LASACO ASSURANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018

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 2018

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FOR THE YEAR ENDED DECEMBER 31, 2018
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
Mr. Segun Balogun	Managing Director/CEO
Engr. Sani Ndanusa	Independent Director
Mr. Akin Odusami	Director
Otunba Akin Doherty	Director
Rilwan Oshinusi	Deputy Managing Director(Corporate Services)
Mr. Razzaq Abiodun	Deputy Managing Director (Technical)

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	Polaris Bank Ltd First Bank of Nigeria Plc Ecobank Nig. Ltd United Bank For Africa Plc Guaranty Trust Bank Plc Sterling Bank Plc
ACTUARY	EY Actuaries
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

2018 FINANCIAL HIGHLIGHTS

	2018 ₦'000	2017 ₦'000	
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS			
Total assets	17,052,479	18,571,052	-8%
Total liabilities	8,568,906	10,414,726	-18%
Shareholders' funds	8,483,572	8,156,326	4%
MAJOR STATEMENT OF COMPREHENSIVE INCOME ITEMS			
Gross premium written	9,014,060	6,673,652	35%
Net underwriting income	5,221,815	3,992,444	31%
Investment income	753,682	874,674	-14%
Other income	190,525	576,425	-67%
Net claims paid	1,801,944	1,962,134	-8%
Profit before taxation	958,199	854,273	12%
Profit after taxation	**736,279**	**661,878**	11%
INFORMATION PER 50K ORDINARY SHARE			
Earnings per share (kobo)	13	12	
Proposed dividend per share (kobo)	5	4	
Net assets (kobo)	116	111	
Number of 50k shares issued	7,334,344	7,334,344	
Number of employees	163	163	
Number of branches	**15**	**15**	

LASACO ASSURANCE PLC

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

The Directors are pleased to submit their report together with the audited financial statements of LASACO Assurance Plc for the year ended December 31, 2018.

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 Company 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 Company also transacts insurance business for aviation, oil & gas and other special risks.

Operating results

The following is a summary of the Company's perating results for the year ended December 31, 2018

	2018	**2017**
	₦'000	**₦'000**
Profit before taxation	958,199	854,273
Taxation charge	(221,920)	(192,395)
Profit after taxation	736,279	661,878
Transfer to statutory contigency reserve	(154,889)	(154,889)
Transfer to retained earnings for the year	**581,390**	**506,989**

Dividend

The Directors are proposing a dividend of 5 kobo per share for the year ended 31 December 2018.

DIRECTORS' REPORT (CON'TD)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 2018

Name of Director	Direct	Indirect	Total
Mrs. Aderinola Disu	-	2,027,796,764	2,027,796,764
Mr. Segun Balogun	10,000,000	-	10,000,000
Otunba Akin Doherty	-	765,764,739	765,764,739
Mr. Akinola Odusanmi	1,971,496	-	1,971,496
Engineer Sani Ndanusa	-	-	-
Mr. Razzaq Abiodun	-	-	-

December 31 2017

Name of Director	Direct	Indirect	Total
Mrs. Aderinola Disu	-	2,027,796,764	2,027,796,764
Mr. Segun Balogun	10,000,000	-	10,000,000
Otunba Akin Doherty	-	765,764,739	765,764,739
Mr. Akinola Odusanmi	1,971,496	-	1,971,496
Engineer Sani Ndanusa	-	-	-
Kikelomo Kasim	-	-	-
Rilwan Oshinusi	-	-	-
Mr. Razzaq Abiodun	-	-	-

Mrs Aderinola Disu and Mr. Akinola Odusanmi are both representing Ibile Holdings on the Board. Otunba Akin Doherty is representing Canon Propeties and Investments Ltd.

DIRECTORS' REPORT (CON'TD)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 Section 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, 2018

	2018 Number of shares	Percentage	2017 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, 2018.

Donations

The Company made the following donations during the year:

	₦
(1) Lagos State Governor's Cup (Table Tennis Tournament)	1,000,000
(2) Lagos State Security Trust Fund	10,000,000
	11,000,000

Employment of disabled persons

The Company’s recruitment and staff development policies and practices are non-discriminatory.

DIRECTORS' REPORT (CON'TD)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 substantially 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 2018 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) have spent five years and will be replaced in line with National Insurance Commission prudential guideline.

By order of the Board

Company Secretary
FRC/2015/NBA/000000/11389
May 13, 2019

LASACO ASSURANCE PLC

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

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
FRC/2013/CIIN/00000002288

Aderinola Disu
FRC/2017/NBA/00000016203

LASACO ASSURANCE PLC
CERTIFICATION BY COMPANY SECRETARY
FOR THE YEAR ENDED DECEMBER 31, 2018

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 2018, 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

May 13, 2019

LASACO ASSURANCE PLC
MANAGEMENTS' COMMENT AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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)

	2018	2017	Change
	₦'000	₦'000	%
Gross written premium	9,014,060	6,673,652	35
Net underwriting income	5,221,815	3,992,444	31
Underwriting profit	2,056,961	1,253,599	64
Investment income	753,682	874,674	(14)
Operating expenses	(2,165,774)	(1,741,701)	24
Profit before tax	958,199	854,273	12
EPS (k)	13	12	12

MANAGEMENTS' COMMENT AND ANALYSIS (Cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2018

In 2018, the premium income grew by 35% from N6.6 billion achieved in 2017 to N9.04billion.
Net premium income grew by 25% from N3.67billion in 2017 to N4.59billion in 2018

Net claims expenses decreased by 5% from ₦1.96billion in 2017 to N1.80billion in 2018.

Underwriting profit increased by 63% from N1.25billion in 2017 to N2.04billion in 2018

The Company profit before tax for the year increased from N854million achieved in 2017 to N958million in 2018.

Shareholder's fund increased by 2% from ₦8.156billion to ₦8.48billion.

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 2018, the Company had approximately ₦10.2billion invested in fixed income and ₦967million 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, Mr. Rilwan Oshinusi became the Deputy Managing Director (Corporate Services) while Mr. Razzaq Abiodun was appointed as the Deputy Managing Director (Technical)

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.
xiv. Ensures compliance with all relevant laws and regulations by the Company and its officers.

The Board is made up of **four** Non-Executive Directors, one being Independent Directors and **three** Executive Directors during the 2018 financial year. At LASACO, the position of the group Chairman is separated and distinct from that of the Managing Director/Chief Executive Officer. The Chairman is Non-Executive Director.

The Board of LASACO Assurance Plc. met **(6)** times during the 2018 financial year. The following are the list of the Directors and their attendance records at the Board meetings:

BOARD OF DIRECTORS

	1/16/2018	**2/23/2018**	**5/2/2018**	**8/9/2018**	**9/11/2018**	**10/30/2018**
Mrs.Aderinola Disu	P	P	P	P	P	P
Otunba Akin Doherty	P	P	A	P	A	P
Mr. Akinola Odusanmi	P	P	P	P	P	P
Engineer Sanni Ndanusa	P	P	P	P	P	P
Mr. Segun Balogun	P	P	P	P	P	P
Mr. Rilwan Oshinusi	P	P	P	P	P	P
Mr. Razzaq Abiodun	P	P	P	P	P	P

KEY: A = Absent P = Present E = Emergency

COMMITTEES OF THE BOARD

The Board performs its various duties and responsibilities through four (4) Committees: the Finance and Investment Committee, the Establishment and Corporate Governance Committee, the Audit, Risk Management and Compliance Committee and the Statutory Shareholders' Audit 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 Deputy Managing Directors, General Managers and a Principal Manager meet regularly once in a fortnight.

(1) FINANCE AND INVESTMENT COMMITTEE

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

(a) Otunba Akin Doherty	Chairman
(b) Mr. Akin Odusanmi	Member
© Engineer Sani Ndanusa	Member
(d) Mr. Segun Balogun	Managing Director
(e) Mr. Rilwan Oshinusi	Deputy Managing Director(Corporate Services)
(f) Mr. Razzaq Abiodun	Deputy Managing Director (Technical)

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

ATTENDANCE

	25/04/18	08/08/18	25/10/18
Otunba Akin Doherty	P	P	P
Mr. Akin Odusanmi	P	P	P
Engineer Sani Ndanusa	P	P	P
Mr. Segun Balogun	P	P	P
Mr. Rilwan Oshinusi	P	P	P
Mr. Razzaq Abiodun	P	P	P

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

(2) THE BOARD ESTABLISHMENT AND CORPORATE GOVERNANCE COMMITTEE

The Board Establishment and Corporate Governance Committee was made up of three 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 from Manager cadre 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

(a) Mr. Akin Odusanmi	Chairman
(b) Otunba Akin Doherty	Member
(c) Engineer sani Ndannusa	Member
(d) Mr. Segun Balogun	Managing Director
(e) Mr. Rilwan Oshinusi	Deputy Managing Director (Corporate Services)
(f) Mr. Razzaq Abiodun	Deputy Managing Director (Technical)

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

Attendance:	4/25/2018	8/8/2018
Mr. Akin Odusanmi	P	P
Otunba Akin Doherty	A	P
Engineer Sani Ndanusa	P	P
Mr. Segun Balogun	P	P
Mr. Rilwan Oshinusi	P	P
Mr. Razzaq Abiodun	P	P

KEY: A = Absent P = Present

(3). AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Audit, Risk Management and Compliance Committee is made up of three non-Executive Directors, one of whom chaired the Committee and were joined by the three Executive Directors.

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

(a) The Committee is responsible for the review of the integrity of the data and information provided in the Audit and/or Financial Reports.

(b) To provide oversight functions with regards to both the Company's financial statements and its internal controls and Risks Management functions.

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

Membership:

(a) Engr Sani Ndanusa	Chairman
(b) Akinola Odusanmi	Member
(c) Otunba Akin Doherty	Member
(d) Mr. Segun Balogun	Managing Director
(e) Mr. Rilwan Oshinusi	Deputy Managing Director (Corporate Services)
(f) Mr. Razzaq Abiodun	Deputy Managing Director (Technical)

The Audit, Risk Management and Compliance Committee met three times during the year under review. The table below shows the meeting date and the attendance of the Committee members at such meeting:

Attendance:	**4/25/2018**	**8/8/2018**
Akinola Odusanmi	A	P
Otunba Akin Doherty	P	P
Engineer Sani Ndannusa	P	P
Mr. Segun Balogun	P	P
Mr. Rilwan Oshinusi	P	P
Mr. Razzaq Abiodun	P	P

KEY: A = Absent P = Present

(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 2017 Annual General Meeting held on 21st June, 2018 for a period of one year till the conclusion of the 2018 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The Chairman of the Audit Committee for 2018 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.

(a) Mr. Matthew Akinlade	Chairman – Shareholders'Representative		
(b) Mrs. Abigail Olaaje	Member	"	"
(c) Mr. Samuel Olagoke	Member	"	"
(d) Mr. Akin Odusanmi	Member Board's Representative		
(e) Otunba Akin Doherty	Member	''	
(f) Engr. Sani Ndanusa	Member	''	

The Statutory Shareholder's Audit Committee met three times during the year under review. The table below shows the dates and the. attendance of the Committee members at suh meetings.

Attendance:	**2/16/2018**	**4/27/2018**	**12/6/2018**
Mr. Mathew Akinlade	P	P	P
Mrs Abigail Olaaje	P	P	P
Mr Samuel Olagoke	P	P	P
Mr. Akin Odusanmi	P	P	P
Otunba Akin Doherty	P	P	P
Engr Sani Ndanusa	N/A	N/A	P

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

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.

Securiy Trading Policy

The Company has a share trading policy which is being adhere to in compliance with the reqiurements of the Nigerian Stock Exchange.

Complaint Management Framework Policy

The Company ensures that communication and dissemination of information regarding the operations of the Company to shareholders, potential investors and general public is timely, accurate and continuos.

In compliance with the requirements of Securities and Exchange Commission's rules relating to the Complaints Management Framework of the Nigerian Capital Market issued in 2015 and the directive of the Nigerian Stock Exchange issued in 2015. Also, the Company has put in place a Compalaints Management Framework Policy.

The Complaint Management Framework Policy sets out the Board framework by which LASACO Assurance Plc and its Registrar will provde assistance regarding Shareholders issues and concerns. It also provides feedback mechanism n matters that affect shareholders.

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	………………………………………
FRC/2013/CIIN/00000002288	**Aderinola Disu**
	FRC/2017/NBA/00000016203

LASACO ASSURANCE PLC
REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED DECEMBER 31, 2018

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 2018 together with the Management Control Report from the Auditors and the Company's responses to this report at its meeting held on March 05,2018.

In our opinion, the scope and planning of the audit for the year ended 31 December 2018 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 2018 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 remuneratior of the auditors

MR. MATTHEW AKINLADE
Chairman, Audit Committee
FRC/2013/ICAN/0000002111
March 05,2018

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
Engineer Sani Ndanusa		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 December 31 , 2018, 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 December 31, 2017 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 ICAN 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 judgment,were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole , and in forming our opinion thereon,and we do not provide a seperate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
Valuation of insurance contract liabilities - N6.0 billion(See Note 14)	
The estimate of insurance contact liabilabilies involves a significant degree of judgement.The liabilities are based on the best-estimate ulitmate cost of all claims incurred but not settled at a given date,whether reported or not and a reserve for unexpired premium.	We obtained the actuarial valuation report for insurance contract libailities from management. We assessed the competence,independence and objectivty of management's external acturial experts.
The cost of understanding claims is determined by using a range of standard actuarial claims projection techniques in order to estimate the gross ultimate claims experience.The methodolgy for calculating premium provisions depends on the basis of the reinsurance contract- risk attaching or lossess occurring.	We understood ,evaluated and tested controls and performed detailed substantive testing over claims process. We tested the accuracy ,completeness and appropriateness of the underlying data used in the actuarial valuations by performing checks between the data recorded in the financial statements and actuarial data used by management experts.
This matter is considered a key audit matter in the financial statements.	With the support of our actuarial experts,we assessed the reasonableness of the Company's methodlogy used in determining its insurance contract liabilities. We assessed the actuarial assumptions used in the valuations to determine whether these are appropriate and in line with actaul experience. We challenged management's rationale for the judgements applied.

