

AFRICAN ALLIANCE INSURANCE PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2017

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CORPORATE INFORMATION

Membership of the Board of Directors during the year ended 31 December, 2017

1	Anthony Okocha	Non-Executive Director	Acting Chairman		
2	Abayomi Mumuni	Non-Executive Director	Member		
3	Funmi Omo	Managing Director	Member	Appointed	11th May, 2017
4	Olabisi Adekola	Executive Director	Member		
5	Alphonse Okpor	Managing Director	Member	Retired	4th March, 2017

COMPANY SECRETARY

Tope Adebayo LLP
FRC/2013/NBA/0000000001586

RE-INSURERS

African Reinsurance Corporation
WAICA Reinsurance Corporation Plc

REGISTERED OFFICE

112, Broad Street, Marina
Lagos.
RC NO: 2176
info@africanallianceplc.com

HEAD OFFICE

61 Marina,
Lagos

ACTUARIES

Ernst & Young
FRC/2012/NAS/000000000738
(Consulting Actuaries & Chartered Insurers)
10th & 13th Floors, UBA House
57, Marina
Lagos, Nigeria

REGISTRARS

Mainstreet Bank Registrars Limited
2a Gbagada Expressway
Anthony Village
Lagos.

BANKERS

EcoBank Nigeria Limited
Guaranty Trust Bank Plc.
First Bank of Nigeria Limited
Fidelity Bank Plc
Access Bank Plc
Keystone Bank Limited
Sterling Bank
Union Bank of Nigeria
First City Monument Bank

AUDITORS

Deloitte & Touche
(Chartered Accountants)
Civic Towers
Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos.

REGULATORY AUTHORITY

National Insurance Commission

MISSION

'We improve the quality of life of our clients using cutting edge technology and competent personnel to add value to our stakeholders''

VISION

"To be the most preferred life insurance specialist"

CORE VALUES

Accountability

We are responsible

Accessibility

We are within your reach

Integrity

We keep our words

Professionalism

We provide quality service

Loyalty

We are committed to our stakeholders

Creativity

We are innovative

Statement of Directors' responsibilities on Consolidated and Separate financial statements

The Directors of African Alliance Insurance plc are responsible for the preparation of financial statements that give a true and fair view of the financial position of the group and company as at 31 December 2017, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act, CAP I17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act 2011.

In preparing the Consolidated and Separate financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and
- Making an assessment of the Group's and Company's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group's and Company's;
- Maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the Consolidated and Separate financial statements of the company comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- Preventing and detecting fraud and other irregularities

Going Concern

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the year ahead.

The Consolidated and separate financial statements of the group and company for the year ended 31 December 2017 were approved by the Board of Directors on 3 December, 2018.

By order of the Board

Funmi Omo

Managing Director

FRC/2014/CIIN/00000008645


Olabisi Adekola

Chief Financial Officer

FRC/2013/ICAN/00000001179

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2017, the group and company have 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.

COMPANY SECRETARY



Tope Adebayo LLP

FRC/2013/NBA00000000001586

Lagos, Nigeria

3 December, 2018

RISK MANAGEMENT DECLARATION

The Board Governance, Establishment, and Enterprise Risk Committee of African Alliance Insurance Plc hereby declares as follows:

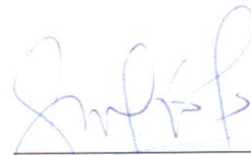
- a) The group and company has systems in place for the purpose of ensuring compliance with NAICOM guidelines;
- b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the group and company;
- c) The group and company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM's 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 Group and company, having regard to such factors as the size, business mix and complexity of the Group and company's operations.



Funmi Omo

Managing Director

FRC/2014/CIIN/00000008645



Olabisi Adekola

Chief Financial Officer

FRC/2013/ICAN/00000001179

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT
NO. 27 OF 2007**

We the undersigned hereby certify the following with regards to our audited reported for the year ended 31 December 2017 that:

- a. We have reviewed the report:
- b. To the best of our knowledge, the report does not contain:
 - i. Any untrue statement of a material fact, or
 - ii. Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- c. To the best of our knowledge, the consolidated and separate financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Group and company as of, and for the years presented in the report.
- d. We;
 - (i) Are responsible for establishing and maintaining internal controls.
 - (ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiaries is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
 - (iii) Have evaluated the effectiveness of the Group and company's internal controls as of date within 90 days prior to the report;
 - (iv) Have, presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- e. We have disclosed to the auditors of the Group and company audit committee:
 - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Group and ability to record, process, summarise and report financial data and have identified for the Group and company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Group and company's internal controls.
- f. We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

On behalf of the Directors of the Group and Company



Funmi Omo
Managing Director
FRC/2014/CIIN/00000008645



Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

DIRECTORS' REPORT

The directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2017, which disclose the state of affairs of the Group.

(a) Legal Form

The company was incorporated as a private limited liability company in 1960 under the provisions of the companies and Allied Matters Act CAP C20 LFN 2004 with RC No 2176. The company became a public liability company following the successful completion of the private placement exercise undertaken by the company in June 2008, On 17 September 2009, the Company became listed on the Nigerian Stock exchange. The subsidiaries wholly owned by the company are Axiom Air Limited, a cargo airline company, Frenchies Foods Nigeria Limited, a restaurant and catering company while African Alliance Insurance Plc as 98% in Ghana Life Insurance Company Limited, a Life company in Ghana.

During the year, the company, African Alliance Insurance Company Plc., voluntarily wound down the business operations of two of its subsidiaries which it wholly owns. The two subsidiaries liquidated were African Alliance Realty Company Limited and Frenchies Foods Nigeria Limited. The relevant net assets of the wounded down subsidiaries was absorbed by African Alliance Insurance Company Plc. Approval for the liquidation was gotten from the Board of Directors for the company on 31 December 2017. The relevant net assets of the two subsidiaries on acquisition is detailed in note 45

(b) Principal activities

The principal activity of the company is the provision of life business risk management solutions to corporate and retail customers in Nigeria.

(c) Operating Results

The Group's results for the 12-months period are set out on pages 58 to 60. The loss after tax for the year of N6.2bn for the Group and N3.7bn for the Company (and a profit after tax of N2.4bn and N2.9bn in 2016 respectively) has been transferred to retained earnings.

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
Gross premium written	7,626,710	14,068,406	6,335,448	12,963,414
Net Underwriting income	7,533,138	14,465,397	6,251,479	13,381,090
(Loss)/Profit before tax	(6,726,979)	2,774,855	(4,167,907)	3,216,247
Taxation	475,924	(330,817)	455,316	(270,628)
(Loss)/Profit after tax	<u>(6,251,055)</u>	<u>2,444,038</u>	<u>(3,712,591)</u>	<u>2,945,619</u>

(d) Dividends

No dividend was proposed for year ended 31 December 2017

(e) Directors

The directors who held office during the year and to the date of this report were:

Mrs Funmi Omo	- Managing Director
Mrs Olabisi Adekola	- Executive Director
Mr Anthony Okocha	- Non Executive
Amb. Abayomi Mumuni	- Non Executive

Appointment of Directors

Mrs Funmi Omo was appointed as Managing Director effective 11 May, 2017.

(f) Directors' shareholding

The direct and indirect interests of the Directors in the issued share capital of the company as recorded in the Register of Directors' shareholding and/or as notified by the Directors for the purpose of section 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange as at 31 December, 2017 are as follows:

Names	Direct Shareholding	Indirect Shareholding
Anthony Okocha	50,000	Nil

Number of ordinary shares of 50k each

(g) Directors interests in contracts

None of the directors has notified the Group for the purpose of section 277 of the Companies and Allied Matters Act, of their direct or indirect interest in contracts or proposed contracts with the Group during the year.

(h) Analysis of Shareholdings

The shares of the company were fully owned by Nigerian Citizens and associations.
The range of shareholding as at 31 December 2017 is as follows:

Range of Holdings	Numbers of Shareholders	Numbers of Shares held	% Holding
1 – 7,000,000	1070	799,352,441	3.88
7,000,001 – 15,000,000	56	557,441,247	2.71
15,000,001 – 40,000,000	13	336,116,282	1.63
40,000,000 and Above	33	18,892,090,030	91.78
Total	1,172	20,585,000,000	100

(i) Major Shareholding

The following shareholders held more than 5% of shares of the company according to the Register of members as at 31 December 2017:

	2017		2016	
	Number of shares('000)	Percentage held (%)	Number of shares('000)	Percentage held
Conau Limited	11,814,700,000	57.39	11,835,000,000	57.49
Universal Insurance Plc	1,200,000,000	5.83	1,200,000,000	5.83
	<u>13,014,700,000</u>	<u>63.22</u>	<u>13,035,000,000</u>	<u>63.32</u>

(j) Donations and gifts

Contributions to charity and non-government organisations during the year is Nil (2016: N750,000).

	2017 N'000	2016 N'000
Chartered Insurance Association	-	250
Nigerian Insurance Association	-	500
	<u>-</u>	<u>750</u>

(k) Post Balance Sheet Events

There are no other significant post balance events which have not been provided for in these financial statements.

(l) Human Resources**Employment of Disabled Persons**

The Group continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The Group's policy prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts are made to ensure that their employment with the Group continues and appropriate training arranged to ensure that they fit into the Group's working environment. As at 31 December 2017, the Group had no disabled persons in its employment.

(m) Health, Safety and Welfare at Work

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Group's premises. It also operates a contributory pension plan in line with the Pension Reform Act, 2014 as amended.

(n) Employee Involvement and Training

The Group ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In addition, employees of the Group are nominated to attend both locally and internationally organized courses. These are complemented by on-the job training. All officers of the Group attend meetings and retreats where members of staff critically discuss the Group's performance and recommend solutions to identified challenges.

(o) Gender Analysis


The number and percentage of women employed in the Company during the financial year vis-a-vis total workforce is as follows:

	Male Number	Female Number	Male %	Female %
Employees	49	47	51%	49%
<i>Gender analysis of Board and Top Management is as follows:</i>				
Board	2	2	50%	50%
Top Management	4	4	50%	50%
<i>Detailed analysis of the Board and Top Management is as follows:</i>				
Senior Manager	4	2	67%	33%
Assistant General Manager	2	0	100%	0%
Executive Director	0	1	0%	100%
Chief Executive Officer	0	1	0%	100%
Non-Executive Director	2	0	100%	0%

(l) Auditors

The Auditors, Messrs Deloitte & Touche have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Matters Act, CAP C20 LFN 2004. A resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

African Alliance Insurance Plc consolidated and separate financial statements have been authorised for issue by the Board of Directors on 3 December, 2018.

By Order of the Board


Tope Adebayo LLP
Company Secretary
FRC/2013/000000000001586

3 December 2018

AUDIT COMMITTEE REPORT

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, we confirm that we have seen the Audit Plan and Scope and the Management Letter on the audit of the books of account of the Company and the related management response.

In our opinion, the plan and scope of the audit for the year ended 31 December, 2017 were adequate.

We have reviewed the auditor's findings and we are satisfied with the management response thereon.

We also confirm that the accounting and reporting policies of the company are in accordance with legal requirements and ethical practices.



Dr Attu Naji Raphael

FRC/2013/ANAN/00000003475

MEMBERS OF THE STATUTORY AUDIT AND COMPLIANCE COMMITTEE

Alh. Kabir Tunde Sarumi	-	Chairman
Mr Fidelis Ijoma Opia	-	Member
Dr Attu Naji Raphael	-	Member
Mr Anthony Okocha	-	Member

ENTERPRISE RISK MANAGEMENT

Enterprise risk management philosophy

Our business provides financial guarantee to our clients and this is also linked to their longevity.

Hence, the management of our business strongly focuses on mortality studies and investment performance.

A key business objective is meeting client claims as and when they occur, achieving this objective involves us in many activities including:

- correctly pricing the insurance risks,
- ensuring our business contracts are adequately written, optimally investing both Insurance and Shareholder Funds,
- timely reporting our financial activities internally and externally, deploying adequate operating and having adequate processes/people/systems"

The Board is committed to ensuring ERM is embraced by all the staff of the Group and also ensure that our processes reflect our strategic objectives.

Our Risk Culture

The Group is building a risk culture whereby there is an adequate level of risk awareness across all business units and amongst all employees.

Risks faced by the Group are communicated across the Group. The Risk Management Committee (RMC) ensures that the business units develop a risk culture where all Heads of Departments /Units are aware of the Group's strategy objectives and risk Appetite and limits. The business process adheres to the stipulated risk limits and if they are likely to exceeded, the information is escalated to the Risk Officer/RMC.

Risk management framework

We have robust and effective Group management framework which seeks to protect our company's capital base and earnings without hindering our business growth:

We operate and maintain three lines of defence for the management and oversight of risk to ensure adherence to guiding principles and control. The lines of defence are

First Line – Board and Management

The Board of Directors set the tone for Risk Management through approving the Strategic objectives of the Group and the Group's risk appetite and tolerance limits. The Risk Management Committee has the oversight role of ensuring that the business units adhere to the Boards directives and ensure the business units develop a risk culture where all leaders are aware of the company's strategy.

The Risk Management Committee through the Chairman reports on risk matters to the Board. The Chief Risk Officer collates quarterly enterprise reports to the Risk Management Committee.

Second Line – Risk Management Unit

The company's risk management department is responsible for designing risk framework methodologies and tools which supports the business in analysing and managing risks and providing early warning of adverse trends. The department reports to the Board, management and staff on risk identification, control and mitigation.

Third Line – Internal Audit Function

This line of defence provides independent and objective assurance on the effectiveness of internal controls established by the Board, management and Risk Unit in the Group.

Risk appetite

The Group has low appetite for taking risk. The Group intends at all times ensure that it is solvent and ensure that all obligations are met as at when due.

The Group intends to always be in compliance with applicable laws and regulations and be within its set tolerance limit.

Risk management policies and procedures

The Group has a risk management policy and procedural manual which sets out the Group's risk governance framework. The document is implemented by the Risk Management Committee, and the committee reports on risk matters to the Board. The Chief Risk Officer collates quarterly enterprise - wide reports to the Risk Management Committee.

Risk classification

Operational risk

This is the risk of loss from inadequate or failed internal processes, people and systems or from external events which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. The Group has policies that cover risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedure and policies, driving compliance culture, process automation, Information Technology support systems, data integrity, IT systems access, etc.

Liquidity risk

Liquidity risk exist when there is insufficient cash flow to meet the Group's operational and financial obligations and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due. The Company manages its liquidity risk through appropriate assets and liability management strategy through the Investment Management Committee. Monthly reports and review of liquidity gaps is conducted to assess the level of liquidity risk.

Reinsurance risk

This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Group has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for Reinsurer selection, monitoring, claims recovery, etc.

Underwriting risk

Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallises when there is severe and frequent claims against the Group's projected capacity. The Group has embedded internal control processes to guide its insurance business and guide against the risk of unexpected losses and capital erosion. There is well documented underwriting policies and procedure and are enforced throughout the organisation.

Business risk

The Group's business risk is associated with gaining market shares and remains profitable. This risk is considered through documented process for product development and launch, business segment profitability analysis, stakeholder's engagement as well as being embedded in our brand promise.

Reputational risk

This is the risk of events that could cause public distrust and damages to the Group's integrity, reputation and goodwill especially in the eyes of the customers, regulators, competitors, and the general public. We manage reputational risk through a structured approach for defining and implementing core values and acceptable standard of behaviour which the staff are expected to follow while conducting the day to day business of the Group. The Group risk assessment and monitoring process has embedded controls for testing reputational risk and the outcome of such exercise is communicated to the Board Risk Committee on a quarterly basis.

Legal/compliance risk management

The Group has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all time. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

- a) Know -your-customer (KYC) procedure
- b) Anti-money laundering/combating the financing of terrorism (AML/CFT)
- c) Anti-bribery and corruption measures
- d) Guidelines for adherence to Corporate Governance principles
- e) Gift policies
- f) Whistle blowing policies

Risk report and risk map

Issues arising from risk assessment process are collated and presented in a report called the Risk Report which forms the basis of constructing the risk map. The risk map draws senior management's attention to the critical risk factors as well as the adequacy of existing controls to mitigate the risk. The risk map provides a snap short summary of the significant risk and the ratings and probability of occurrence within a specific period. This forms the basis for estimating the potential operational loss.

Risk control self-assessment (RCSA)

The Group has a mechanism for risk assessment on periodic basis and this is known as Risk control self-assessment (RCSA) principle. It involves the tests and procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed. The control requirements are proactively assessed through Process risk analysis and review of policy requirements, loss events, and audit findings. The Group then set controls required to comply with policy requirements and test these processes for adequacy and risk mitigation capability. Risk Champions are engaged in each business or risk unit and facilitates the process of risk control self-assessment in the Group.

Key risk indicators

The key risk indicator (KRI) provides trend analysis of risk exposures or deviation from standard processes. This helps the Risk Officers and Risk owners to promptly identify increasing threat to business activities and escalate to the appropriate senior levels for control and to probably review the risk appetite. The trend analysis is one of the sources of data for the risk report and risk map documented by the Group.

Loss events reporting

The Group has a Loss Event Register that captures all actual loss sustained during operational processes.

Health and safety management

The Health and Safety Management has been instituted to provide and maintain safe healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of HSE officer with "Safety First" culture and zero tolerance for near misses approach.

Business Continuity Plan (BCP)

The business continuity plan (BCP) has been designed to promote resilience against operational threats especially with regards to continuity of critical operations, in the event of a disaster or disruption to critical operations. The BCP framework also addresses adherence to contingency planning procedures, in the event of emergencies. We aim to continually improve on inherent gaps identified during each simulation exercise.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) presents management's view of the financial results of the Group's operations and cash flows of African Alliance Insurance Plc and its subsidiaries for the year ended 31st December 2017.

The nature of the business

African Alliance Insurance Plc was incorporated as a Private Limited Liability Company on 6 May, 1960 and was the first indigenous insurance company to carry out the business of Life Assurance in Nigeria. In 2005, African Alliance Insurance Plc. pioneered the sale of Takaful (Islamic Insurance) in Nigeria through a robust selection of Sharia compliant insurance and investment products, also in the same year, the company went into a joint venture with First Securities Discount House Limited (FSDH) to set up Pension Alliance Limited (PAL), a licenced Pension Fund Administrator.

Management objectives and strategies

The Group has established a solid reputation for excellent customer service and prompt claims settlement. Our marketing efforts are co-ordinated through a network of 18 Branches manned by experienced managers and highly motivated sales personnel for effective field coverage. Other recent and on-going capacity building efforts and performance enhancers embarked on by the Group's management include information technology infrastructure to link our offices nationwide for more excellent standard of service delivery through improved on-line, real-time customer claims and policy handling processes.

Result of operations:-(in thousands of Nigerian Naira)

	Group 2017	Group 2016	% Chg.	Company 2017	Company 2016	% Chg.
Gross premium written	7,626,710	14,068,406	(46%)	6,335,448	12,963,414	(51%)
Net underwriting income	7,533,138	14,465,397	(48%)	6,251,479	13,381,090	(53%)
Underwriting profit	(7,176,234)	1,205,227	(706%)	(7,099,647)	1,123,961	(743%)
Investment income	3,224,550	3,200,027	1%	3,133,558	3,067,525	2%
Operating expenses	1,675,814	1,434,052	17%	1,118,933	956,253	17%
(Loss)/profit after tax	(6,251,055)	2,444,038	(356%)	(3,712,591)	2,945,619	(226%)

Critical performance measures and indicators

Gross Premium Written – The Group premium income reduced by 46% during the current year under review over previous year 2016. This is attributable to the decision of the Company to downplay annuity business and also stiff operating environment

Net Premium Revenue – The net underwriting income reduced by 48% when compared with previous year due to above reasons.

Underwriting Profit – The Group result showed a negative amount of N7.1billion during the year against a result of N1.2billion profit in the previous year due to changes instituted by the Company as mentioned above.

Investment Income – This increased by 1% as at 31 December 2017. This could be attributable to changes in investment decisions by the Group.

Operating Expenses – The operating expenses of the Group increased by 17% as at 31st December 2017 when compared with previous year 31 December 2016.

(Loss)/Profit after tax – The Group made a loss before tax of N6.2billion as against N2.4billion profit in the previous year.

CORPORATE GOVERNANCE

The Group is committed to high standards of Corporate Governance. Corporate Governance practice in the Group is drawn from various applicable codes of corporate governance issued by NAICOM and the Code of Governance codes available in the Country. This ensures compliance with regulatory requirements as well as the core values on which the Group was established.

The Group has developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices.

The activities of the Group are at all times conducted with high standards of professionalism, accountability and integrity with due regard to the genuine interests of all our stakeholders. This is the foundation of our history, values and culture as a Group for building and sustaining an enduring institution that guarantees profitability and professionalism whilst enhancing shareholders' value.

African Alliance Insurance Plc is committed to the continuous management of its business operations by identifying and implementing key governance indicators which aid sustainable development and guarantee shareholders excellent return on investment.

Governance Structure

The governance of the Group resides with the Board of Directors who are accountable to shareholders for creating and delivering sustainable value through the management of the Group's business. The Board of Directors is responsible for the efficient operation of the Group and to ensure the Group fully discharges its legal, financial and regulatory responsibilities.

The membership of the Board is a mix of executive and non-executive directors based on integrity, professionalism, career success, recognition and the ability to add value to the organisation. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors.

The Group's financial performance is reviewed at each Board meeting. The Board reviews all financial reports before they are released. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. This involves reviews of results in comparison with budgets and plans. Responsibility for maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the Chief Executive Officer (CEO).

The Group has a compliance program. Standard requirements have been defined for internal control over financial reporting. The management expects all employees to maintain high moral and ethical standards and those expectations are communicated to the employees through internal channels.

The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to management. These oversight functions of the Board of Directors are exercised through its various Committees. In the course of the year under review, the Board has three (3) Committees to ensure the proper management and direction of the Group via interactive dialogue on a regular basis.

The Board comprises of 4 (Four) members led by a Chairman who is a Non-Executive Director. 2 (Two) Executive Directors, the Managing Director/Chief Executive Officer and Executive Director for Finance, HR & Admin., 1 (One) Non-Executive Director.

The Board derives its effectiveness from the various skills and vast experiences of each Director.

The members of the Board bring various and varied competencies to bear on all Board deliberations. The Directors have attained the highest pinnacle of their various professions. The Board meets quarterly and other meetings are convened when necessary and is responsible for the effective control and monitoring of the Group's strategies.

The Directors are provided with comprehensive information at each of the quarterly Board meetings and are also briefed on business developments monthly.

The primary responsibility of the Board of Directors is to build long-term shareholders value and ensure oversight of management. The Board ensures that adequate systems, policies and procedures are in place to safeguard the assets of the Group. The Board is also responsible to shareholders for creating and delivering sustainable shareholders value through the management of the Group's business.

Responsibilities of the Board

1. The Board determines the Group's objectives and strategies and plans to achieve them.
2. The Board approves mergers and acquisitions, equity investments, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Board members.
3. The Board considers and approves the annual budget, monitors performance and ensures that the Group remains a going concern.
4. The Board approves resolutions and corresponding documentation for shareholders in general meeting(s), shareholder's circulars, prospectus and principal regulatory filings with the regulators.
5. The Board ensures that a risk culture and effective risk management process exists and is maintained.
6. The Board approves changes to the Group's corporate structure and changes relating to the Group capital structure.
7. The Board approves yearly audited financial statements.
8. The Board monitors the statutory audit of the financial statements, evaluates the independence of the statutory auditor or audit firm, particularly the provision of related services to the Group and prepares the proposal for resolution on the election of the auditor. It performs this function through the Board Audit Committee.
9. The Board determines the terms of reference and procedures of the Board committees, including reviewing and approving the reports of such committees where appropriate.
10. The Board ensures that an adequate budgetary and planning process exists such that performance is measured against budgets and plans.
11. The Board reviews annually the description of the main features of the internal control and risk management systems in relation to the financial reporting process.
12. The Board ensures evaluation, compensation and succession for Key Management Roles
13. The Board performs oversight of the Management of Risks and the Implementation of Internal Controls

Composition of the Board

Anthony Okocha	-	Alternate Chairman
Funmi Omo	-	Managing Director/CEO
Olabisi Adekola	-	Executive Director
Abayomi Mumuni	-	Non-Executive Director

Board Meetings

The Board of Directors meetings are held every quarter or as the need arises to consider the Financial Statement of the Group for the period, review of management accounts for the quarter, consider the reports and minutes of Board committees, consider the report of risk assessment and resolution and any other reports pertaining to issues within the purview of the Board's responsibilities.

Board Committees

The Board discharges its responsibilities through the different committees and is regularly informed about the work of the committees by their respective chairman.

The Board has three standing (3) Committees, namely:

- (1) Audit and Compliance Committee,
- (2) Board Finance, Investment Committee,
- (3) Board Enterprise Risk Management and Governance Committee

The Committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees report to the Board and as such must conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the functions of each committee is stated below:

Audit and Compliance Committee

The Committee held four meetings during the year. Section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 provides for the functions of this committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee. In addition to this, a Board Audit Committee is constituted to further ensure compliance to the statutory requirements.

The Committee provides oversight responsibility for the audit, regulatory, compliance and risk functions of the Group. The Committee also discusses the quarterly compliance reports and takes delivery of the audit reports and statements by the external auditor. The Committee monitors the effectiveness of the Group's internal control system, risk management system, compliance system and internal audit system. The committee recommends the appointment of external auditors and monitors its independence and quality and review audit fee of the external auditor.

Core responsibilities of the Committee include:

1. Monitoring the effectiveness of internal control and processes in the Group
2. Setting and overseeing the overall standard for financial reporting and internal controls within the Group
3. Reviewing and assessing the quality of the work done by the professionals responsible for financial reporting
4. Engaging in discussions with external and internal auditor on the quality and acceptability of the control environment and reporting structure.

Board Finance, Investment and Committee

The Finance, Investment and Committee monitors and reviews the Group's investment policies, it ensures at all times that the Group's investment policies reflect the objectives of safety and maintenance of fair returns on investments. The Committee equally establishes standards, rules and guidelines for the Group's investment management operations while also reviewing the Group's Investment strategy with a view to sustaining medium to long term competitive edge. The value of the Group's marked-to-market portfolios is also evaluated by this Committee.

Objectives of the Committee include:

1. Assist the Board to oversee the overall management of the company's finances
2. Support the Board in overseeing the company's investment strategy and portfolios to ensure consistency and compliance with set objectives
3. Advise the Board on its oversight responsibilities in relation to human capital issues in general, and in specific, the recruitment, compensation and benefits
4. Provide broad guidance to the Board on other generic but strategic matters including but not limited to customer satisfaction, corporate communications etc
5. Assess the company's financial statements including the income statement, statement of financial position, statement of changes in equity and the statement of cash flow
6. Review the quality of the company's investment portfolio with a view to appraising performance and recommending necessary improvements.
7. Review the process for determining provision for investment losses and the adequacy of provisions made.

