
	7,101,466	**7,831,119**
Current	7,101,466	7,831,119
Non Current	-	
	7,101,466	**7,831,119**

The carrying value of cash and cash equivalents approximates fair value. Short term deposits are various

The effective interest rate on short term deposits range from 10% -17 %. The cash and bank balances are the

9 FINANCIAL ASSETS

The company is exposed to financial risk through its financial assets (investments). The key focus of financial risk

Categories of Financial Instruments

The company financial assets are summarised below:

	2016 ₦'000	2015 ₦'000
Held to maturity (Note 9.1)	3,788,835	1,477,601
Available for sale financial asset (Note 9.2)	1,147,079	887,542
	4,935,914	**2,365,143**

9.1 Held to maturity

Government bonds	750,163	622,935
Fixed deposits	3,038,672	854,666
	3,788,835	**1,477,601**
Current	623,744	854,666
Non-Current	750,163	622,935
	1,373,907	1,477,601

There are no impairment on held to maturity investments as at 31 December, 2016 (2015: Nil)

	2016 ₦'000	2015 ₦'000
9.2 Available for sale investment		
Quoted	607,253	521,847
Unquoted	539,826	365,695
	1,147,079	**887,542**
Current	-	-
Non-Current	1,147,079	887,542
	1,147,079	**887,542**

All financial Instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are measured at fair value that are quoted in an active market. When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exists.

Available for sale financial assets of the company consists of (quoted and unquoted equities). The Company investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued. The carrying amount was based on cost less impairment.
The impairment of unquoted stock is calculated using an average rate of 10.5%. This is the average rate of return that would accrue if such fund is invested in other short term intrusments.

9.3 The Movement in Availabe For Sale Securities is summarised as follows 2016

	Quoted ₦'000	Unquoted ₦'000	Total ₦'000	
At 1 January	732,970	425,389	1,158,359	
Additions	-	-	-	-
Fair value gains/losses	362,572	203,338	565,910	
Impairment losses(note 9.4)	(488,289)	(88,901)	(577,190)	
At 31 December	**607,253**	**539,826**	**1,147,079**	

2015	**Quoted ₦'000**	**Unquoted ₦'000**	**Total ₦'000**
At 1 January	732,970	375,389	1,108,359
Additions	-	50,000	50,000
Disposals (sale and redemption)	-	-	-
Fair value gains/losses	264,910	-	264,910
Impairment losses	(476,033)	(59,694)	(535,727)
At 31 December	**521,847**	**365,695**	**887,542**

9.4 Movement in impairment of Available for Sales

	N'000 Quoted	N'000 Unquoted	N'000 Total
As at 1 January	476,033	59,694	535,727
Impairment loss for the year	12,256	29,207	41,463
Balance end of year	**488,289**	**88,901**	**577,190**

10. Trade Receivables

	2016 ₦'000	2015 ₦'000
Due from Insurance brokers	31,444	13,257
Allowance for impairment	-	-
	31,444	**13,257**
Current	31,444	13,257
Non-Current	-	-
	31,444	**13,257**

Due from Insurance Brokers are premium received by Brokers yet to be remmited. These debts are backed up by credit notes and are not more than one month old.

11. Reinsurance assets

	2016 ₦'000	2015 ₦'000
Prepaid reinsurance (Note 11a)	218,365	283,207
Reinsurance recoverable	1,614,943	723,358
Reinsurance Projection on IBNR	376,459	260,980
	2,209,767	**1,267,545**
Current	1,833,308	1,006,565
Non-Current	376,459	260,980
	2,209,767	**1,267,545**

11a Movement in prepaid reinsurance

	2016 ₦'000	2015 ₦'000
At 1 January	283,207	1,285,100
Additions during the year	4,193,160	2,618,759
Amortisation during the year	(4,258,002)	(3,620,652)
At 31 December	**218,365**	**283,207**

There were no indicators of impairment for re-insurance assets.Therefore ,no impairment allowance is required in respect of these assets.The carrying amounts disclosed above is in respect of the reinsurance contracts which approximate the fair value at the reporting date.

12 OTHER RECEIVABLES AND PREPAYMENT

	2016 ₦'000	2015 ₦'000
Staff Loan	67,498	72,687
Policy Loan	15,831	13,042
Sundry debtors	318,656	356,370
Interest receivable	35,000	59,000
Prepayment	82,402	45,060
	519,387	**546,159**
Current	519,387	546,159
Non-Current	-	-
	519,387	**546,159**

12.1 Breakdown of sundry debtors

	2016	2015
Deposit for land	30,000	30,000
Due from Media View Ltd	262,386	318,427
Balance with Stock brokers	13,820	9,427
Others	12,450	7,943
	318,656	**365,797**

The sum of ₦285m due from Media View Ltd. is the amount the Company invested in a project with Media View Ltd to build the largest bill board in Nigeria.