Key audit matter	How our audit addressed the key audit matter
Investment properties - N3.3billion(See Note 11)	We updated our understanding of the entity's policies,processes,methods used for the determination of fair values of investment properties and assessed compliance with the relevant accounting standard.
The valuation of the Company's properties is a key focus area due to significance of judgements and estimates made by management.	we assessed the competance ,independence and objectvity of management 's property valuation expert.
Management adopted the income approach in determining the fair value of the properties considering the current use of the property.The approach considered the estimated future rental income and occupancy rate.	We evaluated the assumptions and inputs used in the property valuations to determine whether these are appropriate and reasonable.

This matter is considered a key audit matter in financial statements.

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.

When we read the other information not yet received,if we conclude that there is a material misstatement therein,we are reqired to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the Company's Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Internationa Financial 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 due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPNDENT AUDITOR'S REPORT (CON'TD)
To the shareholders of LASACO Assurance Plc

- 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 transactionsand 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.

From the matters communicated with those charged with goverance,we determine those matters that were of most significanace in the audit of the financial statements of the current period and are therefore the key audit matters.We decribe these matters in our audit's report unless law or regulation precludes public disclosure about the matter or when ,in extremely rare circumstances ,we determine that a matter should not be communicated in our report because the adverse consequence of doing so would reasonably be expected

Report on other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004,as well as the Insurance Act 117 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 accounts, 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 accounts.

Contraventions

The Company contravened certain sections of Security and Exchange Commission circulars and guidelines during the year. The particulars therof and penalties paid are as disclosed in note 44 to the financial statements.

Adedoyin Idowu Owolabi, FCA
FRC/2013/ICAN/00000000101
For:Doyin Owolabi & Co.
(Chartered Accountants)

Lagos, Nigeria
June 21 ,2018

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER, 2018

1. Reporting entity

The Company was incorporated on 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.
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 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 07, 2018.

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.

2. Basis of presentation

2.1 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

2.2 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.

2.3 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 through profit or loss are measured at fair value.
- Financial instruments at fair value through other comprehensive income are measured at fair value.
- Investment properties are measured at fair value
- Building is carried at re-valued amount
- Insurance liabilities are measured at present value of future cashflows.

2.4 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.

(i) Business model assessment

This is applicable for 2018 financial year.
For financial assets that are held for the purpose of collecting contractual cash flows, the Company has assessed whether the contractual terms of these assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Allowances for credit losses

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for debt instruments measured at amortised cost and fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the debt portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, changes in foreign exchanges, real estate prices indices, country risk and the performance of different individual groups).

These critical assumptions have been applied consistently to all periods presented, except as follows:
The Company applied the impairment requirements under IFRS 9 from 1 January 2018 resulting in changes to the assumptions used for the calculation for allowance for impairment using the expected credit loss model. The comparative period has not been restated for IFRS 9. The key change under the IFRS 9 expected credit loss model is the use of forecast of future economic conditions including macroeconomic factors.

(iii) Impairment of financial assets

The Company has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of ECL.

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

Staged Approach to the determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1 The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2 The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3 The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

The Company does not originate or purchase credit impaired loans or receivables.
The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Company considers the obligor is unlikely to pay its credit obligations to the company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company's ECL model for homogenous portfolios.

3 New and amended standards and interpretations

(a) Standards and interpretations effective during the reporting year

Amendments to the following standard became effective in the annual period starting from 1st January, 2018. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

3.1 IFRS 9 - Financial instruments effective 1 January 2018

The Company has adopted IFRS 9 with a transition date of 1 January 2018. This resulted in changes in accounting policies and adjustments to the amount previously recognise in the financial statement.

3.2 IFRS 15: Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. This new standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, insurance contracts, interest and fee income intergral to financial instruments and rental income (leases) will continue to fall outside the scope of IFRS 15 and will be regulated

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognise revenue, and at what amount:

a) Identify the contract(s) with a customer

b) Identify the performance obligations in the contract

c) Determine the transaction price

d) Allocate the transaction price to the performance obligations in the contract

e) Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company has assessesd the impact of the standard and identified that the stardard does not have significant impact on the Company's financial statements.

Standard and interpretation issued/amended but not yet effective

The following statndards have been issued or amended by IASB but are yet to become effective for annual periods beginning or after 1 January 2018,

3.4 IFRS 16 - Leases effective 1 January 2019

This is a new standard introduced by IASB to replace existing standards IAS 17 - Leases. IFRS 16 requires lessees to account fo all leases under a single on balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for leases - leases of low value assets (eg personal computers) and short - term leases(lease with a lease term of 12 months or less). At the commencement dateof a lease, a lessee will recognise a liability to make lease payments(ie lease liability) and an asset representing the right to use the underlying asset during the lease term.

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

3.5 IFRS 17 - Insurance contracts effective 1 January 2022

IFRS 17 replaces IFRS 4 effective 1 January 2022. it addresses changes n valuation and accounting for Insurance contracts.

IFRS 17 aims to set high quality and globally accepted accounting finacial reporting standards basedon clearly outlined principles according to the international Accounting Standard Board(IASB). It will make global insurance reporting aligned and consistent.it also aims to apply uniform accounting statndards for all Insurance contracts

IFRS 17 provides new basis for liability measurement and profit recognition. The measurement models are:

(i) Building Block Approach (BBA) measures the net inflow between the risk - adjusted present value of expected inflows and outflows at inception. This method is applicable for measurement of long term and whole life, group life and general insurance.

(ii) Premium Allocation Approach (PAA). This method is applicable for measurement of short term life, group life and general insurance.

(iii) Variable Fee Approach (VFA) measures participating business where policy holder liability is linked to underlying items.
This is method is appicable for measurement of unit linked contracts, deposit administration contracts.
The Company does not expect to adopt the new standard before 1 January 2022.

3.6 Amendments to IAS 40: Investment Property

The amendements clarify that transfer to, or from investment property necessiates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence tah a change in use has occurred.
The amendemnts further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under contruction(i.e a change in use is not limited to completed properties).
The amendements are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendemnets either retrospectively(if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseable future transactions.

4 Changes in accounting policies

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below:

IFRS 9 - Financial instruments

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading at FVOCI.

If a risk free and gilt-edged debt instrument had low credit risk at the date of initial application of IFRS 9, then the Company has assumed that credit risk on the asset had not increased significantly since initial recognition.
In accordance with the transition requirements for classification and measurement and impairment, the Company has not restated

- Any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings (or another component of equity as appropriate).
- Financial assets are not reclassified in the statement of financial position for the comparative period.
- Allowance for impairment has not been restated in the comparative period.

The transition is a change in accounting policy, and disclosures required by IAS 8 are illustrated.

A comparative information in respect of the preceding period is not presented (i.e. 31 December 2017) as there is no impact of restatement for the year ended 31 December 2017.

Disclosure requirements arising from the consequential amendments to IFRS 7 upon adoption of IFRS 9 have not been presented in relation to the comparative period.
New accounting policies have been disclosed, and references to the old policies included, which are applied to the amounts presented in the comparative period.
Investments in financial assets are classified as either debt or equity investments in accordance with IAS 32 Financial Instruments: Presentation.
The Company adopts the general expected credit loss (ECL) model for debt instruments measured at amortized cost (i.e. bonds, treasury bills, fixed deposit, short-term deposits, cash in bank, loans to policy holders and other loan – staff loan). ECL model is not applied to The Company trade receivables is outside the scope of IFRS 9. As such the company does not apply the simplified approach in the recognition and measurement of impairment losses on trade receivables that do not contain a significant financing component as required by IFRS 9.
The key changes to the Company's accounting policies resulting from its adoption of IFRS 9 are summarized below.

Classification of financial assets and liabilities

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The following summarises the key changes:

- The held-to-maturity, loans and receivables and available-for-sale financial assets categories were removed.
- A new asset category measured at fair value through other comprehensive income (FVOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Amortised cost was also introduced to replaced loans and receivables and held-to-maturity.

Significant accounting policies

4 Foreign 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.

5 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.

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

6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity intrument of another entity. The Company applied the classification and measurment requirements for financial intruments under IFRS 9 'Financial Instruments' for the year ended 31 December 2018. The 2017 comparative period was not restated, and the requirements under IAS 39 Financial Instruments: Recognition and measurements were applied. The key changes are in the classification and impairment requirements.

6.1 Recognition and initial measurment

(A) Policy applicable from 1 January 2018

Financial assets and liabilities, with the exception of other loans and receivables, are initailly recognised on the trade date i.e. the date that the company becomes a party to the contractual provisions of the instruments

This includes regular way trades: purcahses or sales of financial assets that requires delivery of assets witthin the time frame generally established by regulation or conviction in the market place. Other loans and receivables are recognised when fund are transferred to the patty's accounts.

A financial assets or financial liability is measured initially at fair value or minus, for an item not at fair value through profit or loss, direct and incremental transanctions costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

6.2 Classification of financial instruments

(b) Policy applicable from 1 January 2018

The Company classifies its financial assets under IFRS 9 into the following measurement categories:

- those to be measured at fair value through other comprehensive income (FVOCI)
- those to be measured at fair value through profit 0r loss (FVTPL); and
- those to be measured at amortised cost.

The classification depends on the Company's business model (ie business model test) for managing financial assets and the contractual terms of the financial assets cash flows(i.e. solely payments of principal and interest - SPPI test.)

The Company also classify its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost. Management determines the classification of the financial instruments at initial recognition.

(c.) Policy applicable prior to 1 January 2018

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

Financial liabilities are classified as either financial liabilities 'at FVTPL' or "other financial liabilities'

6.3 Subsequent measurement

(a.) Financial assets - policy applicable from 1 January 2018

The subsequent measurement of financial assets depends on its initial classification:

(i) Debt instruments

Amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as ‘Investment income’.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as ‘Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognised in profit or loss as ‘Investment income’.

In addition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This is done on initial recognition of the instrument.

(ii) Equity instruments

The Company subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income when the company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/(loss) in the profit or loss.

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

2) How the performance of the portfolio is evaluated and reported to management;

3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(B) Financial Assets - Policy applicable prior to 1 January 2018

I. Held-to-maturity investments

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 definition of 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 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.

II. 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 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.

III. 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.

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.

(C) Financial liabilities - policy applicable for current and comparative periods

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs on these instruments are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

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

6.4 Reclassification

(1) Policy applicable from 1 January 2018

The Company reclassifies financial assets when and only when its business model for managing those asstes changes. The reclassifications tajes palce from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Company's operations.

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the ‘reclassification date’. Reclassification date is ‘the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company’s business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

· A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)

· A temporary disappearance of a particular market for financial assets.

· A transfer of financial assets between parts of the entity with different business models.

Financial liabilities are not reclassified after initial classification.

Financial assets under the amortised cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

However, if more than an infrequent number of such sales are made out of a portfolio and those sales are more than insignificant in value (either individually or in aggregate), the Company will assess whether and how such sales are consistent with an objective of collecting contractual cash flows.

The Company has defined the following factors which will be considered in concluding on the significance and frequency of sale:

- **Definition of Insignificance**: The Company considers the sale of assets within the BM1 as insignificant if the total sales constitute a value that is less than or equal to 15% of the current amortised cost portfolio per annum or a 5% per quarter subject to a maximum of 15% per annum threshold.
- **Definition of Infrequent:** The Company has decided that any sale not more than once a quarter would be considered as an infrequent sale.
- **Definition of closeness to maturity:** The Company defines close to maturity as instruments with three months to maturity

6.5 Modifications of financial assets and financial liabilities

(1) Financial Assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Company will consider the following non-exhaustive criteria:

Qualitative criteria

Scenarios where modifications could lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, are:

- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of financial asset's tenor
- Extension of financial asset's tenor
- Reduction in repayment of principals and interest
- Capitalisation of overdue repayments into a new principal amount

On occurrence of any of the above factors, the Company will perform a 10% test (**see below**) to determine whether or not the modification is substantial.

Scenarios where modification will not lead to derecognition of existing financial assets are:

- Change in interest rate

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

A modification would not lead to derecognition of existing financial asset if:

- the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see below) and ECL measured as follows:

- *If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.*

- *If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.*

Modification gain or loss shall be included as part of impairment loss on financial assets for each financial year.

(2) Financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

6.6 Impairment of financial assets

(1) Policy applicable from 1 January 2018

(a) Overview of the Expected Credit Losses (ECL) principles

The Company recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:

- cash and cash equivalents.
- Debt instrument at amortised cost.
- Other receivables.
- Statutory deposit.

The instruments mentioned above are all referred to as ‘financial instruments’ or ‘assets’. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12m ECL) as outlined.

The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.
Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

• Stage 1: When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.