Core responsibilities of the Committee include:

1. The committee reviews and recommends for the board's approval the company's annual operating budget
2. The committee reviews the capital adequacy and requirements of the company and make recommendations.
3. Ensure that the Company's Investment Portfolio is structured to meet the minimum requirement for Investments as per Insurance Act 2003
4. Review and make recommendations to the Board regarding investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines
5. Ensure that the liability of insurance contracts are adequately matched against their maturity Profiles.
6. Periodically review the performance of the major securities and financial instruments relative to the investment portfolio of the company.
7. The committee annually reviews the company's policies with respect to financial risk assessment and financial risk management.

The Committee met three times during the year to review the financial performance of Group and approve the management and performance of the investment portfolio for the Group.

Board Enterprise Risk Management and Governance Committee

The Enterprise Risk Management and Governance Committee assist the Board in the development and implementation of a comprehensive Enterprise Risk Management framework in line with NAICOM's risk management guidelines. It reviews and monitors the Enterprise Risk Management practices of the Company. The Committee also ensures the development and implementation of an appropriate corporate governance framework for the Company while it also reviews and monitors the corporate governance practices and the implementation of the corporate strategy in the context of prevailing trends in the business landscape.

Objectives of the Committee include:

1. The development and implementation of a comprehensive enterprise risk management framework in line with NAICOM's risk management guidelines, and where possible, international best practices on risk management.
2. Reviewing and monitoring of the enterprise risk management practices of the Company and providing improvement recommendations where necessary.
3. Overseeing the development and implementation of a Business Continuity Plan for the Company relative to existing and emerging risks.
4. Ensuring the development and implementation of an appropriate corporate governance framework for the Company in line with NAICOM's code of corporate governance and international best practices.

5. Reviewing and monitoring the corporate governance practices and providing improvement recommendations where necessary.
6. Monitoring the implementation of the corporate strategy in the context of prevailing trends in the business landscape.
7. Supervising the strategic activities and initiatives of key operational functions of the Company.

Core responsibilities of the Committee include:

1. Oversee the development, and when necessary, the review of the enterprise risk management framework, policies and procedures.
2. Review the adequacy of the risk control activities and provide additional control measures where necessary.
3. Ensure that the enterprise risk management framework includes processes for the identification, assessment, control and mitigation of all categories of risks.
4. Escalate high impact risks to the Board as deemed necessary for further consideration with a view to promptly intervening in the mitigation of such risks.
5. Support the Board and Management in the process of defining short to medium term strategic aspirations and objectives for the Company.
6. Review the implementation status of key strategic initiatives as defined in the approved corporate strategy and make necessary recommendations.
7. Continuously monitor conflict of interests within Management and Board Members and advise the Board on addressing same.
8. Work in conjunction with the Management and other relevant board committees in ensuring that the integrity of the Companies' accounting and reporting systems are maintained.

The composition of the committees are as follows:

Audit and Compliance Committee

Alhaji Tunde Kabir Sarumi	-	Chairman
Mr Fidelis Ijoma Opia	-	Member
Dr Attu Naji Raphael	-	Member
Mr Anthony Okocha	-	Member

Board Finance, Investment and Committee

Anthony Okocha	-	Chairman
Abayomi Mumuni	-	Member
Funmi Omo	-	Member
Olabisi Adekola	-	Member

Board Enterprise Risk Management and Governance Committee

Anthony Okocha	-	Chairman
Abayomi Mumuni	-	Member
Funmi Omo	-	Member
Olabisi Adekola	-	Member

Attendance of Board and Committee meetings	2017
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Board Meetings	Composition	No of meetings attended	02 Mar	11 May	2 Aug	30 Nov	12 Dec
Anthony Okocha	Chairman	5	*	*	*	*	*
Abayomi Mumuni	Member	5	*	*	*	*	*
Funmi Omo	Member	5	*	*	*	*	*
Olabisi Adekola	Member	5	*	*	*	*	*

Audit and Compliance Committee	Composition	No of meetings attended	14 Feb	23 May	25 Jul	31 Oct
Alhaji Tunde Kabir Sarumi	Chairman	4	*	*	*	*
Mr Fidelis Ijoma Opia	Member	4	*	*	*	*
Dr Attu Naji Raphael	Member	4	*	*	*	*
Mr Anthony Okocha	Member	4	*	*	*	*

Board Finance, Investment and General Purpose Committee	Composition	No of meetings attended	01 Mar	03 Nov	12 Dec
Anthony Okocha	Chairman	3	*	*	*
Abayomi Mumuni	Member	3	*	*	*
Funmi Omo	Member	3	*	*	*
Olabisi Adekola	Member	3	*	*	*

Board Enterprise Risk Management and Governance Committee	Composition	No of meetings attended	22 May	03 Nov	12 Dec
Anthony Okocha	Chairman	3	*	*	*
Abayomi Mumuni	Member	3	*	*	*
Funmi Omo	Member	3	*	*	*
Olabisi Adekola	Member	3	*	*	*

*connotes present

-connotes absent

Support Committees

Executive Management Committee (ExCo)

This Committee reports to the Board on activities of the Group. The Committee Members are staff on executive management level. The Committee meets regularly to deliberate on various activities.

The Committee is responsible for the following:

- i) ensuring alignment of Group's strategy and plan with operations activities.
- ii) reviewing strategic and business performance against approved plans and budget of the Group, and agreeing recommendations and corrective actions.
- iii) discussing and monitoring compliance with policies.

Management Executive Committee

This committee reports to the Board Investment Committee on investment activities of the Group. The Committee meets weekly to discuss and review the portfolio of the Group. The Committee members are:

MD/ CEO	-	Chairman
Chief Financial Officer	-	Member
Head, Group Life Marketing	-	Member
Head, Agency Operations	-	Member
Head, Information Technology	-	Member
Head, Risk Management	-	Member
Head, Internal Audit & Control	-	Member

Whistle blowing procedures

The whistle-blowing process involves steps that should be taken by the whistle-blower in reporting a reportable misconduct, and steps required for the investigation of the reported misconduct. The Company has a procedure that encourages staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, management, directors and other stakeholders across the Group to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concern(s) under this policy.

The Board of Directors and Management is committed towards promoting a culture of openness, accountability and Integrity, and will not tolerate any harassment, victimization or discrimination of the whistle blower provided such disclosure is made in good faith with reasonable belief that what is being reported is fact. The company has dedicated email address and telephone numbers through which staff are encouraged to raise any concern or unethical conduct.

RESULTS AT A GLANCE

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
COMPREHENSIVE INCOME STATEMENT				
Gross premium written	<u>7,626,710</u>	<u>14,068,406</u>	<u>6,335,448</u>	<u>12,963,414</u>
Gross premium income	<u>7,586,932</u>	<u>14,523,181</u>	<u>6,295,670</u>	<u>13,418,189</u>
Net premium income	<u>7,527,926</u>	<u>14,452,052</u>	<u>6,246,267</u>	<u>13,367,745</u>
Investment income	<u>3,245,257</u>	<u>2,548,409</u>	<u>3,149,636</u>	<u>2,470,980</u>
(Loss)/Profit before tax	<u>(6,726,979)</u>	<u>2,774,855</u>	<u>(4,167,907)</u>	<u>3,216,247</u>
(Loss)/Profit after tax	<u>(6,251,055)</u>	<u>2,444,038</u>	<u>(3,712,591)</u>	<u>2,945,619</u>
	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
STATEMENT OF FINANCIAL POSITION				
Total assets	<u>43,830,646</u>	<u>45,648,170</u>	<u>41,289,651</u>	<u>41,133,110</u>
Insurance and investment contract liabilities	<u>41,305,557</u>	<u>37,022,992</u>	<u>39,463,472</u>	<u>35,515,923</u>
Total liabilities	<u>44,341,824</u>	<u>40,185,745</u>	<u>41,571,213</u>	<u>37,751,639</u>
Total Equity	<u>(511,178)</u>	<u>5,462,425</u>	<u>(281,562)</u>	<u>3,381,471</u>
(Loss)/Earnings per share (basic) - in kobo	<u>(30)</u>	<u>12</u>	<u>(18)</u>	<u>14</u>

INDEPENDENT AUDITOR'S REPORT To the Shareholders of African Alliance Insurance Plc

Report on the Audit of the Consolidated and Separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **African Alliance Insurance Plc** ("the company") and its subsidiaries (together referred to as "the group") which comprise the Consolidated and separate statement of financial position as at 31 December 2017, the Consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, Consolidated and separate statement of cash flow for the year then ended, and the notes to the Consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the Consolidated and Separate financial position of **African Alliance Insurance Plc** as at 31 December, 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 I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to the following issues in the consolidated and separate financial statements.

a. Going Concern

As of 31 December, 2017 the company and the group made loss after tax of N3.7billion and N6.2 billion respectively. Added to this, note 3 indicates a negative solvency margin of N5.5billion. Also, Note 4.4 indicated that the total admissible assets of the company less net insurance and investment contract liabilities amounted to a deficit of N6billion (Group N6.1billion) as at 31 December 2017.

These conditions indicate the existence of a material uncertainty that may cast doubt on the company's and group's ability to continue as a going concern.

b. Restatement of Prior years' financial statements

Note 46 explained the restatement of certain comparative balances in the consolidated and separate financial statements.

Our opinion is not modified in respect of these matters.

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Valuation of Insurance Contracts Loss Reserve</p> <p>Under IFRS 4, the Group is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities is adequate.</p> <p>As disclosed in note 18 and 19 to the financial statements, the insurance and investment contract liabilities of the Group amounted to N41.43 billion [2016: N37.02Billion] and N39.59 billion (2016: N35.52billion) for the company. This represents about 83% of the Group total liabilities as at 31 December 2017.</p> <p>Determination of the fair value of the contracts is an area that involves exercise of significant judgement and use of key inputs and assumptions. Some of these include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc. are the key inputs used to estimate these long-term liabilities.</p> <p>At the end of each financial year, management employs the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments were made in the financial statements to reflect the liabilities determined by the actuary.</p>	<p>Our procedures included the following among others:</p> <ul style="list-style-type: none"> • We reviewed the methodology and processes adopted by management for making reserves in the books of the Group. • Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. • We considered the validity of management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience data and specific product features. • We validated the data used in the valuation of the insurance contract liabilities. • We involved Deloitte Actuary in the review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirements of IFRS 4. • We ensured the appropriateness of the journals posted and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. <p>We found that the assumptions used by management were comparable with the market, accord with best practices, the key input data used in estimating the fair value of the insurance and investment contracts liabilities were appropriate in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.</p>

Other matter

The financial statements of African Alliance Insurance Plc and its subsidiaries for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 12 July 2017.

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 and Result at a glance, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM), Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group'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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Group and 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 Group to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We 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 significant 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 relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

- In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 and Section 28 (2) of the Insurance Act I17 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 Group has kept proper books of account, so far as appears from our examination of those books.
 - iii) The Group and Company's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Contraventions

The Company contravened certain sections of the Insurance Act; NAICOM circulars and guidelines during the year. The particulars thereof and penalties paid are as disclosed in Note 40c to the financial statements.



For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

05 December, 2018

Engagement partner: Joshua Ojo
FRC/2013/ICAN/00000000849



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting Entity

African Alliance Insurance Company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 112 Broad Street, Marina, Lagos. The company is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

1.2 Principal Activities

The principal business of the company is providing risk underwriting and related financial and hospitality services to its customers. Such services include provision of life insurance services to both corporate and individual customers.

The Subsidiaries activities are:

- Ghana Life Insurance Company Limited, a Life assurance company in Ghana.
- Axiom Air Limited, a cargo airline company

During the year the business of the following subsidiaries were wound down: Details of the winding down process & calculations are included in note 45

- Frenchies Foods Limited, provides restaurant and catering services.
- African Alliance Realty Company Limited, real estate management services.

1.3 Components of Financial Statements

The Financial statements comprise the Consolidated and Separate Statements of Comprehensive income, Consolidated and Separate statements of Financial Position, Consolidated and Separate Statement of Changes in Equity, Consolidated and Separate Statements of Cash Flows, and the accompanying Notes.

Income and expenses (excluding the components of other comprehensive income) are recognised in the profit or loss segment of comprehensive income to arrive at the profit for the year.

Other comprehensive income is recognised in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognised in the statement of profit or loss as required or permitted by IFRS.

The addition of the loss for the year and the other comprehensive income gives the total comprehensive income for the year.

Reclassification adjustments are amounts reclassified to statement of comprehensive income in the current year that were recognised in other comprehensive income in the current or previous years. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

1.4 Basis of preparation and measurement

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, Insurance Act CAP I17 LFN 2004, the Financial Reporting Council of Nigeria Act 2011 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM). Historical cost basis was used in preparation of the financial statements as modified by the measurement of certain items at revalued amounts as stated below:

- Property, plant and equipment at valuation
- Investment property at fair value
- Investment at fair value
- Impaired assets at their recoverable amounts

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.5 Compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations have been included where appropriate

1.6 Going Concern status

As at the end of the financial year 31 December 2017, the following negative regulatory indicators were identified:

1. The company's solvency margin is below the regulatory requirement as stated in the Insurance Act CAP I17, LFN 2004. The company reported a solvency margin deficit of N5.5 billion for the year ended 31 December, 2017.
2. The total admissible assets of the company less net insurance and investment contract liabilities amounted to a deficit of N6billion (Group N6.1billion) as at 31 December 2017.
3. Negative shareholders' fund amounting to N281 million as at the end of 31 December 2017.
4. The company reported an after tax loss position of N3.7 billion (Group – N6.25 billion)

The Board of Directors have confirmed that all actions below will be implemented subject to uncertainty relating to the timing and value of these actions. Overall the below actions will mitigate our going concern issues. However, please refer to different factors for different actions noted below.

1. Disposal of non-revenue generating assets that are currently in the books of the entity;
2. Ensure that properties that are currently not in the name of the company are changed and registered in the name of African Alliance Insurance Plc, and dispose those that are not required for the operations of the entity;
3. Dispose relevant investments. Firm commitment of offer and acceptance have been made. However, this is subject to the consent and approval of the regulators (NAICOM).
4. The company is currently conducting plans to request from shareholders and investors to inject additional capital into the company. However, the success of the capital raising is dependent on the shareholders and the timing for the conclusion for the exercise is subject to several factors that might be beyond the expectations of the company.
5. A cashflow projection have also been prepared by management factoring the above into the liquidity assessment of the entity as well as the operational requirements of the entity over the next 24 months. This projection was however premised on a projected share of the market and year-on-year growth expectations of the company. There is material uncertainty relating to the company achieving the market share to support the projected increase in cash flows.

These indicators, based on the performance and financial statements of the company, including the deficit in the solvency margin as well as the failure of the regulatory admissible assets of the entity to cover the insurance liabilities, all indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The board of directors and management performed an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Following extensive appraisal of the current situation of the company at various Board Committee meetings as well as at the Board Meeting, the following plan was agreed to by the Board in turning around the company.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

• **Capital Raise by way of Rights Issue**

The Board at its meeting approved the raising of additional equity capital via a rights issue to existing shareholders in order to shore up the company's existing capital base as well as finance other strategic initiatives. In order to achieve this, the Board has approved the engagement of consultants to act as the financial adviser and issuing house to the transaction. This process is at an advanced stage of conclusions with meetings and obtaining necessary approvals from regulators.

• **Capital Injection through Investors**

Discussion is on-going with various new investors who are interested in taking substantial shareholding in the Company. Plans to inject new capital funds have gone far and discussions are at advanced stage.

In respect of these projected plans for additional injection of capital by shareholders and new investors, material uncertainty exists as it relates to the timing that the procedures will be concluded, how much will shareholders and investors be willing to further inject into the entity considering the capital market and economic performance, and necessary approval by the regulators.

• **Other Issues**

Sale of Non-Performing Properties

We have been able to make progress on properties not yielding income for the Company as some have been disposed. The Board is resolved to ensure properties not contributing to the bottom line, as well as those that do not qualify as regulatory admissible assets are disposed. Management will also conclude on the transfer of all properties whose titles are currently not in the name of the company. The process of disposal of these assets are at an advanced stage with prospective buyers already firming up negotiations.

However, material uncertainty exists based on the bureaucracy around perfection of title to the company's name, timing of the sale of these properties and the uncertainty around the final value that will be placed on these properties.

Disposal of Associates & Subsidiaries

Discussions are at an advanced stage for the regulatory approval on the disposal of our interest in the associate entity. Management already has a firm agreement with interests on this.

We are pursuing the disposals of non-performing subsidiaries. The Board is actively engaging with prospective buyers of these subsidiaries. Management believe that this will allow the company focus on its core insurance business and comply with regulatory expectations.

There is however a material uncertainty relating to the approval by the regulators on the disposal of the associate and subsidiaries as well as the timing of this approval and the expected cash inflow from the disposal.

Balance Sheet and Capital Restructuring

We shall speedily pursue conclusion of the ongoing balance sheet and capital restructuring exercise. The timelines below represents the projected timelines to achieve the turnaround of the entity. Material uncertainty also exists in this respect as to what level of restructuring will be required and the probability that the restructure program will eventually bring the company to expected results.

S/N ACTION PLAN TIMELINE

1. Offer for subscription – Rights issue 12 December 2018
2. Properties disposal 30 October 2019
3. Disposal of interest in associate company 30 December 2018
4. Subsidiaries disposals 30 October 2020

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5. Property Title Perfection 30 October 2019
6. Balance Sheet & Capital Restructuring 12 December 2018

In conclusion, based on the Group executive management's plan of restructuring the assets of the Group, divesting from some of the subsidiary companies and inject fresh capital to improve the liquidity position and upturn the current negative indices in our financials with respect to shareholders fund, asset cover and solvency margin to positive position in the shortest time. This is however premised on the ability of all of the plans to be achieved at the stated period attached to each of the events. Material uncertainty exists for each of these plans, as a result of events that might be beyond expectations.

1.7 Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Group, the Directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors should include:

The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- **Claims arising from insurance contracts**
Liabilities for unpaid claims are estimated on a case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate.
- **Fair value of unquoted equity financial instruments**
The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data using valuation models.
- **Property, Plant and equipment**
Property, Plant and equipment represent one of the most significant proportion of the asset base of the Group, accounting for about 4% of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

The useful lives and residual values of the property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

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- **Taxation**
Whether it is probable that future taxable profits will be available against which temporary differences can be utilized; and
- **Fair value of HTM financial instruments**
Whether the Group has the ability to hold 'held-to maturity' investments until they mature. If the Group were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available for-sale' and measure them at fair value.

1.8 Functional and presentation currency

The financial statements are presented in Nigerian Naira (Naira), rounded to the nearest thousand, this is also the functional currency of the Group.

1.9 Presentation of financial statements

The Group presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Notes.

2.0 Changes in accounting policy and disclosures

2.1 Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017

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

The following amendments to IFRSs became mandatorily effective in the current year. The amendments generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

- Amendments to IAS 7 Disclosure Initiative;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses; and
- Amendments to IFRS 12 included in Annual Improvements to IFRS Standards 2014-2016 Cycle.

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
IAS 7 Statement of Cash flows	IAS 7 has been amended to include additional disclosures on changes in liabilities arising from financing activities. This amendment is for annual periods beginning on or after 1 January 2017	As the Group and company does not have any financing obligation, the new amendment does not have any impact on this Consolidated and Separate financial statements.

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Amendments to IAS 12 Recognition of Deferred Tax Assets for unrealised losses	The amendments to IAS 12 Income Taxes issued by the IASB on 19 January bring some clarity to this issue, which emerged during the financial crisis. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, assuming that the tax base remains at the original cost of the debt instrument, there is a temporary difference. The amendments are effective for annual periods beginning on or after 1 January 2017	The impact of this amendment has been considered in the Consolidated and Separate financial statements.
Annual improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12)	IFRS 1 First-time Adoption of IFRS: Outdated exemptions for first-time adopters of IFRS are removed. This amendment is for annual periods beginning on or after 1 January 2018. IFRS 12 Disclosure of Interests in Other Entities: The disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution. This amendment is retrospectively for annual periods beginning on or after 1 January 2017. IAS 28 Investments in Associates and Joint Ventures: (1) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. (2) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture. These amendments are retrospectively for annual periods beginning on or after 1 January 2018; early application is permitted.	These new amendments do not apply to the Group

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New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2017

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2017:

- i. IFRS 9 Financial Instruments;
- ii. IFRS 15 Revenue from Contracts with Customers;
- iii. IFRS 16 Leases
- iv. Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- v. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- vi. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- vii. Amendments to IAS 40 Transfers of Investment Property;
- viii. Annual Improvements to IFRS Standards 2014-2016 Cycle; and
- ix. IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- x. The IASB has also issued Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts', which is effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments

(Effective for annual periods beginning on or after 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for (a) the classification and measurement of financial assets and financial liabilities, (b) impairment methodology, and (c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

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

Phase 2: Impairment methodology

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

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

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

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

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

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

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IFRS 9 is expected to have a material impact on the Company's financial statements in the period of initial application.

Estimated impact of the adoption of IFRS 9

The Company has adopted the new standard on the required effective date and will not restate comparative information. During 2017, the Company has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects an insignificant increase in the loss allowance resulting in an impact on equity as discussed below. In addition, the Company will implement changes in classification of certain financial instruments.

(a) Classification and measurement:

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. The Debt securities portfolio are substantially going to be measured at fair value through profit or loss consequently there will be no need for any impairment requirements under IFRS 9 as any exposure to credit risk would be reflected in the instrument's fair value and recognised immediately in profit or loss. However, the Company's investment in state government bonds and about a portion of its current treasury portfolio is expected to be measured at fair value through OCI under IFRS 9 as the Company expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The impairment losses incurred on these shares in prior years have been recognised in the statement of profit/loss for the respective years. The Group and Company will apply the option to present fair value changes in other comprehensive income (OCI) through designation of the instruments at fair value through OCI and, therefore, the application of IFRS 9 will not have a significant impact.

Bank balances, trade receivables as well as other receivables that qualify as financial instruments under IFRS 9 are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The table below shows the new classes of financial assets under IFRS 9 as adopted by the Company

Financial assets	IAS 39	IFRS 9
Fair Value through Profit or Loss	√	√
Available for Sale (Unlisted equities)	√	√
Held to Maturity (Debt Securities)	√	x
Held to Maturity (Debt Securities)	x	√
Loans and receivables	√	x
Amortised cost	x	√

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The table below shows the estimated impact of adoption of IFRS 9

Amounts in thousands of Nigerian Naira	As reported as at 31 December 2017 (N)	Estimated adjustment due to the adoption of IFRS 9 (N)
Retained Earnings	(26,146,738)	(117,369)

This amount represents the fair value gains on the company's debt securities as at 31 December 2017 which will be reclassified to profit or loss.

(b) Impairment:

IFRS 9 requires an expected credit loss model (in other words losses expected at the balance sheet date rather than only losses incurred in the year). This requires the entity to account for expected credit losses on all its financial instruments not held at fair value through profit or loss, either on a 12-month or lifetime basis. Changes in this expected credit losses at each reporting date should reflect changes in credit risk since initial recognition.

The Directors of the Group have decided to apply the simplified approach and record 12-month expected losses on all trade receivables and similar assets however the company is in the process of quantifying the impact of this impairment on the financial statement.

In view of the Group's decision to classify majority of its asset exposures under Fair Value Through Profit or Loss, the group expects that there will be no significant impact of the impairment on these other financial instruments on the company's financial statements.

Main assumptions:

- ✓ The impact assessment is conducted with reference to the simplified IFRS 9 approach.
- ✓ For the purpose of impairment assessment, the classification of the instruments under IFRS 9 are based on similar classification under IAS 39. i.e. Held for trading instruments were classified as FVTPL; AFS instruments were classified as FVTOCI
- ✓ The data was populated by the Company:
 - Analysis of debt instrument
 - In one selected currency (Nigerian Naira)
- ✓ The market prices of the debt instruments were gotten from Financial Market Dealers Quotation (FMDQ) as at 29 December 2017-being the last working day of the year.

Apart from the above, the directors do not anticipate that the application of the IFRS 9 will have a material impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

(Effective for annual periods beginning on or after 1 January 2018)

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

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

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

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

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

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

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.
- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

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IFRS 16 Leases

(Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the following lease Standard and Interpretations upon its effective date:

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

Identification of a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

- a) the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- b) the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

Lessor accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosures are also required by the new Standard.

Due to the prominence of leasing transactions in the economy, many entities across different industries will be affected by IFRS 16.

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In some cases, the changes may be substantial and may require changes to the existing IT systems and internal controls. Entities should consider the nature and extent of these changes.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (Effective for annual periods beginning on or after 1 January 2018)

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - (i) the original liability is derecognised;
 - (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply.

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

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 and IFRS 10 are amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investor's interests in the associate or joint venture.

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- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

Annual Improvements to IFRSs 2014 – 2016 Cycle

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 Disclosure of Interests in Other Entities, which is effective for annual periods beginning on or after 1 January 2017 (see details below).

Standard	Subject of Amendment	Details
IFRS 1 First time Adoption of International Financial Reporting Standards	Deletion of short-term exemptions for first-time adopters	The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.
IAS 28 Investments in Associates and Joint Ventures	Measuring an associate or joint venture at fair value	The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be

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		<p>made at initial recognition of the associate or joint venture.</p> <p>In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.</p> <p>The amendments apply retrospectively with earlier application permitted.</p>
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IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

2.2 IFRS 13 Fair Value Measurement (Amendment)

Amendments to the standard provide clarification that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). It also clarifies the scope of the portfolio exception in paragraph 52. This amendment does not have any effect on the Group as it does not discount its short-term receivable and payable balances.

2.3 Consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.3.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Group operates or transact business), which is Nigerian Naira. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statements in the year in which they arise, except for difference arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.4 Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance of the same entity)
- For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues for example start-up operations may be operating segments before earning revenues.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. cash equivalents have a maturity period of less than or equal to three months.

2.6 Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provision of the instrument. Financial assets are recognised and derecognised on the basis of trade date (the date at which the agreement has been entered) accounting.

2.6.1 Recognition of financial assets

Financial instruments are recognised initially at fair value. The Group classifies its financial instruments in the following categories:

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

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates such designation at every reporting date.

2.6.1a Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss include financial assets held for trading and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading, for investments designated as at fair value through profit or loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or

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- The assets and liabilities are part of a portfolio of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information regarding these instruments are reported to the key management personnel on a fair value basis.
- These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are re-measured at fair value. Fair value adjustments and realised gain and loss are recognised in the statement of profit or loss.

The company's investment in quoted equities are carried at fair-value through profit or loss.

2.6.1b Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. Loans and receivables are disclosed on the face of the statements. Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and subsequently, measured at amortised cost using the effective interest method, less any impairment loss, interest on loans is included in the income statement and is reported as interest income. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. When the asset is impaired, they are carried on the statement of financial position as a deduction from the carrying amount of the loan and receivable and recognised in profit or loss as impairment losses.

2.6.1c Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised at fair plus transaction costs for all financial assets not carried at fair value through profit or loss. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains and losses on held to maturity assets are recognised on impairment, de-recognition and through the amortization process.