13. DEFERRED ACQUISITION COSTS

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

	2016 ₦'000	2015 ₦'000
Fire	12,769	9,493
Accident	38,316	38,561
Motor vehicle	15,988	13,382
Oil and Gas	11,147	3,841
Marine and aviation	4,538	3,102
	82,758	**68,379**
Movement in deferred acquisition costs		
At 1 January	68,379	62,323
Additions during the year:	-	-
General Business:	327,406	320,785
Life Business	220,786	288,608
Charged during the year	(533,813)	(603,337)
At 31 December	**82,758**	**68,379**
Current	82,758	68,379
Non-Current	-	-
	82,758	**68,379**

14 INVESTMENT PROPERTIES

	2016	2015
At 1 January	3,053,000	2,959,206
Addition during the year	-	-
Disposal	-	(40,000)
Revaluation surplus	288,000	133,794
At 31 December	3,341,000	3,053,000
Cost/Valuation at 31 December, 2016 is represented by:		
Valuation	868,705	868,705
Cost	2,506,120	2,184,295
	3,341,000	**3,053,000**

Investment properties comprises of commercial properties and a landed property, both held for the purpose of capital appreciation, whilst the commercial properties have been rented out. The landed property only represents bare land. Investment properties are carried at fair value which are determined by independent professional valuers registered members of Financial Reporting Council. The determination of fair value of the investment property was supported by market evidence. The properties are located in Lagos and Ogun State.

14.1 *LIST AND VALUE OF INVESTENT PROPERTIES*

		Cost	Market Value	Market Value	Valuation gain
		01-01-16	31-12-15	31-12-16	31-12-16
1	BULDING AT CUSTOM STREET KAKAWA/MARINA CBD LAGOS ISLAND	463,325,000	1,850,000,000	1,908,000,000	58,000,000
2	PLOT A1, BLOCK G, CBD CIPM ROAD ALAUSA LAGOS	186,140,000	680,000,000	889,000,000	209,000,000
3	2 Plots of Land at Aponloju Close off Engr. Adetoro Road Lekki (Ojomu Family Land)	25,000,000	36,000,000	40,000,000	4,000,000
4	BLOCK 8 PLOT 2 & 3 RIVER VIEW DEVT SCHEME II ISHERI, OGUN ST	16,500,000	26,000,000	28,000,000	2,000,000
5	LANDED PROPERTY AT CHUME NWOSU STREET, OFF BADORE AJAH, LAGOS	10,250,000	16,000,000	18,000,000	2,000,000
6	3 PLOTS OF LAND AT OKUN ALFA BEACH, LEKKI PENINSULA, LEKKI PHASE 1	24,000,000	51,000,000	51,000,000	-
7	BLOCK 24, FLATS 1, 2 & 5 MKO ABIOLA GARDENS, ALAUSA IKEJA, LAGOS	25,000,000	81,000,000	87,000,000	6,000,000
8	PLOT 122, ASSOCIATION AVENUE, DOLPHIN ESTATE, IKOYI, LAGOS	18,000,000	75,000,000	80,000,000	5,000,000
	TOTAL	**768,215,000**	**2,815,000,000**	**3,101,000,000**	286,000,000
	LIFE BUSINESS				-
1	4 PLOTS OF LAND AND 5 BLOCKS OF FLAT AT NEXT ESTATE, MOWE OGUN STATE	39,015,000	58,000,000	60,000,000	2,000,000
2	FLAT 1, 2, 3, 4, 7 & 8 CLUSTER 2 CHOICE ESTATE ABIJO, GRA IKEJA, LAGOS	27,650,000	180,000,000	180,000,000	-
		66,665,000	**238,000,000**	240,000,000	2,000,000
					-
	Grand total	**834,880,000**	**3,053,000,000**	**3,341,000,000**	**288,000,000**

15. INTANGIBLE ASSETS

Software Expenditure	2016 ₦'000	2015 ₦'000
Cost	12,628	7,823
Additions	-	4,805
At 31 December	**12,628**	**12,628**
Accumulated amortization		
At 1 January	**3,102**	**-**
Charged during the year	**2,603**	**3,102**
At 31 December	**5,705**	**3,102**
Carrying amount	**6,923**	**9,526**
Current	**-**	**-**
Non - Current	**6,923**	**9,526**
	6,923	**9,526**

The cost is amortized over the period of three years which is in line with the company policy.

16 PROPERTY PLANT AND EQUIPMENT

	Buildings ₦'000	Furniture Fittings & Equipment ₦'000	Motor Vehicles ₦'000	TOTAL ₦'000
Cost				
At 1 January	365,210	352,994	423,951	1,142,155
Additions	3,105	53,239	108,853	165,197
Disposal		(7,305)	(36,150)	(43,455)
Revaluation surplus (Note 28.1)	27,685	-	-	27,685
At 31 December	396,000	398,928	496,654	1,291,582
Accumulated depreciation				
At 1 January	24,517	304,290	334,047	662,854
Charge for the year	6,128	23,264	68,449	97,841
Disposal	-	(7,306)	(31,379)	(38,685)
	30,645	320,248	371,117	722,010
At 31 December 2016	**365,355**	**78,680**	**125,537**	**569,572**
At 31 December, 2015	340,693	48,704	89,904	479,301
Cost/Valuation at 31 December, 2016 is represented by:				
Valuation	27,685	-	-	27,685
Cost	368,315	406,233	532,804	1,307,352
	396,000	**406,233**	**532,804**	**1,335,037**
Current	-	-	-	**-**
Non-Current	365,355	78,680	125,537	**569,572**
	365,355	**78,680**	**125,537**	**569,572**

The Company's land and building were revalued at 31 December, 2016 by Fola Oyekan & Associates.Valuation was made on the basis of open market value.The revaluation surplus net of applicable deferred income taxes was credited to other reserves in shareholders' equity (Note 30).