Stage 3: Financial assets considered credit-impaired. The Company records an allowance for the LTECLs.
POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Company would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Company will also observe a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180
For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

(b) The calculation of ECLs

Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial Instrument. Credit losses are the present value of the expected cash shortfalls (B5.5.28).

The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort.

IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss may vary based on the type of the financial asset and the information available.
The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.
The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.
The mechanics of the ECL method are summarized below:

• Stage 1: The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When an asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For assets considered credit-impaired, the Company recognizes the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

(c) Debt instruments measured at fair through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

(d) Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Company only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

(e) Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms: salary/other terminal benefits for the staff loans etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

(f) Presentation of allowance for ECL in the statement of Financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is its fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

(g.) Write - off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Risk Management Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initiated by the Board Risk Management Committee.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(h). Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as , GDP growth, Unemployment rates, Infaltion rates and crude oil prices.

6.6 (2) Policy applicable prior to 1 January 2018

(a) Financial asset carried at amortised 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 calssified 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.

6.7 Fair value measurement - policy applicable for current and comparative periods

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

If a market for a financial instrument is not active, then the company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

6.8 Derecognition of financial asset - policy applicable for current and comparative periods

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognised as a separate asset or liability. Impaired debts are de-recognised when they are assessed as uncollectible.

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

6.9 Derecognition of financial liabilities - policy applicable for current and comparative periods

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

6.10 Write off - policy applicable for current and comparative periods

The Company writes off a financial asset (and any related allowances for impairment losses) when the Company's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

7 Income and expenses (revenue recognition)

Investment income and expenses
Policy applicable from 1 January 2018
Investment income includes interest income and dividend income. Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).
If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement

(a) Amortised cost and gross carrying amount
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).
The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(b) Calculation of interest income and expenses
The Company calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Company reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(C) Presentation

Interest income and expenses presented in the profit or loss includes:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.
- interest on debt instruments measured at FVOCI calculated on an effective interest basis (if any).

Interest income and expense on all assets and liabilities measured at FVTPL are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "net fair value gains/(losses)".

(ii) Policy applicable prior to 1 January 2018

a 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.

b Dividend income

Dividend income is recognised in profit or loss when the right to receive the dividend is established.

c 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.

d Gross premium

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.

e 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.

f 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.

g Reinsurance Expenses

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

h 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.

i 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.

8 Deffered Acquisition cost

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.

9

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.

10 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	5 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.

11. 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.

12. Intangible Assets

Intangible assets comprise computer software licenses, which are with finite livesand are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with finite useful life are reviewed at every financial year end. Changes in the expected useful lif or the expected petter of consumption of future economicbenefits embodied in the asset are accounted for by changing the amortisation period or method as appropriate, and are treated as changes in accounting estimates. the amortisation expense on intangible assets is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The company chooses to use the cost model for the measurement after recgnition.

Amortisation is calculated on a straight line basis over the useful lives as follows:

Computer softwares - 3 years

13. 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

(I) 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

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

(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

(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

14. 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

15. 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 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

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.

16. 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

17. 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

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

18. 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.

19. 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.

20. 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

21. 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

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.

22 Employment benefits

Defined contibutory scheme

The Company operates a defined contribution scheme in line with Pension Reform Act, 2014. Employees are entitled to join the scheme on confirmation of their employment. The enmployee and the company contribute 8.5% and 10% of the employee total emoluments (basic, housing and transport aloowances) respectively.The company's contribution each year is charged against income and is included in staff cost. the company has no further obligations once the contribution is paid to the respective employee Pension Fund Administrators.

Defined benefit staff gratuity scheme

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial positionis respect of defined benfit pension plans is the present value of the defined benefit obligation at the reporting date.together with adjustments for unrecognised acturial gains or losses and past services cost. the defined benefit obligation is calculated annually by independent actuaries.

23 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, 2018

	Note	2018 ₦'000	2017 ₦'000
ASSETS			
Cash and cash equivalents	2	3,047,653	6,825,370
Financial assets	3	5,064,661	4,433,499
Trade receivables	5	402,690	105,812
Reinsurance assets	6	2,290,334	1,785,471
Other receivables & Prepayments	7	565,098	592,299
Deferred acquisition cost	8	128,579	143,269
Investment properties	9	3,306,500	3,311,000
Intangible Assets	10	1,500	4,981
Property and Equipment	11	1,740,211	869,351
Statutory deposit	12	505,253	500,000
Total assets		**17,052,479**	**18,571,052**
LIABILITIES			
Investment contract liabilities	13	790,984	686,560
Insurance contract liabilities	14	6,060,419	5,187,891
Trade payables	15	421,903	3,537,782
Other payables	16	207,226	106,990
Employee benefit liabilities	17	665,149	607,883
Deferred tax liabilities	18	166,740	165,593
Current income tax liabilities	19	256,485	122,027
Total liabilities		**8,568,906**	**10,414,726**
EQUITY			
Issued share capital	20	3,667,172	3,667,172
Share premium	21	940,612	940,612
Contingency reserve	22	1,652,502	1,426,722
Other reserve	23	1,019,727	1,009,865
Retained earnings	24	1,203,559	1,111,955
Shareholders' Funds		**8,483,572**	**8,156,326**
Total Liabilities and Equity		**17,052,479**	**18,571,052**

These Financial Statements were approved by the Board of Directors on May 13, 2018
and signed on its behalf by:

Akinwale Sofile	**Segun Balogun**	**Aderinola Disu**
Chief Financial Officer	**Managing Director/CEO**	**Chairman**
FRC/2012/ICAN/000000000494	**FRC/2013/CIIN/00000002288**	**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, 2018

	Note	2018 ₦'000	2017 ₦'000
Gross premium written	25	9,014,060	6,673,652
Unearned premium		(989,481)	(12,908)
Gross insurance premium income		**8,024,579**	**6,660,744**
Reinsurance expenses	27	(3,408,686)	(2,986,649)
Net insurance premium income		**4,615,893**	**3,674,095**
Fees and commission income	29	605,922	318,349
Net underwriting income		**5,221,815**	**3,992,444**
Claims expenses (net)	30	1,801,944	1,962,134
Underwriting expenses	31	1,479,114	898,377
Decrease in Life fund	14.3	(130,164)	(136,633)
Decrease in Health insurance fund	14.4	(17,913)	(49,535)
Increase in Annuity fund	14.5	31,873	64,502
Total underwriting expenses		**3,164,854**	**2,738,845**
Underwriting profit		**2,056,961**	**1,253,599**
Profit on investment contract	32	23,361	49,413
Net realised gain and losses	34	99,870	19,283
Investment income	33	753,682	874,674
Other income	35	190,525	576,425
Expected credit loss on investment securities	3.5	(426)	-
Impairment of financial assets		-	(177,420)
Other operating and administrative expenses	36	(2,165,774)	(1,741,701)
Profit before taxation		**958,199**	**854,273**
Taxation	19	(221,920)	(192,395)
Profit after taxation		**736,279**	**661,878**
Other comprehensive income net of tax			
Items that are or may be classified to profit or loss:			
Net fair value gain of financial assets through OCI		9,862	(165,278)
Items that will not be classified to profit or loss:			
Revaluation gain on property	11	-	27,685
Total comprehensive income for the year		**746,141**	**524,285**
Profit attributable to:			
Owner of equity		746,141	524,285
Non controlling interest		-	-
		746,141	**524,285**
Earnings per share(kobo)	40		
- Actual		13	12
- Adjusted		13	12

LASACO ASSURANCE PLC
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Fair value reserve ₦'000	Contingency reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January, 2018	3,667,172	940,612	569,194	440,671	1,426,722	1,111,955	8,156,326
Profit for the year	-	-	-		-	736,279	736,279
Transfer to revaluation reserve			-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	225,780	(225,780)	-
Impact of IFRS 9 Adoption						(125,521)	(125,521)
Fair value gain				9,862			9,862
Transaction with owner of business:							
- Dividend	-	-	-	-	-	(293,374)	(293,374)
- Issue of share capital	-	-	-	-	-	-	-
Balance as at 31 December, 2018	**3,667,172**	**940,612**	**569,194**	**450,533**	**1,652,502**	**1,203,559**	**8,483,572**

	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, 2017	3,667,172	940,612	541,378	605,949	1,271,833	824,998	7,851,942
Profit for the year	-	-	-		-	661,878	661,878
Transfer to revaluation reserve			27,816	-	-	-	27,816
Transfer to fair value reserve				(165,278)			(165,278)
Transfer to contingency reserve	-	-	-	-	154,889	(154,889)	-
Fair value adjustment on unquoted shares							-
Transaction with owner of business:							
- Dividend	-	-	-	-	-	(220,032)	(220,032)
- Issue of share capital	-	-	-	-	-	-	-
Balance as at 31 December, 2017	**3,667,172**	**940,612**	**569,194**	**440,671**	**1,426,722**	**1,111,955**	**8,156,326**

LASACO ASSURANCE PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 ₦'000	2017 ₦'000
Cash flow from operating activities			
Premium received from policy holders		8,717,182	6,599,284
Reinsurance receipts in respect of claims		2,137,298	1,068,273
Reinsurance cost		(4,141,539)	(3,173,081)
Commission paid	8.1	(856,848)	(643,286)
Maintenance cost paid		(607,576)	(315,602)
Cash paid to and on behalf of employees		(1,304,304)	(879,675)
Payment to co-insurance		(3,439,931)	(2,991,717)
Other operating cash payments		(676,882)	(981,252)
Fees and Commission received	29	660,004	366,136
Rental income	35	5,975	4,784
Deposit Administration receipts	31	235,236	-
Premium deposits		245,239	3,439,931
Claims paid		(3,862,713)	(2,897,064)
Deposit Administration withdrawals	13	(130,812)	(1,063,258)
Tax paid	19	(86,315)	(161,750)
Net cash provided by operating activities		**(3,105,986)**	**(1,628,277)**
Cash flow from investing activities			
Purchase of property and equipment	11	(1,010,887)	(342,618)
Proceed from sale of Property, and Equipment		1,990	490
Addiions to Investment properties		(3)	(30,717)
Dividend received	33	33,113	114,347
Interest received on amortised cost financial asset		497,571	768,342
Interest received on money market placement		222,998	-
Addition to amortised cost financial assets	3.4	(1,026,913)	-
Redemption of amortised cost financial assets		1,076,083	790,536
Poceed from disposal of financial assets (FVPL)		22,116	271,833
Purchase of financial assets(FVPL)	3.1	(194,425)	-
Net cash provided by investing activities		**(378,357)**	**1,572,213**
Cash flow from financing activities			
Dividend paid		(293,374)	(220,032)
Issue of share capital		-	-
Net cash used in financing activities		**(293,374)**	**(220,032)**
Net increase/(decrease) in cash and cash equivalents		(3,777,717)	(276,096)
Cash and cash equivalents at the beginning of the year		6,825,370	7,101,466
Cash and cash equivalents at the end of the year	2	**3,047,653**	**6,825,370**
Represented by:		**3,047,653**	**6,825,370**

1 Segment Information

Following the management approach of IFRS 8, the company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. Management identifies its reportable segments by product line. These segments and their respective operations for the year ended 31 December, 2018 are as follows:

Non life business and Life business

INCOME STATEMENT

	NON LIFE	LIFE		TOTAL
	₦'000	₦'000		₦'000
Gross premium written	5,639,021	3,375,040		9,014,061
Unearned Premium	(958,348)	(31,133)		(989,481)
Gross premium income	4,680,673	3,343,907		8,024,580
Outward Reinsurance Premium	(2,368,792)	(1,039,894)		(3,408,686)
Net premium income	2,311,881	2,304,013		4,615,894
Fees and Commission	425,461	180,461		605,922
Total Income	**2,737,342**	**2,484,474**		**5,221,816**
Net Claims expenses	558,487	1,243,458		1,801,945
Underwriting Expenses	789,436	573,473		1,362,909
				-
	1,347,923	**1,816,931**		**3,164,854**
Underwriting profit	**1,389,419**	**667,543**		**2,056,961**
Profit on investment contract	-	23,361		23,361
Net realised gain	54,137	45,733		99,870
Investment income	351,794	401,888		753,682
Other income	174,789	15,736		190,525
Expected credit loss on Investment securities	(426)	-		(426)
Management expenses	(1,412,678)	(753,096)		(2,165,774)
Net profit before tax	**557,035**	**401,165**		**958,199**
Statement of financial position				
Cash and cash equivalents	1,972,663	1,074,990		3,047,653
Financial assets	2,465,784	2,598,877		5,064,661
Trade receivables	98,289	304,401		402,690
Reinsurance assets	1,965,636	324,698		2,290,334
Other receivables & Prepayments	273,846	1,606,632	(1,315,380)	565,098
Investment in subsidiary	2,000,000	-	(2,000,000)	-
Deferred acquisition cost	128,579	-		128,579
Investment properties	3,117,000	189,500		3,306,500
Intangible Assets	1,500	-		1,500
Property and Equipment	1,730,603	9,608		1,740,211
Statutory deposit	303,775	201,478		505,253
Total assets	**14,057,675**	**6,310,184**	**(3,315,380)**	**17,052,479**
LIABILITIES				
Investment contract liabilities	-	790,984		790,984
Insurance contract liabilities	3,764,621	2,295,797		6,060,418
Trade payables	344,930	76,973		421,903
Other payables	1,520,104	2,502	(1,315,380)	207,226
Employee benefit liabilities	605,490	59,659		665,149
Deferred tax liabilities	151,164	15,576		166,740
Current income tax liabilities	231,437	25,048		256,485
Total liabilities	6,617,746	3,266,539	(1,315,380)	**8,568,905**
EQUITY				
Issued share capital	3,667,172	2,000,000	(2,000,000)	3,667,172
Share premium	940,612	-		940,612
Contingency reserve	1,413,740	238,762		1,652,502
Other reserve	891,644	128,083		1,019,727
Retained earnings	526,761	676,800		1,203,561
Shareholders' Funds	**7,439,929**	**3,043,645**	**(2,000,000)**	**8,483,574**
	-	-		
	-	-		