2.6.1d Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designed as available for-sale or are not classified in any of the three preceding categories. They include investment in non-quoted shares. These investments are initially recorded at fair value. Where equity instruments do not have a quoted market price in an active market and whose fair value cannot be reliably measured the instruments have been measured at cost. After initial measurement, available-for-sale financial assets are measured at fair value. Fair value gains and losses are reported as a separate component in other comprehensive income until the investment is derecognised or the investment is determined to be impaired.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss.

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2.6.2 Derecognition of financial assets

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement, and either:
 - The Group has transferred substantially all the risks and rewards of the asset; or
 - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

2.6.3 Amortised cost

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

2.6.4 Fair value

The fair value of quoted investments is based on current market prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

These include:

- The use of recent arm's length transactions,
- reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

2.6.5 Impairment of financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortization and its current fair value, less any impairment loss previously recognised in other comprehensive income, is transferred from equity to the income statement, reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments classified at available-for-sale are reversed through the income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

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2.7 Trade Receivables

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

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

2.8 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses.

2.9 Reinsurance assets

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims or insurance contract liabilities associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss recorded in the statement of profit or loss and other comprehensive income.

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligation to policy holders.

2.10 Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

2.11 Deferred Policy Acquisition Costs (DAC)

Acquisition cost comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses that ratio of unearned premium to written premium.

2.12 Prepayment

Prepayments are carried at cost less accumulated impairment losses.

2.13 Investment in Associates

As associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Noncurrent Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated and separate statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Groups net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.14 Investment Properties

Investment property is property held on earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuation carried out by external registered valuers'. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Investment properties are derecognized when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.15 Intangible Assets

Software license costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Group are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life.

Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortization ceases at the earlier date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily, while the residual value exceeds or is equal to the carrying value.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized.

Intangibles recognised as assets are amortized over their useful lives, which does not exceed five years.

2.16 Property, Plant and Equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment.

Work in progress owner-occupied property that are included in property, plant and equipment are stated at cost to date and are not yet de-componentised as the asset has not been put into use.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the statement of profit or loss.

Freehold land is not depreciated. Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

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Leasehold land	0%
Buildings	2%
Motor Vehicles	25%
Computer Equipment	20%
Furniture & Fittings	10%
Computer Equipment	20%
Office Equipment	20%
Plant & Machinery	10%
Aircraft (Componentized)	
▪ Aircraft Engines	4%
▪ Airframes (Body)	3%
▪ Landing gears	10%
▪ APU, Avionic & other electronic parts	15%

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to depreciate until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal

Where no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

2.17 Statutory Deposits

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 CAP I17 LFN 2004.

Statutory deposit is measured at cost.

2.18 Insurance Liabilities

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

2.19 Classification of contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.19a Recognition and measurement

(i) Short-term insurance contracts

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. They are usually short-duration life insurance contracts ranging between 12 to 24 months period of coverage. 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.

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 balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

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 Group. The Group 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 Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

The liability reserve on short term insurance contract is made up of an unexpired premium reserve (UPR) and reserve for 'Incurred but not reported' claims (IBNR). The UPR are calculated after adjusting for acquisition expenses. IBNR reserves are required to take account of the delay in reporting claims. These are determined by considering ultimate claims ratios for the life schemes on the Group's books. The ratios differ by industry and have been determined following a historical analysis of portfolio claims experience. The IBNR reserves are calculated by adjusting the ultimate claims amounts to allow for claims already paid and those outstanding for payment, and again adjusted to allow for the holding of a separate UPR reserve. As the short term insurance contract experience of FBN builds up we will be able to adjust for Group-specific claims settlement patterns.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

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Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

The long term insurance contracts insure events associated with human life. They include individual insurance contracts.

Individual insurance contracts

The reserve has been calculated using the gross premium valuation approach. This reserving methodology adopts a cash flow approach taking into account all expected future cash flows including premiums, expenses and benefit payments to satisfy the liability adequacy test. The test also considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees (where applicable).

2.19b Insurance contract liabilities

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies is recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Group performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

2.19c Technical reserves

These are the reserves computed in compliance with the provision of Section 20, 21, and 22 of the Insurance Act 2003. They are:

Life business

Life fund

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

Liability adequacy test

At the end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows including office premiums, expenses and benefit payments satisfying the liability adequacy test, are used. Any deficiency is immediately charged to statement of comprehensive income.

2.20 Trade and other Payables

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

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2.21 Retirement Benefit Obligations

a) Defined Contribution Plan

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In accordance with the provisions of the Pension Reform Act 2014, the company and its employees contributes a minimum of 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. "

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

c) Defined benefit plan

A defined benefit plan is a pension plan that defines an 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 position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

2.22 Provisions

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2.23 Current Income Tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Nigeria Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

2.24 Deferred Income Tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability.

Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such:

- * Current tax assets against current income tax liabilities and
- * The deferred taxes relate to the same taxable entity and
- * The same taxation authority

2.25 Share Capital and Share Premium

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

2.26 Statutory Contingency Reserve

The Group maintains contingency reserves in accordance with the provisions of Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the net profit.

2.27 Retained Earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.28 Assets Revaluation Reserve

This represents the Group's revaluation reserve emanating from revaluation of certain assets

2.29 Income Recognition

2.29.1 Gross Premiums

Gross premiums on insurance contract are recognized as revenue when payable by the policy holder.

For single premium business revenue is recognised on the date on which the policy is effect.

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

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.29.2 Reinsurance Premiums

Gross reinsurance premium on insurance contracts are recognized as an expense when payable or on the date on which the policy is effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are deferred over the term of the underlying direct insurance policies for risks attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

2.29.3 Commission income

Commission are recognized on ceding business to the reinsurers and are credited to the income statements.

2.29.4 Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividend income which is recognised when the right to receive the payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.30 Management and Administrative Fees

The management and administrative fee consist primarily of investment contract fee income, asset management fee, policyholder administrative fee and other contract fees

2.31 Realized/Unrealized Gains and Losses

Realized or unrealized gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original carrying or amortized cost and are recorded on occurrence of the sale transaction

2.32 Gross Benefits and Claims

Claims incurred in respect of Insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance and investment contract liabilities. All claims paid and incurred are charged against revenue as expenses when incurred.

2.33 Reinsurance Claims

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

2.34 Interest Income and Expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the entity estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs and discounts or premium that are integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the financial statement include:

- * Interest on financial assets and liabilities measured at amortized cost calculated on an effective interest basis
- * Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

2.35 Expenses

Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment)

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in the income statement on the basis of systematic and rational allocation procedures.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This is often necessary in recognizing the equipment associated with the using up of assets such as property, plant and equipment in such cases the expense is referred to as a depreciation or amortization. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire. An expense is recognised immediately in the income statement when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

2.36 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from writing insurance contracts. These cost are charged in the income statement in the period they are incurred.

2.37 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expenses categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to comprehensive income. In this case the impairment is also recognised in comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31-Dec-17	*Restated 31-Dec-16	*Restated 1-Jan-16
ASSETS	Note	N'000	N'000	N'000
Cash and cash equivalents	6	6,006,807	6,873,981	4,161,876
Financial assets :				
Fair value through profit or loss	7.1	2,182,921	2,109,686	2,121,784
Available-for-sale	7.2	111,998	237,477	210,437
Held-to-maturity	7.3	20,373,177	21,130,335	16,122,295
Loans and receivables	7.4	84,944	188,015	120,394
Trade receivables	8	41,918	168,658	59,962
Reinsurance assets	9	53,717	76,772	34,339
Other receivables and prepayments	10	341,178	439,945	861,111
Deferred acquisition costs	11	-	15,717	7,392
Investment properties	12	10,794,603	7,772,882	6,785,365
Investment in subsidiary	13	-	-	-
Investment in associate	14	1,605,405	1,341,159	1,234,148
Retirement benefit asset	22	7,063		
Deferred tax asset	25b	147,881	26,226	27,871
Intangible assets	15	63,959	56,130	66,412
Property plant and equipment	16	1,666,110	4,901,209	4,698,386
Statutory deposit	17	348,965	309,978	222,597
Total assets		43,830,646	45,648,170	36,734,369
LIABILITIES				
Insurance contract liabilities	18	36,378,453	31,611,594	26,620,780
Investment contract liabilities	19	4,927,104	5,411,398	4,408,274
Trade payable	20	1,177,117	1,183,273	1,594,059
Other payables and accruals	21	563,265	535,742	487,495
Employee benefit liabilities	22	29,335	59,544	72,378
Borrowings	23	287,652	67,110	25,564
Tax payable	24	594,024	363,544	294,254
Deferred tax liability	25	384,874	953,540	659,904
Total liabilities		44,341,824	40,185,745	34,162,708
EQUITY				
Share capital	26	10,292,500	10,292,500	10,292,500
Share premium	26	14,365,133	14,365,133	14,365,133
Contingency reserves	27	908,259	832,162	467,349
Retained earnings	28	(27,275,850)	(22,232,954)	(24,314,881)
Translation reserve	43	186,441	111,070	(65,938)
Fair value reserves	29	1,004,524	2,083,193	1,816,296
Equity attributable to owners of the company		(518,993)	5,451,104	2,560,459
Non-controlling interest	44	7,815	11,321	11,202
Total equity		(511,178)	5,462,425	2,571,661
Total equities and liabilities		43,830,646	45,648,170	36,734,369

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 3 December 2018 and signed on its behalf by:



Funmi Omo
Managing Director
FRC/2014/CIIN/00000008645





Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

SEPARATE STATEMENT OF FINANCIAL POSITION

		31-Dec-17	*Restated 31-Dec-16	*Restated 1-Jan-16
ASSETS	Note	N'000	N'000	N'000
Cash and cash equivalents	6	5,799,468	6,359,793	3,771,636
Financial assets :				
Fair value through profit or loss	7.1	2,182,921	2,109,686	2,121,784
Available-for-sale	7.2	91,525	217,005	189,965
Held-to-maturity	7.3	20,373,177	21,130,335	16,122,295
Loans and receivables	7.4	18,131	127,222	95,342
Trade receivables	8	-	-	-
Reinsurance assets	9	53,717	76,772	34,339
Other receivables and prepayments	10	324,286	700,236	1,142,935
Deferred acquisition costs	11	-	15,717	7,392
Investment properties	12	9,285,488	6,616,999	6,058,586
Investment in subsidiary	13	553,805	1,538,299	1,357,558
Investment in Associate	14	1,605,405	1,341,159	1,234,148
Retirement benefit asset	22	7,063	-	-
Deferred Tax Asset	25b	146,476	24,551	24,551
Intangible assets	15	20,913	28,023	33,636
Property plant and equipment	16	627,276	647,313	662,963
Statutory deposit	17	200,000	200,000	200,000
Total assets		41,289,651	41,133,110	33,057,130
LIABILITIES				
Insurance contract liabilities	18	34,536,368	30,104,525	25,774,605
Investment contract liabilities	19	4,927,104	5,411,398	4,408,274
Trade payable	20	914,215	923,974	1,413,614
Other payables and accruals	21	344,085	291,182	275,966
Employee benefit liabilities	22	29,335	39,624	52,458
Borrowings	23	182,714	-	-
Tax payable	24	545,285	285,240	224,970
Deferred tax liability	25	92,107	695,696	515,418
Total liabilities		41,571,213	37,751,639	32,665,305
EQUITY				
Share capital	26	10,292,500	10,292,500	10,292,500
Share premium	26	14,365,133	14,365,133	14,365,133
Contingency reserves	27	839,681	776,327	422,588
Retained earnings	28	(26,146,738)	(22,370,793)	(24,962,673)
Translation reserve	43	-	-	-
Non-controlling interest	44	-	-	-
Fair value reserves	29	367,862	318,304	274,277
Total equity		(281,562)	3,381,471	391,825
Total equities and liabilities		41,289,651	41,133,110	33,057,130

The financial statements were approved and authorised for issue by the Board of Directors on 3 December 2018 and signed on its behalf by:


Funmi Omo
Managing Director
FRC/2014/CIIN/00000008645


Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group	Company
		*Restated	*Restated
		31-Dec-17	31-Dec-16
		N'000	N'000
Gross premium written	30	7,626,710	14,068,406
Unearned premium	30	(39,778)	454,775
Gross premium income		7,586,932	14,523,181
Insurance premium ceded to reinsurers	31	(59,006)	(71,129)
Net premium income		7,527,926	14,452,052
Fees and commission income	32	5,212	13,345
Net underwriting income		7,533,138	14,465,397
Insurance claims incurred and loss adjustments expenses	33a	9,725,184	7,170,625
Insurance claims incurred/(recovered) from reinsurers	33b	23,515	(48,987)
Underwriting expenses	34	980,993	1,045,075
Changes in long term insurance contracts	35	3,979,680	5,093,457
Net underwriting expenses		14,709,372	13,260,170
Net underwriting profit		(7,176,234)	1,205,227
Other income	36	135,929	43,886
Impairment (charges)/write back	38	(1,608,472)	90,821
Net (loss)/ gain on liquidated subsidiaries	45	(335,149)	607,924
Fair value gain on investment properties	12	1,127,970	700,844
Fair value through profit or loss	7.1	73,235	(12,098)
Investment income	37	3,224,550	3,200,027
Loss from investment contracts	37a	(115,222)	(695,504)
Share of profit of equity accounted investee	14	641,546	484,311
Employee benefit expenses	39	(1,014,139)	(808,607)
Other operating and administrative expenses	40	(1,675,814)	(1,434,052)
Finance cost	41	(5,179)	-
(Loss)/Profit before tax		(6,726,979)	2,774,855
Income tax credit/(expense)	42	475,924	(330,817)
(Loss)/Profit for the year		(6,251,055)	2,444,038
(Loss)/Profit attributable to:			
– Owners of the parent		(6,244,850)	2,446,716
– Non-controlling interests		(6,205)	(2,678)
		(6,251,055)	2,444,038
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Change in value of available for sale financial assets (net of taxes)	29	650	-
Foreign exchange translation gain/(loss)	43	76,375	179,618
		77,025	179,618
<i>Items that will not be subsequently reclassified to profit or loss</i>			
(Loss)/Gain on revaluation of property, plant and equipment (net of taxes)	29	(96,046)	267,108
Deferred tax on revaluation gain(loss)	29	(38,675)	-
		(134,721)	267,108
Other comprehensive (loss)/ income for the year		(57,696)	446,726
Total comprehensive (loss)/income for the year		(6,308,751)	2,890,764
Total comprehensive (loss)/ income attributable to:			
– Owners of the parent		(6,305,075)	2,890,622
– Non-controlling interests		(3,676)	143
		(6,308,751)	2,890,765
		(3,663,033)	2,989,646

STATEMENT OF CHANGES IN EQUITY - GROUP**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital N'000	Share premium N'000	Fair value reserve N'000	Contingency reserve N'000	Translation reserve N'000	Retained earnings N'000	Non- controlling interest N'000	Total equity N'000
Balance at 1 January 2017	10,292,500	14,365,133	2,083,193	832,162	111,070	(22,232,954)	11,321	5,462,425
<i>Total comprehensive income for the year</i>								
Loss for the year	-	-	-	-	-	(6,244,850)	(6,205)	(6,251,055)
Other comprehensive (loss)/income for the year	-	-	(135,596)	-	75,371	-	2,529	(57,696)
Total Comprehensive income for the year	-	-	(135,596)	-	75,371	(6,244,850)	(3,676)	(6,308,751)
Disposal of interest in Frenchies and Africa Realty						335,149		335,149
Transfer to contingency reserve	-	-	-	76,097	-	(76,268)	171	-
Transfer from properties revaluation reserve			(943,073)			943,073		-
Total transactions with owners, recognised directly in equity	-	-	(943,073)	76,097	-	1,201,954	171	335,149
Balance at 31 December 2017	10,292,500	14,365,133	1,004,524	908,259	186,441	(27,275,850)	7,816	(511,177)
Balance at 1 January 2016	10,292,500	14,365,133	1,816,296	467,349.00	(65,938)	(24,314,881)	11,202	2,571,661
<i>Total comprehensive income for the year</i>								
Profit for the year	-	-	-	-	-	2,446,716	(2,678)	2,444,038
Other comprehensive income for the year	-	-	266,897	-	177,008		2,821	446,726
Total Comprehensive income for the year	-	-	266,897	-	177,008	2,446,716	143	2,890,764
<i>Transactions with owners, recorded directly in equity</i>								
Dividend paid to equity holders								
Transfer to contingency reserve	-	-	-	364,813	-	(364,789)	(24)	-
Total transactions with owners, recognised directly in equity	-	-	-	364,813	-	(364,789)	(24)	-
Gain on the revaluation of land and buildings								
Balance at 31 December 2016	10,292,500	14,365,133	2,083,193	832,162	111,070	(22,232,954)	11,321	5,462,425

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Share capital N'000	Share premium N'000	Contingency reserve N'000	Fair value reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2017	10,292,500	14,365,133	776,327	318,304	(22,370,793)	3,381,471
<i>Total comprehensive income for the year</i>						
Loss for the year	-				(3,712,591)	(3,840,706)
Other comprehensive income for the year	-			49,558		49,558
Total Comprehensive income for the year	-	-	-	49,558	(3,712,591)	(3,791,148)
<i>Transactions with owners, recorded directly in equity</i>						
Transfer to contingency reserve	-		63,354		(63,354)	-
Total transactions with owners, recognised directly in equity	-	-	63,354	-	(63,354)	-
Balance at 31 December 2017	10,292,500	14,365,133	839,681	367,862	(26,146,738)	(281,562)
	Share capital N'000	Share premium N'000	Contingency reserve N'000	Fair value reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2016	10,292,500	14,365,133	422,588	274,277	(24,962,673)	391,825
<i>Total comprehensive income for the year</i>						
Other comprehensive income for the year				44,027		44,027
Profit for the year					2,945,619	2,945,619
Total Comprehensive income for the year	-	-	-	44,027	2,945,619	2,989,646
<i>Transactions with owners, recorded directly in equity</i>						
Transfer to contingency reserve			353,739		(353,739)	-
Total transactions with owners, recognised directly in equity	-	-	353,739	-	(353,739)	-
Balance at 31 December 2016	10,292,500	14,365,133	776,327	318,304	(22,370,793)	3,381,471

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

	Notes	Group 31-Dec-17 N'000	31-Dec-16 N'000	Company 31-Dec-17 N'000	31-Dec-16 N'000
Cash flows from operating activities					
Cash premium received		7,698,973	13,523,143	6,324,416	12,530,731
Cash received from deposit contract liabilities		350,617	889,783	350,617	889,783
Cash withdrawals from deposit contract liabilities		(950,525)	(597,962)	(950,525)	(597,962)
Cash Claims recovered		-	9,456	-	9,456
Dividend received		391,285	390,955	391,285	390,550
Claims paid		(9,146,437)	(7,171,937)	(8,096,505)	(6,569,738)
Cash paid to reinsurers/ consumers		(58,529)	(130,988)	(48,926)	(110,303)
Commission received		5,212	13,345	5,212	13,345
Maintenance expenses paid		(608,226)	(744,597)	(608,226)	(737,979)
Acquisition costs		(357,050)	(308,803)	(215,098)	(222,029)
Employee benefits paid		(1,019,072)	(821,441)	(674,306)	(555,209)
Other operating expenses paid		(1,318,855)	(968,164)	(1,107,002)	(926,531)
Other income received		66,680	124,190	83,980	175,782
Interest received		3,210,470	3,662,701	3,085,747	3,555,310
Income tax paid		(50,231)	(30,080)	(50,231)	(30,080)
Net cash from operating activities		(1,786,345)	7,839,601	(1,509,562)	7,815,126
Cash flow from investing activities:					
Purchases of plant and equipment		(35,904)	(69,996)	(27,608)	(34,563)
Purchase of intangible assets		(30,199)	(2,246)	(9,588)	(2,246)
Capital injection made to subsidiary					(180,741)
Capital Improvement of investment properties		(2,000)	(1,513)	(2,000)	(1,513)
Proceeds from disposal of property and equipment		646	135	646	135
Capital injection made to National Insurance commission		(38,987)	(87,381)		
Purchase of financial assets - AFS		(32,500)		(32,500)	
Purchase of financial assets- HTM			(5,008,041)		(5,008,041)
Proceed from disposal of financial asset - AFS		85,594		85,594	
Principal repayment of financial assets- HTM		757,158		757,158	
Purchase of financial assets- loan and receivable					
Net cash used in investing activities		703,808	(5,169,042)	771,702	(5,226,969)
Cash flow from financing activities:					
Repayment of borrowings		(21,236)	-	(21,236)	-
Proceeds from borrowings		238,143	-	198,771	-
Net cash used in financing activities		216,907	-	177,535	-
Net increase/(decrease) in cash and cash equivalents		(865,630)	2,670,559	(560,325)	2,588,157
Cash and cash equivalent at beginning of year		6,806,871	4,136,312	6,359,793	3,771,636
Net increase/decrease in cash and cash equivalents		(865,630)	2,670,559	(560,325)	2,588,157
Cash and cash equivalent at end of period	Note 6.1	5,941,241	6,806,871	5,799,468	6,359,793

NOTE TO THE FINANCIAL STATEMENTS

1. General Information

African Alliance Insurance Company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 112 Broad Street, Lagos. The company is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are disclosed under General information on the Reporting Entity and Summary of Significant Accounting Policies. These policies have been consistently applied to all the years presented unless otherwise stated.

3 Solvency

The solvency level at the valuation date was (276%) for the Company (2016: (130%)). The company's assets do not match liabilities (see note 4.4). Hence, asset admissibility requirements and localization rules in section 25 of Insurance Act CAP I17 LFN 2004 were not met. The life fund shows a deficit of N6 billion as at 31 December 2017.

The assets backing the life funds are as follows:

	Group		Company	
	2017	2016	2017	2016
	N000	N000	N000	N000
Government Bonds	20,373,177	21,130,335	20,373,177	21,130,335
Cash and bank balances	6,006,807	6,873,981	5,799,468	6,359,793
Investment in quoted equity	2,182,921	2,109,686	2,182,921	2,109,686
Total	28,562,905	30,114,002	28,355,566	29,599,814

4 Management of Financial risk

The Group is exposed to various financial risks in connection with its current operating activities, such as foreign currency risk, interest rate risk, credit risk, market risk and liquidity risk. These risks contribute to the key financial risk that the proceeds from the Group's financial assets are insufficient to fund the obligations arising from insurance policy contracts.

The Group manages these risks through the activities of the Audit Committee and the Investment Committee. Each committee meets at least four times per annum to discuss financial risk issues. Management is responsible for implementing recommendations that have been agreed and reporting back to the relevant committee.

The Audit Committee is a committee of the Board of African Alliance Insurance Plc and is responsible for the implementation and monitoring of overall risk management, internal financial controls and financial and actuarial reporting within the Group. The main responsibilities of this Committee are:

- i) Setting and overseeing the overall standard for financial and actuarial reporting, risk management and internal controls within the Group;
- ii) Monitoring the effectiveness of business risk management processes in the Group;
- iii) Reviewing and assessing the quality of the work done by professionals responsible for financial and actuarial reporting, risk management and internal control;

NOTE TO THE FINANCIAL STATEMENTS

- iv) Engaging in discussions with external and internal auditors on the quality and acceptability of the control environment and reporting structures.

The Investment Committee is a management committee and is responsible for

- i) ensuring that insurance and investment contract liabilities are matched with appropriate supporting assets based on the type of benefits payable to the contract holders;
- ii) ensuring that the long-term investment return on assets supporting policy liabilities are sufficient to fund policyholders' reasonable benefit expectations and the shareholders' profit entitlement;
- iii) the implementation and monitoring of the asset management process to ensure that the risks arising from trading positions are effectively managed within the pre-determined risk parameters.

4.1 Market risk

The business's operations are exposed to market risk. Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risks arises due to fluctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risk.

The acquisition of policyholders' assets is based on the design of the product and marketing descriptions. Within these parameters, investments are managed with the aim of maximising policyholder returns while limiting risk to acceptable levels within the framework of statutory requirements. The focus of risk measurement and management is to ensure that the potential risks inherent in an investment are reasonable for the future potential reward, exposure to investment risk is limited to acceptable levels, premium rates are adequate to compensate for investment risk and an adequate reserving policy is applied for long-term policy liabilities. The diverse product range requires a variety of approaches to the management of risk; these range from portfolio management practices and techniques such as optimization of expected risks and rewards based on investment objectives, to asset-liability matching in support of statement of financial position obligations.

4.1.1 Foreign exchange risk

Foreign exchange risk is the risk associated with movement in the foreign exchange prices from foreign currency denominated transactions which the Group is exposed to.

The Group is exposed to foreign exchange currency risk primarily through certain transactions denominated in foreign currency. The Group is exposed to foreign currency denominated in dollars and Pound through bank balances in other foreign currencies.

The Group manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Group's income. There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

NOTE TO THE FINANCIAL STATEMENTS

The carrying amounts of the Group's foreign currency-denominated assets as at end of the year are as follows:

	Currency	Group		Company	
		2017 N'000	2016 N'000	2017 N'000	2016 N'000
Cash and bank balances	Dollars	37,866	52,506	33,082	47,738
	Pounds	417	379	-	-

The table below shows the effect on the profit as at 31 December 2017 from N 305.5 /\$1 (2016 December: N304.5/\$) and N 412.9/GBP (2016 December: N374.5 /GBP) closing rate favourable/unfavourable change in USD/GBP against the naira with all other variables held constant.

Changes in USD exchange rate	Group		Company	
	Impact on PBT			
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Increase/(decrease) by 10% (+/-)	3,787	5,251	3,308	4,774
Increase/(decrease) by 15% (+/-)	5,680	7,876	4,962	7,161
Changes in POUNDS exchange rate				
Increase/(decrease) by 10% (+/-)	42	38	-	-
Increase/(decrease) by 15% (+/-)	63	57	-	-

4.1.2 Interest-rate risk

Interest rate risk is the risk that the value of a fixed income security will fall as a result of movement in market interest rates. Interest rate risk also arises from fluctuations in future cash flows of a financial instrument because of changes in market interest rates.

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk also exists in products sold by the company. The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements. Interest rate risk exposures from guarantees embedded in insurance liabilities. The company's insurance contracts and investment contracts with DPF have certain options and guarantees that transfer interest rate risk to the company. These are: -

- options to surrender the insurance contract or the investment contract with DPF where the surrender value (i.e. the strike price of the option) is either a fixed amount or a fixed amount plus interest depending on the year in which the contract was issued;
- guaranteed annuity options where the company has guaranteed at the inception of certain contracts that it will be paying a life annuity to the surviving policyholders at their retirement dates which will be calculated using the higher of the current annuity rate at that date or the guaranteed annuity rate set in the contract. The guaranteed rate has fixed at inception both the level of mortality risk and the interest rate that will be used to calculate the annuity payments. "

NOTE TO THE FINANCIAL STATEMENTS

4.2 Credit risk

Credit risk arises from the inability or unwillingness of a counter party to a financial instrument to discharge its contractual obligations. The Group determines counter-party credit quality by reference to ratings from independent ratings agencies or, where such ratings are not available, by internal analysis. The Group seeks to avoid unacceptable concentration of credit risk to groups of counter-parties, to business sectors, product types, etc.