Property, Plant and Equipment are carried at deemed cost. Fixed asset register is available for inspection at the company's registered office

Depreciation expenses of 2016: (₦97.8million,) 2015: (₦122.2million) has been charged to other operating and administrative expenses.

16.1 Impairment Losses Recognized in the year

Impairment losses recognized in respect of Property Plant and Equipment in the year 2016 was Nil (2015: Nil)

16.2 Contractual Commitments

At 31 December, 2016 The company has no contractual commitments for the acquisition / renovation of Property, Plant and Equipment (2015: Nil)

16.3 Capital Work in Progress

The company has no capital work in progress as at 31 December, 2016. (2015: Nil)

17 STATUTORY DEPOSIT

This represents amount deposited with Central Bank of Nigeria (CBN) in accordance with section 10(3) of the Insurance Act, 2003,The deposit is not availabale for the day to day operation of the company. The Central Bank however pays Bi-annual interest on the deposit and the effective average rate stood at 11% per annum in 2016.

	2016	2015
	₦'000	₦'000
	500,000	**500,000**
Current	-	-
Non-Current	500,000	500,000
	500,000	500,000

18 INVESTMENT CONTRACT LIABILITIES

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

	2016	2015
	₦'000	₦'000
At 1 January	1,081,971	1,072,373
Deposits received during the year	-	154,708
Guaranteed Interest	44,526	29,420
	1,126,497	**1,256,501**
Withdrawals	-	(174,530)
At 31 December	**1,126,497**	**1,081,971**

The Company has a total sum of ₦1.12billion (2015 - ₦1.072billion) in deposit administered funds with guaranteed interest.

19 INSURANCE CONTRACT LIABILITIES	2016 N'000	2015 N'000
General business (note 19.1)	3,089,981	2,171,134
Life business (note 19.2)	3,349,900	2,456,222
Total insurance liabilities	**6,439,881**	**4,627,356**

19.1 Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the management of the company with the use of a professional actuary (HR Nigeria Limited), certified firm of actuaries with FRC Registration number FRC/NAS/00000000738.

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

		2016	2015
19.2	**General Business Insurance Contract Liabilities**	**N'000**	**N'000**
	Outstanding claims provision (note 19.1a)	1,983,317	1,213,323
	Claims incurred but not reported (note 19.1b)	511,107	451,302
	Unearned premium (note 19.1c)	595,557	506,509
	Total general business insurance contract liability	**3,089,981**	**2,171,134**
19.2a	**Outstanding claims provision - General business**		
	Movement in outstanding claims provision		
	At 1 January	1,213,323	1,493,173
	Claims incurred in the current year	157,804	(755,514)
	Claims paid during the year	612,190	475,664
	At 31 December	**1,983,317**	**1,213,323**
19.2b	**Claims incurred but not reported - General business**		
	Movement in IBNR provision		
	At 1 January	451,302	851,550
	Movement during the year	59,805	(400,248)
	At 31 December	**511,107**	**451,302**

		01-Jan-16	Movement	31-Dec-16
		₦'000	**₦'000**	**₦'000**
19.2c	**UNEARNED PREMIUM - General business**			
	Fire	48,672	18,201	66,873
	Accident	188,027	56,488	244,515
	Motor vehicle	105,726	21,991	127,717
	Marine and aviation	15,638	10,825	26,463
	Oil and gas	145,840	(15,851)	129,989
		503,903	**91,654**	**595,557**

These provision represents the liability for general business insurance contracts for which the Company's obligations have not expired at year end,The unearned premuim provision relates to the casuality insurance contracts for which the Company expects to pay claims in excess of the related unearned premium provision.

		2016	2015
19.3	**Life Insurance Contract Liabilities**	**N'000**	**N'000**
	Group life fund (19.2a)	1,838,089	1,303,534
	Individual life fund (19.2b)	1,070,297	949,309
	Health Insurance fund(19.2c)	67,448	29,584
		2,975,834	2,282,427
	Annuity fund (19.2d)	374,066	173,795
		3,349,900	**2,456,222**

		2016	2015
		₦'000	₦'000
19.3a	***Group life fund:***		
	Unearned premium	541,169	246,994
	Outstanding claims	774,642	642,300
	Incurred But not Reported (IBNR)	522,278	414,240
		1,838,089	**1,303,534**
19.3b	***Individual Life Fund***		
	At 1 January	949,309	667,730
	Charge to income statement	120,988	281,579
	At 31 December	**1,070,297**	**949,309**
19.3c	***Health insurance fund***		
	At 1 January	29,584	-
	Charged to income statement	37,864	29,584
	At 31 December	**67,448**	**29,584**
19.3d	***Annuity fund***		
	At 1 January	173,795	33,617
	Charge to income Statement	200,271	140,178
	At 31 December	**374,066**	**173,795**

20 TRADE PAYABLES

	2016	2015
Reinsurance payables	21,855	10,862
Premium deposits	2,991,717	2,861,149
Deferred Acquisition cost (20.1)	26,710	34,044
	3,040,282	**2,906,055**
Current	3,040,282	2,906,055
Non - current	-	-
	3,040,282	2,906,055

(i) Amount due to reinsurers relate to premium payments on treaty arrangements with the reinsurers.

(ii) Premium deposit represent amount received on behaf of other Co - Insurers due for payment in the coming year.