2 CASH AND CASH EQUIVALENTS

	2018 ₦'000	2017 ₦'000
Cash in hand	130	132
Cash in Banks	1,143,445	3,509,812
Money markets placements	1,928,112	3,315,426
Impairment of money market palcements	(24,034)	-
		-
	3,047,653	6,825,370

Breakdown of impairment

Write back/ (Expected credit loss) on cash 2017	(63,226)	-
Write back/(Expected credit loss) on short term deposit 2017	(9,188)	-
Write back/ (Expected credit loss) on cash	42,987	-
Write back/(Expected credit loss) on short term deposit	5,393	-
	(24,034)	-

3 FINANCIAL ASSETS

The financial asset represent the Company's holdings in investment securities and are summarised by classification category below:

	2018 ₦'000	2017 ₦'000
Financial assets at fair value through Profit or loss	673,823	459,024
Financial assets at fair value through OCI- Available for sale	497,740	508,364
Financial assets at fair value at amortised cost - Held to maturity	3,893,098	3,466,111
	5,064,661	4,433,499

-

3.1 *Financial assets at fair value through Profit or loss*

These securities represent the Company interest in entities

Listed securities

Balance , beginning of year	459,024	607,253
Additions	194,425	-
Disposals	(3,669)	(191,833)
Fair value changes during the year	(37,221)	43,604
Reversal of Impairment losses	61,264	-
Balance, end of year	673,823	459,024

3.2 *Financial assets at fair value through OCI - Available for Sale*

Un- listed securities

-

Balance , beginning of year	508,364	539,826
Additions	-	-
Disposals	-	-
Fair value adjustment for 2017	(31,221)	
Reversal of impairment	10,735	-
Fair value changes during the year	9,862	(31,462)
Balance, end of year	497,740	508,364

3.3 *Breakdown of Financial assets at fair value through OCI - Available for Sale - Unlisted securities*

MTN Linked shares	193,770	211,558
Energy & Allied Insurance Pool	119,153	118,914
Nigerial Libility Insurance Pool	31,954	25,850
WAICA Reinsurance Co. Ltd	95,236	94,925
Health Care International	57,627	57,117
	497,740	508,364

-

3.4 *Financial assets at amortised cost - Held to maturity*

	N'000 Government Bond	N'000 Treasury Bills	N'000 Fixed deposits	N'000 Totals
Balance as at 1 January	773,982	1,727,141	964,988	3,466,111
Expected credit loss as at January 1 2018	(14,553)	(424)	(6,011)	(20,988)
Adjusted balance as at 1 January	759,429	1,726,717	958,977	3,445,123
Additions during the year	-	132,475	894,438	1,026,913
Interest earned	-	250,346	247,225	497,571
(Expected credit loss)/write back during the year	4,534	(849)	(4,111)	(426)
Repayment/disposal	(123,546)	(262,636)	(689,901)	(1,076,083)
Balance as at 31 December	640,416	1,846,053	1,406,629	3,893,098

3.5 Expeced Credit Loss on investment securities

	2018 ₦'000	2017 ₦'000
Treasury Bills- (Additionl impairment)	849	-
Government Bond- (Reversal of impairment)	(4,534)	-
Fixed deposit- (Additionl impairment)	4,111	-
	426	-

4 Transition disclosures

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

		31-Dec-17						1-Jan-18	
		IAS 39 classification and measurement		**Reclassification**	**Re-measurement**	**ECL**	**Others**	**IFRS 9 Classification and measurement**	
	Notes	**Category**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Category**
Assets			**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	
Cash and cash equivalents	a,c	L&R	6,825,370	**-**	**-**	(72,414)	**-**	**6,752,956**	AC
Other receivables and prepayments:									
-Staff loan	a,c	L&R	73,677	-	-	(757)	-	**72,920**	AC
Statutory deposit	a,c	L&R	500,000	-	-	(140)	-	**499,860**	AC
		L&R	**6,899,047**	-	**-**	**(73,311)**	**-**	**6,868,977**	
Debt instruments at amortized cost				3,466,111	-	(20,988)	-	**3,445,123**	AC
From: Financial assets- Held to maturity			3,466,111	(3,466,111)					
Equity instrument at FVTPL				459,024	279,407			738,431	FVTPL
From: Available for sale- Quoted equiti	d		459,024	(459,024)			-		
Equity instrument at FVTOCI	b			508,364	120,363			628,727	FVTOCI
From: -Available for sale- Unquoted equities			508,364	(508,364)					
Total financial assets			**11,332,546**	**-**	**399,770**	**(94,299)**	**-**	**11,681,258**	
Total assets			**11,332,546**	**-**	**399,770**	**(94,299)**	**-**	**11,681,258**	
Financial liabilities									
Trade Payables	a	OFL	3,537,782					3,537,782	AC
Other Payables	a	OFL	106,990	**-**	**-**	**-**	**-**	106,990	AC
Total Financial liabilities			**3,644,772**	**-**	**-**	**-**	**-**	**3,644,772**	
Non-financial liability									
Deferred tax liability	e	N/A	-					-	
Total liabilities			**3,644,772**	**-**	**-**	**-**	**-**	**3,644,772**	

ECL - Expected credit losses
L&R - Loans and receivables
AC - Amortised cost
AFS - Available-for sale
OFL - Other financial liabilities

FVTPL - Fair value through profit or loss
FVOCI - Fair value through other comprehensive income

		IAS 39 31-Dec-17 **₦'000**	IFRS 9 1-Jan-18 **₦'000**
1	**Cash and cash equivalents**	6,825,370	6,825,370
	Balances as at 31 December 2017 (IAS 39)	-	(72,414)
	Impairment (ECL Model)	6,825,370	6,752,956
2	**Other receivables : Staff loan**	73,677	-
	Balances as at 31 December 2017 (IAS 39)	(73,677)	73,677
	Reclassified to amortised cost		(757)
	Impairment (ECL Model)	-	72,920
3	**Available for sale- Quoted equities**	459,024	
	Balances as at 31 December 2017 (IAS 39)	(459,024)	459,024
	Reclassified to Equity instrument at FVTPL	-	279,407
	Reversal of impairment loss under	-	738,431
4	**Available for sale- Unquoted equities**	508,364	
	Balances as at 31 December 2017 (IAS 39)	(508,364)	508,364
	Reclassified to Equity instrument at FVTOCI	-	120,363
	Fair value loss on unquoted equities		(31,221)
	Reversal of impairment loss under	-	597,506
5	**Financial Asset classified as amortized cost**	3,466,111	
	Balances as at 31 December 2017 (IAS 39)	(3,466,111)	3,466,111
	Reclassified to amortised cost	-	(20,988)
	Impairment (ECL Model)	-	3,445,123

The impact of transition to IFRS 9 on reserves and accumulated losses is, as follows:	**Reserves and retained earnings** **₦'000**
Fair value reserve	440,671
Closing balance under IAS 39 (31 December 2017)	(197,294)
Fair value loss on unquoted equity instrument carried at FVTOCI	(31,221)
Transfer of fair value gain on equity instrument carried at FVTPL to Retained earnings	**212,156**
Opening balance under IFRS 9 (1 January 2018)	

Transition disclosures continue

Retained earnings	1,111,955
Closing balance under IAS 39 (31 December 2017)	197,294
Transfer of fair value gain on equity instrument carried at FVTPL from fair value reserve	279,407
Reversal of cumulative impairment loss on available for sale quoted equities	120,363
Reversal of cumulative impairment loss on available for sale unquoted equities	
Recognition of IFRS 9 ECLs:	(72,414)
Cash and cash equivalents	(757)
Other receivables - staff loan	(20,988)
Deferred tax in relation to the above	**1,614,860**
Opening balance under IFRS 9 (1 January 2018)	**502,905**
Total change in equity due to adopting IFRS 9	

The following table reconcile the aggregate opening impairment allowances under IAS 39 to ECL allowances under IFRS 9.

	Allowance for impairment under IAS 39	Remeasurement	ECLs under IFRS 9
	31-Dec-17		1-Jan-18
	₦'000	₦'000	₦'000
Cash and cash equivalent	-	72,554	72,414
Other receivables - staff loan	-	757	757
Financial asset classified at amortised cost	-	20,988	20,988
	-	94,299	94,159

All ECL impairment adjustments are based on individual assessment of the financial assets. The table below shows the maximum exposure to credit risk based on the Company's internal assessment and year-end stage classification. The amounts presented are gross of impairment allowances.

	Maximum Exposure	Impairment allowance	Gross impairment allowance			
			Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalent	6,825,370	72,414	72,414	-	-	72,414
Other receivables - staff loan	73,677	757	757	-	-	757
Financial asset classified at amortised cost	3,466,111	20,988	20,988	-	-	20,988

Note to transition disclosures

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Company as detailed below:

a. Reclassification from retired categories with no change in measurement

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired', with no changes to their measurement basis:

(i) Those previously classified as loans and receivables and now classified as measured at amortised cost;
(ii) Those previously classified as held to maturity and now classified as measured at amortised cost and
(iii) Those previously classified as other financial liabilities and now classified as measured at amortised cost.

b. Designation of Unquoted equity instruments at FVOCI

The Company has elected to irrevocably designate its unquoted equity investments of N628million in a portfolio of non-trading equity securities at FVOCI as permitted under IFRS 9. This security was previously classified as available-for-sale while some were carried at fair value, others were carried at cost less impairment. The changes in fair value of this security will still be recognized in other comprehensive income.

Upon derecognition of this instrument, cumulative fair value gains or loss will not be reclassified to profit or loss .

c. ECL Computation on cash and cash equivalents, other receivables and prepayment, statutory deposit under IFRS 9

There has been no impairment charge on cash and cash equivalents, statutory deposits, other receivables and prepayment under the incurred loss model of IAS 39 Financial Instruments - Recognition and measurement. Effective 1 January 2018, the asset must be tested for impairment and the impairment computation will be in accordance with the expected credit loss model under IFRS 9. As at 1 January 2018, the Company adopted the general approach for all these instruments in accordance with IFRS 9 and recognised an impairment of N94.2million.

d. Equity instrument classified as FVTPL

The Company has classified some of its investments in equity instrument (quoted equities) of N738million as FVTPL as permitted under IFRS 9. These securities were previously classified as available-for-sale and carried at fair value. The changes in fair value of such securities will be recognized in profit or loss subsequently. The fair value adjustment of N 197million on this equity instrument as at 31 December 2017 would be reclassified from fair value reserve to retained earnings on the date of transition. Cumulative impairment of N279million on this instrument would also be reversed as at 1 January 2018.

e. Deferred tax implication of IFRS 9

This represent the deferred tax impact of IFRS 9 at the date of initial application. The deferred tax asset was not recognised as there is no evidence that there will be sufficient taxable profits available to the Company in future periods to utilize the asset and the Company does not have deferred tax during the year.

		2018	2017
5	**Trade Receivables**	**₦'000**	**₦'000**
	Due from Insurance brokers	81,083	33,692
	Due from Insurance Companies	321,607	72,120
		402,690	**105,812**
	Within 30 days	402,690	105,812
	Above 30 days	-	-
		402,690	**105,812**

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, hence there is no impairment charges.

Due from Insurance Companies represent claims recoverable on Coinsurance businesses

		2018	2017
		₦'000	**₦'000**
6	**Reinsurance assets**		
	Prepaid reinsurance (note 6.1)	1,132,573	399,720
	Reinsurance recoverable	676,465	739,309
	Reinsurance Projection on IBNR	481,296	646,442
		2,290,334	**1,785,471**
	Current	2,290,334	1,785,471
	Non-Current	-	-
		2,290,334	**1,785,471**
6.1	**Movement in prepaid reinsurance**		
	At 1 January	399,720	218,365
	Additions during the year	4,141,539	3,168,004
	Amortisation during the year	(3,408,686)	(2,986,649)
	At 31 December	**1,132,573**	**399,720**

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.