Key areas where the Group is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Amounts due from loans and receivables;
- Amounts due from money market and cash positions

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved by the Management Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group's financial instruments do not represent a concentration of credit risk because the business deals with a variety of reinsurers and its premiums receivable and loans are spread among a number of major industries, customers and geographic areas. Amounts receivable in terms of long-term insurance business are secured by the underlying value of the unpaid policy benefits in terms of the policy contract. An appropriate level of provisioning is maintained.

The Group manages its exposure to credit risk through counterparty risk using established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. The investments portfolio is monitored on a monthly basis.

4.2.1 Maximum exposure to credit risk before collateral and other credit enhancements.

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Cash and bank balances	6,006,807	6,873,981	5,799,468	6,359,793
Investment securities	22,668,096	23,477,498	22,647,623	23,457,026
Trade receivables	41,918	168,658	-	-
Reinsurance assets	53,717	76,772	53,717	76,772
Other receivables	170,470	280,481	161,079	549,634
Statutory deposit	348,965	309,978	200,000	200,000
Staff loans	170,708	159,464	163,207	150,602
Due from policy holders	283,764	267,039	216,951	206,246
	29,744,445	31,613,871	29,242,045	31,000,073

NOTE TO THE FINANCIAL STATEMENTS

4.2.2 Credit quality of financial assets

All assets are classified as "Neither past due nor impaired". Credit quality of trade receivables is summarised as follows:

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Neither past due nor impaired	29,119,503	30,906,887	28,700,808	30,093,591
Individually impaired	624,942	706,984	541,237	906,482
Gross	29,744,445	31,613,871	29,242,045	31,000,073
Less: allowance for impairment	(395,744)	(68,488)	(690,601)	(57,713)
Net	29,348,701	31,545,383	28,551,444	30,942,360

No trade receivable balance was past due but not impaired. The risk associated with other receivables are low.

4.2.3 Credit quality of financial assets neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

Internal credit rating system:

Rating bucket	Description		Range of scores	Probability of default
	Extremely low risk	1.00-1.99	90-100%	1%
AA	Very low risk	2.00-2.99	80-89%	1%
A	Low risk	3.00-3.99	70-79%	1.5%
BBB	Low risk	4.00-4.99	60-69%	2%
BB	Acceptable - moderately high risk	5.00-5.99	50-59%	4%
B	High risk	6.00-6.99	40-49%	6%
CCC	Very high risk	7.00-7.99	30-39%	9%
CC	Extremely high risk	8.00-8.99	10-29%	13%
C	High likelihood of default	9.00-9.99	0-9%	15%
D	Default risk			
D	Sub -standard			25%
D	Doubtful			50%
D	Lost			100%

NOTE TO THE FINANCIAL STATEMENTS

Group

31 December 2017

Policyholder Portfolio

	AAA	AA	A	BB	CC	Total
	(N'000)	(N'000)	(N'000)	(N'000)	(N'000)	(N'000)
Cash and bank balances	6,006,807	-	-	-	-	6,006,807
Marketable investment securities	-	22,668,096	-	-	-	22,668,096
Total	6,006,807	22,668,096	-	-	-	28,674,903

Shareholder Portfolio

Cash and bank balances	-	-	-	-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	53,717	-	-	-	-	53,717
Statutory deposit	348,965	-	-	-	-	348,965
Staff loans	-	170,708	-	-	-	170,708
Due from policy holders	-	-	-	283,764	-	283,764
Total	402,682	170,708	-	283,764	-	857,153

31 December 2016

Policyholder Portfolio

	AAA	AA	A	BB	CC	Total
Cash and bank balances	6,873,981	-	-	-	-	6,873,981
Marketable investment securities	-	23,477,498	-	-	-	23,477,498
Total	6,873,981	23,477,498	-	-	-	30,351,479

Shareholder Portfolio

Cash and bank balances	-	-	-	-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	76,772	-	-	-	-	76,772
Statutory deposit	309,978	-	-	-	-	309,978
Staff loans	-	159,464	-	-	-	159,464
Due from policy holders	-	267,039	-	-	-	267,039

Total	386,750	426,503	-	-	-	813,253
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Company

31 December 2017

Policyholder Portfolio

	AAA	AA	A	BB	CC	Total
	(N'000)		(N'000)			(N'000)
Cash and bank balances	5,799,468	-	-	-	-	-
Marketable investment securities	22,647,623	-	-	-	-	-
Total	28,447,091	-	-	-	-	-

Shareholder Portfolio

Cash and bank balances	-	-	-	-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	53,717	-	-	-	-	53,717
Statutory deposit	200,000	-	-	-	-	200,000
Staff loans	-	163,207	-	-	-	163,207
Due from policy holders	-	-	-	216,951	-	216,951
Total	253,717	163,207	-	216,951	-	633,875

December 2016 (N'000)

Policyholder Portfolio

	AAA	AA	A	BB	CC	Total
Cash and bank balances	6,359,793	-	-	-	-	6,359,793
Marketable investment securities	23,457,026	-	-	-	-	23,457,026
Total	29,816,819	-	-	-	-	29,816,819

Shareholder Portfolio

Cash and bank balances	-	-	-	-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	76,772	-	-	-	-	76,772
Statutory deposit	200,000	-	-	-	-	200,000
Staff loans	-	150,602	-	-	-	150,602
Due from policy holders	-	-	-	206,246	-	206,246
Total	276,772	150,602	-	206,246	-	633,620

NOTE TO THE FINANCIAL STATEMENTS**4.2.4 Concentration of credit risk exposure****a. Geographical sectors**

The concentration of credit risk exposure is all in Nigeria.

b. Industry Sector

The following table breaks down the Group's credit exposure at carrying amounts, as categorised by the industry sectors of the Group's counterparties.

Group	31 December 2017				31 December 2016			
	Premium Receivable N'000	Investment securities N'000	Other receivable N'000	Total N'000	Premium Receivable N'000	Investment securities N'000	Other receivable N'000	Total N'000
Finance and insurance	-	28,674,903	-	28,674,903	-	30,351,479	-	30,351,479
Public sector	-	-	348,965	348,965	-	-	309,978	309,978
Retail	41,918	-	678,659	720,577	168,658	-	783,756	952,414
	41,918	28,674,903	1,027,624	29,744,445	168,658	30,351,479	1,093,734	31,613,871

Company	31 December 2017				31 December 2016			
	Premium Receivable N'000	Investment securities N'000	Other receivable N'000	Total N'000	Premium Receivable	Investment securities	Other receivable	Total
Finance and insurance	-	28,447,091	-	28,447,091	-	29,816,819	-	29,816,819
Public sector	-	-	200,000	200,000	-	-	200,000	200,000
Retail	-	-	594,954	594,954	-	-	983,254	983,254
	-	28,447,091	794,954	29,242,045	-	29,816,819	1,183,254	31,000,073

4.2.5 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position. As at year end, none of these agreement arrangements met the criteria for offsetting in the statement of financial position.

Reinsurance payable and receivables create for the parties to the agreement a right of set-off on recognised amounts that is enforceable only following a predetermined events as stipulated within the treaty agreements. Under the requirements of 'IFRS 4 - Insurance contract', reinsurance assets and liabilities are disclosed gross. Each party to the agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. An event of default includes a failure by a party to make payment when due.

NOTE TO THE FINANCIAL STATEMENTS

**Group
31 December 2017**

**Related amounts not offset in the statement of
financial position**

**Financial assets subject to offsetting, enforceable master
netting arrangements and similar agreements**

	Gross amount of recognised financial asset N'000	Gross amount of financial liabilities offset in the statement of financial position N'000	Net amounts of financial assets presented in the statement financial of position N'000	Financial instruments (including non-cash collateral N'000	Cash collateral received N'000	Net amount N'000
Reinsurance receivables	53,717	-	53,717	-	-	53,717

31 December 2017

**Related amounts not offset in the statement of
financial position**

**Financial liabilities subject to offsetting, enforceable master
netting arrangements and similar agreements**

	Gross amount of recognised financial liabilities N'000	Gross amount of financial assets offset in the statement of financial position N'000	Net amounts of financial liabilities presented in the statement financial of position N'000	Financial instruments (including non-cash collateral N'000	Cash collateral received N'000	Net amount N'000
Reinsurance Payables	-	-	-	-	-	-

31-Dec-16

**Related amounts not offset in the statement of
financial position**

**Financial assets subject to offsetting, enforceable master
netting arrangements and similar agreements**

	Gross amount of recognised financial asset N'000	Gross amount of financial liabilities offset in the statement of financial position N'000	Net amounts of financial assets presented in the statement financial of position N'000	Financial instruments (including non-cash collateral N'000	Cash collateral received N'000	Net amount N'000
Reinsurance receivables	76,772	-	76,772	-	-	76,772

NOTE TO THE FINANCIAL STATEMENTS

31-Dec-16

Related amounts not offset in the statement of
financial positionFinancial liabilities subject to offsetting, enforceable master
netting arrangements and similar agreements

	Gross amount of recognised financial liabilities N'000	Gross amount of financial assets offset in the statement of financial position N'000	Net amounts of financial liabilities presented in the statement financial of position N'000	Financial instruments (including non-cash collateral N'000	Cash collateral received N'000	Net amount N'000
Reinsurance Payables	-	-	-	-	-	-

Company

31 December 2017

Related amounts not offset in the statement of
financial positionFinancial assets subject to offsetting, enforceable master
netting arrangements and similar agreements

	Gross amount of recognised financial asset N'000	Gross amount of financial liabilities offset in the statement of financial position N'000	Net amounts of financial assets presented in the statement financial of position N'000	Financial instruments (including non-cash collateral N'000	Cash collateral received N'000	Net amount N'000
Reinsurance receivables	53,717	-	53,717	-	-	53,717

31 December 2017

Related amounts not offset in the statement of
financial positionFinancial liabilities subject to offsetting, enforceable master
netting arrangements and similar agreements

	Gross amount of recognised financial liabilities N'000	Gross amount of financial assets offset in the statement of financial position N'000	Net amounts of financial liabilities presented in the statement financial of position N'000	Financial instruments (including non-cash collateral N'000	Cash collateral received N'000	Net amount N'000
Reinsurance payables	-	-	-	-	-	-

NOTE TO THE FINANCIAL STATEMENTS**31 December 2016****Related amounts not offset in the statement of financial position****Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements**

	Gross amount of recognised financial asset N'000	Gross amount of financial liabilities offset in the statement of financial position N'000	Net amounts of financial assets presented in the statement of financial position N'000	Financial instruments (including non-cash collateral) N'000	Cash collateral received N'000	Net amount N'000
Reinsurance receivables	76,772	-	-	-	-	-

31 December 2016**Related amounts not offset in the statement of financial position****Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements**

	Gross amount of recognised financial asset N'000	Gross amount of financial liabilities offset in the statement of financial position N'000	Net amounts of financial assets presented in the statement of financial position N'000	Financial instruments (including non-cash collateral) N'000	Cash collateral received N'000	Net amount N'000
Reinsurance payables	-	-	-	-	-	-

4.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the consolidated balance sheet and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the Group will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the undiscounted contractual cashflow at maturity of the financial liabilities and the expected collection date of the financial assets.

All policyholder funds are invested in appropriate assets to meet the reasonable benefit expectations of policyholders, which include the expectation that funds will be available to pay out benefits as required by the policy contract. The disclosure in note 6 demonstrate that the Group has significant liquid resources. The value for policyholders' liabilities and the assets backing them are as per the carrying amount in the statement of the financial position.

NOTE TO THE FINANCIAL STATEMENTS

The maturity profile of the total policyholders' liabilities and assets backing them is shown below:

Group**31 December 2017**

	Carrying amount N'000	0-3 months N'000	3 to 9 months N'000	9 months to 1 year N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade payables	1,177,117	353,135	411,991	411,991	-	-	1,177,117
Other liabilities	1,474,276	294,855	368,569	442,283	368,569	-	1,474,276
Investment linked contract liabilities	4,927,104	739,065	1,231,776	739,065	2,217,197	-	4,927,104
Total financial liabilities	7,578,497	1,387,056	2,012,336	1,593,339	2,585,766	-	7,578,497
Cash and bank balances	6,006,807	6,006,807	-	-	-	-	6,006,807
Marketable investment securities	22,668,096	-	-	1,101,733	2,817,497	18,748,866	22,668,096
Trade receivables	41,918	41,918	-	-	-	-	41,918
Reinsurance assets	53,717	-	-	53,717	-	-	53,717
Other receivables	426,122	102,270	63,918	76,702	85,224	98,008	426,122
Total financial assets	29,196,660	6,150,995	63,918	1,232,152	2,902,721	18,846,874	29,196,660
Net financial assets and liabilities	21,618,163	4,763,939	(1,948,418)	(361,187)	316,955	18,846,874	21,618,163
Insurance contract liabilities - Life fund	(36,378,453)	(1,325,734)	(2,225,932)	(953,971)	(1,779,827)	(30,092,990)	(36,378,453)
Net policyholders assets and liabilities	(14,760,290)	3,438,205	(4,174,349)	(1,315,158)	(1,462,872)	(11,246,116)	(14,760,290)

NOTE TO THE FINANCIAL STATEMENTS

Group

31-Dec-16

	Carrying amount N'000	0-3 months N'000	3 to 9 months N'000	9 months to 1 year N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade payables	1,183,273	354,981	414,146	414,146	-	-	1,183,273
Other liabilities	1,025,939	205,188	256,484	307,782	256,485	-	1,025,939
Investment linked contract liabilities	5,411,398	811,710	1,352,850	811,709	2,435,129	-	5,411,398
Total financial liabilities	7,620,610	1,371,879	2,023,480	1,533,637	2,691,614	-	7,620,610
Cash and bank balances	6,873,981	6,873,981	-	-	-	-	6,873,981
Marketable investment securities	23,477,498	-	-	-	-	23,477,498	23,477,498
Trade receivables	168,658	168,658	-	-	-	-	168,658
Reinsurance assets	76,722	-	-	76,772	-	-	76,772
Statutory Deposit	309,978	-	-	-	-	309,978	309,978
Other receivables	627,960	150,710	94,194	113,033	125,592	144,431	627,960
Total financial assets	31,534,847	7,193,349	94,194	189,805	125,592	23,931,907	31,534,847
Net financial assets and liabilities	23,914,237	5,821,470	(1,929,286)	(1,343,832)	(2,566,022)	23,931,907	23,914,237
Insurance contract liabilities - Life fund	(31,611,594)	(869,364)	(1,521,387)	(652,023)	(1,304,046)	(27,264,775)	(31,611,594)
Net policyholders assets and liabilities	(7,697,357)	4,952,106	(3,450,672)	(1,955,855)	(3,870,068)	(3,332,868)	(7,697,357)

NOTE TO THE FINANCIAL STATEMENTS

Company

31 December 2017

	Carrying amount N'000	0-3 months N'000	3 to 9 months N'000	9 to 1 year N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade payables	914,215	274,265	319,975	319,975	-	-	914,215
Other liabilities	1,101,419	219,951	274,939	329,926	276,603	-	1,101,419
Investment linked contract liabilities	4,927,104	739,065	1,231,776	739,066	2,217,197	-	4,927,104
Total financial liabilities	6,942,738	1,233,281	1,826,690	1,388,967	2,493,800	-	6,942,738
Cash and bank balances	5,799,468	5,799,468	-	-	-	-	5,799,468
Marketable investment securities	22,647,623	-	-	1,101,733	2,817,497	18,728,393	22,647,623
Trade receivables	-	-	-	-	-	-	-
Reinsurance assets	53,717	-	-	53,717	-	-	53,717
Other receivables	342,417	82,180	51,363	61,635	68,483	78,756	342,417
Total financial assets	28,843,225	5,881,648	51,363	1,217,085	2,885,980	18,807,149	28,843,225
Net financial assets and liabilities	21,900,487	4,648,367	(1,775,327)	(171,882)	392,180	18,807,149	21,900,487
Insurance contract liabilities - Life fund	(34,536,368)	(957,317)	(1,581,202)	(677,658)	(1,207,201)	(30,092,990)	(34,536,368)
Net policyholders assets and liabilities	(12,635,881)	3,691,050	(3,356,529)	(849,540)	(815,021)	(11,285,841)	(12,635,881)

NOTE TO THE FINANCIAL STATEMENTS

31 December 2016

	Carrying amount N'000	0-3 months N'000	3 to 9 months N'000	9 to 1 year N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade payables	923,974	277,192	323,391	323,391	-	-	923,974
Other liabilities	616,046	123,209	154,011	184,814	154,012	-	616,046
Investment linked contract liabilities	5,411,398	811,710	1,352,850	811,709	2,435,129	-	5,411,398
Total financial liabilities	6,951,418	1,212,111	1,830,252	1,319,914	2,589,141	-	6,951,418
Cash and bank balances	6,359,793	6,359,793	-	-	-	-	6,359,793
Marketable investment securities	23,457,026	-	-	-	-	23,457,026	23,457,026
Trade receivables	-	-	-	-	-	-	-
Reinsurance assets	76,772	-	-	76,772	-	-	76,772
Other receivables	827,458	198,590	124,119	148,942	165,492	190,315	827,458
Total financial assets	30,721,049	6,558,383	124,119	225,714	165,492	23,647,341	30,721,049
Net financial assets and liabilities	23,769,631	5,346,272	(1,706,133)	(1,094,200)	(2,423,649)	23,647,341	23,769,631
Insurance contract liabilities - Life fund	(30,104,525)	(567,950)	(993,913)	(425,962)	(851,925)	(27,264,775)	(30,104,525)
Net policyholders assets and liabilities	(6,334,894)	4,778,322	(2,700,046)	(1,520,162)	(3,275,574)	(3,617,434)	(6,334,894)

The maturity of non-derivative financial liabilities and financial assets have been compiled based on undiscounted cash flows, which include estimated interest payments.

NOTE TO THE FINANCIAL STATEMENTS

4.4 Capital management policies and procedures

The Group manages its capital to ensure that the company will be able to continue as going concern and comply with the regulators' capital requirements while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's Authorized share capital as at 31 December, 2017 is N10, 292,500,000 (2016: N10, 292,500,000). The company is in compliance with the minimum capital requirement of N2 billion as stipulated by the Insurance Act.

Paid up capital for the reporting periods under review is summarised as follows:

	Group		Company	
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Share capital	10,292,500	10,292,500	10,292,500	10,292,500
Share premium	14,365,133	14,365,133	14,365,133	14,365,133
Contingency reserves	908,259	832,162	839,681	776,327
Fair value reserves	1,004,524	2,083,193	367,862	318,304
Translation reserve	186,441	111,070	-	-
Retained earnings	(27,275,850)	(22,232,954)	(26,146,738)	(22,370,793)
	(518,993)	5,451,104	(281,562)	3,381,471

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Management uses regulatory capital ratios to monitor its capital base. Capital is allocated between specific operations and activities and to a large extent driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each activity is based primarily on the regulatory capital. In some cases, the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations or activities is undertaken independently of those responsible for the operation by a committee.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the company to cover the insurance liabilities. The regulator measures the financial strength of insurance companies using the capital adequacy requirements for the category of company. This test compares insurer's capital against the risk profile.

The Group recorded a negative shareholders fund and negative solvency margin of N511million and N4.9 billion respectively. The company recorded a negative shareholders fund and Solvency Margin of ₦281 Million and ₦5.5 Billion respectively. This is below the minimum regulatory capital of ₦2 Billion required by the National Insurance Commission (NAICOM) for life insurance business. These constitute non-compliance with the regulatory capital requirements. The continuation of the Company's operation is dependent on the ability to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligation as they fall due.

NOTE TO THE FINANCIAL STATEMENTS**Group Hypothecation**

Item	Life	Annuity	Investment Contract	Total (Admissible)
Insurance Contract Liabilities	6,285,463	30,092,990		36,378,453
Investment Contract Liabilities		-	4,927,104	4,927,104
Gross Insurance Funds	6,285,463	30,092,990	4,927,104	41,305,557
Less				
Reinsurance Receivables				
Reinsurers' share of Unearned premium reserve	(5,991)	-		(5,991)
Reinsurers' share of Incurred but not reported claims	(47,726)	-		(47,726)
Others (specify)	=	=	=	=
Net Insurance Funds	6,231,746	30,092,990	4,927,104	41,251,840
Admissible Assets				
Cash and Cash Equivalents	1,317,771	4,269,504	419,532	6,006,807
Treasury bills and Government Bonds	2,316,730	16,256,288	1,293,266	19,866,284
Placement with Financial Institutions	-			-
Corporate Bonds & Debenture		506,893		506,893
Quoted Shares	200,391	-	1,982,530	2,182,921
Unquoted Shares	111,998	-		111,998
Mortgage Loans	-	-		-
Loan to Policy holders	84,944	-		84,944
Investment Properties	2,199,912	2,937,665	1,231,776	6,369,353
Total Admissible Assets	6,231,746	23,970,350	4,927,104	35,129,200
SURPLUS(DEFICIT) IN ASSETS COVER	-	(6,122,640)	-	(6,122,640)

NOTE TO THE FINANCIAL STATEMENTS**Company Hypothecation**

Item	Life	Annuity	Investment Contract	Total (Admissible)
Insurance Contract Liabilities	4,443,378	30,092,990		34,536,368
Investment Contract Liabilities		-	4,927,104	4,927,104
Gross Insurance Funds	4,443,378	30,092,990	4,927,104	39,463,472
Less				
Reinsurance Receivables				
Reinsurers' share of Unearned premium reserve	(5,991)	-		(5,991)
Reinsurers' share of Incurred but not reported claims	(47,726)	-		(47,726)
Net Insurance Funds	4,389,661	30,092,990	4,927,104	39,409,755
Admissible Assets				
Cash and Cash Equivalents	1,110,432	4,269,504	419,532	5,799,468
Treasury bills and Government Bonds	1,414,000	17,159,018	1,293,266	19,866,284
Placement with Financial Institutions	-			-
Corporate Bonds & Debenture		506,893		506,893
Quoted Shares	200,391	-	1,982,530	2,182,921
Unquoted Shares	91,525	-		91,525
Mortgage Loans	-	-		-
Loan to Policy holders	18,131	-		18,131
Investment Properties	1,555,182	2,073,280	1,231,776	4,860,238
Total Admissible Assets	4,389,661	24,008,695	4,927,104	33,325,460
SURPLUS(DEFICIT) IN ASSETS COVER	-	(6,084,295)	-	(6,084,295)

NOTE TO THE FINANCIAL STATEMENTS

The minimum capital required is compared with the equity maintained during the period in the table below:

	31-Dec-17 N'000	31-Dec-2016 N'000
Shareholders' equity	(281,562)	3,381,471
Capital requirement on regulatory basis	2,000,000	2,000,000
Shortfall in Solvency Margin	(5,521,719)	(2,607,672)
Shortfall in Asset cover for contract liabilities	(6,084,295)	(2,233,113)

4.5 Measurement basis of financial assets and liabilities

Group	31 December 2017			31 December 2016		
	Fair Value N'000	Amortised N'000	Total N'000	Fair Value N'000	Amortised N'000	Total N'000
Cash and bank balances	-	6,006,807	6,006,807	-	6,873,981	6,873,981
Investment securities	2,294,919	20,373,177	22,668,096	2,347,163	21,130,335	23,477,498
Trade receivables	-	41,918	41,918	-	168,658	168,658
Reinsurance assets	-	53,717	53,717	-	76,772	76,772
Other asset	-	426,122	426,122	-	627,960	627,960
Statutory deposit	-	348,965	348,965	-	309,978	309,978
Total Financial assets	2,294,919	27,250,706	29,545,625	2,347,163	29,187,684	31,534,847
Financial liabilities						
Trade payable	-	1,177,117	1,177,117	-	1,183,273	1,183,273
Other payables and accruals	-	1,474,276	1,474,276	-	1,025,940	1,025,940
Dividend payable	-	-	-	-	-	-
Investment linked contract liabilities	-	4,927,104	4,927,104	-	5,411,398	5,411,398
Total Financial liabilities	-	7,578,497	7,578,497	-	7,620,611	7,620,611

Company	31 December 2017			31 December 2016		
	Fair Value N'000	Amortised N'000	Total N'000	Fair Value N'000	Amortised N'000	Total N'000
Cash and bank balances	-	5,799,468	5,799,468	-	6,359,793	6,359,793
Investment securities	2,274,446	20,373,177	22,647,623	2,326,691	21,130,335	23,457,026
Trade receivables	-	-	-	-	-	-
Reinsurance assets	-	53,717	53,717	-	76,772	76,772
Other asset	-	342,417	342,417	-	827,458	827,458
Statutory deposit	-	200,000	200,000	-	200,000	200,000
Total Financial assets	2,274,446	26,768,779	29,043,225	2,326,691	28,594,358	30,921,049
Financial liabilities						
Trade payable	-	914,215	914,215	-	923,974	923,974
Other payables and accruals	-	1,101,419	1,101,419	-	616,046	616,046
Dividend payable	-	-	-	-	-	-
Investment linked contract liabilities	-	4,927,104	4,927,104	-	5,411,398	5,411,398
Total Financial liabilities	-	6,942,738	6,942,738	-	6,951,418	6,951,418

4.6 Measurement of financial assets and liabilities at fair value

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. All level 2 valuation were derived using either the net present value and discounted cash flow models or comparison with similar instruments for which market observable prices exist.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers from Level 1 to Level 2 or between level 2 or level 3 of the fair value hierarchy during the year.

NOTE TO THE FINANCIAL STATEMENTS**4.6.1 Fair value of financial assets and liabilities**

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

	Group				Company			
	31 December 2017		31 December 2016		31 December 2017		31 December 2016	
	Carrying value N '000	Fair value N '000	Carrying value N '000	Fair value N '000	Carrying value N '000	Fair value N '000	Carrying value N '000	Fair value N '000
Financial assets								
Statutory deposits	348,965	348,965	309,978	309,978	200,000	200,000	200,000	200,000
Cash and bank balances	6,006,807	6,006,807	6,873,981	6,873,981	5,799,468	5,799,468	6,359,793	6,359,793
<i>Investment securities:</i>		-						-
Held-to-maturity	20,373,177	20,373,177	21,130,335	21,130,335	20,373,177	20,373,177	21,130,335	21,130,335
Available for sale	111,998	111,998	237,477	237,477	91,525	91,525	217,005	217,005
Financial assets designated at fair value	2,182,921	2,182,921	2,109,686	2,109,686	2,182,921	2,182,921	2,109,686	2,109,686
Loans and receivables	84,944	84,944	188,015	188,015	18,131	18,131	127,222	127,222
Trade receivables	41,918	41,918	168,658	168,658	-	-	-	-
Reinsurance assets	53,717	53,717	76,772	76,772	53,717	53,717	76,772	76,772
Other receivables	341,178	341,178	439,945	439,945	324,286	324,286	700,236	700,236
TOTAL	29,545,625	29,545,625	31,534,847	31,534,847	29,043,225	29,043,225	30,921,049	30,921,049
Financial liabilities								
Trade payables	1,177,117	1,177,117	1,183,273	1,183,273	914,215	914,215	923,974	923,974
Other payables and accruals	1,474,276	1,474,276	1,025,940	1,025,940	1,101,419	1,101,419	616,046	616,046
Dividend payable	-	-	-	-	-	-	-	-
Investment linked contract liabilities	4,927,104	4,927,104	5,411,398	5,411,398	4,927,104	4,927,104	5,411,398	5,411,398
TOTAL	7,578,497	7,578,497	7,620,611	7,620,611	6,942,738	6,942,738	6,951,418	6,951,418

NOTE TO THE FINANCIAL STATEMENTS

4.6.2 Minimum Capital requirement

The Group's Authorized share capital as at 31 December, 2017 is N10, 292,500,000 (2016: N10, 292,500,000).