20.1	**Break down of deferred commission income**	**2016**	**2015**
		₦'000	**₦'000**
	Fire	4,786	3,103
	General Accident	8,900	15,462
	Motor	7,382	6,245
	Oil and Gas	1,331	1,035
	Marine & Aviation	4,311	8,199
		26,710	**34,044**

Deferred commission relates to the unearned portion of commission income from reinsurance transactions

		2016	2015
21	**OTHER PAYABLES**	**₦'000**	**₦'000**
	Accured Expenses	66,033	37,529
	Sundry Creditors	28,824	21,088
		94,857	**58,617**
	Current	94,857	58,617
	Non - current	-	-
		94,857	**58,617**

The carrying amount disclosed above approximate the fair value at the reprting date. All amount are payable within one year.

Accrued Expenses include Supervisory Levy on Premium, Actuarial fees ,Audit fees and Tax Consultancy fees.

22 EMPLOYEES BENEFIT LIABILITY

Gratuity scheme

The company has a post emploment benefit scheme.

The movement in the defined benefit obligation over the year is as follows:

	2016	2015
	₦'000	**₦'000**
At 1 January	630,300	645,000
Charge for the year	593,658	144,414
Service cost paid during the year	(736,758)	(159,114)
At 31 December	**487,200**	**630,300**
Current	-	-
Non-Current	487,200	630,300
	487,200	**630,300**

23 DEFERRED TAX LIABILITY

	2016	2015
At 1 January	170,769	159,311
Charge for the year	(4,579)	11,458
At 31 December	**166,190**	**170,769**
Current	-	**-**
Non-Current	**166,190**	**170,769**

24 TAXATION

24.1 Charge as per statement of income and other comprehensive income

	2016	2015
Income	183,740	97,335
Education tax	7,829	7,959
Technology tax	11,429	4,041
	202,998	**109,335**
Deferred tax (note 24)	(4,579)	11,458
Charge for the year	**198,419**	**120,793**
Current	198,419	121,089
Non-Current	-	-
	198,419	**121,089**

24.2 Per statement of financial position

The movement on tax payable account during the year is as follows:

	2016	2015
At 1 January	79,566	84,304
Payments during the year	(191,182)	(114,073)
Charge for the year	202,998	109,335
At 31 December	**91,382**	**79,566**

24.3 NOTE ON TAX RECONCILIATIONS

Tax on the Company's profit before tax differ from theoretical amount that would arise using weighted average tax rate applicable to profit of the company as follows:

Profit before tax	**(2,458,056)**	**433,697**
Tax calculated at domestic rate		
Applicable in Nigeria at 30% (2015- 30%)	(737,417)	130,109
Income not subject to tax	214,512	311,056
Expenses deducted from profit subject to tax	(645,231)	(412,571)
Education tax	7,829	3,042
Information technology tax	(24,581)	4,337
	(1,184,887)	**35,973**

24.4 Education tax has been computed at the rate of 2% (2015:2%) on assessable profit for the year.

24.5 In line with the Nigerian Information Technology Development Agency (NITDA) Act, the Company has provided for technology tax at the specified tax rate of 1% (2015: 1%) of the profit before tax for the year.

25 CAPITAL AND RESERVES

Share capital

Authorised

10,000,000,000 ordinary shares of 50k each	**5,000,000**	**5,000,000**

Issued and fully paid

At 31 December	**3,667,172**	**3,667,172**

Subject to the restrictions imposed by the Companies act, the unissued shares are under the control of Directors.

26 Share premium

At 31 December	**940,612**	**940,612**

27 Contingency Reserve

In accordance with the Insurance act, a contigency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid- up capital or 50 percent of net premium.

	2016	2015
	₦'000	₦'000
At 1 January	1,100,190	990,404
Transfer from retained earning	171,643	109,786
At 31 December	**1,271,833**	**1,100,190**

28 Other Reserves

28.1 Asset Revaluation reserve

	2016	2015
	₦'000	₦'000
At 1 January	513,693	513,693
Addition during the year (Note 16.)	27,685	-
At 31 December	**541,378**	**513,693**

Under current regulations, assets revaluation reserve is not available for distribution to shareholders either as dividends or bonus shares.

No provision was made for deferred capital gains tax as the property is not meant for sale in the foreseeable future.

28.2 Fair Value Reserves

	2016	2015
	₦'000	₦'000
At 1 January	304,949	427,567
Change in fair value for the year	301,000	(122,618)
At 31 December	**605,949**	**304,949**

		2016	2015
29	**Retained Earnings**	**₦'000**	**₦'000**
	At 1 January	52,180	(121,354)
	Profit attributable to the owners of the Company	(198,419)	283,320
	Transfer to contingency reserve	(171,643)	(109,786)
	At 31 December	**(317,882)**	**52,180**
30	**Net Premium Earned**		
	Gross Premium Written	6,041,590	5,102,097
	Changes in Unearned Premium	(383,193)	705,539
	Gross Premium Income	**5,658,397**	**5,807,636**
	Reinsurance Cost:		
	Gross reinsurance premium	4,476,367	3,903,859
	Changes in Reinsurance Contracts	(218,365)	(560,460)
	Reinsurance Expenses	**4,258,002**	**3,343,399**
	Net Premium Income	**1,400,395**	**2,464,237**
30	**BREAKDOWN OF PREMIUM INCOME**		
	General business		
	Fire	203,547	161,674
	General Accident	970,832	810,216
	Motor	340,646	324,048
	Marine and Aviation	100,452	85,482
	Oil and Gas	1,901,215	1,556,846
		3,516,692	**2,938,266**
	Life Business		
	Health Insurance	142,187	118,326
	Individual life	148,999	121,784
	Annuity	306,261	155,394
	Group Life	1,927,452	1,768,327
		2,524,899	**2,163,831**
31	**FEES AND COMMISSION INCOME**		
	Fee income arising on insurance contracts	**550,750**	**455,998**