6.2	**Movement in Reinsurance recoverable**		
	Balance as at 1 January	739,309	1,614,943
	Movement during the year	(62,844)	(875,634)
	Balance as at 31 December	**676,465**	**739,309**

		2018	2017
6.3	**Movement in Reinsurance projection on IBNR**	**₦'000**	**₦'000**
	Balance as at 1 January	376,459	260,980
	Movement during the year	104,837	115,479
	Balance as at 31 January	**481,296**	**376,459**

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6.4 Breakdown of Reinsurance assets:

	Balance as at 31 December 2018			Balance as at 31 December 2017		
	Life	Non Life	Total	Life	Non Life	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Unearned premium	12,868	1,117,006	**1,129,874**	136,443	225,332	361,775
AURR	2,699	-	**2,699**	37,945	-	37,945
Total Unearmned premium	15,567	1,117,006	**1,132,573**	174,388	225,332	399,720
Outstanding claims recoverable	44,880	631,585	**676,465**	281,611	457,698	739,309
IBNR	264,251	217,045	**481,296**	362,955	283,487	646,442
Total Outsanding claims	309,131	848,630	**1,157,761**	644,566	741,185	1,385,751
Total Reinsurance assets	**324,698**	**1,965,636**	**2,290,334**	**818,954**	**966,517**	**1,785,471**

7 OTHER RECEIVABLES AND PREPAYMENT

	2018	2017
	₦'000	₦'000
Staff Loan	65,528	73,677
Policy Loan	14,965	17,368
Interest receivable	-	26,985
Prepayment	215,397	77,199
Sundry debtors	269,822	397,070
Write back/(Expected credit loss) on staff l	(757)	-
Write back/(Expected credit loss) on staff l	143	-
	565,098	**592,299**
Current	349,855	367,386
Non-Current	215,243	224,913
	565,098	**592,299**

7.1 Breakdown of sundry debtors

	2018	2017
Deposit for land	30,000	30,000
Due from Media View Ltd	235,326	224,710
Stock broker- Apel Asset Ltd	2,596	136,200
SUBEB/LG	-	-
Others	1,900	6,160
	269,822	**397,070**

Amout due from Media View Ltd. represent the outstanding balance of the amount invested in a project with Mdia View to build board.

8 DEFERRED ACQUISITION COSTS

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

	2018	2017
	₦'000	₦'000
Fire	15,625	20,704
Accident	79,303	86,141
Motor vehicle	16,771	13,454
Aviation	137	
Oil and Gas	10,855	17,220
Marine	5,888	5,750
	128,579	**143,269**

8.1 *Movement in deferred acquisition costs*

	2018	2017
At 1 January	143,269	82,758
Additions during the year:		-
General Business:	507,757	403,497
Life Business	349,091	239,789
Charged for the year	(871,538)	(582,775)
At 31 December	**128,579**	**143,269**
Current	128,579	143,269
Non-Current	-	-
	128,579	**143,269**

9 INVESTMENT PROPERTIES

	2018	2017
At 1 January	3,311,000	3,341,000
Addition during the year	2,770	30,717
Disposal	-	-
Revaluation loss (note 9.2)	(7,270)	(60,717)
At 31 December	**3,306,500**	**3,311,000**

The additions to Investment properties represent cost of perimeter fence, survey fees and Architectural designs for the bare Land at Ikeja Central Business District and Okun Alfa Beach Lagos.

9.1 ***LIST AND VALUE OF INVESTMENT PROPERTIES***

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.

The valuation of Investment Properties were valued by Fola Oyekan & Associate with FRC number FRC/2013/00000001288 and the

principal partner , Eniola Adediran is FRC/2012/NIESV/00000000450 and Oletubo Adeboye Adebayo with FRC number FRC/2013/NIESV/00000001693

		Balance as at	Additions	Disposal	Fair value change	Balance as at
		1/1/2018				31/12/2018
	Property details	N'000	N'000	N'000	N'000	N'000
1	BULDING AT CUSTOM STREET KAKAWA/MARINA CBD LAGOS ISLAND	1,900,000	600	-	(35,600)	1,865,000
2	PLOT A1, BLOCK G, CBD CIPM ROAD ALAUSA LAGOS	905,000	170	-	4,830	910,000
3	2 Plots of Land at Aponloju Close off Engr. Adetoro Road Lekki (Ojomu Family Land)	44,000	-	-	6,000	50,000
4	BLOCK 8 PLOT 2 & 3 RIVER VIEW DEVT SCHEME II ISHERI, OGUN	28,000	-	-	2,000	30,000
5	LANDED PROPERTY AT CHUME NWOSU STREET, OFF BADORE AJAH, LAGOS	18,000	-	-	-	18,000
6	3 PLOTS OF LAND AT OKUN ALFA BEACH, LEKKI PENINSULA, LEKKI PHASE 1	60,000	-	-	(2,000)	60,000
7	BLOCK 24, FLATS 1, 2 & 5 MKO ABIOLA GARDENS, ALAUSA IKEJA, LAGOS	90,000	-	-	4,000	94,000
8	PLOT 122, ASSOCIATION AVENUE, DOLPHIN ESTATE, IKOYI, LAGOS	90,000	2,000	-	-	90,000
	TOTAL	**3,135,000**	**2,770**	**-**	**(20,770)**	**3,117,000**
	LIFE BUSINESS					
1	4 PLOTS OF LAND AND 5 BLOCKS OF FLAT AT NEXT ESTATE, MOWE OGUN STATE	39,015	-	-	1,500	69,500
2	FLAT 1, 2, 3, 4, 7 & 8 CLUSTER 2 CHOICE ESTATE ABIJO, GRA IKEJA, LAGOS	27,650	-	-	12,000	120,000
		66,665	**-**	**-**	**13,500**	**189,500**
	Grand total	**3,201,665**	**2,770**	**-**	**(7,270)**	**3,306,500**

10 INTANGIBLE ASSETS

	2018	2017
Software Expenditure	**₦'000**	**₦'000**
Cost		
At 1 January	12,628	12,628
Additions	1,500	-
At 31 December	**14,128**	**12,628**
Accumulated amortization		
At 1 January	7,647	5,705
Charged during the year	4,981	1,942
At 31 December	**12,628**	**7,647**
Carrying amount as at December 31	**1,500**	**4,981**

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

11 PROPERTY AND EQUIPMENT

	Buildings ₦'000	Furniture Fittings & Equipment ₦'000	Motor Vehicles ₦'000	Work in progress ₦'000	TOTAL ₦'000
Cost					
At 1 January	450,000	439,854	757,616	-	1,647,470
Additions	-	28,085	135,010	847,792	1,010,887
Disposal	-	-	(27,200)		(27,200)
At 31 December	**450,000**	**467,939**	**865,426**	**847,792**	**2,631,157**
Accumulated depreciation					
At 1 January	-	342,529	435,590	-	778,119
Charge for the year	-	33,945	106,082	-	140,027
Disposal	-		(27,200)	-	(27,200)
	-	376,474	514,472		890,946
At 31 December 2018	**450,000**	**91,465**	**350,954**	**847,792**	**1,740,211**
As at December 2017	**450,000**	**97,325**	**322,026**	-	**869,351**

As at December 31, 2017	**Buildings**	**Fittings & Equipment**	**Motor Vehicles**	**Work in progress**	**TOTAL**
Cost	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January	396,000	398,928	496,654	-	1,291,582
Additions	26,184	48,072	268,362	-	342,618
Disposal	-	(7,146)	(7,400)	-	(14,546)
Revaluation surplus	27,816	-	-	-	27,816
At 31 December	**450,000**	**439,854**	**757,616**	**-**	**1,647,470**
Accummulated depreciation					
At 1 January	30,645	320,248	371,117	-	722,010
Charge for the year	-	29,150	71,873		101,023
Disposal	-	(6,869)	(7,400)		(14,269)
Reversal	(30,645)	-	-	-	(30,645)
Revaluation surplus	-				-
At 31 December	-	342,529	435,590	-	778,119
	450,000	**97,325**	**322,026**	**-**	**869,351**

Fola Oyeka & Associates FRC number FRC/2013/00000001288 (Eniola Adediran FRC/2012/NIESV/00000000450)

The Company's building was valued at 31 December, 2018 by Fola Oyekan & Associates.Valuation was made on the basis of open market value.

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 2018: (₦140mmillion,) 2017: (₦101million) has been charged to other operating and administrative expenses.

Buiding was valued at N450,000,000.00 as at 31, December, 2018 by Fola Oyekan & Associates with FRC number FRC/2013/00000001288 (Eniola Adediran FRC/2012/NIESV/00000000450)

11.1 Impairment Losses Recognized in the year

Impairment losses recognized in respect of Property Plant and Equipment in the year 2018 was Nil (2017: Nil)

11.2 Capital Work in Progress

The company has capital work in progress as at 31 December, 2018. The work in progress is for the renovation of the Company Head Office Complex located at Plot 16, Acme Road Ogba Lagos. The sum of N847m has been spent as at 31st December 2018(2017: Nil)

12 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 2018.

	2018 ₦'000	2017 ₦'000
Balance as at 31 December	**500,000**	**500,000**
Write back/(Expected credit loss) for 2017	**(140)**	**-**
Write back/(Expected credit loss)	**5,393**	-
	505,253	**500,000**
Current	-	-
Non-Current	505,253	500,000
	505,253	500,000

13 INVESTMENT CONTRACT LIABILITIES

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

	2018 ₦'000	2017 ₦'000	
Group deposit administration	15,695	15,695	
Individual deposit administration	775,289	671,024	
	790,984	**686,719**	
At 1 January	686,560	1,126,497	
Deposits received during the year	235,236	-	
Reclassification from Life fund	-	671,024	
Guaranteed Interest	-	1,283	
	921,796	**1,798,804**	
Withdrawals	(130,812)	(1,063,258)	-
Interest Charged /(reversed)	-	(48,986)	
At 31 December	**790,984**	**686,560**	

	2018 N'000	2017 N'000
14 INSURANCE CONTRACT LIABILITIES		
General business (note 14.1)	3,764,621	2,676,832
Life business (note 14.2)	2,295,798	2,511,059
Total insurance contract liabilities	**6,060,419**	**5,187,891**

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 (EY Actuaries), 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.

		2018	2017
14.1	**General Business Insurance Contract Liabilities**	**N'000**	**N'000**
	Outstanding claims provision (note 14.1a)	1,316,478	1,175,719
	Claims incurred but not reported (note 14.1b)	660,899	672,217
	Unearned premium (note 14.1c)	1,787,244	828,896
	Total general business insurance contract liability	**3,764,621**	**2,676,832**

14.1a	**Outstanding claims provision - General business**			
	Movement in outstanding claims provision			
	At 1 January	1,175,719	1,983,317	
	Claims incurred in the current year	1,792,655	228,148	-
	Claims paid during the year	(1,651,896)	(1,035,746)	
	At 31 December	**1,316,478**	**1,175,719**	

14.1b	**Claims incurred but not reported - General business**		
	Movement in IBNR provision		
	At 1 January	672,217	511,107
	Movement during the year	(11,318)	161,110
	At 31 December	**660,899**	**672,217**

		1-Jan-18	Movement	31-Dec-18
		₦'000	**₦'000**	**₦'000**
14.1c	**UNEARNED PREMIUM - General business**			
	Fire	106,107	4,355	110,462
	Accident	163,364	4,259	167,623
	Motor vehicle	106,625	25,788	132,413
	Marine	150,010	(120,861)	29,149
	Aviation	4,560	(1,761)	2,799
	Bond	9,917	161,883	171,800
	Engineering	164,753	(57,320)	107,433
	Oil and gas	123,470	942,095	1,065,565
		828,806	**958,438**	**1,787,244**

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.

		2018	2017	Remarks
14.1d	**Age analysis of outstanding claims**			
	Non - Life Business	**N'000**	**N'000**	
	0 - 90 days	174,589	68,986	Awaiting Discharge Vouchers
	91 - 180 days	187,456	40,423	Incomplete documentation
	181 - 270 days	211,782	238,281	Incomplete documentation
	271 -365 days	87,770	73,543	Incomplete documentation
	366 - days and above	654,881	754,486	Incomplete documentation
		1,316,478	**1,175,719**	

14.2	**Life Insurance Contract Liabilities**		
	Group life fund (14.2a)	1,542,168	1,791,937
	Individual life fund (14.3)	132,477	262,641
	Health Insurance fund(14.4)	-	17,913
		1,674,645	2,072,491
	Annuity fund (14.5)	621,153	438,568
		2,295,798	**2,511,059**
14.2a	***Group life fund:***		
	Unearned premium	344,465	262,879
	AURR	7,406	57,859
	Total unearned premium	351,871	320,738
	Outstanding claims	388,978	695,252
	Incurred But not Reported (IBNR)	801,319	775,947
		1,190,297	1,471,199
	Total Group life fund	**1,542,168**	**1,791,937**

14.2b Movement in Group Life fund

	Unearned Premium	Outstanding Claim	IBNR	**Total**
	N'000	N'000	N'000	N'000
Balance as at 1 January	320,738	774,642	522,278	1,617,658
Changes during the year	31,133	(385,664)	279,041	**(75,490)**
Balance as at 31 December	**351,871**	**388,978**	**801,319**	**1,542,168**

14.2c Age analysis of outstanding claims

Life Business	**2018** N'000	**2017** N'000	**Remarks**
0 - 90 days	29,629	37,154	Incomplete documentation
91 - 180 days	63,870	252,388	Incomplete documentation
181 - 270 days	-	14,130	Incomplete documentation
271 -365 days	1,800	88,812	Incomplete documentation
366 - days and above	293,678	302,768	Incomplete documentation
	388,977	695,252	

14.3 *Individual Life Fund*

	2018	**2017**
At 1 January	262,641	1,070,297
Reclassification (Individual deposit Admin)	-	(671,023)
Charge to income statement	(130,164)	(136,633)
At 31 December	**132,477**	**262,641**

14.4 *Health Insurance fund*

At 1 January	17,913	67,448
Charged to income statement	(17,913)	(49,535)
At 31 December	**-**	**17,913**

14.5 *Annuity fund*

At 1 January	438,568	374,066
Premium received	253,454	68,736
	692,022	442,802
Benefits paid	(73,608)	(60,786)
Death claims	(12,509)	(5,597)
Expenses incurred	(16,625)	(2,353)
Charge to income Statement	31,873	64,502
At 31 December	**621,153**	**438,568**
Current Annuity fund	621,153	432,389
Deferred Annuity	-	6,179
	621,153	**438,568**

15 TRADE PAYABLES

Reinsurance premium payables	48,085	16,778
Co Insurance premium payable	-	6,576
Deferred commission (15.1)	128,579	74,497
Premium deposits	245,239	3,439,931
	421,903	**3,537,782**
Current	421,903	3,537,782
Non - current	-	-
	421,903	**3,537,782**

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

(ii) Premium deposits represent payment received in advance from clients in respect of future insurance contracts

		2018	2017
15.1	**Break down of deferred commission income**	**₦'000**	**₦'000**
	Fire	15,625	21,138
	General Accident	34,237	18,442
	Motor	16,771	2,876
	Oil and Gas	10,855	5,389
	Engineering	17,950	5,449
	Bond	27,116	2,110
	Aviation	137	676
	Marine	5,888	18,417
		128,579	**74,497**

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

16	**OTHER PAYABLES**		
	Accured Expenses	25,700	56,500
	Dividend payable	175,945	-
	Sundry Creditors	5,581	50,490
		207,226	**106,990**
	Current	207,226	106,990
	Non - current	-	-
		207,226	**94,857**

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

Accrued Expenses represent Audit fees and Tax Consultancy fees.