The Solvency Margin for African Alliance Insurance Plc. as at 31 December 2017 is as follows:		N'000	N'000
Admissible Assets			
Cash & Cash Equivalent		5,799,921	
Held to Maturity		20,373,177	
Fair Value Through Profit or Loss		2,182,921	
Available for Sales		91,525	
Loans and Receivable – Assets		-	
Trade Receivable		-	
Reinsurance Assets		53,717	
Other Receivable & Prepayment		163,207	
Investment properties		4,860,238	
Investment in Subsidiary		-	
Investment in Associate		1,605,405	
Deferred Tax Asset		-	
Intangible assets		-	
Property Plant & Equipment		627,276	
Statutory Deposit		200,000	
Total Admissible Assets (a)			35,957,387
Insurance Contract Liabilities		34,536,368	
Investment Contract Liabilities		4,927,104	
Employee Benefit		29,335	
Borrowing		182,714	
Trade Payable		914,215	
Provision & Other Payables		344,085	
Dividend Payable		-	
Provision for Current Tax		545,285	
Total Admissible Liabilities (b)			41,479,106
SOLVENCY MARGIN (a-b)			(5,521,719)
Subject to Higher of:			
15% of Net premium income		936,940	
Or			
Minimum Capital Requirement		2,000,000	2,000,000
Gross Solvency ratio			(276%)
Net Solvency ratio			(376%)

During the year the solvency margin was -276% (2016: -130%).

The company's capital objectives are to ensure that the company is properly capitalized and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

NOTE TO THE FINANCIAL STATEMENTS

Precisely, the company has adopted the following capital management policies:

- (i) Maintenance, as a minimum, of capital sufficient to meet the statutory requirement.
- (ii) An Economic Capital at Risk (ECaR) approach is also used by the management and the board to ensure that obligations to policyholders can be met in adverse circumstances
- (iii) Maintenance of an appropriate level of liquidity at all times. The company further ensures that it can meet its expected capital and financing needs at all times, having regard to business plans to guarantee its going concern status, forecast and any strategic initiatives

Sensitivities

The company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and control are defined. The Enterprise Risk Management committee plays a major role here.

The risk types affecting the surplus capital of the company are market risk, credit risk, liquidity risk, liability risk, business risk and operational risk.

4.6.2 Financial instruments measured at fair value - Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Group**31 December 2017****Financial assets***Investment securities:*

Financial assets designated at fair value through Profit or Loss

Available for sale investment

Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000
2,182,921	-	-	2,182,921
-	-	111,998	111,998
2,182,921	-	111,998	2,294,919

31 December 2016**Financial assets***Investment securities:*

Financial assets designated at fair value through Profit or Loss

Available for sale investment

Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000
2,109,686	-	-	2,109,686
-	-	237,477	237,477
2,109,686	-	237,477	2,347,163

Company**31 December 2017****Financial assets***Investment securities:*

Financial assets designated at fair value through P o L

Available for sale investment

Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000
2,182,921	-	-	2,182,921
-	-	91,525	91,525
2,182,921	-	91,525	2,274,446

31 December 2016**Financial assets***Investment securities:*

Financial assets designated at fair value

Available for sale investment

Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000
2,109,686	-	-	2,109,686
-	-	217,005	217,005
2,109,686	-	217,005	2,326,691

NOTE TO THE FINANCIAL STATEMENTS

4.6.3 Financial instruments not measured at fair value

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

Group

31 December 2017

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000	Total carrying amount N '000
Financial assets					
Cash and bank balances	-	6,006,807	-	6,006,807	6,006,807
<i>Investment securities:</i>					
Held to Maturity	20,373,177			20,373,177	20,373,177
Loans and receivables	-	84,944	-	84,944	84,944
Trade receivables	-	-	-	-	-
Reinsurance assets	-	53,717	-	53,717	53,717
Other receivables	-	341,178	-	341,178	341,178
Statutory deposit	-	348,965	-	348,965	348,965
	20,373,177	6,835,611	-	27,208,788	27,208,788
Financial liabilities					
Trade payables	-	-	1,177,117	1,177,117	1,177,117
Other liabilities	-	-	1,474,276	1,474,276	1,474,276
Investment linked contract liabilities	-	-	4,927,104	4,927,104	4,927,104
	-	-	7,578,497	7,578,497	7,578,497

Group

31 December 2016

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000	Total carrying amount N '000
Financial assets					
Cash and bank balances		6,873,981	-	6,873,981	6,873,981
<i>Investment securities:</i>					
Held to Maturity	21,130,335			21,130,335	21,130,335
Loans and receivables		188,015	-	188,015	188,015
Trade receivables	-	168,658	-	168,658	168,658
Reinsurance assets	-	76,772	-	76,772	76,772
Other receivables	-	439,945	-	439,945	439,945
Statutory deposit	-	309,978	-	309,978	309,978
	21,130,335	8,057,349	-	29,187,684	29,187,684
Financial liabilities					
Trade payables	-	-	1,183,273	1,183,273	1,183,273
Other liabilities	-	-	1,025,940	1,025,940	1,025,940
Investment linked contract liabilities	-	-	5,411,398	5,411,398	5,411,398
	-	-	7,620,611	7,620,611	7,620,611

NOTE TO THE FINANCIAL STATEMENTS
Company
31 December 2017

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000	Total carrying amount N '000
Financial assets					
Cash and bank balances		5,799,468	-	5,799,468	5,799,468
<i>Investment securities:</i>					-
Held to Maturity	20,373,177			20,373,177	20,373,177
Loans and receivables	-	18,131	-	18,131	18,131
Trade receivables	-	-	-	-	-
Reinsurance assets	-	53,717	-	53,717	53,717
Other receivables	-	324,286	-	324,286	324,286
Statutory deposit	-	200,000	-	200,000	200,000
	20,373,177	6,395,602	-	26,768,779	26,768,779
Financial liabilities					
Trade payables	-	-	914,215	914,215	914,215
Other liabilities	-	-	1,101,419	1,101,419	1,101,419
Investment linked contract liabilities		-	4,927,104	4,927,104	4,927,104
	-	6,942,738	-	6,942,738	6,942,738

31 December 2016

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total fair value N '000	Total carrying amount N '000
Financial assets					
Cash and bank balances		6,359,793	-	6,359,793	6,359,793
<i>Investment securities:</i>					-
Held to Maturity	21,130,335			21,130,335	21,130,335
Loans and receivables	-	127,222	-	127,222	127,222
Trade receivables	-	-	-	-	-
Reinsurance assets	-	-	-	-	-
Other receivables	-	700,236	-	700,236	700,236
Statutory deposit	-	200,000	-	200,000	200,000
	21,130,335	7,387,251	-	28,517,586	28,517,586
Financial liabilities					
Trade payables	-	-	923,974	923,974	923,974
Other liabilities	-	-	616,046	616,046	616,046
Investment linked contract liabilities	-	-	5,411,398	5,411,398	5,411,398
	-	6,951,417	-	6,951,417	6,951,417

There was no transfer between levels during the year under review.

Financial instruments in level 3

The financial instruments in level 3 above comprise unquoted equity instruments. The following table shows a reconciliation from the beginning balances to the ending balances for financial instruments in level 3 of the fair value hierarchy.

	Group		Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Balance at 1 January	237,478	210,438	217,005	189,965
Acquisitions	32,500	-	32,500	-
Impairment (charge)/write back	(114,287)	27,040	(114,287)	27,040
Reclassification				
Disposal	(44,343)		(44,343)	
Fair value changes	650		650	
Balance at 31 December	111,998	237,478	91,525	217,005

The unquoted equity instruments are carried at fair value (2016: carried at fair value) using market approach. The company has engaged the services of an investment manager for the purpose of disposing of the investments.

NOTE TO THE FINANCIAL STATEMENTS

4.6.4 Fair valuation methods and assumptions

i. Cash & cash equivalent

This represents cash held in various bank accounts at the end of the period. The fair value of this amount is the carrying amount.

ii. Held to maturity

The held to maturity financial assets are based on market prices, or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

iii. Loans and receivables

For loans and receivables exceeding 12 months, the estimated fair values of the loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. For loans and receivables with maturity period of below 12 months, no discounting was applied.

iv. Other receivables

Other assets represent amount due from reinsurers and other related parties have a short recycle period and as such the fair values of these balances approximate their carrying amount.

v. Statutory deposit

This represents the deposit held by Central bank of Nigeria. i.e. 10% of the minimum capitalisation in compliance with the section 9(1) and section 10(3) of insurance Act 2003. The fair value of this balance is approximately its carrying amount.

vi. Trade payables

These represent amount payable to reinsurers and other creditors have a short recycle period and as such the fair values of these balances approximate their carrying amount.

vii. Other liabilities

These are amounts outstanding and are payable within a period of one year. Amount outstanding are assumed to approximate their respective fair values.

viii. Insurance contract liabilities

These are amounts payable to policyholders in the event of a claim. The carrying amount have been calculated by the actuary and the carrying amount represents the fair value as at 31 December, 2017.

5 Critical accounting estimates and judgements

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

NOTE TO THE FINANCIAL STATEMENTS**5.1 The ultimate liability arising from claims made under insurance contracts**

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

5.2 Sources of uncertainty in the estimation of future claim payments

Claims on contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

Uncertainty in the estimation of future benefits payments and premium receipts for insurance contracts arises from the unpredictability of long-term changes in variables such as the overall levels of mortality, accident level and the variability in policyholder behaviour.

The insurance liabilities have been made on the following principles:-

Type of Business	Valuation Method
Individual Risk Business	Gross premium
Individual Deposit Based business	Deposit reserve: Account balance at val. Date Risk reserve: Gross premium
Group Life	UPR + IBNR
Group Deposit Administration	Deposit reserve: Account balance at val. Date (

5.2.1 Individual business

A gross premium method is adopted for individual traditional risk business. This is a monthly cash flow approach taking into account the incidence of all expected future cash flows including office premiums, expenses and benefit payments, satisfying the Liability Adequacy Test. This implies that no further testing is required as a result of the implementation of the IFRS; or in other words the liability adequacy test has been met implicitly and a separate liability calculation will not be required for accounting purposes.

Negative reserves will be zeroised at the valuation date.

5.2.2 Individual Deposit Based business

A reserve for the Individual and group deposit-based business (Deposit Plus Plan) will be maintained being the amount standing to the credit of the policyholders (account balance) at the valuation date.

Reserves for the supplementary life cover and expenses for individual deposit based business will be calculated using a gross premium cash flow approach as described in above. This is the present value of future guaranteed risk related benefit costs and expenses, less future risk premiums

5.2.3 Group life

Reserves for Group Life business will comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims.

NOTE TO THE FINANCIAL STATEMENTS

The UPR will represent the unexpired portion of the premium for each scheme, net of an expense margin reflecting the acquisition cost loadings. The adequacy of the UPR will be tested by comparing against an Additional Unexpired Risk Reserve (AURR), which will be calculated using pooled industry claims data for the underlying assumptions. An AURR will be held in cases where the UPR is deemed insufficient to meet claims in respect of the unexpired period.

A loss ratio approach will be used for IBNR reserving, where the underlying claim rates are based on an analysis of historical group life claims experience, with judgement adopted where required.

No separate reserve is proposed for claims handling costs for Group Life business as these are typically insignificant in size. Any costs incurred are absorbed as part of the general business management costs.

5.3 Process used to decide on assumptions

5.3.1 Valuation interest rate:

The valuation interest rate is based on current market risk-free yields with adjustments. The use of a risk-free rate also implies that future investment margins (in excess of the risk-free return) will not be capitalised upon, which satisfies paragraph 27 of IFRS 4. Further the result is a "fair value" liability calculation which aids the comparability of accounts between insurers.

Net valuation interest rate of 13.5% & 13% pa were adopted for annuity and other long term businesses, which has been applied as a single long term rate of return. As at 31 December, 2017 FGN bond yields of duration between 5 and 20 years were round 14%. The 20 year FGN bond yield was 14%. By comparison long term bonds were yielding 15.5% at December 2016.

For the purpose of determining the valuation interest rate, we have considered a 0.25% prudent margin against the long term yield to arrive at a gross valuation interest rate of 13.75%. This makes some allowance for the volatility and liquidity of the "risk free" yields.

Type of Business	Rate	
	Risk	Annuity
Average yield based on a long-term FGN bonds	14.00%	14.00%
Less Prudent Margin	(0.25)%	(0.25)%
Less Reinvestment Risk Margin	0.00%	(0.25)%
Gross Valuation Interest rate	13.75%	13.50%
Less tax (6%)	-0.81%	0.00%
Net Valuation Interest Rate	12.94%	13.50%
Rates Adopted	13.00%	13.50%

The valuation interest rates for the individual risk products are as follows:

Type of Business	Current Valuation	Previous valuation
Risk products	13.00%	14.65%
Risk reserves for deposit-based policies	13.00%	14.65%
Pension Annuity	13.50%	15.50%

NOTE TO THE FINANCIAL STATEMENTS**5.3.2 Expenses**

The Group makes provisions for expenses in its mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling its long-term insurance contracts. IFRS 4 explicitly requires the consideration of claims handling expenses.

Future maintenance expenses

The regulatory maintenance expenses are derived from the best estimate maintenance expenses plus a prudence margin for adverse deviations. The best estimate maintenance expenses are calculated using the sum of the following:

- (1) Per policy maintenance charges
- (2) Allocated operating expenses

The valuation expense assumptions are as follows:

Type of Business	Current Valuation N'per policy	Previous valuation N'per policy
Individual Life	12,200	11,000
Deposit Based Policies	12,200	11,000
Annuities	12,200	11,000

5.3.3 Expense Inflation

The above expenses are subject to inflation at 11.0% pa. Consumer Price Inflation at 31 December 2017 was 15.37%. Both the expense inflation and expense assumption will be actively reviewed in subsequent valuations once more experience data and an expense analysis is made available.

5.3.4 Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Group's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year.

The A67/70 (Assured Lives 1967-70) mortality table without adjustment was adopted in the valuation. A mortality study was conducted in 2011 using industry mortality experience data which demonstrated a good fit to the A67/70 table.

For annuity, we have adopted the UK Pensioner table PA (90) with age rating of -1.

5.3.5 Withdrawals

Surrenders are acceptable under the Endowment life assurance portfolio after policies have been in force for a pre-defined length of time (at which policies become eligible to receive a surrender value payout).

5.3.7 Group life businesses

Unexpired premium reserves (UPR) are reduced by a margin representing acquisition expenses, as these have been loaded into rates yet they have already been incurred. The acquisition expense ratio of 20% of gross premium was adopted. Group Life commission is currently paid at 9% of premium and a NAICOM (regulatory) fee is payable at 1% of premium. The remaining 10% of premium reflects the loading for additional acquisition expenses.

NOTE TO THE FINANCIAL STATEMENTS

5.3.8 Reinsurance agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. All reserves have been reported gross of reinsurance, with the value of the reinsurance asset reported separately.

5.3.9 Changes in assumptions

The Group did not change its assumptions for the insurance contracts.

5.4 Insurance and Market risk sensitivities

The sensitivity analysis of insurance and market risk is used as it provides a detailed understanding of the risks inherent in the business and to help develop a risk monitoring and management framework to ensure the risks remain within limits, taking into account the available capital and shareholder risk tolerance levels.

The "Assumption Changes" component of the analysis of change in the table below shows the impact on liabilities of the actual assumption changes made over the year.

The sensitivity analysis was performed using the under-listed variables:

- a) Valuation interest (discount) rate +/-1%
- b) Expenses +/- 10%
- c) Expense inflation +/-2%
- d) Mortality +/-5% (including Group Life)

NOTE TO THE FINANCIAL STATEMENTS

2017	Base	VIR		Expenses		Expense Inflation		Mortality	
N'000		1%	-1%	10%	-10%	2%	-2%	5%	-5%
Individual Risk Reserves	2,768,669	2,655,603	2,893,010	2,815,966	2,721,918	2,804,028	2,737,154	2,773,038	2,764,325
PRA regulated annuity	30,092,990	28,598,392	31,752,240	30,225,582	29,960,399	30,372,764	29,880,328	30,279,733	29,912,742
Investment linked contracts	4,927,104	4,927,104	4,927,104	4,927,104	4,927,104	4,927,104	4,927,104	4,927,104	4,927,104
Group Life – UPR	215,912	215,912	215,912	215,912	215,912	215,912	215,912	215,912	215,912
Group Life – AURR	27,658	27,658	27,658	27,658	27,658	27,658	27,658	27,658	27,658
Group Life - IBNR	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146
Additional reserves:	275,803	275,803	275,803	275,803	275,803	275,803	275,803	275,803	275,803
Reinsurance	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)
Net Liability	39,301,565	37,693,901	41,085,156	39,481,454	39,122,222	39,616,698	39,057,388	39,492,677	39,116,972
% change in Net Liability		-4%	5%	0%	0%	1%	-1%	0%	0%
Assets	39,429,680	39,429,680	39,429,680	39,429,680	39,429,680	39,429,680	39,429,680	39,429,680	39,429,680
Surplus/(deficit)	128,115	1,735,779	- 1,655,476	(51,774)	307,458	(187,018)	372,292	- 62,997	312,708
Surplus/(deficit)									

	Base	VIR		Expenses		Expense Inflation		Mortality	
		1%	-1%	10%	-10%	2%	-2%	5%	-5%
Individual Risk Reserves	2,768,669	2,655,603	2,893,010	2,815,966	2,721,918	2,804,028	2,737,154	2,773,038	2,764,325
PRA regulated annuity	30,092,990	28,598,392	31,752,240	30,225,582	29,960,399	30,372,764	29,880,328	30,279,733	29,912,742
Individual DA	1,684,688	1,684,688	1,684,688	1,684,688	1,684,688	1,684,688	1,684,688	1,684,688	1,684,688
Group DA	3,242,415	3,242,415	3,242,415	3,242,415	3,242,415	3,242,415	3,242,415	3,242,415	3,242,415
Group Life – UPR	215,912	215,912	215,912	215,912	215,912	215,912	215,912	215,912	215,912
Group Life – AURR	27,658	27,658	27,658	27,658	27,658	27,658	27,658	27,658	27,658
Group Life - IBNR	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146	1,047,146
Additional reserves:	275,803	275,803	275,803	275,803	275,803	275,803	275,803	275,803	275,803
Reinsurance	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)	(53,717)
Net Liability	39,301,565	37,693,901	41,085,156	39,481,454	39,122,222	39,616,698	39,057,388	39,492,677	39,116,972
% change in Net Liability		-4.1%	4.5%	0.5%	-0.5%	0.8%	-0.6%	0.5%	-0.5%

Assumptions have been flexed on the basis used to calculate the value of in-force (VIF) business and the realistic and statutory reserving bases. The mortality sensitivity shows the impact of reducing and increasing mortality rates on business to 95% and 105% respectively of the base rates. The expense inflation sensitivity result shows the impact of reducing and increasing expense inflation rates on business to 98% and 102% respectively of the base rates.

The expense sensitivity result shows the impact of reducing and increasing maintenance & acquisition expenses rates to 90% and 110% respectively of the base rates. Valuation Interest rate sensitivity result shows the impact of reducing and increasing valuation interest rate to 99% and 101% respectively of the base rates.

NOTE TO THE FINANCIAL STATEMENTS**SEGMENT REPORTING****Identification of reportable segments**

The business activities of African Alliance Insurance Plc. Group are first organized by product and type of service: life insurance activities, catering activities and air freight activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (or loss) before income taxes, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments under IFRS 8 are therefore as follows:

- Life business
- Catering
- Air freight business
- Property and real estate management

Life Business

The Life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from provision of group life policies, traditional life policies with a segment of investment linked and annuity policies. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

Catering

This reportable segment offers a wide variety of services for majorly corporate customers. The services offered generally consists of in-flight catering, hotel support services, onsite blue - chip corporate staff catering, indoor events catering and other restaurants related services. The main source of income in this segment is income earned from restaurant operations

Air Freight

This reportable segment is a private company who provides cargo air transportation through relevant leasing arrangement.

Property and real estate management

This reportable segment provides relevant real estate management services business of property development, rental and management

Segment revenues and results

The following is an analysis of the group revenue and results from continuing operations by reportable segment

	Segment revenue		Segment profit /(loss)	
	Year ended	Year ended	Year ended	Year ended
	31 Dec	31 Dec	31 Dec	31 Dec
	2017	2016	2017	2016
	N'000	N'000	N'000	N'000
Life business	7,626,710	14,068,406	(8,318,488)	400,762
Catering	-	9,730	-	1,006
Air Freight	-	-	(143,969)	(143,969)
Property and real estate management	-	-	-	-
	<u>7,626,710</u>	<u>14,078,136</u>	<u>(8,462,457)</u>	<u>257,799</u>
Other income			135,929	34,156
Impairment charges			(1,608,472)	90,821
Net (loss)/ gain on liquidated subsidiaries			(335,149)	-
Fair value gain/(loss) on investment properties			1,127,970	700,844
Fair value through profit or loss			73,235	(12,098)
Investment income			3,224,550	3,200,027
Loss from investment contracts			(115,222)	(695,504)
Share of profit of equity accounted investee			641,546	484,311
Other operating and administrative expenses			(1,531,845)	(1,285,501)
Finance cost			(5,179)	-
Profit before tax (continuing operations)			<u>(6,855,094)</u>	<u>2,774,855</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year.

NOTE TO THE FINANCIAL STATEMENTS

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit before tax carried by each segment without allocation of other operating administration costs and director's salaries, share of profit of associates, investment income, other gains and losses as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets

	31-Dec-17 N'000	31-Dec-16 N'000
Life business	43,822,536	42,102,481
Catering	-	1,032,448
Air Freight	8,110	1,443,241
Property and real estate management	-	1,070,000
	<u>43,830,646</u>	<u>45,648,170</u>

Segment liabilities

Life business	44,007,984	39,626,765
Catering	-	85,447
Air Freight	461,955	458,937
Property and real estate management	-	14,596
	<u>44,469,939</u>	<u>40,185,745</u>

Other segment information

	Depreciation and amortisation		Additions to non- current assets	
	Year ended 31 Dec 2017 N'000	Year ended 31 Dec 2016 N'000	Year ended 31 Dec 2017 N'000	Year ended 31 Dec 2016 N'000
Life business	154,252	134,757	66,103	72,242
Catering	4,985	2,605	-	-
Air Freight	143,969	143,969	-	-
Property and real estate management	26,383	26,383	-	-
	<u>329,589</u>	<u>307,714</u>	<u>66,103</u>	<u>72,242</u>

In addition to the depreciation and amortisation reported above, impairment losses of N1.18 Billion (2016: nil) were recognised in respect of property, plant and equipment. The impairment loss was attributable to the following reportable segment.

Impairment loss recognised for the year in respect of property, plant and equipment

	N'000
Air Freight	<u>1,188,240</u>

NOTE TO THE FINANCIAL STATEMENTS

6 Cash and cash equivalent

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Cash in bank (note 6.1)	1,566,445	1,389,282	1,054,474	1,499,757	1,326,316	1,025,057
Short-term bank deposits	4,440,362	5,484,699	3,107,402	4,299,711	5,033,477	2,746,579
	<u>6,006,807</u>	<u>6,873,981</u>	<u>4,161,876</u>	<u>5,799,468</u>	<u>6,359,793</u>	<u>3,771,636</u>

6.1 Cash in bank

Included in the cash and bank is the sum of N14.14 Million received from Frenchies Food Nigeria Limited upon liquidation of the subsidiary during the year.

6.2 Cash and cash equivalent for the purpose of cashflow

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Cash in bank	1,566,445	1,389,282	1,054,474	1,499,757	1,326,316	1,025,057
Short-term bank deposits	4,440,362	5,484,699	3,107,402	4,299,711	5,033,477	2,746,579
Bank overdraft	(65,566)	(67,110)	(25,564)	-	-	-
	<u>5,941,241</u>	<u>6,806,871</u>	<u>4,136,312</u>	<u>5,799,468</u>	<u>6,359,793</u>	<u>3,771,636</u>

NOTE TO THE FINANCIAL STATEMENTS

7 Financial assets

7.1 Financial assets at fair value through profit and loss

These are quoted equities in the Nigerian Stock Exchange, the fair value were determined by reference to the quoted closing bid price at the end of the reporting year derived as follows:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Quoted equity securities	<u>2,182,921</u>	<u>2,109,686</u>	<u>2,121,784</u>	<u>2,182,921</u>	<u>2,109,686</u>	<u>2,121,784</u>
7.1i Movement in FVTPL - Quoted equities						
At 1 January	2,109,686	2,121,784	2,146,276	2,109,686	2,121,784	2,146,276
Addition	-	-	1,460	-	-	1,460
Disposal	-	-	(5,317)	-	-	(5,317)
Fair value changes	<u>73,235</u>	<u>(12,098)</u>	<u>(20,635)</u>	<u>73,235</u>	<u>(12,098)</u>	<u>(20,635)</u>
At 31 December	<u>2,182,921</u>	<u>2,109,686</u>	<u>2,121,784</u>	<u>2,182,921</u>	<u>2,109,686</u>	<u>2,121,784</u>

7.2 Available-for-sale

The fair value of some of the unlisted equity instrument could not be reliably determined at the end the reporting period. As such, those unlisted equity instruments have been accounted at cost less impairment. Management believes that the recoverable amount of the unlisted investment is not significantly different from the carrying amount.