Commission income on reinsurance premium is earned on premium ceded out, rate of which varies per product in line with the reinsurance agreement with respective reinsurers

		2016	2015
32	**CLAIMS EXPENSES (NET)**		
	General business (note 34.1)	213,462	(36,950)
	Life business (note 34.2)	-	743,879
		213,462	**706,929**
32	***Claim expenses - General Business***		
	Claim paid during the year	612,190	475,664
	Changes in outstanding claims and IBNR	(83,861)	(679,946)
	Proceeds from salvage and subrogation	-	(1,402)
	Gross claim paid during the year	**528,329**	**(205,684)**
	Received from Reinsurance	(314,867)	(140,597)
	Changes in Reinsurance share of outstanding claims and IBNR	-	309,331
	Net Claims expense	**213,462**	**(36,950)**

		2016	2015
32.2	***Claim expenses - Life Business***	**N'000**	**N'000**
	Gross claim paid during the year	1,039,501	646,353
	Changes in outstanding claims and IBNR	(332,368)	564,629
	Gross claim paid during the year	707,133	1,210,982
	Received from reisurance	(297,819)	(281,905)
	Reinsurance share of outstanding claims and IBNR	-	(185,198)
	Net Claim expenses	**409,314**	**743,879**

32.3	***Gross claims paid - General Business***		
	Fire	182,946	1,298
	Accident	312,710	178,426
	Motor	73,840	79,022
	Oil and gas	27,865	128,822
	Marine and aviation	14,829	28,096
		612,190	**415,664**

32.4	**GROSS CLAIMS PAID - LIFE BUSINESS**		
	Health Insurance	10,132	-
	Individual life	94,467	71,850
	Group life	934,902	574,503
		1,039,501	**646,353**

		General Business	Life Business	Total 2016
32.5	***Movements in outstanding claims & IBNR***	**₦'000**	**₦'000**	**₦'000**
	At January	1,664,625	1,056,540	2,721,165
	As at 31 December	(2,494,423)	(1,296,919)	(3,791,342)
		(829,798)	(240,379)	(1,070,177)
	Reinsurance recoverable b/f	(504,994)	-	(504,994)
	Reinsurance recoverable c/f	1,418,654	572,748	1,991,402
		83,862	**332,369**	**416,231**

		2016	2015
33	**UNDERWRITING EXPENSES**	**₦'000**	**₦'000**
	Acquisition cost	533,813	603,337
	Maintenance expenses	200,277	119,383
		734,090	**722,720**

Acquisition cost represent commission expenses and other indirect expenses. Commission expenses are those incurred in obtaining and renewing insurance contracts. They consists of commissions and brokerage paid to agents and brokerage.

Maintenance expense are those incurred in servicing existing policies/contracts. These include processing costs,preparation of statictics and reports and other incidental costs.

33.1	**BREAKDOWN OF UNDERWRITING EXPENSES**		
	General business	313,027	314,729
	Life business	220,786	288,608
		533,813	**603,337**

33.2	***Maintenance expenses***		
	General business	70,716	65,012
	Life business	129,561	54,371
	Received from Reinsurance	**200,277**	**119,383**

34	**PROFIT/(LOSS) ON INVESTMENT CONTRACT**		
	Investment income	52,145	48,115
	Guaranteed interest	(44,527)	(29,420)
	Administrative expenses	-	(9,077)
		7,618	**9,618**

		2016	2015
		N'000	N'000
35	**INVESTMENT INCOME**		
	Interest income	334,202	512,196
	Dividend income	19,487	73,483
	Held to maturity	87,452	75,849
		441,141	**661,528**
35.1	**INVESTMENT INCOME DISTIBUTION**		
	Annuity fund	8,451	5,855
	Investment income attributable to shareholders	234,177	362,831
	Investment income attributable to policyholders	198,513	292,842
		441,141	**661,528**
36	**OTHER OPERATING INCOME**		
	Profit on sale of fixed assets	-	6,554
	Profit on sale of investment properties	-	2,000
	Revaluation surplus on investment properties	288,000	133,794
	Foreign exchnge gain	2,618,467	-
	Rental income	3,207	7,180
	Other sundry income	7,347	53,991
		2,917,021	**203,519**

The foreign exhage gain was as a result of the devaluation of the currency in 2016. The Company revalued her deposits and domiciliary account balances hence the exchange gan of N2,618,467,000