17 EMPLOYEES BENEFIT LIABILITY

Gratuity scheme

The company has a post emploment benefit scheme. The movement in the benefit obligation during the year is as follows:

	2018	2017
	₦'000	**₦'000**
At 1 January	607,883	487,200
Charge for the year	88,392	174,360
Service cost paid during the year	(31,126)	(53,677)
At 31 December	**665,149**	**607,883**
Current	-	-
Non-Current	665,149	607,883
	665,149	**607,883**

The Company a gratuity scheme whict is valued annually by an Actuary. EY Actuary valued the scheme for 2018. The FRC number is FRC/NAS/00000000738.

18 DEFERRED TAX LIABILITY

At 1 January	165,593	166,190
Charge for the year	1,147	(597)
At 31 December	**166,740**	**165,593**
Current	-	-
Non-Current	**166,740**	**165,593**

19 TAXATION

19.1 Charge as per statement of income and other comprehensive income

Income	201,405	176,620
Education tax	9,786	7,829
Technology tax	9,582	8,543
	220,773	**192,992**
Deferred tax (note 20)	1,147	(597)
Charge for the year	**221,920**	**192,395**
Current	221,920	192,395
Non-Current	-	-
	221,920	**192,395**

		2018	2017
19.2	**Per statement of financial position**		
	The movement on tax payable account during the year is as	N'000	N'000
	At 1 January	122,027	91,382
	Payments during the year	(86,315)	(161,750)
	Charge for the year	220,773	192,395
	At 31 December	**256,485**	**122,027**

19.3 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:

	2018	2017
	N'000	N'000
Profit before tax	**958,199**	**854,273**
Tax calculated at domestic rate		
Applicable in Nigeria at 30% (2016- 30%)	287,460	256,282
Income not subject to tax	370,903	429,701
Expenses deducted from profit subject to tax	(1,075,444)	(792,784)
Education tax	9,786	7,829
Information technology tax	9,582	8,543
	(397,713)	**(90,429)**

19.3 Education tax has been computed at the rate of 2% (2017:2%) on assessable profit for the year.

19.4 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% (2017: 1%) of the profit before tax for the year.

20 CAPITAL AND RESERVES

Share capital

	2018	2017
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.

21 Share premium

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

22 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.

	2018	2017
	₦'000	₦'000
At 1 January	1,426,722	1,271,833
Transfer from retained earning	225,780	154,889
At 31 December	**1,652,502**	**1,426,722**

23 Other Reserves

23.1 Asset Revaluation reserve

At 1 January	569,194	541,378
Addition during the year (Note 11.)	-	27,816
At 31 December	**569,194**	**569,194**

Under current regulations, asset revaluation reserve is not available for distribution to Shareholders either as dividend or as bonus shares. No provision was made for deferred capital gain tax as the property is not meant for sale in the foreseeable future.

		2018	2017
23.2	**Fair Value Reserves**	**₦'000**	**₦'000**
	At 1 January	440,671	605,949
	Change in fair value for the year	9,862	(165,278)
	At 31 December	**450,533**	**440,671**
24	**Retained Earnings**		
	At 1 January	1,111,955	824,998
	Dividend paid	(293,374)	(220,032)
	Profit attributable to the owners of the Company	736,279	661,878
	Transitional adjustments on Expected credit loss	(94,299)	-
	Fair value adjustment on unquoted shares	(31,221)	-
	Transfer to contingency reserve	(225,780)	(154,889)
	At 31 December	**1,203,559**	**1,111,955**
25	**Gross written premium**		
	Non - Life Business (note 25.1)	5,639,021	4,407,590
	Life Business (note 25.2)	3,375,039	2,266,062
		9,014,060	**6,673,652**
25.1	**BREAKDOWN OF PREMIUM INCOME**		
	General business		
	Fire	286,837	314,187
	General Accident	851,843	1,379,103
	Motor	348,186	360,177
	Marine	143,302	147,608
	Bond	325,567	
	Engineering	220,298	
	Aviation	11,449	
	Oil and Gas	3,451,539	2,206,515
		5,639,021	**4,407,590**
25.2	***Life Business***		
	Health Insurance	-	36,266
	Individual life	36,111	225,289
	Annuity	253,454	68,736
	Group Life	3,085,474	1,935,771
		3,375,039	**2,266,062**

		Life	Non Life	Total
26	**Changes in Unearned premium**	**N'000**	**N'000**	**N'000**
	Balance As 1 January	320,738	828,896	**1,149,634**
	Balance as at 31 December	(351,871)	(1,787,244)	**(2,139,115)**
	Changes in Unearned premium	(31,133)	(958,348)	**(989,481)**

		2018	2017
27	**Reinsurance Cost:**	**₦'000**	**₦'000**
	Gross reinsurance premium	4,141,539	3,168,004
	Changes in Reinsurance Contracts	(732,853)	(181,355)
	Reinsurance expenses	**3,408,686**	**2,986,649**

		Local	Foreign	Dec 2018	Dec 2017
28	**Breakdown of Reinsurance expenses**				
	Reinsurance cost for the year	3,281,895	859,644	4,141,539	3,168,004
	Changes in prepaid Reinsurance	(383,398)	(349,455)	(732,853)	(181,355)
		2,898,497	510,189	**3,408,686**	**2,986,649**

		2018	2017
29	**FEES AND COMMISSION INCOME**	**₦'000**	**₦'000**
	Fee income arising from Reinsurance contracts	**605,922**	**318,349**
	Movement in Fees and Commission		
	Deferred commission as at 1 January	74,497	26,710
	Fees and commission income for the year	660,004	366,136
	Fees and commission earned for the year	(605,922)	(318,349)
	Balance as at 31 December	**128,579**	**74,497**

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

30	**CLAIMS EXPENSES (NET)**		
	General business (note 30.1)	558,486	641,434
	Life business (note 30.1)	1,243,458	1,320,700
		1,801,944	**1,962,134**

				2018	2017
		Life	Non Life	Total	Total
30.1	**Net Claim expenses**	N'000	N'000	N'000	N'000
	Gross claim paid during the year	2,210,818	1,651,896	3,862,714	2,897,065
	Changes in outstanding claims and IBNR	(280,903)	129,441	(151,462)	(472,219)
	Gross claim incurred during the year	1,929,915	1,781,337	3,711,252	2,424,846
	Reinsurance recoverable (note 30.2)	(686,457)	(1,222,851)	(1,909,308)	(462,712)
	Net Claim expenses	**1,243,458**	**558,486**	**1,801,944**	**1,962,134**

				2018	2017
		Life	Non Life	Total	Total
30.2	***Movement in Reinsurance Recoverable***	N'000	N'000	N'000	N'000
	Reinsurance claims received	1,021,892	1,115,406	2,137,298	1,068,363
	Changes in Reinsurance share of outstanding claim	(236,731)	173,887	(62,844)	(875,634)
	Changes in Reinsurance share of IBNR	(98,704)	(66,442)	(165,146)	269,983
		686,457	**1,222,851**	**1,909,308**	**462,712**

30.3	***Gross claims paid - General Business***	2018	2017
	Fire	115,872	159,371
	Accident	303,676	600,398
	Motor	100,669	82,945
	Oil and gas	1,087,653	181,554
	Engineering	8,153	
	Aviation	24,655	
	Marine	11,218	11,478
		1,651,896	**1,035,746**

30.4	**GROSS CLAIMS PAID - LIFE BUSINESS**		
	Health Insurance	-	1,206
	Individual life	15,350	89,848
	Group life	2,195,468	1,770,264
		2,210,818	**1,861,318**

		2018	2017
31	**UNDERWRITING EXPENSES**	₦'000	₦'000
	Acquisition cost (note 31.1)	871,538	582,775
	Maintenance expenses	607,576	315,602
		1,479,114	**898,377**

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

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

31.1	**BREAKDOWN OF UNDERWRITING EXPENSES**		
	Acqusition cost		
	General business	522,447	342,986
	Life business	349,091	239,789
		871,538	**582,775**

31.2	***Maintenance expenses***		
	General business	339,101	164,364
	Life business	268,475	151,238
		607,576	**315,602**

32	**PROFIT/(LOSS) ON INVESTMENT CONTRACT**		
	Investment income	35,300	1,710
	Guaranteed interest	(11,939)	(1,283)
	Reversal of Interest	-	48,986
		23,361	**49,413**

		2018	2017
		N'000	N'000
33	**INVESTMENT INCOME**		
	Interest on money market placements	222,998	292,516
	Dividend income	33,113	114,347
	Interest on amortised cost financial assets	497,571	467,811
		753,682	**874,674**
33.1	**INVESTMENT INCOME DISTIBUTION**		
	Annuity fund	71,596	57,149
	Investment income attributable to shareholders	415,892	458,772
	Investment income attributable to policyholders	266,194	358,753
		753,682	**874,674**
34	**NET REALIZED GAINS AND LOSSES**		
	Loss fron valuation of Investment properties	(7,270)	(60,717)
	Fair value loss on quoted shares	(37,221)	-
	Reversal of impairment losses	125,914	-
	Profit on disposal of financial assets	18,447	80,000
		99,870	**19,283**
35	**OTHER OPERATING INCOME**		
	Profit on sale of fixed assets	1,990	213
	Foreign exchange gain	152,721	540,782
	Rental income	5,975	4,784
	Reversal of depreciation (note 11)	-	30,646
	Other sundry income	29,839	-
		190,525	**576,425**

The foreign exchage gain was as a result of the revaluation of the currency in 2018. The Company revalued her deposits and domiciliary account balances hence the exchange gain of N152m (2017 :540m)

		2018	2017
36	**OPERATING AND ADMINISTRATIVE EXPENSES**		
	Employee benefits expenses (note 36.1)	1,304,304	1,056,299
	Depreciation	140,027	101,023
	Amortization -Intangible assets	4,981	1,942
	Auditors remuneration	12,000	12,000
	Directors' emolument	55,250	53,145
	Other operating expenses (note 37)	649,212	517,292
		2,165,774	**1,741,701**
36.1	**Employee benefits expenses**		
	Salaries and wages	997,489	763,161
	Medical	32,125	25,252
	Staff training	67,468	37,585
	Contribution to staff pension	83,249	55,941
	Post-employment benefit	123,973	174,360
		1,304,304	**1,056,299**
37	**Breakdown of other Operating expenses**		
	Travelling expenses	78,245	54,645
	Asset maintenance	88,911	58,148
	Levies and Subscriptions	75,451	72,145
	Bank charges	68,321	58,451
	Advertising	82,340	30,518
	Office expenses	72,327	98,025
	Professional fees	92,451	70,084
	Office rent	91,166	75,276
		649,212	**517,292**

-

38 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:

	2018	2017
	₦'000	₦'000
Salaries	124,150	92,145
Fees	7,450	7,450

b Employees

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

Executive Directors	3	3
Management	45	28
Non-management	117	134
	165	**165**

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

	₦'000	₦'000
Salaries and wages	714,521	647,520
Retirement benefit costs	105,448	245,112
Medical	14,785	18,450
Staff training	12,111	15,114
	846,865	**926,196**

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	11
₦1,000,001 -₦2,000,000	32	107
₦2,000,001 - ₦3,000,000	65	23
₦3,000,001 - ₦4,000,000	28	8
₦4,000,000 - ₦5,000,000	12	5
Above ₦5,000,000	15	11
	165	**165**

e Directors

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

	2018	2017
	₦'000	₦'000
Fees and sitting allowances	7,450	7,450
Executive compensation	55,450	52,450
Other Director expenses	21,400	19,450
	84,300	**79,350**

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

	2018 ₦'000	2017 ₦'000
The chairman	1,500	1,500
The highest paid Director	33,420	23,450
	34,920	**24,950**

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

39 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, 2018 and profit attributable to equity holders on that date other than as disclosed in the financial

40 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)	958,199	854,273
Weighted number of ordinary shares at the end of the period	7,334,343	7,334,343
Basic earnings per share (kobo)	13.06	11.65

41 CONTINGENCIES AND COMMITMENTS

41.1 Legal proceedings and regulations

There are contingent liabilities in respect of legal suits against the Company totalling ₦254million as at December, 2018. (2017 - ₦219million). No provisions has been made in this account as the directors are of the opinoin that no liabilities will arise therefrom.