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Equity securities	<u>111,998</u>	<u>237,477</u>	<u>210,437</u>	<u>91,525</u>	<u>217,005</u>	<u>189,965</u>

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
7.2i Movement in AFS - Equity securities						
At 1 January	237,477	210,437	135,272	217,005	189,965	114,800
Additions	32,500	-	-	32,500	-	-
Impairment (charge)/write back	(114,287)	27,040	59,625	(114,287)	27,040	59,625
Reclassification from other receivables	-	-	15,540	-	-	15,540
Disposal	(44,342)	-	-	(44,343)	-	-
Fair value changes	650	-	-	650	-	-
At 31 December	111,998	237,477	210,437	91,525	217,005	189,965
7.2ii Equity Securities						
Cost (Note 7.2iii)	1,412,774	1,424,616	1,424,616	1,392,301	1,404,144	1,404,144
Impairment allowance (Note 7.2iii)	(1,301,426)	(1,187,139)	(1,214,179)	(1,301,426)	(1,187,139)	(1,214,179)
Fair value	650	-	-	650	-	-
	111,998	237,477	210,437	91,525	217,005	189,965
Debt Securities						
Cost	1,787	1,787	1,787	1,787	1,787	1,787
Impairment allowance	(1,787)	(1,787)	(1,787)	(1,787)	(1,787)	(1,787)
At 31 December	-	-	-	-	-	-

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
7.2iii Movement in cost - equity securities						
At 1 January	1,424,616	1,424,616	1,234,076	1,404,144	1,404,144	1,213,604
Reclassification from other receivables	-	-	190,540	-	-	190,540
Additions	32,500	-	-	32,500	-	-
Disposal	(44,342)	-	-	(44,343)	-	-
At 31 December	<u>1,412,774</u>	<u>1,424,616</u>	<u>1,424,616</u>	<u>1,392,301</u>	<u>1,404,144</u>	<u>1,404,144</u>
Movement in impairment allowance						
At 1 January	1,187,139	1,214,179	1,098,804	1,187,139	1,214,179	1,098,804
Reclassification from other receivables	-	-	175,000	-	-	175,000
Additional charge	114,287	-	-	114,287	-	-
Writeback of impairment	-	(27,040)	(59,625)	-	(27,040)	(59,625)
At 31 December	<u>1,301,426</u>	<u>1,187,139</u>	<u>1,214,179</u>	<u>1,301,426</u>	<u>1,187,139</u>	<u>1,214,179</u>

7.3 Held to maturity

Held to maturity investments are measured at amortised cost using the effective interest method and assessed for impairment for uncollectibility at the end of each reporting period.

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Government and corporate bonds	<u>20,373,177</u>	<u>21,130,335</u>	<u>16,122,295</u>	<u>20,373,177</u>	<u>21,130,335</u>	<u>16,122,295</u>

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
7.4 Loans and receivables						
Long term loans	3,000	3,000	3,000	3,000	3,000	3,000
Mortgage loans	15,120	15,120	15,120	15,120	15,120	15,120
Policy loans	199,872	184,347	121,022	133,059	123,554	95,970
Short term loans	65,772	64,572	66,344	65,772	64,572	66,344
	<u>283,764</u>	<u>267,039</u>	<u>205,486</u>	<u>216,951</u>	<u>206,246</u>	<u>180,434</u>
Impairment allowance (7.4i)	<u>(198,820)</u>	<u>(79,024)</u>	<u>(85,092)</u>	<u>(198,820)</u>	<u>(79,024)</u>	<u>(85,092)</u>
	<u>84,944</u>	<u>188,015</u>	<u>120,394</u>	<u>18,131</u>	<u>127,222</u>	<u>95,342</u>
7.4i Impairment allowance in loans and receivable						
The movement in impairment allowance is as detailed below						
At 1 January	79,024	85,092	77,092	79,024	85,092	77,092
Impairment charge/ (write off)	<u>119,796</u>	<u>(6,068)</u>	<u>8,000</u>	<u>119,796</u>	<u>(6,068)</u>	<u>8,000</u>
At 31 December	<u>198,820</u>	<u>79,024</u>	<u>85,092</u>	<u>198,820</u>	<u>79,024</u>	<u>85,092</u>
8 Trade receivables						
Premium receivables	41,918	121,274	11,999	-	-	-
Trade debtors	58,159	58,159	58,738	-	-	-
Impairment allowance	<u>(58,159)</u>	<u>(10,775)</u>	<u>(10,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>41,918</u>	<u>168,658</u>	<u>59,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Movement in impairments of trade receivables						
At 1 January	10,775	10,775	10,775	-	-	-
Additional charge during the year	<u>47,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>58,159</u>	<u>10,775</u>	<u>10,775</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE TO THE FINANCIAL STATEMENTS

9 Reinsurance assets: This is analysed as follows

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Reinsurance share of claims Incurred But Not Reported (IBNR) (note 9 (i))	47,726	71,241	31,710	47,726	71,241	31,710
Prepaid reinsurance (note 9(ii))	5,991	5,531	2,629	5,991	5,531	2,629
	<u>53,717</u>	<u>76,772</u>	<u>34,339</u>	<u>53,717</u>	<u>76,772</u>	<u>34,339</u>
9 (i) Movement in reinsurance share of claims Incurred But Not Reported (IBNR)						
At 1 January	71,241	31,710	23,239	71,241	31,710	23,239
Changes during the year	(23,515)	39,531	8,471	(23,515)	39,531	8,471
At 31 December	<u>47,726</u>	<u>71,241</u>	<u>31,710</u>	<u>47,726</u>	<u>71,241</u>	<u>31,710</u>
9 (ii) Prepaid reinsurance						
At 1 January	5,531	2,629		5,531	2,629	
Additions in the year	49,863	53,346		49,863	53,346	
Amortised in the year-reinsurance expense (see note 31)	(49,403)	(50,444)		(49,403)	(50,444)	
At 31 December	<u>5,991</u>	<u>5,531</u>		<u>5,991</u>	<u>5,531</u>	

NOTE TO THE FINANCIAL STATEMENTS

10 Other receivables and prepayments

The balance is analysed as follows:

	31-Dec-17	Group 31-Dec-16	1-Jan-16	31-Dec-17	Company 31-Dec-16	1-Jan-16
	N'000	N'000	N'000	N'000	N'000	N'000
Due from agents	63,343	50,346	51,549	60,290	46,875	49,691
Investment income receivable	43,295	77,026	537,556	26,121	26,121	511,357
Prepayment rent	46,892	57,948	60,774	46,892	57,948	60,774
Prepayment – others	88,235	106,441	137,590	26,305	31,056	57,324
Staff mortgage loans & receivables	170,708	159,464	151,273	163,207	150,602	142,554
Deposit for Investment (note 10.2)	120,061	120,061	165,061	150,626	120,061	165,061
Due from related company (note 10.3)	1,608,522	1,608,522	1,608,522	2,016,861	2,018,937	2,014,781
Deposit for aircraft	737,200	737,200	737,200	-	-	-
Long outstanding placements	50,375	-	-	50,375	-	-
Stock of raw materials & consumables	8,165	10,867	7,030	1,149	4,674	2,957
Staff share loans (note 10.1a)	2,131,790	2,131,870	2,133,439	2,131,790	2,131,870	2,133,439
Other receivables	90,061	58,904	7,535	79,740	49,381	-
	<u>5,158,647</u>	<u>5,118,649</u>	<u>5,597,529</u>	<u>4,753,356</u>	<u>4,637,525</u>	<u>5,137,938</u>
Impairment allowance (note 10.1b)	<u>(4,817,469)</u>	<u>(4,678,704)</u>	<u>(4,736,418)</u>	<u>(4,429,070)</u>	<u>(3,937,289)</u>	<u>(3,995,003)</u>
	<u>341,178</u>	<u>439,945</u>	<u>861,111</u>	<u>324,286</u>	<u>700,236</u>	<u>1,142,935</u>
Current	324,286	381,997	-	-	642,288	-
Non-current	<u>16,892</u>	<u>57,948</u>	-	<u>324,286</u>	<u>57,948</u>	-
	<u>341,178</u>	<u>439,945</u>	-	<u>324,286</u>	<u>700,236</u>	-

NOTE TO THE FINANCIAL STATEMENTS

10.1a Staff Share Loan:

This amount is made up of African Alliance Company Plc share purchased during the private placement exercise on behalf of staff of the company and repayment from staff is ongoing

10.1b The Movement in impairment allowance is as follows:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
At 1 January	4,678,704	4,736,418	4,911,418	3,937,289	3,995,003	4,170,003
Impairment charge/(written back) for the year	138,765	(57,714)	-	491,781	(57,714)	-
Reclassification to available for sale	-	-	(175,000)	-	-	(175,000)
At 31 December	<u>4,817,469</u>	<u>4,678,704</u>	<u>4,736,418</u>	<u>4,429,070</u>	<u>3,937,289</u>	<u>3,995,003</u>

This represents impairment allowance on Other receivable balances assessed as past due the settlement dates and determined to be individually impaired as at 31 December 2017.

1	Due from Agents	32,751	This relates to advances granted agents for marketing, recovery is ongoing
2	Investment income receivables	26,121	This relates to accrued interest on investment
3	Staff mortgage loans and receivables	48,185	This amount represents outstanding loan balances for exited staffs
4	Deposit for investment	120,061	This relates to investment in First Ghana Building company limited (N120million), Fountain trust limited (N36,000), Golden securities limited (N25,000)
5	Due from related company	2,019,787	This relates to advances granted Axiom Air, a subsidiary of the Company
6	Long outstanding placement	50,375	This relates to unpaid interest for which the company is pursuing recovery
7	Staff share loans	2,131,790	This amount is made up of African Alliance Company Plc share purchased during the private placement exercise on behalf of staff of the company
		<u>4,429,070</u>	

African Alliance Insurance Plc

*Consolidated and Separate Financial Statements
For the year ended 31 December 2017*

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
10.2 Deposits for shares/Investment						
First Ghana Building Company Limited, Ghana	120,000	120,000	120,000	120,000	120,000	120,000
Paramount Hotel, Ghana	-	-	45,000	-	-	45,000
Fountain Trust Limited	36	36	36	36	36	36
Golden Securities Limited	25	25	25	25	25	25
Ghana Life Insurance Limited	-	-	-	30,565	-	-
	120,061	120,061	165,061	150,626	120,061	165,061
10.3 Due from related company						
African Alliance Holding Limited	8,150	8,150	8,150	8,150	8,150	8,150
Universal Insurance Plc (note 10.3b)	1,600,267	1,600,267	1,600,267	1,600,267	1,600,267	1,600,267
Frenchies Foods Limited (note 10.3a)	-	-	-	-	3,576	920
Axiom Air Limited	-	-	-	408,339	406,839	405,338
African Alliance Trustees Limited	105	105	105	105	105	105
	1,608,522	1,608,522	1,608,522	2,016,861	2,018,937	2,014,780

10.3a Included in due from related companies are balances held with Frenchies Food Limited, Axiom air in the prior year which were liquidated as a result of suspension of business operations of the two (2) subsidiaries during the year.

10.3b This represents the balance of shares subscribed by Universal Insurance Company Plc on behalf of its staff during the private placement exercise of African Alliance Insurance Plc in year 2008. Universal Insurance Plc is a listed company on the Nigerian Stock Exchange and has common core investors with African Alliance Insurance Plc. This balance has been fully provisioned in these financial statements. Universal Insurance Plc has requested for the cancellation of the shares as it cannot afford to pay for them. The process of cancellation is currently on-going.

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
10.4 Movement in impairment allowance						
At 1 January	1,608,417	1,608,417	1,608,417	1,608,417	1,608,417	1,608,417
Impairment charge for the year	105	-	-	411,370	-	-
At 31 December	1,608,522	1,608,417	1,608,417	2,019,787	1,608,417	1,608,417
11 Deferred acquisition costs						
(i) Analysis by product class						
Group Life	-	15,717	7,392	-	15,717	7,392
Current	-	15,717	7,392	-	15,717	15,717
(ii) Movement in Deferred Acquisition Cost						
At 1 January	15,717	7,392	917	15,717	7,392	917
Acquisition cost during the year	215,097	222,029	279,954	215,097	222,029	279,954
Amortised in the year-acquisition expenses	(230,814)	(213,704)	(273,479)	(230,814)	(213,704)	(273,479)
At 31 December	-	15,717	7,392	-	15,717	7,392

NOTE TO THE FINANCIAL STATEMENTS

			Group			Company	
12	Investment properties	31-Dec-17 N'000	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000	1-Jan-16 N'000
	At 1 January	7,772,882	6,785,365	6,610,976	6,616,999	6,058,586	5,868,188
	Acquisition	2,000	1,513	9,564	2,000	1,513	9,564
	Exchange difference adjustment	134,501	285,160	(119,506)			
	Acquisition through disposal of subsidiaries	1,757,250	-	-	1,757,250	-	-
	Fair value gain on revaluation	1,127,970	700,844	284,331	909,239	556,900	180,834
	At 31 December	10,794,603	7,772,882	6,785,365	9,285,488	6,616,999	6,058,586

Of the investment properties, the following relates to insurance Funds:

Insurance funds	4,860,238
Shareholders' funds	<u>4,425,250</u>
	<u>9,285,488</u>

- 12.1** Properties belonging to Frenchies Limited and Africa Alliance Realty Limited located at 29A Akin Adesola Street, Victoria Island Lagos and 112 Broad Street, Lagos respectively were transferred to Africa Alliance Insurance Plc on 31 December 2017 upon liquidation of the respective subsidiaries. The properties were valued at N767,250,000 and N990,000,000 as at 31 December 2017 respectively. The properties were valued by A.C. Otegbulu & Partners Estate surveyors & Valuers, a registered member of Financial Reporting Council of Nigeria (FRCN/2013/NIESV/0000001582), in December, 2017 on the basis of determining the forced sale value of the investment properties. The forced sale value of all the properties were determined using recent comparable market prices.

The properties are held for long term capital appreciation and rental income.

NOTE TO THE FINANCIAL STATEMENTS

12.2 A brief descriptions of the properties held by the company are as follows:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Breadfruit Street Marina Lagos	1,918,000	1,778,000	1,620,000	1,918,000	1,778,000	1,620,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,821,000	2,571,000	2,306,000	2,821,000	2,571,000	2,306,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	763,000	710,000	650,186	763,000	709,999	650,186
Sani Abacha Estate, Abuja	837,000	784,000	723,000	837,000	784,000	723,000
73 Oyemekun street, Akure	22,000	20,000	19,000	22,000	20,000	19,000
Property at Lekki Phase 1	140,300	140,000	143,400	140,300	140,000	143,400
Property at Lekki Seagate	86,000	82,000	78,000	86,000	82,000	78,000
Property at Millennium Housing estate	91,000	92,000	83,000	91,000	92,000	83,000
34 Marple street, London	761,938	360,000	360,000	761,938	360,000	360,000
4 bedroom duplex, Ajah road, Ajah, Lagos	88,000	80,000	76,000	88,000	80,000	76,000
29A Akin Adesola Street, Victoria Island, Lagos	767,250	-	-	767,250	-	-
112 Broad Street, Lagos	990,000	-	-	990,000	-	-
Land & Residential properties held in Ghana Life Insurance	1,509,115	1,155,882	726,779	-	-	-
	<u>10,794,603</u>	<u>7,772,882</u>	<u>6,785,365</u>	<u>9,285,488</u>	<u>6,616,999</u>	<u>6,058,586</u>

NOTE TO THE FINANCIAL STATEMENTS

A brief descriptions of the properties held by the company in its name are as follows:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Breadfruit Street Marina Lagos	1,918,000	1,778,000	1,620,000	1,918,000	1,778,000	1,620,000
Property at Millennium Housing estate	91,000	92,000	83,000	91,000	92,000	83,000
34 Marple street, London	761,938	360,000	360,000	761,938	360,000	360,000
4 bedroom duplex, Ajah road, Ajah, Lagos	88,000	80,000	76,000	88,000	80,000	76,000
73 Oyemekun street, Akure	22,000	20,000	19,000	22,000	20,000	19,000
Property at Lekki Phase 1	140,300	140,000	143,400	140,300	140,000	143,400
Property at Lekki Seagate	86,000	82,000	78,000	86,000	82,000	78,000
112, Broad Street, Lagos	990,000	-	-	990,000	-	-
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	763,000	710,000	650,186	763,000	709,999	650,186
	4,860,238	3,262,000	3,029,586	4,860,238	3,261,999	3,029,586

***A brief descriptions of the
properties held by
the company in the name of Conau
Limited are as follows:***

Land at Pankere Village, Abijo, Ibeju Lekki	2,821,000	2,571,000	2,306,000	2,821,000	2,571,000	2,306,000
Land & Residential properties held in Ghana Life Insurance	1,509,115	1,155,882	726,779			
29A, Akin Adesola Street, Victoria Island	767,250	-	-	767,250	-	-
Sani Abacha Estate, Abuja	837,000	784,000	723,000	837,000	784,000	723,000
	5,934,365	4,510,882	3,755,779	4,425,250	3,355,000	3,029,000
Total investment property	10,794,603	7,772,882	6,785,365	9,285,488	6,616,999	6,058,586

NOTE TO THE FINANCIAL STATEMENTS

12.3 INVESTMENT PROPERTIES NOT IN THE NAME OF AFRICAN ALLIANCE AS AT YEAR END 31 DECEMBER, 2017

PROPERTIES	TITLE OF DOCUMENTS	DATE OF ACQUISITION	TITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT N'000
Land at Pankere Village, Abijo, Ibeju Lekki	Deed of Assignment & Governor's Consent for Application to assignment between Land Owner and Conau Limited	Year 2008	N/A	Abijo GRA Ibeju Lekki, Lagos state	2,821,000
Duplex at Sani Abacha Estate, Abuja	Deed of Assignment between Federal Republic of Nigeria represented by EFCC and Conau Limited	Year 2008	N/A	2220 Suez Canal Crescent Sani Abacha Estate, Abuja	837,000
Building At 29a Akin Adesola Street, VI, Lagos	Lagos State Government Land Certificate and Deed of Assignment	Year 2017 - By transfer from Subsidiary	Lagos State Land Registry L07425	29a Akin Adesola Street, VI, Lagos	767,250

NOTE TO THE FINANCIAL STATEMENTS

INVESTMENT PROPERTIES IN THE NAME OF AFRICAN ALLIANCE AS AT YEAR END 31 DECEMBER, 2017

PROPERTIES	TITLE OF DOCUMENTS	DATE OF ACQUISITION	TITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT N'000
Property Breadfruit Street Marina Lagos	Lagos State Government Land Certificate and Deed of Assignment	Year 1960	L03746	13/17 Breadfruit Street, Lagos	1,918,000
Property Rumuogba Layout, Aba road, Port Harcourt	Deed of Assignment & Certificate of Occupancy	Year 2008	N/A	Plot C4, Rumuogba Layout, Aba road, Port Harcourt	763,000
73 Oyemekun street, Akure	Certificate of Right of Occupancy	Year 1983	N/A	73 Oyemekun street, Akure	22,000
Land at Lekki Phase 1	Certificate of Occupancy	Year 1991	N/A	Lekki Peninsular, CBD, Phase 1 Lekki	140,300
Land at Lekki Seagate	Deed of Sub-Lease	Year 1991	60/60/990 AK	Plot 15 & 17 Seagate estate Phase 1 Lekki Peninsula Eti-Osa Lagos	86,000
Property at Millennium Housing estate	Lagos State Government Allocation Letter	Year 2004	N/A	Block B House 9B Oba Adeyinka Oyekan Housing Estate Lekki, Lagos	91,000
Property 34 Marple street, London	Land Title Land Registry Croydon Office London	Year 2009	N/A	34 Marple street, London, (W1T 6HD)	761,938
4 bedroom duplex, Ajah road, Ajah, Lagos	Deed of Assignment	Year 2009	N/A	Lekki Epe Expressway, Ajah Town, Lagos	88,000
Property 112 Broad Street, Lagos	Lagos State Government Land Certificate and Deed of Assignment	Year 1961	L03990	112 Broad Street, Lagos	990,000

NOTE TO THE FINANCIAL STATEMENTS

13 Investment in subsidiary

The company's investment in subsidiary is as stated below:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
African Alliance Realty Company Limited (Note 13a)	-	-	-	-	53	53
Frenchies Foods Nigeria Limited (Note 13b)	-	-	-	-	1,053,950	1,053,950
Axiom Air Limited (Note 13c)	-	-	-	3,000,000	3,000,000	3,000,000
Ghana Life Insurance Company Limited (Note 13d)	-	-	-	1,770,741	1,770,741	1,590,000
	-	-	-	4,770,741	5,824,744	5,644,003
Impairment allowance (note 13e)	-	-	-	(4,216,936)	(4,286,445)	(4,286,445)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,805</u>	<u>1,538,299</u>	<u>1,357,558</u>

13a African Alliance Realty Company Limited: -

The amount represents 100% holding in the company wholly owned by African Alliance Insurance Company Plc. The company was established to engage in the business of property development, rental and management. During the year, the company was liquidated and all known assets and liabilities were absorbed by the parent company, African Alliance Insurance Plc.

13b Frenchies Foods Nigeria Limited: -

This is a wholly owned subsidiary of the company. The company is in the business of restaurant and catering services. During the year, the company was liquidated and all known assets and liabilities were absorbed by the parent company, African Alliance Insurance Plc.

13c Axiom Air Limited: -

The company was incorporated on 17 July 2008 to carry on the business of airline owners and management, provide air transport for public use; to provide all necessary and/or desirable services incidental to this objective, including booking, reservation, routing and ticketing services, baggage management, flight catering and entertainment and provision of hotel accommodation. The company is wholly owned.

NOTE TO THE FINANCIAL STATEMENTS

13d Ghana Life Insurance Company Limited

The company is a subsidiary of African Alliance Insurance Plc. The company is domiciled in Ghana and is permitted by its regulation to carry on the business of life insurance.

Movement in the investment in Ghana life is as follows:

	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
At 1 January	1,770,741	1,590,000	1,590,000
Reclassification from deposit for investments (note 10.5)	-	39,300	-
Capital injection	-	141,441	-
	<u>1,770,741</u>	<u>1,770,741</u>	<u>1,590,000</u>
At 31 December			

13e Movement in impairment allowance in investment

At 1 January	4,286,445	4,286,445	4,286,445
Impairment written back for the year (note 38)	(69,509)	-	-
	<u>4,216,936</u>	<u>4,286,445</u>	<u>4,286,445</u>
At 31 December			

Movement in impairment charge

	At 1 Jan 2017 N'000	Additional charge N'000	At 31 Dec 2017 N'000
African Alliance Realty Company Limited	-	-	-
Frenchies Foods Nigeria Limited	464,616	(464,616)	-
Axiom Air Limited	3,000,000	-	3,000,000
Ghana Life Insurance Company	821,829	395,107	1,216,936
	<u>4,286,445</u>	<u>(69,509)</u>	<u>4,216,936</u>

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
14 Investment In associate						
Investment in Pension Alliance Limited	<u>1,605,405</u>	<u>1,341,159</u>	<u>1,234,148</u>	<u>1,605,405</u>	<u>1,341,159</u>	<u>1,234,148</u>
The movement in investment in associate is as follow:						
At 1 January	1,341,159	1,234,148	1,229,864	1,341,159	1,234,148	1,229,864
Effect of prior year errors			(221,282)			(221,282)
Share of profit after taxation: @ 49%	641,546	484,311	481,699	641,546	484,311	481,699
Less: Dividend received	<u>(377,300)</u>	<u>(377,300)</u>	<u>(256,133)</u>	<u>(377,300)</u>	<u>(377,300)</u>	<u>(256,133)</u>
At 31 December	<u>1,605,405</u>	<u>1,341,159</u>	<u>1,234,148</u>	<u>1,605,405</u>	<u>1,341,159</u>	<u>1,234,148</u>

This represents the Company's 49% holding in Pensions Alliance Limited. The associated company is engaged in the provision of pension services in accordance with the Pension Reform Act. The financial year end of the company is 31 December.

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Pension Alliance Limited						
Current assets	<u>3,155,413</u>	<u>2,699,694</u>	<u>2,673,746</u>	<u>3,155,413</u>	<u>2,699,694</u>	<u>2,673,746</u>
Non-current assets	<u>1,215,642</u>	<u>737,905</u>	<u>555,001</u>	<u>1,215,642</u>	<u>737,905</u>	<u>555,001</u>
Current liabilities	<u>(520,902)</u>	<u>(408,044)</u>	<u>(432,370)</u>	<u>(520,902)</u>	<u>(408,044)</u>	<u>(432,370)</u>
Non-current liabilities	<u>(573,815)</u>	<u>(292,495)</u>	<u>(277,707)</u>	<u>(573,815)</u>	<u>(292,495)</u>	<u>(277,707)</u>

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Pension Alliance Limited						
Revenue	4,303,148	3,385,662	3,038,414	4,303,148	3,385,662	3,038,414
Profit (loss) for the year	1,309,278	988,390	983,059	1,309,278	988,390	983,059
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	1,309,278	988,390	983,059	1,309,278	988,390	983,059
Dividend received from the associate during the year	(377,300)	(377,300)	(256,133)	(377,300)	(377,300)	(256,133)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pension Alliance Limited recognised in the consolidated financial statements

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Net assets of the associate	3,276,338	2,737,060	2,518,670	3,276,338	2,737,060	2,518,670
Proportion of the Group's ownership interest in Pensions Alliance Limited	49%	49%	49%	49%	49%	49%
Carrying amount of the net assets	1,605,405	1,341,159	1,234,148	1,605,405	1,341,159	1,234,148

15 Intangible assets

	Group				Company	
	Deferred Expenditure N'000	Software in Progress N'000	Computer Software N'000	Total N'000	Computer Software N'000	Total N'000
Cost						
At 1 January 2017	11,252	12,626	87,898	111,776	73,450	73,450
Additions		-	30,199	30,199	9,588	9,588
At 31 December 2017	11,252	12,626	118,097	141,975	83,038	83,038
Amortisation						
At 1 January 2017	5,993	-	49,653	55,646	45,427	45,427
Charge for the year	3,863		18,507	22,370	16,698	16,698
At 31 December 2017	9,856	-	68,160	78,016	62,125	62,125
Net book amount						
At 31 December 2017	1,396	12,626	49,937	63,959	20,913	20,913
At 31 December 2016	5,259	12,626	38,245	56,130	28,023	28,023

NOTE TO THE FINANCIAL STATEMENTS

15.1 Intangible asset

	Group				Company	
	Deferred Expenditure N'000	Software in Progress N'000	Computer Software N'000	Total N'000	Computer Software N'000	Total N'000
Cost						
At 1 January 2016	11,252	12,626	85,652	109,530	71,204	71,204
Additions	-	-	2,246	2,246	2,246	2,246
At 31 December 2016	11,252	12,626	87,898	111,776	73,450	73,450
Amortisation						
At 1 January 2016	2,813	-	40,305	43,118	37,568	37,568
Charge for the year	3,180	-	9,348	12,528	7,859	7,859
At 31 December 2016	5,993	-	49,653	55,646	45,427	45,427
Net book amount						
At 31 December 2016	5,259	12,626	38,245	56,130	28,023	28,023
At 1 January 2016	8,439	12,626	45,347	66,412	33,636	33,636

NOTE TO THE FINANCIAL STATEMENTS

16 Property and equipment

Group									
	Land N'000	Building N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Computer Equipment N'000	Office Equipment N'000	Plant & Machinery N'000	Aircraft N'000	Total N'000
Cost									
At 1 January 2017	62,000	3,319,487	478,541	155,789	164,097	121,617	16,022	2,281,122	6,598,675
Additions	-	472	-	7,030	24,301	4,101	-	-	35,904
Disposal	-	-	(15,480)	(2,778)	(8,782)	(639)	-	-	(27,679)
Arising on liquidation of subsidiaries (note 12.1)	-	(1,757,250)	(2,091)	(6,259)	-	-	(6,851)	-	(1,772,451)
Exchange adjustment	-	78,160	-	-	-	-	-	-	78,160
Revaluation	-	(289,768)	-	-	-	-	-	-	(289,768)
At 31 December 2017	62,000	1,351,101	460,970	153,782	179,616	125,079	9,171	2,281,122	4,622,841
Depreciation and impairment									
At 1 January 2017	-	173,399	314,604	88,499	102,576	53,453	16,022	948,913	1,697,466
Charge for the year	-	46,228	72,470	11,179	22,474	10,899	-	143,969	307,219
Disposal	-	-	(15,480)	(2,778)	(8,779)	(639)	-	-	(27,676)
Exchange adjustment	-	405	-	-	-	-	-	-	405
Liquidation of subsidiaries	-	-	(2,091)	(6,259)	-	-	(6,851)	-	(15,201)
Revaluation	-	(193,722)	-	-	-	-	-	-	(193,722)
Impairment allowance* (note 38)	-	-	-	-	-	-	-	1,188,240	1,188,240
At 31 December 2017	-	26,310	369,503	90,641	116,271	63,713	9,171	2,281,122	2,956,731
Net book amount									
At 31 December 2017	62,000	1,324,791	91,467	63,141	63,345	61,366	-	-	1,666,110
At 31 December 2016	62,000	3,146,087	163,936	67,290	61,521	68,164	-	1,332,209	4,901,209

* The aircraft registered under Axiom Air Limited is currently grounded.