		2016	2015
37	**OPERATING AND ADMINISTRATIVE EXPENSES**		
	Employee benefits expenses (note 38)	1,555,278	841,023
	Depreciation	97,841	106,080
	Amortization -Intangible assets	1,052	2,077
	Auditors remuneration	12,000	12,000
	Directors' emolument	52,450	48,755
	Other operating expenses (note 39)	697,972	499,862
	Impairment loss on financial assets	41,463	-
		2,458,056	**1,509,797**
38	**Employee benefits expense**		
	Salaries and wages	761,142	555,972
	Medical	25,902	21,370
	Staff training	48,215	50,856
	Post-employment benefit	720,019	212,825
		1,555,278	**841,023**
39	**Breakdown of other Operating expenses**		
	Travelling expenses	87,709	82,145
	Asset maintenance	30,410	18,426
	Electricity	30,189	15,552
	Printing & Stationeries	26,635	15,452
	Government/levies	88,462	84,253
	Annual subsriptions	84,363	54,150
	Bank charges	65,152	58,197
	Corporate gifts	26,418	15,444
	Advertising	26,303	15,412
	Insurance of assets	21,458	11,450
	Office expenses	53,665	41,221
	Professional fees	58,410	24,227
	Internet subscrition	35,140	18,410
	Office rent	63,658	45,523
		697,972	**499,862**

40 EMPLOYEES AND DIRECTORS

a Compensation of key management personnel

Key management personnel of the company includes all Directors (executive and non-executive), members of the management committee.

The summary of compensation of key management personnel for the year is as follows:

	2016	2015
	₦'000	₦'000
Salaries	88,142	75,757
Fees	7,450	7,450

b Employees

The average number of persons employed during the year was as follows:

Executive Directors	3	2
Management	28	28
Non-management	173	174
	176	**176**

c Compensation for the above staff (excluding executive Directors):

	₦'000	₦'000
Salaries and wages	708,692	507,217
Retirement benefit costs	574,808	212,825
Medical	21,370	21,370
Staff training	42,152	50,856
	1,347,022	**792,268**

d The numbers of employees of the Company, other than Directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits), were:

	Number	Number
Less than ₦1,000,000	13	13
₦1,000,001 -₦2,000,000	103	111
₦2,000,001 - ₦3,000,000	28	28
₦3,000,001 - ₦4,000,000	7	7
₦4,000,000 - ₦5,000,000	5	5
Above ₦5,000,000	11	11
	167	**175**

e Directors

Remuneration paid to the Company's Directors (excluding pension contribution) were:

	2016	2015
	₦'000	₦'000
Fees and sitting allowances	7,450	7,450
Executive compensation	48,175	38,313
Other Director expenses	18,450	18,450
	74,075	**64,213**

f Fees and other emoluments disclosed above include amounts paid to:

	2016 ₦'000	2015 ₦'000
The chairman	750	750
The highest paid Director	17,250	17,250
	18,000	**18,000**

g The numbers of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges were:

	Number	Number
Below ₦1,000,000		
₦1,000,000 - ₦2,500,000	5	5
₦2,500,001 - ₦5,000,000	-	-
Above ₦5,000,000	2	2
	7	7

41 EVENTS AFTER THE REPORTING PERIOD

There were no events which could have a material effect on the financial position of the Company as at 31 December, 2016 and profit attributable to equity holders on that date other than as disclosed in the financial

42 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders (₦'000)	1,175,474	312,608
Weighted number of ordinary shares at the end of the period	7,334,343	7,334,343
Basic earnings per share	16 kobo	4 kobo

43 CONTINGENCIES AND COMMITMENTS

43.1 Legal proceedings and regulations

There are contingent liabilities in respect of legal suits against the Company totalling ₦295.7million. As at December, 2016. (2015 - ₦13.5million). No provisions has been made in this account as the directors are of the opinoin that no liabilities will arise therefrom.

43.2 Capital Commitments

The Company has no capital commitments as at the reporting date.

44 RELATED PARTY DISCLOSURES

The company entered into transactions with related parties during the year.

The following are the significant transactions with related parties during the year

(i) Premium and claims paid

Related Party	Premium ₦'000	Claims ₦'000	Relationship
Ibile Holdings	5,015	477	Majority Shareholder
Lagos State Government	526,234	335,387	Majority Shareholder
Dr. (Mrs.) Toyin Philips	157	-	Director
Mrs. Aduke M. Thorpe	122	-	Director
Mr. Olusola O. Ladipo-Ajayi	862	55	Director

45 POST BALANCE SHEET EVENT

There were no post balance sheet event which could have a material effect on the financial position of the company as at 31 December, 2016 or the profit for the year ended.

		2016	2015
46	**PENALTIES PAID**	**₦'000**	**₦'000**
1	Late submission of Board resolution to National Insurance Commission	250	-
2	Late submission of 2014 Annual returns to Securities and Exchange Commission	5,000	-
		5,250	**-**

47 HYPOTHECATION

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular,the key financial risk is that in the long term,its investment proceeds will not be sufficient to fund the obligations arising from its insurance and investment contracts. In response to the risk,the Company's assets and liabilities are allocated as follows:

				Insurance contract			
	Investment Contract	Health Ins. Fund	Annuity Fund	Gen. Business	Life Business	Shareholders' fund	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
ASSETS							
Cash and cash equivalents	313,790	88,693	148,074	2,130,896	2,225,590	2,194,423	**7,101,466**
Financial assets	590,402	-	300,275	1,301,700	1,315,694	1,427,843	**4,935,914**
Trade receivables	-	-	-	-	-	31,444	**31,444**
Reinsurance assets	-	-	-	1,522,755	687,010	-	**2,209,767**
Other receivables	-	-	-	-	-	519,387	**519,387**
Deferred acquisition Cost	-	-	-	-	-	82,758	**82,758**
Investment properties	240,000	-	-	-	-	3,101,000	**3,341,000**
Intangible Assets	-	-	-	-	-	6,923	**6,923**
Property and equipment	-	-	-	-	-	569,572	**569,572**
Statutory deposit	-	-	-	-	-	500,000	**500,000**
Total assets	**1,144,192**	**88,693**	**448,349**	**4,955,351**	**4,228,294**	**8,433,350**	**19,298,231**
LIABILITIES							
Investment contract liabilities	(1,126,497)						**(1,126,497)**
Insurance contract liabilities		(67,448)	(374,065)	(3,089,981)	(2,908,387)	-	**(6,439,881)**
Trade payables						(3,040,282)	**(3,040,282)**
Other payables						(94,857)	**(94,857)**
Deferred tax liabilities						(166,190)	**(166,190)**
Employee benefit liability						(487,200)	**(487,200)**
Taxation						(91,382)	**(91,382)**
Total liabilities	(1,126,497)	(67,448)	(374,065)	(3,089,981)	(2,908,387)	(3,879,911)	**(11,446,289)**
Assets Cover	**17,695**	**21,245**	**74,284**	**1,865,370**	**1,319,907**	**4,553,439**	**7,851,942**

LASACO ASSURANCE PLC
STATEMENT OF VALUE ADDED FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 ₦'000	%	2015 ₦'000	%
Net premium written:				
- Nigeria	1,400,395	(1,130)	2,466,843	141
- Foreign	-			
Investment income:				
- Nigeria	489,286	(395)	661,528	30
Fees and Commission income				
- Nigeria	550,750	(444)	455,998	
- Foreign	-		-	
Other income:				
- Nigeria	-	-	213,137	20
- Foreign				
Claims incurred, commissions and operating expenses:				
- Nigeria	(2,564,401)	2,069	(2,441,607)	(91)
- Foreign				
VALUE ADDED	**(123,970)**	**100**	**1,355,899**	**100**
APPLIED AS FOLLOWS:				
To pay employees:				
Salaries,wages and fringe benefits	1,555,278	497	841,023	42
To pay Government:				
- Income tax	(1,142,880)	(365)	109,361	4
To provide for future taxation:				
Deferred taxation	-	-	11,458	1
To provide form maintainance of assets and growth				
- Depreciation of property,plant and equipment	97,841	31	106,080	7
- Amortisation of intangible assets	1,052	0.34	2,077	-
- To augment contingency reserve	171,643	55	109,786	8
- Augment/(deplete) reserves	(370,062)	(118)	176,114	38
	312,872	**100**	**1,355,899**	**100**

Note: -

Value added represent the additional wealth the company has been able to create by its own and employees efforts. This statement shows the allocation of that wealth among employees, providers of capital as well as government and that retained for future creation of more wealth.

LASACO ASSURANCE PLC
FINANCIAL SUMMARY FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000
ASSETS					
Cash and cash equivalents	7,101,466	7,831,119	4,922,120	3,088,378	3,591,189
Financial assets	4,935,914	2,365,143	2,275,607	2,624,118	1,633,253
Trade receivables	31,444	13,257	204,495	27,807	774,211
Reinsurance assets	2,209,767	1,267,545	2,261,815	3,253,969	1,841,513
Other receivables & Prepayments	519,387	546,159	531,239	545,223	383,941
Deferred acquisition cost	82,758	68,379	62,323	52,155	66,523
Investment properties	3,341,000	3,053,001	2,959,206	2,755,740	2,461,000
Intangible asset	6,923	9,526	7,823	-	-
Property, plant and equipment	569,572	479,301	515,716	565,349	586,630
Statutory deposit	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	**19,298,231**	**16,133,430**	**14,240,344**	**13,412,739**	**11,838,260**
LIABILITIES AND EQUITY					
Investment contract liabilities	1,126,497	1,081,971	1,072,373	1,048,148	994,930
Insurance contract liabilities	6,439,881	4,627,356	5,050,992	5,065,707	4,073,335
Trade payables	3,040,282	10,862	1,735	226,882	237,451
Cashbook overdrawn		-	-	-	-
Deferred commission income	-	34,044	130,595	91,992	60,008
Other payables	94,857	2,919,766	677,941	189,645	65,272
Deferred tax liabilities	166,190	170,769	159,311	145,862	110,526
Employee benefit liability	487,200	630,300	645,000	565,665	528,777
Taxation	91,382	79,566	84,304	202,919	170,604
Total liabilities	**11,446,289**	**9,554,634**	**7,822,251**	**7,536,821**	**6,240,903**
EQUITY					
Issued share capital	3,667,172	3,667,172	3,667,172	3,667,172	3,667,172
Share premium	940,612	940,612	940,612	940,612	940,612
Revaluation reserve	541,378	513,693	513,693	493,052	469,052
Fair value reserve	605,949	304,949	427,567	351,778	372,556
Contingency reserve	1,271,833	1,100,190	990,404	858,608	730,817
Retained earnings	824,998	52,180	(121,354)	(435,304)	(582,853)
Total equity	**7,851,942**	**6,578,796**	**6,418,094**	**5,875,918**	**5,597,356**
TOTAL LIABILITIES AND EQUITY	**19,298,231**	**16,133,430**	**14,240,345**	**13,412,739**	**11,838,260**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Gross premiums written	6,041,590	5,102,097	5,633,596	4,965,328	4,437,541
Net Underwriting Income	1,951,145	2,920,235	2,937,539	4,208,974	3,724,155
Net claims and underwriting expenses	1,715,989	1,851,406	1,741,716	2,803,476	2,440,597
Underwriting profit	235,156	1,068,829	1,195,823	1,405,498	1,283,558
Realised gain/(loss) on financial assets	-	-	-	75,414	35,301
Investment and other income	3,365,780	874,665	878,154	691,276	2,026,872
Net income	3,600,936	1,943,494	2,073,977	2,172,188	3,345,731
Other expenses	(2,458,056)	(1,509,797)	(1,548,121)	(1,759,381)	(3,469,499)
Profit/(loss) before taxation	**1,142,880**	**433,697**	**525,856**	**412,807**	**(123,768)**
Taxation	(198,419)	(121,089)	(80,111)	(137,467)	(74,934)
Profit/(loss) after taxation	**944,461**	**312,608**	**445,745**	**275,340**	**(198,702)**
Net fair value gain on available for sale financial assets	-	-	-	(20,778)	270,547
Gain on revaluation reserve	-	-	20,641	24,000	3,000
Total comprehensive income for the year	**944,461**	**278,562**	**466,386**	**278,562**	**74,845**
Earning per share(kobo):					
- Actual	16	4	6	4	(3)
- Adjusted	16	4	6	4	(3)