41.2 Capital Commitments

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

42 RELATED PARTY DISCLOSURES

The Company did not entered into any business transactions with related parties during the year except as stated below.

Related party	Claims ₦'000	Relationship
Lagos State Government	268,697	Indirect shareholdings

43 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, 2018 or the profit for the year ended.

	2018	2017
44 PENALTIES PAID	**₦'000**	**₦'000**
Re submission of 2017 annual returs to National Insurance Commission	1,000	-
Late submission of 2016 Annual returns to Securities and Exchange	-	3,525
	1,000	**3,525**

45 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	**Annuity Fund**	**Life Business**	**Gen. Business**	**Shareholders' fund**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
ASSETS						
Cash and cash equivalents	68,606	229,655	708,713	941,245	1,099,434	**3,047,653**
Financial assets	751,176	455,026	786,042	1,416,750	1,655,667	**5,064,661**
Trade receivables	-	-	-	-	402,690	**402,690**
Reinsurance assets	-	-	324,698	1,965,636	-	**2,290,334**
Other receivables	-	-	-	-	565,098	**565,098**
Deferred acquisition Cost	-	-	-	-	128,579	**128,579**
Investment properties	-	-	-	-	3,306,500	**3,306,500**
Intangible Assets	-	-	-	-	1,500	**1,500**
Property and equipment	-	-	-	-	1,740,211	**1,740,211**
Statutory deposit	-	-	-	-	505,253	**505,253**
Total assets	**819,782**	**684,681**	**1,819,453**	**4,323,631**	**9,404,932**	**17,052,479**
LIABILITIES						
Investment contract liabilities	(790,984)					**(790,984)**
Insurance contract liabilities		(621,153)	(1,674,645)	(3,764,621)	-	**(6,060,419)**
Trade payables					(421,903)	**(421,903)**
Other payables					(207,226)	**(207,226)**
Deferred tax liabilities					(166,740)	**(166,740)**
Employee benefit liability					(665,149)	**(665,149)**
Taxation					(256,485)	**(256,485)**
Total liabilities	(790,984)	(621,153)	(1,674,645)	(3,764,621)	(1,717,503)	**(8,568,906)**
Assets Cover	**28,798**	**63,528**	**144,808**	**559,010**	**7,687,429**	**8,483,573**

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46 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.

The solvency margin for the Company as at 31 December 2018 is as follows:

			31-Dec-2018
ASSETS:	**TOTAL**	**ADMISSIBLE**	**IN ADMISSIBLE**
	₦'000	**₦'000**	**₦'000**
Cash and cash equivalents	3,047,653	3,047,653	-
Financial assets	5,064,661	5,064,661	-
Trade receivables	402,690	402,690	-
Reinsurance assets	2,290,334	2,290,334	-
Other receivables	565,098	80,493	484,605
Deferred acquisition cost	128,579	128,579	-
Investment properties	3,306,500	1,000,000	2,306,500
Intangible Assets	1,500	-	1,500
Property (Land & Building)	450,000	450,000	
Property and Equipment	1,290,211	1,290,211	-
Statutory deposit	505,253	505,253	-
Total assets	**17,052,479**	**14,259,874**	**2,792,605**
LIABILITIES			
Investment contract liabilities	790,984	790,984	
Insurance ccontract liabilities	6,060,419	6,060,419	-
Trade payables	421,903	421,903	-
Other payables	207,226	207,226	-
Deferred tax liabilities	166,740	-	166,740
Employee benefit liabilities	665,149	665,149	-
Current income tax liabilities	256,485	256,485	-
Total liabilities	**8,568,906**	**8,402,166**	**166,740**
SOLVENCY MARGIN			5,857,708
REQUIRED			5,000,000
SOLVENCY RATIO			**117%**

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 ₦5,857,708,000 and a solvency ratio of 117%

47 **Financial Risk Management**

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 (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.

7.1 **Impairment assessment (Policy applicable from 1 January 2018)**

The Company’s ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

Financial Risk Management continued

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

The Company's process to assess changes in credit risk is multi-factor and has three main elements (or 'pillars'):
• quantitative element (i.e. reflecting a quantitative comparison of PD at the reporting date and PD at initial recognition);
• a qualitative element; and
• 'backstop' indicators

Quantitative elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:
• the remaining lifetime PD as at the reporting date; with
• the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.
• The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).
• The obligor is past due more than 90 days on any material credit obligation to the Company.

The elements to be taken as indications of unlikeliness to pay include:
- The insurer puts the credit obligation on non-accrued status.
- The insurer makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the bank taking on the exposure.
- The insurer sells the credit obligation at a material credit-related economic loss.
- The insurer consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees

Qualitative elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Company recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Backstop indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

Expected credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12mECL and lifetime for the calculation of LTECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.
When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.
Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the Company also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Financial Risk Management continued

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:
- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12-month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECLmeasurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:
- Its risk of default occuring at the reporting date based on the modified term; with
- The risk of default occuring estimated based on data on initial recognition and the original contractual terms.

7.2 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note XXX Summary of significant accounting policies in Note XXX ,Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the company obtains the data used from third party sources (Central Bank of Nigeria, Trading Economies). The following tables set out the key drivers of expected loss and the assumptions used for the company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2017 and 30 December 2018.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Key drivers	ECL scenario	Assigned probability	2019	2020	2021	2022	2023
31 December 2018							
Inflation Rate	**Upturn**	10%	14.0	15.0	14.1	14.1	14.1
	Base-case	79%	14.8	15.8	14.9	14.9	14.9
	Downturn	11%	15.8	16.8	15.9	15.9	15.9
Unemployment Rate	**Upturn**	10%	15.4	13.1	13.1	13.1	13.1
	Base-case	79%	17.3	15.0	15.0	15.0	15.0
	Downturn	11%	19.2	16.9	16.9	16.9	16.9
Crude oil Price (USD per barrel)	**Upturn**	10%	54.5	56.1	56.9	56.9	56.9
	Base-case	79%	51.9	53.5	54.3	54.3	54.3
	Downturn	11%	49.6	51.2	52.0	52.0	52.0
1 January 2018	**ECL scenario**	**Assigned probability**	**2018**	**2019**	**2020**	**2021**	**2022**
Inflation Rate	**Upturn**	10%	13.2	14.0	15.0	14.1	14.1
	Base-case	78%	14.0	14.8	15.8	14.9	14.9
	Downturn	12%	15.0	15.8	16.8	15.9	15.9
Unemployment Rate	**Upturn**	10%	16.9	15.4	13.1	13.1	13.1
	Base-case	78%	18.8	17.3	15.0	15.0	15.0
	Downturn	12%	20.7	19.2	16.9	16.9	16.9
Crude oil Price (USD per barrel)	**Upturn**	10%	52.7	54.5	56.1	56.9	56.9
	Base-case	78%	50.1	51.9	53.5	54.3	54.3
	Downturn	12%	47.8	49.6	51.2	52.0	52.0

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2018 **In thousand of Nigerian Naira**		Cash and cash equivalent	Debt Instruments at amortised cost	Other receivables
Upside	10%	2,193	1,943	56
Base	80%	19,190	17,002	488
Downside	11%	2,787	2,469	70
Total		24,170	21,414	614

Financial Risk Management continued

1 January 2018 **In thousand of Nigerian Naira**	Cash and cash equivalent	Debt Instruments at amortised cost	Other receivables
Upside	6,819	1,974	72
Base	56,447	16,329	589
Downside	9,288	2,685	96
Total	72,554	20,988	757

Exposure to credit risk
The tables below show the maximum exposure to credit risk by class of financial asset.

In thousand of Nigerian Naira		**2018**	**2017**
For the year ended 31 December	Note		
Cash and cash equivalents	13	3,071,557	6,825,238
Debt instrument at amortised cost	14.1	3,914,513	-
Held to maturity financial asset	14.1	-	3,466,111
Other receivables	15	384,416	485,100
Carrying amount		7,370,486	10,776,449

The amount reported above is gross exposure recognised on cash and cash equivalent, debt instruments at amortised cost and other receivables.
Other receivables exclude prepayment and sum of N30M for 2018 (N30M: 2017) which relate to deposit for land as these are not financial instruments.

In measuring credit risk of other receivables to various counterparties, the Company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations. The Company's policy is to lend principally on the basis of staff's repayment capacity through quantitative and qualitative evaluation.

7.4 Analysis of risk Concentration
The company's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2018 was N 8.7 Billion (2017: N10.8 Billion).

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis

31 December 2018 In thousand of Nigerian Naira	**Financial services**	**Government**	**Others**	**Total**
Cash and cash equivalents	3,071,557	-	-	3,071,557
Debt instruments at amortised	1,416,750	2,497,763	-	3,914,513
Other receivables	-	-	384,416	384,416
	4,488,307	2,497,763	384,416	7,370,486

31 December 2017 In thousand of Nigerian Naira	**Financial services**	**Government**	**Others**	**Total**
Cash and cash equivalents	6,825,238	-	-	6,825,238
Held to maturity financial asset	964,988	2,501,123	-	3,466,111
Other receivables	-	-	485,100	485,100
	7,790,226	2,501,123	485,100	10,776,449

48 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.

LASACO ASSURANCE PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

RISK MANAGEMENT FRAMEWORK
TABLE 1
The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

	31-Dec-18			31-Dec-17		
	Gross liabilities	Reinsurance liabilities	Net liabilities	Gross liabilities	Reinsurance liabilities	Net liabilities
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	194,615	22,622	171,993	194,615	22,622	171,993
Fire	499,871	196,245	303,626	499,871	196,245	303,626
General accident	682,361	146,362	535,999	682,361	146,362	535,999
Marine and aviation	239,844	31,944	207,900	239,844	31,944	207,900
Oil and gas	1,060,141	344,007	716,134	1,060,141	344,007	716,134
Total	2,676,832	741,180	1,935,652	2,676,832	741,180	1,935,652

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.

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.

Incremental Chain Ladder (Table of claims paid (Attritional and Large Loss))

General Accident

	Incremental Chain ladder (₦'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2009	7,682	41,592	12,565	16,820	3,025	331	949	359	-	-	-	-
2010	78,344	32,424	37,707	4,326	4,198	3,937	1,098	-	-	-	-	-
2011	7,543	83,732	9,051	1,742	1,521	2,359	323	524	-	-	-	-
2012	14,973	111,285	38,451	21,293	5,418	285	745	-	-	-	-	-
2013	29,394	59,900	13,072	6,160	2,221	4,378	-	-	-	-	-	-
2014	84,346	38,651	14,986	9,175	1,164	-	-	-	-	-	-	-
2015	27,147	50,969	5,873	4,693	-	-	-	-	-	-	-	-
2016	228,664	531,078	46,402	-	-	-	-	-	-	-	-	-
2017	35,731	112,105	-	-	-	-	-	-	-	-	-	-
2018	133,665	-	-	-	-	-	-	-	-	-	-	-

Fire

	Incremental Chain ladder (₦'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2009	371	2,426	2,254	-	-	-	-	-	-	-	-	-
2010	20,216	3,804	6,026	-	-	-	-	-	-	-	-	-
2011	3,068	7,547	22,065	643	-	32	-	-	-	-	-	-
2012	3,271	81,229	26,436	-	8	-	-	-	-	-	-	-
2013	66,259	36,758	20,556	7,027	65	-	-	-	-	-	-	-
2014	3,800	27,094	18,987	3,372	123	-	-	-	-	-	-	-
2015	11,748	128,326	347	-	-	-	-	-	-	-	-	-
2016	28,566	7,249	900	-	-	-	-	-	-	-	-	-
2017	148,338	94,279	-	-	-	-	-	-	-	-	-	-
2018	20,856	-	-	-	-	-	-	-	-	-	-	-

Motor

	Incremental Chain ladder (₦'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2009	47,015	76,156	4,282	9	-	-	-	-	-	-	-	-
2010	57,374	42,823	1,025	-	-	-	-	-	-	-	-	-
2011	75,906	15,494	3,012	-	-	20	-	-	-	-	-	-
2012	38,426	45,986	38	-	20	-	-	-	-	-	-	-
2013	55,539	15,497	1,642	1,011	826	2,777	-	-	-	-	-	-
2014	51,609	18,129	980	320	-	-	-	-	-	-	-	-
2015	55,010	11,346	237	-	-	-	-	-	-	-	-	-
2016	60,451	16,445	314	-	-	-	-	-	-	-	-	-
2017	65,116	20,244	-	-	-	-	-	-	-	-	-	-
2018	77,370	-	-	-	-	-	-	-	-	-	-	-

Oil & Gas

	Incremental Chain ladder (₦'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2009	-	9,484	-	112	9,558	-	-	117	52	-	-	-
2010	1,155	6,673	136,364	133,417	2,372	-	346	505	-	-	-	-
2011	536	11,208	304,927	232,560	-	2,097	165	-	-	-	-	-
2012	135,271	243,804	-	7,872	21,403	612	46,297	-	-	-	-	-
2013	95,993	13,734	17,690	-	-	273	-	-	-	-	-	-
2014	-	22,906	276	1,025	-	-	-	-	-	-	-	-
2015	9,129	303	582	113	-	-	-	-	-	-	-	-
2016	3,324	170,084	16,467	-	-	-	-	-	-	-	-	-
2017	8,530	700,791	-	-	-	-	-	-	-	-	-	-
2018	323,713	-	-	-	-	-	-	-	-	-	-	-