NOTE TO THE FINANCIAL STATEMENTS

16.1 Property and equipment

	Land N'000	Building N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Computer Equipment N'000	Office Equipment N'000	Plant & Machinery N'000	Aircraft N'000	Total N'000
Cost									
At 1 January 2016	62,000	2,922,755	450,071	149,472	144,115	110,155	16,022	2,281,122	6,135,712
Additions	-	907	28,680	7,853	20,170	12,386	-	-	69,996
Disposal	-	-	(210)	(1,536)	(188)	(924)	-	-	(2,858)
Revaluation	-	234,030	-	-	-	-	-	-	234,030
Exchange difference adjustment	-	161,795	-	-	-	-	-	-	161,795
At 31 December 2016	62,000	3,319,487	478,541	155,789	164,097	121,617	16,022	2,281,122	6,598,675
Depreciation									
At 1 January 2016	-	164,767	243,432	79,749	84,175	44,237	16,022	804,944	1,437,326
Charge for the year	-	40,820	71,382	10,286	18,589	10,140	-	143,969	295,186
Disposal	-	-	(210)	(1,536)	(188)	(924)	-	-	(2,858)
Revaluation	-	(33,078)	-	-	-	-	-	-	(33,078)
Exchange difference adjustment	-	890	-	-	-	-	-	-	890
At 31 December 2016	-	173,399	314,604	88,499	102,576	53,453	16,022	948,913	1,697,466
Net book amount									
At 31 December 2016	62,000	3,146,088	163,937	67,290	61,521	68,164	-	1,332,209	4,901,209
At 31 December 2015	62,000	2,757,988	206,639	69,723	59,940	65,918	-	1,476,178	4,698,386

NOTE TO THE FINANCIAL STATEMENTS

16.4 Property and equipment

Company

	Land	Building N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Computer Equipment N'000	Office Equipment N'000	Total N'000
Cost							
At 1 January 2017	62,000	345,400	323,584	104,454	126,641	121,617	1,083,696
Additions	-	-	-	4,330	19,176	4,100	27,606
Disposal	-	-	(15,480)	(2,778)	(8,782)	(639)	(27,679)
Arising on Liquidation	-	-	(2,091)	(6,259)	-	-	(8,350)
Revaluation	-	48,908	-	-	-	-	48,908
At 31 December 2017	62,000	394,308	306,013	99,747	137,035	125,078	1,124,181
Depreciation							
At 1 January 2017	-	19,400	225,109	60,052	78,369	53,453	436,383
Charge for the year	-	6,908	53,366	8,201	17,174	10,899	96,548
Disposal	-	-	(15,480)	(2,778)	(8,779)	(639)	(27,676)
Arising on Liquidation	-	-	(2,091)	(6,259)	-	-	(8,350)
Revaluation	-	-	-	-	-	-	-
At 31 December 2017	-	26,308	260,904	59,216	86,764	63,713	496,905
Net book amount							
At 31 December 2017	62,000	368,000	45,109	40,531	50,271	61,365	627,276
At 31 December 2016	62,000	326,000	98,475	44,402	48,272	68,164	647,313

NOTE TO THE FINANCIAL STATEMENTS

16.5 Property and equipment

	Land	Building N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Computer Equipment N'000	Office Equipment N'000	Total N'000
Cost							
At 1 January 2016	62,000	301,373	323,794	99,223	111,419	110,155	1,007,964
Additions	-	-	-	6,767	15,410	12,386	34,563
Disposal	-	-	(210)	(1,536)	(188)	(924)	(2,858)
Revaluation	-	44,027	-	-	-	-	44,027
							-
At 31 December 2016	62,000	345,400	323,584	104,454	126,641	121,617	1,083,696
Depreciation							
At 1 January 2016	-	13,373	169,233	53,779	64,379	44,237	345,001
Charge for the year	-	6,027	56,086	7,809	14,178	10,140	94,240
Disposal	-	-	(210)	(1,536)	(188)	(924)	(2,858)
At 31 December 2016	-	19,400	225,109	60,052	78,369	53,453	436,383
Net book amount							
At 31 December 2016	62,000	326,000	98,475	44,402	48,272	68,164	647,313
At 31 December 2015	62,000	288,000	154,561	45,444	47,040	65,918	662,963

NOTE TO THE FINANCIAL STATEMENTS

17 Statutory deposit

This represents 10% of the regulatory minimum share capital deposited with the Central Bank of Nigeria as at 31 December 2017 in accordance with the requirement of section a(i) and section 10(3) of Insurance Act. Interest Income earned on this deposit is included in investment income.

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Statutory deposit	<u>348,965</u>	<u>309,978</u>	<u>222,597</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Non-current	<u>348,965</u>	<u>309,978</u>	<u>222,597</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

**18 Insurance contract liabilities
GROSS**

Outstanding claims (see note i)	52,446	44,949	25,165	52,446	32,652	16,960
Unearned premiums (see note ii)	243,570	203,792	658,567	243,570	203,792	658,567
Short term insurance contract - Claims incurred but not reported (IBNR) (see note iii)	1,047,146	475,896	493,872	1,047,146	475,896	493,872
Liability on annuity fund (see note iv)	30,092,990	27,264,774	22,493,885	30,092,990	27,264,774	22,493,885
Liability on long term insurance contract - Life fund	<u>4,942,301</u>	<u>3,622,183</u>	<u>2,949,291</u>	<u>3,100,216</u>	<u>2,127,411</u>	<u>2,111,321</u>
<i>Total Insurance liabilities (Gross)</i>	<u>36,378,453</u>	<u>31,611,594</u>	<u>26,620,780</u>	<u>34,536,368</u>	<u>30,104,525</u>	<u>25,774,605</u>
Current	1,343,162	4,990,814		4,431,843	4,329,920	
Non-current	<u>35,035,291</u>	<u>26,620,780</u>		<u>30,104,525</u>	<u>25,774,605</u>	
	<u>36,378,453</u>	<u>31,611,594</u>		<u>34,536,368</u>	<u>30,104,525</u>	

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Recoverable from reinsurers						
Claims reported and loss adjustment expenses				-	-	
Unearned premiums	5,991	5,531	2,629	5,991	5,531	2,629
IBNR on Short term insurance contract	47,726	71,241	31,710	47,726	71,241	31,710
<i>Total reinsurers' share of insurance liabilities</i>	<u>53,717</u>	<u>76,772</u>	<u>34,339</u>	<u>53,717</u>	<u>76,772</u>	<u>34,339</u>
NET						
Claims reported and loss adjustment expenses	52,446	44,949	25,165	52,446	32,652	16,960
Unearned premiums	237,579	198,261	655,938	237,579	198,261	655,938
Claims incurred but not reported on Short term insurance contract	999,420	404,655	462,162	999,420	404,655	462,162
Liability on annuity fund	30,092,990	27,264,774	22,493,885	30,092,990	27,264,774	22,493,885
Liability on long term insurance contract (Life fund)	4,942,301	3,622,183	2,949,291	3,100,216	2,127,411	2,111,321
<i>Total Insurance liabilities (Net)</i>	<u>36,324,736</u>	<u>31,534,822</u>	<u>26,586,441</u>	<u>34,482,651</u>	<u>30,027,753</u>	<u>25,740,266</u>

NOTE TO THE FINANCIAL STATEMENTS

- (i) The movement in outstanding claims during the year was as follows:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
At 1 January	44,949	25,165	32,652	16,960
Additions claims incurred during the year (see note 33a)	9,153,934	7,188,601	8,116,299	6,585,430
Exchange difference arising from translation	-	3,120	-	-
Claims paid during the year	(9,146,437)	(7,171,937)	(8,096,505)	(6,569,738)
At 31 December	52,446	44,949	52,446	32,652

- (ii) The movement in unearned premium during the year:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
At 1 January	203,792	658,567	203,792	658,567
Change during the year	39,778	(454,775)	39,778	(454,775)
At 31 December	243,570	203,792	243,570	203,792

- (iii) The movement in IBNR claims on Short term insurance during the year was as follows:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
At 1 January	475,896	493,872	475,896	493,872
Change during the year	571,250	(17,976)	571,250	(17,976)
At 31 December	1,047,146	475,896	1,047,146	475,896

- (iv) The movement in annuity fund during the year was as follows:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
At 1 January	27,264,774	22,493,885	27,264,774	22,493,885
Change during the year	2,828,216	4,770,889	2,828,216	4,770,889
At 31 December	30,092,990	27,264,774	30,092,990	27,264,774

The Company had 7,351 (2016: 7,164) PRA regulated annuity policies with annual annuity payments of N4,309,316,838 (2016: N4,229,730,659). Each annuity policy was valued using a monthly discounted cashflow method with the reserves set to equal the present value of future annuity payments and attending expenses. We have recognised the annuity guaranteed minimum payment period in our calculations.

Valuation interest rate used is based on current market risk-free yields with adjustments. This is in line with the requirements of IFRS 4 (Paragraph 24). The use of a risk-free rate implies that future investment margins (in excess of the risk-free return) will not be capitalised upon, which satisfies paragraph 27 of IFRS 4.

Illustrated below is the movement of the annuity portfolio for the group and company for the year 2017 and 2016.

	31 December 2017		31 December 2016	
	Number of annuity policies	Annual Annuity premium N'000	Number of annuity policies	Annual Annuity premium N'000
At 1 January	7,164	4,229,731	5,120	2,886,535
Additions	257	117,775	2,150	1,297,359
Deaths	(70)	(39,197)	(66)	(31,375)
Maturity	-	-	(3)	(794)
Forfeiture or lapse	-	-	(37)	(10,459)
Prior Year Adjustment	-	1,008	-	88,465
At 31 December	7,351	4,309,317	7,164	4,229,731

NOTE TO THE FINANCIAL STATEMENTS**Mortality Assumptions**

The following sample average expectation of life were assumed.

Age	31 December 2017 Expectation of life (in years)		31 December 2016 Expectation of life (in years)	
	Male	Female	Male	Female
50	29	34	29	34
60	20	25	20	25
70	14	17	14	17
80	8	10	8	10

(v) The movement in life fund contract (excluding annuity) during the year was as follows:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
At 1 January	3,622,183	2,949,291	2,127,411	2,111,321
Exchange difference from translation	168,654	350,324	-	-
Change during the year	1,151,464	322,568	972,805	16,090
At 31 December	4,942,301	3,622,183	3,100,216	2,127,411

(vi) Insurance contract liabilities at the end of the year were as follows:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Outstanding claims	52,446	44,949	52,446	32,652
Unearned premiums	243,570	203,792	243,570	203,792
Short term insurance contract- IBNR	1,047,146	475,896	1,047,146	475,896
Liability on long term annuity contract - Life fund	30,092,990	27,264,774	30,092,990	27,264,774
Liability on annuity fund	4,942,301	3,622,183	3,100,216	2,127,411
	36,378,453	31,611,594	34,536,368	30,104,525

Estimates of incurred but not reported (IBNR) claims liability for short term insurance contract, calculation of unearned premium, estimates on liability on annuity fund and long term insurance contract for life business was developed by the management of the company with the use of a professional actuary (Ernst & Young), certified firm of actuaries. The valuation report was authorised by Mr. Okpaise Olurotimi with FRC Registration Number: FRC/2012/NAS/00000000738.

NOTE TO THE FINANCIAL STATEMENTS

19 Investment contract liabilities

The investment contract liabilities comprise interest-linked guaranteed investment funds. The movement in the investment contract liabilities is shown below:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
At 1 January	5,411,398	4,408,274	4,446,262	5,411,398	4,408,274	4,446,262
(Excess)/Shortfall in deposit administration (note 19.1)	(59)	591,769	-	(59)	591,769	-
Deposits received during the year	350,617	889,783	1,900,481	350,617	889,783	1,900,481
Withdrawals during the year	(950,525)	(597,962)	(2,146,654)	(950,525)	(597,962)	(2,146,654)
Guaranteed interest in the year	115,673	119,534	208,185	115,673	119,534	208,185
At 31 December	<u>4,927,104</u>	<u>5,411,398</u>	<u>4,408,274</u>	<u>4,927,104</u>	<u>5,411,398</u>	<u>4,408,274</u>
Non-current	<u>4,927,104</u>	<u>5,411,398</u>	<u>4,408,274</u>	<u>4,927,104</u>	<u>5,411,398</u>	<u>4,408,274</u>

Investment contract liabilities consist of group deposit administered funds and account balance of policy holders under investment linked insurance funds. Movement in the relevant funds are detailed below

- 19.1** The excess/shortfall in deposit administration is as a result of errors in data after necessary reconciliation was done. The shortfall was observed after necessary review by the actuaries and thus was adjusted for in statement of profit or loss.

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
19.2 Liabilities on administered deposits						
At 1 January	4,074,884	3,528,836	3,682,841	4,074,884	3,528,836	3,682,841
(Excess)/Shortfall in deposit administration (note 19.1)	(59)	591,769	-	(59)	591,769	-
Deposits received during the year	19,580	204,020	1,083,876	19,580	204,020	1,083,876
Withdrawals during the year	(944,101)	(354,301)	(1,429,803)	(944,101)	(354,301)	(1,429,803)
Guaranteed interest in the year	92,111	104,560	191,922	92,111	104,560	191,922
At 31 December	<u>3,242,415</u>	<u>4,074,884</u>	<u>3,528,836</u>	<u>3,242,415</u>	<u>4,074,884</u>	<u>3,528,836</u>

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
19.3 Investment linked fund						
At 1 January	1,336,514	879,438	763,421	1,336,514	879,438	763,421
Deposits received during the year	331,096	685,763	816,606	331,096	685,763	816,606
Withdrawals during the year	(6,483)	(243,661)	(716,852)	(6,483)	(243,661)	(716,852)
Guaranteed interest in the year	23,562	14,974	16,263	23,562	14,974	16,263
At 31 December	<u>1,684,689</u>	<u>1,336,514</u>	<u>879,438</u>	<u>1,684,689</u>	<u>1,336,514</u>	<u>879,438</u>

The actuarial estimation of investment liabilities and the risk liabilities components was developed by the management of the company with the use of a professional actuary (Ernst & Young), certified firm of actuaries. The valuation report was authorised by Mr. Okpaise Olurotimi with FRC Registration Number: FRC/2012/NAS/00000000738.

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
20 Trade payable						
Unallocated premium deposits(note 20a)	921,594	928,687	1,364,675	912,942	923,974	1,356,657
Due to co-underwriters	937	-	57,329	937	-	56,957
Trade creditors	254,586	254,586	172,055	336	-	-
	<u>1,177,117</u>	<u>1,183,273</u>	<u>1,594,059</u>	<u>914,215</u>	<u>923,974</u>	<u>1,413,614</u>
Current	<u>1,177,117</u>	<u>1,183,273</u>	<u>1,594,059</u>	<u>914,215</u>	<u>923,974</u>	<u>1,413,614</u>

NOTE TO THE FINANCIAL STATEMENTS

- 20a.** The amount represent premium deposits for which policy holders are yet to be identified due to inadequate information. The Company has already set up a committee to review it and make recommendations to Management. Please see below the age analysis of the payables.

S/N	Age of Premium Deposit	31-Dec-17 N'000
1	0 – 90 days	-
2	91 – 180 days	-
3	181 – 270 days	-
4	271 – 365 days	-
5	366 days and above	912,942

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
21 Other payables and accruals						
Due to related party	105,442	105,442	116,442	13,758	13,758	24,758
Agent savings	127,228	123,269	98,147	121,003	115,173	92,401
PAYE and other withholding taxes payable	111,195	105,480	104,671	73,342	59,192	58,383
Provisions and accruals	80,051	65,073	53,878	10,719	18,477	13,626
Rent receivable	60,763	88,119	8,259	57,392	76,958	-
Due to Conau Limited (note 21.1)	30,565	-	-	30,565	-	-
Other creditors	48,021	48,359	106,098	37,306	7,624	86,798
Current (Payable within the period)	<u>563,265</u>	<u>535,742</u>	<u>487,495</u>	<u>344,085</u>	<u>291,182</u>	<u>275,966</u>

21.1 Due to Conau Limited

This amount represents a short bridged loan of \$100,000 from Conau Limited for a period of 90 days during the year. The amount was borrowed and subsequently transferred to Ghana Life Insurance Plc as capital injection. The amount was recorded in the company's books as deposit for shares in Ghana Life.

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
22.1 Retirement benefit asset	<u>(7,063)</u>	<u>-</u>	<u>-</u>	<u>(7,063)</u>	<u>-</u>	<u>-</u>
22.2 Retirement benefit liabilities						
Staff pension scheme	29,335	27,857	40,095	29,335	7,937	20,175
Staff defined benefit plan	<u>-</u>	<u>31,687</u>	<u>32,283</u>	<u>-</u>	<u>31,687</u>	<u>32,283</u>
	<u>29,335</u>	<u>59,544</u>	<u>72,378</u>	<u>29,335</u>	<u>39,624</u>	<u>52,458</u>

NOTE TO THE FINANCIAL STATEMENTS

22i Staff defined benefit plan

The amounts recognised in the balance sheet are as follows:

	Company	
	31-Dec-17 N'000	31-Dec-16 N'000
Defined benefit obligation	281,368	277,007
Fair value of plan assets	(288,431)	(245,320)
Net (asset)/liability	(7,063)	31,687
Reconciliation of Obligation		
At 1 January	277,007	254,414
Current service cost	100,182	24,707
Interest cost	-	30,344
Re-measurement (gains)/losses	-	(32,458)
Contribution from plan participants	10,919	-
Benefits paid	(106,740)	-
At 31 December	281,368	277,007
Reconciliation of Plan Assets		
At 1 January	245,320	222,130
Contributions from the employer	9,524	13,340
Contributions from plan participants	9,369	9,171
Return on assets	34,218	679
Benefits paid by Association	(10,000)	-
At 31 December	288,431	245,320
Income Statement		
Current service cost	100,182	24,707
Interest cost	-	30,344
Included in staff costs	100,182	55,051

The assets of the African Alliance Insurance Gratuity Scheme were invested as follows:	31 Dec 2017	31 Dec 2016
Fixed Deposit	44%	-
Treasury Bills	56%	-
	100%	100%

NOTE TO THE FINANCIAL STATEMENTS

Valuation methodology

Accrued liability

IAS19R requires that entities should have provided for their post-employment liabilities by the time that the employee and/or their dependants become entitled to receive the post-employment benefits, which is usually the date of withdrawal, retirement or death-in-service.

Under the Projected Unit Credit method, the liability accrues uniformly whilst the member is in service. In this way, the liability may be divided into two parts for each current in-service member:

- the accrued (past service) liability, based on service to date relative to total potential service, and
- the future service liability, which relates to service not yet completed.

Net annual cost

The accrued liability in excess of any plan assets is expected to change each year, as a result of:

- The liability accrual in respect of an additional year of service for in-service members (resulting in the current service cost);
- The unwinding of the discount rate as the discounting period reduces (resulting in the interest cost);
- The interest income on any plan assets (offsetting the interest cost); and
- The employer benefit payments during the year that serve to reduce the liability (since the liability is a provision for future benefit payments).

As the current service cost is calculated at the beginning of the year, one should allow for one year's interest using the discount rate at the start of the year.

The interest cost on the liabilities and interest income on plan assets are based on the discount rate at the start of the year and are calculated allowing for expected benefit payments during the year.

A gain or loss arises in a particular year as a result of a change in actuarial assumptions and/or a difference between expected experience and actual experience.

Ignoring any gains or losses, the employer's net annual cost is the current service cost plus the interest cost on the liabilities minus the interest income on any plan assets. From the equation above, one can see that this corresponds to the change in the accrued liability in excess of plan assets plus the employer benefit payments.

ASSUMPTIONS USED:

IAS19 requires that assumptions be based on market data as at the valuation date. The economic assumptions used in this valuation are therefore based on market information as at 31 December 2017.

	31 Dec 2017	31 Dec 2016
Rate of return on assets	11%	-
Rate of increase in remuneration	12%	-
Discount Rate	14%	-

NOTE TO THE FINANCIAL STATEMENTS

MAJOR CLASSES OF PLAN ASSETS

Defined contribution scheme

The company and its employees make a joint contribution of 10% and 8% respectively of the basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators

Gratuity scheme

The Company has a gratuity scheme for employees who have spent 5 years and above in its employment. There was an outstanding liability of N281 million as at year end (2016: 277million). The plan asset amounting to N288 million is managed by a Fund Administrator, Association of African Alliance Insurance Staff Welfare. The valuation for the year resulted into a 'Funded' status of N7.064m (2016: (N31.687m))

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
23 Borrowings				
<i>Secured -at amortised cost</i>				
Bank overdraft (note i)	65,566	67,110	-	-
Overdraft facility (note ii)	39,372	-	-	-
Term loan (note iii)	182,714	-	182,714	-
	287,652	67,110	182,714	-

- (i) Bank overdraft represents current accounts held with banks which was overdrawn as at the financial reporting date.
- (ii) The company has an overdraft facility of GH¢500,000 with Zenith bank to finance early redemption of maturing obligations and other operating expenses. Interest rate is at 28.8% per annum. The overdraft is secured with lien over an amount of GH¢500,000 deposit account with Zenith Bank.
- (iii) Term loan represents the sum of N200.88 Million granted to the company by Fidelity Bank plc to meet working capital requirements. The facility has a tenor of 36 months with a nominal interest rate of 19% (effective interest rate of 19.33%). The repayment term is quarterly repayment of principal and interest. The loan was fully liquidated in February 2018.

Movement in Overdraft facility and term loan

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
At 1 January	67,110	25,564	-	-
Additions	238,708	41,546	200,880	-
Transaction cost	(2,109)	-	(2,109)	-
Interest expense	5,179	-	5,179	-
Repayment	(21,236)	-	(21,236)	-
At 31 December	287,652	67,110	182,714	-

NOTE TO THE FINANCIAL STATEMENTS

24 Tax payable

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
<i>Company income tax payable:</i>						
At 1 January	363,544	294,254	210,198	285,240	224,970	149,069
Charge to profit and loss	278,885	94,825	103,924	271,172	90,350	94,696
Transfer of liabilities upon liquidation	-	-	-	39,104	-	-
Foreign exchange difference arising from translation	1,826	4,545	(1,073)	-	-	-
Tax paid in the year	(50,231)	(30,080)	(18,795)	(50,231)	(30,080)	(18,795)
At 31 December	594,024	363,544	294,254	545,285	285,240	224,970
Current	594,024	363,544	294,254	545,285	285,240	224,970

Deferred income taxes are calculated on all temporary differences under the liability method may the enacted tax rate of 30% (2016:30%).