LASACO ASSURANCE PLC

LIFE REVENUE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER, 2016

					31-12-16
	GROUP LIFE	**INDIVIDUAL**	**HEALTH**	**ANNUITY**	**TOTAL**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Income					
Gross premium	1,927,452	148,999	142,187	306,261	2,524,899
Unearned premium	(294,145)	-	-	-	(294,145)
Gross premium earned	**1,633,307**	**148,999**	**142,187**	**306,261**	**2,230,754**
Reinsurance expenses (Local)	1,023,953	-	23,606	-	1,047,559
Reinsurance expenses (foreign)	255,988	-	70,815	-	326,803
	1,279,941	-	94,421	-	1,374,362
Net premium earned	353,366	148,999	47,766	306,261	856,392
Fees and commission	243,058	-	5,603	-	248,661
Total income	**596,424**	**148,999**	**53,369**	**306,261**	**1,105,053**
Claim expenses					
Claims paid	870,335	94,468	1,958	72,740	1,039,501
Changes in outstanding claims	(332,368)		-	-	(332,368)
Received from reinsurance	(297,819)	-	-	-	(297,819)
Net claims paid	**240,148**	**94,468**	**1,958**	**72,740**	**409,314**
Underwriting expenses					
Acquisition cost	179,730	27,007	2,524	11,524	220,785
Increase in fund balances	-	120,988	37,864	200,271	359,123
Maintenance expenses	62,162	31,179	25,525	10,695	129,561
	241,892	**179,174**	**65,913**	**222,490**	**709,469**
Underwriting profit	**114,384**	**(124,643)**	**(14,502)**	**11,031**	**(13,730)**

LASACO ASSURANCE PLC
NON - LIFE REVENUE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER, 2016

Income	FIRE N'000	GENERAL ACCIDENT N'000	MOTOR N'000	OIL AND GAS N'000	MARINE N'000	BOND N'000	ENGINEERING N'000	31-Dec 2016 N'000
Premiums (direct)	173,024	713,519	286,824	1,499,962	86,201	104,476	80,456	2,944,462
Inward reinsurance premiums	30,523	19,794	53,822	401,253	14,251	25,486	27,101	572,230
Gross premiums written	203,547	733,313	340,646	1,901,215	100,452	129,962	107,557	3,516,692
Changes in unearned premium	(18,201)	(3,006)	(21,991)	15,851	(8,219)	(36,842)	(16,640)	(89,048)
Gross premiums earned	185,346	730,307	318,655	1,917,066	92,233	93,120	90,917	3,427,644
Outward reinsurance premiums (local)	70,032	64,443	81,214	1,424,233	16,777	33,698	35,538	1,725,934
Outward reinsurance premiums (foreign)	12,359	5,487	9,910	1,119,040	3,870	4,011	3,029	1,157,705
	82,391	69,930	91,123	2,543,273	20,647	37,708	38,568	2,883,639
Net premiums earned	**102,955**	**660,377**	**227,532**	**(626,207)**	**71,586**	**55,412**	**52,349**	**544,005**
Fees and commission	19,283	25,104	15,924	215,768	5,227	9,686	11,096	302,088
Total Income	**122,238**	**685,481**	**243,456**	**(410,439)**	**76,813**	**65,098**	**63,445**	**846,093**
Claims expenses								
Claims paid	182,946	311,588	73,840	27,865	14,829	-	1,122	612,190
Changes in Outstanding claims	(80,701)	(54,519)	(7,591)	80,289	(25,242)	19,394	(15,491)	(83,861)
Received from reinsurance	(94,094)	(160,259)	(37,978)	(14,332)	(7,627.00)	-	(577)	(314,867)
Net claims paid	8,151	96,810	28,271	93,822	(18,040)	19,394	(14,946)	213,462
Underwriting expenses								-
Acquistion cost	36,304	185,146	39,292	37,094	15,191	-	-	313,027
Maintenance expenses	4,093	14,746	6,850	38,231	2,020	2,613	2,163	70,716
	40,397	199,892	46,142	75,325	17,211	2,613	2,163	383,743
Underwriting profit	**73,690**	**388,779**	**169,043**	**(579,586)**	**77,642**	**43,091**	**76,228**	**248,888**