Bond

	Incremental Chain ladder (₦'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2009	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	3,546	-	-	-	-	-	-	-	-	-	-
2013	27,913	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-

Engineering

	Incremental Chain ladder (₦'000)											
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2009	-	-	-	-	8,492	-	4,270	-	-	-	-	-
2010	-	-	-	375	-	-	-	-	-	-	-	-
2011	-	-	75	-	558	-	-	-	-	-	-	-
2012	-	1,262	623	-	-	-	-	-	-	-	-	-
2013	3,338	5,257	-	-	-	-	-	-	-	-	-	-
2014	1,889	62,951	-	-	32	-	-	-	-	-	-	-
2015	1,135	120	6,347	-	-	-	-	-	-	-	-	-
2016	1,002	1,424	246	-	-	-	-	-	-	-	-	-
2017	7,334	2,781	-	-	-	-	-	-	-	-	-	-
2018	5,094	-	-	-	-	-	-	-	-	-	-	-

LASACO ASSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

RISK MANAGEMENT FRAMEWORK

Claims development table

Marine

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2009	1,850	292	-	2,736	-	-	-	-	-	-	-	-
2010	-	16,416	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	4,961	428	-	-	-	-	-	-	-	-	-
2013	771	3,347	-	-	-	-	-	-	-	-	-	-
2014	2,116	11,995	-	-	1,063	-	-	-	-	-	-	-
2015	2,883	810	5,953	-	-	-	-	-	-	-	-	-
2016	2,371	1,635	276	-	-	-	-	-	-	-	-	-
2017	1,594	4,245	-	-	-	-	-	-	-	-	-	-
2018	5,633	-	-	-	-	-	-	-	-	-	-	-

Aviation

	Incremental Chain ladder (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2009	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	8,412	-	167	-	264	-	-	-	-	-
2012	-	980	148	-	-	-	-	-	-	-	-	-
2013	1,250	10,680	986	-	-	-	-	-	-	-	-	-
2014	3,458	7,100	-	-	640	-	-	-	-	-	-	-
2015	3,091	1,709	418	224	-	-	-	-	-	-	-	-
2016	9,939	707	15,300	-	-	-	-	-	-	-	-	-
2017	878	1,271	-	-	-	-	-	-	-	-	-	-
2018	7,221	-	-	-	-	-	-	-	-	-	-	-

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.

48 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 2018							
Cash and cash equivalents		-	-	-	-	3,047,653	3,047,653
Financial assets		3,893,098	-	1,171,563	-	-	5,064,661
Trade receivables		-	-	-	-	402,690	402,690
Other receivables excluding prepayments		-	-	-	-	444,411	444,411
		3,893,098	**-**	**1,171,563**	**-**	**3,894,754**	**8,959,415**
Insurance contract liabilities					6,060,419		6,060,419
Investment contract liabilities					792,160	792,160	792,160
Trade and other payables					1,809,793	1,809,793	1,809,793
					8,662,372	**2,601,953**	**8,662,372**
31 December 2017							
Cash and cash equivalents		-	-	-	-	6,825,370	6,825,370
Financial assets		3,466,110	-	967,388	-	4,433,499	4,433,499
Trade receivables		-	-	-	-	105,812	105,812
Other receivables excluding prepayments		-	-	-	-	515,100	515,100
		3,466,110	**-**	**967,388**	**-**	**11,879,781**	**11,879,781**
Insurance contract liabilities		-	-	-	5,187,891	5,187,891	5,187,891
Investment contract liabilities		-	-	-	686,560	686,560	686,560
Trade and other payables		-	-	-	4,540,275	4,540,275	4,540,275
		-	**-**	**-**	**10,414,726**	**10,414,726**	**10,414,726**

LASACO ASSURANCE PLC

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 ₦'000	%	2017 ₦'000	%
Net premium written:				
- Nigeria	4,598,965	226	3,674,094	206
- Foreign	-			
Investment income:				
- Nigeria	753,682	37	875,101	49
Fees and Commission income				
- Nigeria	605,922	30	318,349	18
- Foreign	-		-	
Other income:				
- Nigeria	223,887	11	689,783	39
- Foreign				
Claims incurred, commissions and operating expenses:				
- Nigeria	(4,151,028)	(204)	(3,774,581)	(212)
- Foreign				
VALUE ADDED	**2,031,428**	**100**	**1,782,746**	**100**
APPLIED AS FOLLOWS:				
To pay employees:				
Salaries,wages and fringe benefits	1,304,304	64	1,056,299	59
To pay Government:				
- Income tax	(220,308)	(11)	(192,395)	(11)
To provide for maintainance of assets and growth				
- Depreciation of property,plant and equipment	140,027	7	101,023	6
- Amortisation of intangible assets	4,981	0.25	1,052	0.06
- To augment contingency reserve	225,780	11	154,889	9
- Augment/(deplete) reserves	576,643	28	661,878	37
	2,031,428	**100**	**1,782,746**	**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, 2018

	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000
ASSETS					
Cash and cash equivalents	3,047,653	6,825,370	7,101,466	7,831,119	4,922,120
Financial assets	5,064,661	4,433,499	4,935,914	2,365,143	2,275,607
Trade receivables	402,690	105,812	31,444	13,257	204,495
Reinsurance assets	2,290,334	1,785,471	2,209,767	1,267,545	2,261,815
Other receivables & Prepayments	565,098	592,299	519,387	546,159	531,239
Deferred acquisition cost	128,579	143,269	82,758	68,379	62,323
Investment properties	3,306,500	3,311,000	3,341,000	3,053,001	2,959,206
Intangible asset	1,500	4,981	6,923	9,526	7,823
Property, plant and equipment	1,740,211	869,351	569,572	479,301	515,716
Statutory deposit	505,253	500,000	500,000	500,000	500,000
TOTAL ASSETS	**17,052,479**	**18,571,052**	**19,298,231**	**16,133,430**	**14,240,344**
LIABILITIES AND EQUITY					
Investment contract liabilities	790,984	686,560	1,126,497	1,081,971	1,072,373
Insurance contract liabilities	6,060,419	5,187,891	6,439,881	4,627,356	5,050,992
Trade payables	421,903	3,537,782	3,040,282	10,862	1,735
Deferred commission income	-	-	-	34,044	130,595
Other payables	207,226	106,990	94,857	2,919,766	677,941
Deferred tax liabilities	665,149	607,883	166,190	170,769	159,311
Employee benefit liability	166,740	165,593	8	630,300	645,000
Taxation	256,485	122,027	91,382	79,566	84,304
Total liabilities	**8,568,906**	**10,414,726**	**10,959,097**	**9,554,634**	**7,822,251**
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	569,194	569,194	541,378	513,693	513,693
Fair value reserve	450,533	440,671	605,949	304,949	427,567
Contingency reserve	1,652,502	1,426,722	1,271,833	1,100,190	990,404
Retained earnings	1,203,559	1,111,955	824,998	52,180	(121,354)
Total equity	**8,483,573**	**8,156,326**	**7,851,942**	**6,578,796**	**6,418,094**
TOTAL LIABILITIES AND EQUITY	**17,052,479**	**18,571,052**	**18,811,039**	**16,133,430**	**14,240,345**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Gross premiums written	9,014,060	6,673,652	6,041,590	5,102,097	5,633,596
Net Underwriting Income	5,221,815	399,244	1,951,145	2,920,235	2,937,539
Net claims and underwriting expenses	3,281,058	2,738,845	1,715,989	1,880,990	1,741,716
Underwriting profit	2,056,961	1,253,599	235,156	1,039,245	1,195,823
Realised gain/(loss) on financial assets	99,870	18,283	-	-	-
Investment and other income	753,682	1,451,099	3,365,780	874,665	878,154
Net income	2,910,513	2,723,981	3,600,936	1,913,910	2,073,977
Other expenses	(2,165,774)	(1,741,701)	(2,458,056)	(1,509,797)	(1,548,121)
Profit/(loss) before taxation	**958,199**	**854,273**	**1,142,880**	**404,113**	**525,856**
Taxation	(221,920)	(192,395)	(198,419)	(120,793)	(80,111)
Profit/(loss) after taxation	**736,279**	**661,878**	**944,461**	**283,320**	**445,745**
Net fair value gain on available for sale financial assets	9,862	(165,278)	-	-	-
Gain on revaluation reserve	-	27,816	-	-	20,641
Total comprehensive income for the yea	**746,141**	**524,416**	**944,461**	**283,320**	**466,386**
Earning per share(kobo):					
- Actual	13	12	16	6	6
- Adjusted	13	12	16	6	6

LASACO ASSURANCE PLC

LIFE REVENUE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER, 2018

					12/31/2018	12/31/2017
	GROUP LIFE	**INDIVIDUAL**	**HEALTH**	**ANNUITY**	**TOTAL**	**TOTAL**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Income						
Gross premium	3,085,474	36,035	76	253,454	3,375,039	2,266,062
Unearned premium	(31,133)	-	-	-	(31,133)	220,430
Gross premium earned	**3,054,341**	**36,035**	**76**	**253,454**	**3,343,906**	**2,486,492**
Reinsurance expenses (Local)	675,937	-	-	-	675,937	532,327
Reinsurance expenses (foreign)	363,957	-	-	-	363,957	371,505
	1,039,894	-	-	-	1,039,894	903,832
Net premium earned	2,014,447	36,035	76	253,454	2,304,012	1,582,660
Fees and commission	180,461	-	-	-	180,461	205,827
Total income	**2,194,908**	**36,035**	**76**	**253,454**	**2,484,473**	**1,788,487**
Claim expenses						
Claims paid	2,195,468	15,350	-	-	2,210,818	1,861,318
Changes in outstanding claims	54,532		-	-	54,532	28,715
Received from reinsurance	(1,021,892)	-	-	-	(1,021,892)	(569,334)
Net claims paid	**1,228,108**	**15,350**	**-**	**-**	**1,243,458**	**1,320,699**
Underwriting expenses						
Acquisition cost	319,845	29,249	-	-	349,094	239,789
Increase/(decrease) in fund balances	-	(130,164)	(17,913)	182,585	34,508	(121,667)
Maintenance expenses	173,432	2,046	-	14,392	189,870	151,238
	493,277	**(98,869)**	**(17,913)**	**196,977**	**573,472**	**269,360**
Underwriting profit	**473,523**	**119,554**	**17,989**	**56,477**	**667,543**	**198,428**

LASACO ASSURANCE PLC										
NON - LIFE REVENUE ACCOUNTS										
FOR THE YEAR ENDED 31 DECEMBER, 2018										
		GENERAL		OIL AND					31-Dec	31-Dec
	FIRE	ACCIDENT	MOTOR	GAS	MARINE	AVIATION	BOND	ENGINEERING	2018	2017
Income	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Premiums (direct)	286,837	851,843	348,186	3,451,539	143,302	11,449	325,567	220,298	5,639,021	3,961,708
Inward reinsurance premiums	-	-	-	-	-	-	-	-	-	445,882
Gross premiums written	286,837	851,843	348,186	3,451,539	143,302	11,449	325,567	220,298	5,639,021	4,407,590
Changes in unearned premium	(4,354)	(4,259)	(25,789)	(942,096)	120,861	1,852	(161,883)	57,320	(958,348)	(233,339)
Gross premiums earned	282,483	847,584	322,397	2,509,443	264,163	13,301	163,684	277,618	4,680,673	4,174,251
Outward reinsurance premiums (local)	185,245	86,858	19,236	1,888,829	83,271	-	31,505	73,848	2,368,792	1,057,805
Outward reinsurance premiums (foreign)	-	-	-	-	-		-	-	-	1,025,012
	185,245	86,858	19,236	1,888,829	83,271	-	31,505	73,848	2,368,792	2,082,817
Net premiums earned	**97,238**	**760,726**	**303,161**	**620,614**	**180,892**	**13,301**	**132,179**	**203,770**	**2,311,881**	**2,091,434**
Fees and commission	39,664	24,883	6,244	330,320	14,602	1,363	1,865	6,520	425,461	112,522
Total Income	**136,902**	**785,609**	**309,405**	**950,934**	**195,494**	**14,664**	**134,044**	**210,290**	**2,737,342**	**2,203,956**
Claims expenses										
Claims paid	115,872	303,676	100,669	1,087,653	11,218	24,656	-	8,153	1,651,897	1,035,745
Changes in Outstanding claims	1,519	(80,091)	(42,800)	74,637	16,060	39,613	4,732	8,326	21,996	104,717
Received from reinsurance	(78,240)	(205,050)	(67,975)	(734,413)	(7,574)	(16,648)	-	(5,506)	(1,115,406)	(499,029)
Net claims paid	39,151	18,535	(10,106)	427,877	19,704	47,621	4,732	10,973	558,487	641,433
Underwriting expenses										
Acquistion cost	63,140	173,448	40,764	118,128	29,090	543	49,233	48,102	522,448	342,986
Maintenance expenses	13,581	40,332	16,485	163,419	6,785	542	15,414	10,430	266,988	164,364
	76,721	213,780	57,249	281,547	35,875	1,085	64,647	58,532	789,436	507,350
Underwriting profit	**21,030**	**553,294**	**262,262**	**241,510**	**139,915**	**(34,042)**	**64,665**	**140,785**	**1,389,419**	**1,055,173**