25 Deferred tax liability

The analysis of deferred tax liabilities is as follows:

Deferred tax liability to be incurred within 12 months

Deferred tax liability to be incurred after more than 12months

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
	-					
	384,874	923,669	659,904	92,107	695,696	515,418
	<u>384,874</u>	<u>923,669</u>	<u>659,904</u>	<u>92,107</u>	<u>695,696</u>	<u>515,418</u>

The movement on the deferred tax liabilities account is as follows:

At 1 January	953,540	659,904	582,566	695,696	515,418	449,593
Tax charge recognised in other comprehensive income	38,675	-	8,621	-	-	-
Transfer of liabilities upon liquidation of subsidiaries	-	-	-	974	-	-
Foreign exchange difference arising from translation	25,970	60,113	(11,864)	-	-	-
Income statement charge (note 42)	(633,311)	233,523	80,581	(604,563)	180,278	65,825
At 31 December	<u>384,874</u>	<u>953,540</u>	<u>659,904</u>	<u>92,107</u>	<u>695,696</u>	<u>515,418</u>
Non- current	384,874	953,540	659,904	92,107	695,696	515,418

NOTE TO THE FINANCIAL STATEMENTS**25b Deferred tax asset**

The movement on the deferred tax asset account is as follows:

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
At 1 January	26,226	27,871	34,305	24,551	24,551	24,551
Foreign exchange difference arising from translation	157	824	(1,038)	-	-	-
Income statement charge (note 42)	121,498	(2,469)	(5,396)	121,925	-	-
At 31 December	147,881	26,226	27,871	146,476	24,551	24,551
Non- current	147,881	26,226	27,871	146,476	24,551	24,551

26 Share capital*Ordinary Shares*

	31-Dec-17 Number	Group 31-Dec-16 Number	1-Jan-16 Number	31-Dec-17 Number	Company 31-Dec-16 Number	1-Jan-16 Number
Authorised share capital ('000)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
	N'000	N'000	N'000	N'000	N'000	N'000
Paid up share capital of 20.585 billion ordinary shares of 50 kobo each	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
<i>Number of shares</i>	31-Dec-17	31-Dec-16	1-Jan-16	31-Dec-17	31-Dec-16	1-Jan-16
At 31 December ('000)	20,585,000	20,585,000	20,585,000	20,585,000	20,585,000	20,585,000

	31-Dec-17 N'000	Group 31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-17 N'000	Company 31-Dec-16 N'000	1-Jan-16 N'000
Share premium						
At 31 December	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133

27 Contingency reserves

At 1 January	832,162	467,349	317,198	776,327	422,588	280,482
Transfer from retained earnings	76,097	364,813	150,151	63,354	353,739	142,106
At 31 December	908,259	832,162	467,349	839,681	776,327	422,588

In accordance with the insurance act, a contingency reserve is credited with the greater of 1% of gross premiums or 10% of net profit. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

NOTE TO THE FINANCIAL STATEMENTS

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
28 Retained earnings				
At 1 January	(22,232,954)	(24,314,881)	(22,370,793)	(24,962,673)
Arising on liquidation of subsidiaries	335,149	-	-	-
Transfer to contingency reserves	(76,268)	(364,789)	(63,354)	(353,739)
Fair value reserves on properties of subsidiaries liquidated	943,073	-	-	-
Profit for the year	<u>(6,244,850)</u>	<u>2,446,716</u>	<u>(3,712,591)</u>	<u>2,945,619</u>
At 31 December	<u>(27,275,850)</u>	<u>(22,232,954)</u>	<u>(26,146,738)</u>	<u>(22,370,793)</u>
29 Fair value reserves				
At 1 January	2,083,193	1,816,296	318,304	274,277
Gain on revaluation on land and building	(97,571)	266,897	48,908	44,027
Change in value of available for sale financial assets (net of taxes)	650		650	
Deferred tax	(38,675)			-
Arising on disposal of subsidiaries	<u>(943,073)</u>			
At 31 December	<u>1,004,524</u>	<u>2,083,193</u>	<u>367,862</u>	<u>318,304</u>
29.1 Fair value changes-statement of comprehensive income				
Gain on revaluation of land and building	(97,571)	266,897	48,908	44,027
Change in value of available for sale financial assets (net of taxes)	650	-	650	-
Income tax on items that will not be subsequently re-classified to profit or loss	<u>(38,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(135,596)</u>	<u>266,897</u>	<u>49,558</u>	<u>44,027</u>

NOTE TO THE FINANCIAL STATEMENTS

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
30 Gross premium income				
Individual life	2,791,882	2,277,401	1,500,620	1,225,098
Group life	2,257,510	781,949	2,257,510	729,260
Annuity	1,005,119	10,246,120	1,005,119	10,246,120
Takaful	338,829	192,108	338,829	192,108
Esusu	1,233,370	570,828	1,233,370	570,828
Gross premium written	<u>7,626,710</u>	<u>14,068,406</u>	<u>6,335,448</u>	<u>12,963,414</u>
Unearned premium				
Group life	(39,778)	454,775	(39,778)	454,775
	<u>7,586,932</u>	<u>14,523,181</u>	<u>6,295,670</u>	<u>13,418,189</u>
31 Insurance premium ceded to reinsurers				
Gross reinsurance expense	59,466	74,031	49,863	53,346
Changes in prepaid reinsurance	(460)	(2,902)	(460)	(2,902)
	<u>59,006</u>	<u>71,129</u>	<u>49,403</u>	<u>50,444</u>
32 Fees and commission income				
Group Life	1,177	506	1,177	506
Individual Life	4,035	12,839	4,035	12,839
	<u>5,212</u>	<u>13,345</u>	<u>5,212</u>	<u>13,345</u>

NOTE TO THE FINANCIAL STATEMENTS

33 Insurance claims and loss adjustment expenses

a Group

	31-Dec-17		
	N'000	N'000	N'000
	Gross	Reinsurance	Net
Current period claims and loss adjustment expenses	9,146,437	-	9,146,437
Increase in the expected cost of claims for unexpired risks	7,497	-	7,497
Claims incurred during the period	9,153,934	-	9,153,934
IBNR on Short term insurance contract	571,250	23,515	594,765
	<u>9,725,184</u>	<u>23,515</u>	<u>9,748,699</u>
	31-Dec-16		
	N'000	N'000	N'000
	Gross	Reinsurance	Net
Current period claims and loss adjustment expenses	7,171,937	(9,456)	7,162,481
Increase in the expected cost of claims for unexpired risks	16,664	-	16,664
Claims incurred during the period	7,188,601	(9,456)	7,179,145
IBNR on Short term insurance contract	(17,976)	(39,531)	(57,507)
	<u>7,170,625</u>	<u>(48,987)</u>	<u>7,121,638</u>

Insurance claims and loss adjustment expenses

b Company

	31-Dec-17		
	N'000	N'000	N'000
	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	8,096,505	-	8,096,505
Increase in the expected cost of claims for unexpired risks	19,794	-	19,794
Claims incurred during the year	8,116,299	-	8,116,299
IBNR on Short term insurance contract	571,250	23,515	594,765
	<u>8,687,549</u>	<u>23,515</u>	<u>8,711,064</u>
	31-Dec-16		
	N'000	N'000	N'000
	Gross	Reinsurance	Net
Current period claims and loss adjustment expenses	6,569,738	(9,456)	6,560,282
Increase in the expected cost of claims for unexpired risks	15,692	-	15,692
Claims incurred during the period	6,585,430	(9,456)	6,575,974
IBNR on Short term insurance contract	(17,976)	(39,531)	(57,507)
	<u>6,567,454</u>	<u>(48,987)</u>	<u>6,518,467</u>

34 Underwriting expenses

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
Acquisition cost (see note 34.1)	372,767	300,478	230,815	213,704
Maintenance cost	608,226	744,597	608,226	737,979
	<u>980,993</u>	<u>1,045,075</u>	<u>839,041</u>	<u>951,683</u>

34.1 Acquisition cost

	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
Commission paid	357,050	308,804	215,098	222,029
Changes in deferred acquisition cost	15,717	(8,325)	15,717	(8,325)
	<u>372,767</u>	<u>300,479</u>	<u>230,815</u>	<u>213,704</u>

NOTE TO THE FINANCIAL STATEMENTS

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
35 Changes in long term insurance contracts				
Changes in individual life fund excluding annuity	1,279,579	322,568	972,805	16,090
Changes in annuity fund	2,828,216	4,770,889	2,828,216	4,770,889
	4,107,795	5,093,457	3,801,021	4,786,979
36 Other income				
Rental income	26,685	28,302	23,836	12,060
Gain on disposal of investment	41,251	-	41,251	-
Gain on disposal of PPE	642	135	642	135
Sundry charges on investment linked products	28,328	42,874	28,328	42,874
Restaurant operations	-	9,730	-	-
Sundry/ income (loss)	39,023	(37,155)	37,243	43,890
	135,929	43,886	131,300	98,959
37 Investment income				
Interest income on cash and bank balances	633,895	788,422	554,038	662,620
Interest income on bonds	2,498,886	2,369,701	2,498,886	2,369,701
Investment income on planned asset	34,218	-	34,218	-
Divided Income	13,985	13,655	13,985	13,250
Interest income on statutory deposit	32,431	21,954	32,431	21,954
Interest income on loans and receivables	11,135	6,295	-	-
	3,224,550	3,200,027	3,133,558	3,067,525
37a Loss from investment contract:				
Investment income from investment contract liabilities	392	15,799	392	15,799
Excess reserve on deposit administration	59	-	59	-
Shortfall in deposit administration (note 40b)	-	(591,769)	-	(591,769)
Guaranteed interest	(115,673)	(119,534)	(115,673)	(119,534)
	(115,222)	(695,504)	(115,222)	(695,504)
38 Impairment on assets				
Impairment on unquoted equities (see note 7.2i)	114,287	(27,040)	114,287	(27,040)
Impairment on loans and receivables (see note 7.4i)	119,796	(6,068)	119,796	(6,068)
Impairment on trade receivables (note 8.1)	47,384	-	-	-
Impairment on other receivables and prepayments (see note 10.1)	138,765	(57,713)	491,781	(57,713)
Impairment on aircraft (note 16)	1,188,240	-	-	-
Impairment on investment in subsidiary (see note 13e)	-	-	(69,509)	-
	1,608,472	(90,821)	656,355	(90,821)
39 Employee benefit expenses				
The number of persons employed excluding directors in the Group and in the Company during the year and at the end of the year ended 31 December, 2017 were 153 and 145, respectively.				
The staff cost for the above persons was:				
	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Wages and salaries	757,125	652,041	492,937	452,004
Other Staff Cost	104,876	98,667	52,587	53,798
Defined contribution pension costs	51,956	44,559	23,667	23,233
Defined benefit pension cost	100,182	13,340	100,182	13,340
	1,014,139	808,607	669,373	542,375

NOTE TO THE FINANCIAL STATEMENTS

40 Other operating and administrative expenses

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
Directors' emoluments	56,056	109,095	27,875	85,150
Bank Charges	76,580	70,376	34,591	42,921
Auditors' remuneration	22,829	21,354	17,500	16,850
Depreciation	307,219	295,186	96,548	94,240
Amortisation	22,370	12,528	16,698	7,858
Consultancy expenses	109,613	85,451	91,139	73,866
Security	27,726	32,537	13,744	22,220
Rent and rates	80,075	79,560	65,792	62,870
General maintenance and running costs	209,553	173,947	117,094	104,205
Advert and Publicity	93,757	33,751	74,447	28,529
Telecommunications	27,084	26,215	15,554	20,015
Dues and Subscription	12,311	9,367	9,903	9,305
Travels and accommodation	253,931	121,988	222,186	86,416
Insurance supervision fees	141,066	131,760	132,000	123,584
Insurance expenses	20,170	15,926	14,648	11,694
Printing and stationeries	37,244	34,838	25,692	14,365
Industrial training fund	5,674	5,017	5,674	5,017
Entertainment	32,441	21,573	19,559	11,375
Regulatory levies	5,145	34,750	5,145	34,750
Penalties	4,060	-	4,060	-
Lease	8,231	-	8,231	-
Office ICT expenses	67,415	59,188	67,415	58,763
Donation	-	750	-	750
Office cleaning expenses	8,874	12,017	8,874	12,017
Medical expenses	13,333	8,603	1,773	1,839
Cost of sales restaurant	-	4,582	-	-
Other Administrative Expenses	33,057	33,693	22,791	27,654
	1,675,814	1,434,052	1,118,933	956,253

40a Auditor's remuneration

The audit remuneration represents audit fee for the statutory audit for the year ended 31 December 2017. The external auditor did not provide any non-audit service to the company

40b Shortfall in deposit administration

This amount represents shortfall observed in the 2016 financial statements due to the shortfall in deposit administration after necessary reconciliation was done. The shortfall was observed after necessary review by the actuaries and thus was corrected in the 2016 financial statements.

40c Contraventions

Nature of Contravention

Outstanding penalty for late submission to NAICOM
Penalty for late submission to Nigeria Stock Exchange

Penalties
N,000

5
4,055
4,060

41 Finance cost

Interest expense on borrowings

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
Interest expense on borrowings	5,179	-	5,179	-

42 Income tax (credit)/expense

Current tax on profits for the year (note 24)
Deferred tax (credit)/charge for the year (note 25)

Current tax on profits for the year (note 24)	278,885	94,825	271,172	90,350
Deferred tax (credit)/charge for the year (note 25)	(754,809)	235,992	(726,488)	180,278
	(475,924)	330,817	(455,316)	270,628

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Reconciliation of effective tax rate				
(Loss)/Profit before tax	<u>(6,853,094)</u>	<u>2,774,855</u>	<u>(4,296,022)</u>	<u>3,216,247</u>
Tax calculated using the domestic rate of Corporate tax rate of 30%	(2,055,928)	832,457	(1,288,807)	964,874
Effect of applying:				
Income not subject to tax	(1,814,362)	(1,262,762)	(1,438,552)	(996,444)
Non-deductible expenses	3,661,855	421,901	2,727,359	31,570
Tax impact of loss not utilised	184,063	-	-	-
Capital allowances	-	-	-	38,080
Information technology levy	-	38,080	-	-
Taxable temporary differences	(633,311)	233,523	(604,563)	180,278
Different tax rates in subsidiary in different jurisdiction	24,372	8,404	-	-
Deductible temporary differences now arising as deferred tax assets	(121,498)	2,469	(121,925)	-
Minimum tax		56,745	-	52,270
Minimum Profit	<u>278,885</u>	<u>-</u>	<u>271,172</u>	<u>-</u>
	<u>(475,924)</u>	<u>330,817</u>	<u>(455,316)</u>	<u>270,628</u>
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Tax calculated using the domestic rate of Corporate tax rate of 30%	30%	30%	30%	30%
Effect of applying:				
Income not subject to tax	42%	(46%)	34%	(31%)
Non-deductible expenses	(86%)	15%	(64%)	1%
Tax impact of loss not utilised	(4%)	0%	0%	0%
Information technology levy	0%	1%	0%	1%
Taxable temporary differences	15%	9%	14%	6%
Different tax rates in subsidiary in different jurisdiction	(1%)	0%	0%	0%
Deductible temporary differences now arising as deferred tax assets	3%	0%	3%	0%
Minimum tax		2%	(0%)	2%
Minimum Profit	<u>(6%)</u>	<u>0%</u>	<u>(6%)</u>	<u>0%</u>
Effective tax rate	(7%)	12%	11%	9%

NOTE TO THE FINANCIAL STATEMENTS

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group 31-Dec-17			Company 31-Dec-17		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Fair value loss:						
-Property, plant and equipment	(96,046)	(38,675)	(134,721)	-	-	-
Effective tax rate						
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Fair value gain:						
-Property, plant and equipment	100%	40%	140%			

43 Translation reserve

The movement in translation reserve during the year is shown below:

	31-Dec-17 N'000	31-Dec-16 N'000
At 1 January	111,070	(65,938)
Exchange difference arising on translating the foreign operation	75,371	177,008
At 31 December	186,441	111,070
44 Non-controlling interest		
At 1 January	11,321	11,202
Share of loss	(6,205)	(2,678)
Share of contingency reserve	171	(24)
Share of foreign exchange translation difference	1,004	2,611
Share of gain on revaluation of land and building	1,525	210
At 31 December	7,816	11,321

45 Net (loss)/ gain on liquidated subsidiaries

During the year, the company, African Alliance Insurance Company Plc., voluntarily wound down two of its subsidiaries which it wholly owns. The two subsidiaries liquidated was African Alliance Realty Company Limited and Frenchies Foods Limited. The relevant net assets of the wound up subsidiaries was absorbed by African Alliance Insurance Company. Approval for the liquidation was gotten from the Board on 12 December 2017. The relevant net assets of the two subsidiaries is detailed below:

Summary Financial statements of Frenchies Foods Limited

Assets	31-Dec-17 N'000
Cash and cash equivalents	14,139
Property plant and equipment	767,250
	781,389
Liabilities	
Trade payable	336
Other payables and accruals	57,261
Borrowings	2,926
Tax payable	28,492
Deferred tax liability	974
	89,989
Equity	
Deposit for Shares	375,843
Share capital	10,000
Retained earnings	305,557
	691,400
Net Assets	691,400

NOTE TO THE FINANCIAL STATEMENTS**Summary Financial statements of African Alliance Realty Company Limited****Assets**

Property plant and equipment	<u>990,000</u>
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Liabilities

Other payables and accruals	8,860
Tax payable	<u>10,613</u>
	<u>19,473</u>

Equity

Share capital	53
Retained earnings	(218,638)
Revaluation Surplus	<u>1,189,112</u>
	<u>970,527</u>

Net Assets	<u>970,527</u>
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NOTE TO THE FINANCIAL STATEMENTS

Loss upon liquidation of Subsidiary (Frenchies Foods Nigeria Limited)

	Group 31-Dec-17 N'000	Company 31-Dec-17 N'000
Investment in Frenchies Foods Limited	1,053,950	1,053,950
Net Asset of Frenchies Foods Limited	<u>(691,400)</u>	<u>(691,400)</u>
Loss on disposal	362,550	362,550
Revaluation loss on building included in fair value reserves recycled to retained earnings	<u>(246,039)</u>	
	<u>116,511</u>	<u>362,550</u>

Loss/ (Gain) upon liquidation of Africa Alliance Realty Company Limited

Investment in African Realty Company limited	53	53
Net Asset of African Realty Company Limited	<u>(970,527)</u>	<u>(970,527)</u>
Gain on disposal	(970,474)	(970,474)
Revaluation gain on building included in fair value reserves recycled to retained earnings	<u>1,189,112</u>	
	<u>218,638</u>	<u>(970,474)</u>

Net loss/ (gain) on liquidated subsidiaries

Loss upon liquidation of Frenchies Limited	116,511	362,550
Loss/ (Gain) upon liquidation of Africa Realty Company Limited	<u>218,638</u>	<u>(970,474)</u>
	<u>335,149</u>	<u>(607,924)</u>

The post-acquisition retained earnings of the liquidated subsidiaries excluding fair value reserves

Frenchies Foods Limited

Net assets as at 31 December 2017	691,400
Cost of acquisition	(1,053,950)
Impairment charge on cost of acquisition	-
Loss on revaluation on building for Frenchies Limited recognised in profit or loss of Frenchies	<u>246,039</u>
	<u><u>(116,511)</u></u>

African Realty Company Limited

Net assets as at 31 December 2017	970,474
Cost of acquisition	(53)
Fair value reserves recycled to retained earnings	<u>(1,189,112)</u>
	<u><u>(218,638)</u></u>

Total post acquisition retained earnings**(335,149)**

NOTE TO THE FINANCIAL STATEMENTS

46 Prior year restatement

With respect to the financial statement prepared for the year ended 31 December 2017, the Directors considered and corrected the treatment of certain transactions both in the consolidated financial statement and separate financial statement of the entity for prior years previously reported. The errors which were discovered during the current financial year has been appropriately corrected in-line with the requirements of IAS 8.

The nature of errors corrected are detailed below in the notes to restatement.

Group
1 January 2016

		Previously Reported Group N'000	Reclassification	Effect of restatement Group N'000	Restated Group N'000
Cash and cash equivalents	a.	3,801,053	360,823	-	4,161,876
Financial assets :		-		-	-
'-fair value through profit or loss		2,121,785		-	2,121,785
'- Available-for-sale	b.	571,260	(360,823)	-	210,437
'- Held-to-maturity		16,122,294		-	16,122,294
'- Loans and receivables	c.	95,342	25,052	-	120,394
Trade receivables		59,962		-	59,962
Reinsurance assets		34,339		-	34,339
Other receivables and prepayments	e.	887,085	(25,052)	(922)	861,111
Deferred acquisition costs		7,392	-	-	7,392
Investment properties	f.	6,900,430		(115,065)	6,785,365
Investment in subsidiary		-		-	-
Investment in Associate	h.	1,455,120		(220,972)	1,234,148
Deferred Tax Asset	i.	29,141		(1,270)	27,871
Intangible assets	j.	65,792		620	66,412
Property plant and equipment	k.	4,496,135		202,251	4,698,386
Statutory deposit	l.	224,211		(1,614)	222,597
Total assets		36,871,341	-	(136,972)	36,734,369
LIABILITIES					
Insurance contract liabilities	m.	26,683,090		(62,310)	26,620,780
Investment contract liabilities		4,408,274		-	4,408,274
Trade payable		1,594,059		-	1,594,059
Other payables and accruals	p.	478,637		8,859	487,496
Retirement benefit liabilities	q.	83,570		(11,192)	72,378
Borrowings		25,564		-	25,564
Tax payable	s.	289,539		4,714	294,253
Deferred tax liability	t.	680,865		(20,961)	659,904
Total liabilities		34,243,598	-	(80,890)	34,162,708
EQUITY					
Share capital		10,292,500		-	10,292,500
Share premium		14,365,133		-	14,365,133
Contingency reserves	u.	467,772	(768)	345	467,349
Retained earnings	v.	(24,697,716)	66,330	316,505	-24,314,881
Translation reserve	w.	(81,850)	1,131	14,781	(65,938)
Non-controlling interest	x.	-	11,202	-	11,202
Fair value reserves	y.	2,281,904	(77,895)	(387,713)	1,816,296
Total equity		2,627,743	-	(56,082)	2,571,661
Total equities and liabilities		36,871,341	-	(136,972)	36,734,369

NOTE TO THE FINANCIAL STATEMENTS

Group

31 December 2016

		Previously Reported Group N'000	Reclassification	Effect of restatement Group N'000	Restated Group N'000
Cash and cash equivalents	a.	6,423,424	451,222	(665)	6,873,981
Financial assets :		-		-	-
'-fair value through profit or loss		2,109,686		-	2,109,686
'- Available-for-sale	b.	708,914	(451,222)	(20,215)	237,477
'- Held-to-maturity		21,130,335		-	21,130,335
'- Loans and receivables	c.	127,222	60,793	-	188,015
Trade receivables	d.	170,660		(2,002)	168,658
Reinsurance assets		76,772		-	76,772
Other receivables and prepayments	e.	506,883	(60,793)	(6,145)	439,945
Deferred acquisition costs		15,717		-	15,717
Investment properties	f.	7,627,590		145,292	7,772,882
Investment in subsidiary		-		-	-
Investment in Associate	h.	1,562,131		(220,972)	1,341,159
Deferred Tax Asset	i.	26,247		(21)	26,226
Intangible assets	j.	58,433		(2,303)	56,130
Property plant and equipment	k.	4,474,022		427,187	4,901,209
Statutory deposit	l.	313,407		(3,429)	309,978
Total assets		45,331,443	-	316,727	45,648,170
LIABILITIES					
Insurance contract liabilities	m.	31,634,602		(23,008)	31,611,594
Investment contract liabilities	n.	4,819,629		591,769	5,411,398
Trade payable	o.	1,183,351		(78)	1,183,273
Other payables and accruals	p.	527,249		8,493	535,742
Retirement benefit liabilities	q.	70,736		(11,192)	59,544
Borrowings	r.	68,217		(1,107)	67,110
Tax payable	s.	359,112		4,432	363,544
Deferred tax liability	t.	923,562		29,978	953,540
Total liabilities		39,586,458	-	599,287	40,185,745
EQUITY					
Share capital		10,292,500		-	10,292,500
Share premium		14,365,133		-	14,365,133
Contingency reserves	u.	834,464	(744)	(1,558)	832,162
Retained earnings	v.	(22,634,734)	69,008	332,772	-22,232,954
Translation reserve	w.	430,305	(1,479)	(317,756)	111,070
Non-controlling interest	x.	-	11,321	-	11,321
Fair value reserves	y.	2,457,317	(78,106)	(296,018)	2,083,193
Total equity		5,744,985	-	(282,560)	5,462,425
Total equities and liabilities		45,331,443		316,727	45,648,170

NOTE TO THE FINANCIAL STATEMENTS

Group

		Previously Reported Group N'000		Effect of restatement Group N'000	Restated Group N'000
Gross premium written	z.	14,258,800		(190,394)	14,068,406
Unearned premium	aa.	454,800	(25)	-	454,775
Gross premium income		14,713,600	(25)	(190,394)	14,523,181
Insurance premium ceded to reinsurers	ab.	(35,162)	(39,531)	3,564	(71,129)
Net premium income		14,678,438	(39,556)	(186,830)	14,452,052
Fees and commission income		13,345	-	0	13,345
Net underwriting income		14,691,783	(39,556)	(186,830)	14,465,397
Insurance claims incurred and loss adjustments expenses	ac.	7,271,191		(100,566)	7,170,625
Insurance claims incurred recovered from reinsurers	ad.	(9,456)	(39,531)	-	(48,987)
Underwriting expenses	ae.	1,069,369		(24,294)	1,045,075
Changes in long term insurance contracts	af.	5,146,264		(52,807)	5,093,457
Net underwriting expenses		13,477,368	(39,531)	(177,667)	13,260,170
Net underwriting profit		1,214,415	(25)	(9,163)	1,205,227
Other income	ag.	139,038	(92,094)	(3,058)	43,886
Impairment charges		90,821		-	90,821
Fair value gain/(loss) on investment properties	ai.	725,646		(24,802)	700,844
Fair value through profit or loss		(12,098)		-	(12,098)
Investment income	ah.	3,215,002	7,855	(22,830)	3,200,027
Loss from investment contracts	aj.	(103,735)		(591,769)	(695,504)
Share of profit of equity accounted investee		484,311		-	484,311
Employee benefit expenses	ak.	(925,858)	72,137	45,114	(808,607)
Other operating and administrative expenses	al.	(1,465,680)	12,127	19,501	(1,434,052)
Finance cost				-	-
Profit before tax		3,361,862	-	(587,007)	2,774,855
Income tax expense	am.	(340,417)		9,600	(330,817)
Profit for the year		3,021,445		(577,407)	2,444,038
Profit attributable to:				-	-
- Owners of the parent		3,021,445	2,678	(577,407)	2,446,716
- Non-controlling interests		-	(2,678)	-	(2,678)
		3,021,445	-	(577,407)	2,444,038
Other comprehensive income:				-	-
Items that may be subsequently reclassified to profit or loss				-	-
Change in value of available for sale financial assets (net of taxes)				-	-
Foreign exchange translation gain/(loss)	an.	512,155		(332,536)	179,619
		512,155		(332,536)	179,619
<i>Items that will not be subsequently reclassified to profit or loss</i>				-	-
Gain on revaluation of property, plant and equipment (net of taxes)	ao.	175,413		91,695	267,108
Deferred tax on revaluation gain(loss)				-	-
		175,413		91,695	267,108
Other comprehensive income for the year		687,568		(240,841)	446,727
Total comprehensive income for the year		3,709,013		(818,248)	2,890,765
Total comprehensive income attributable to:				-	-
- Owners of the parent		3,709,013	(143)	(818,248)	2,890,622
- Non-controlling interests		-	143	-	143

NOTE TO THE FINANCIAL STATEMENTS

1 January 2016

	Previously Reported Company N'000	Reclassification	Effect of restatement Company N'000	Restated Company N'000
Cash and cash equivalents	3,771,636		-	3,771,636
Financial assets :	-		-	-
-fair value through profit or loss	2,121,784		-	2,121,784
- Available-for-sale	189,965		-	189,965
- Held-to-maturity	16,122,295		-	16,122,295
- Loans and receivables	95,342		-	95,342
Trade receivables	-		-	-
Reinsurance assets	34,339		-	34,339
Other receivables and prepayments	1,142,935		-	1,142,935
Deferred acquisition costs	7,392		-	7,392
Investment properties	6,058,586		-	6,058,586
Investment in subsidiary	1,357,558		-	1,357,558
Investment in Associate	1,455,430		(221,282)	1,234,148
Deferred Tax Asset	24,551		-	24,551
Intangible assets	33,636		-	33,636
Property plant and equipment	662,963		-	662,963
Statutory deposit	200,000		-	200,000
Total assets	33,278,412		(221,282)	33,057,130
LIABILITIES				
Insurance contract liabilities	25,774,605		-	25,774,605
Investment contract liabilities	4,408,274		-	4,408,274
Trade payable	1,413,614		-	1,413,614
Other payables and accruals	275,966		-	275,966
Employee benefit liabilities	52,458		-	52,458
Borrowings	-		-	-
Tax payable	224,970		-	224,970
Deferred tax liability	515,418		-	515,418
Total liabilities	32,665,305			32,665,305
EQUITY				
Share capital	10,292,500		-	10,292,500
Share premium	14,365,133		-	14,365,133
Contingency reserves	422,588		-	422,588
Retained earnings	(24,741,391)		(221,282)	(24,962,673)
Fair value reserves	274,277		-	274,277
Total equity	613,107		(221,282)	391,825
Total equities and liabilities	33,278,412			33,057,130

NOTE TO THE FINANCIAL STATEMENTS

31 December 2016

	Previously Reported Company N'000	Reclassification	Effect of restatement Company N'000	Restated Company N'000
Cash and cash equivalents	6,359,793		-	6,359,793
Financial assets :	-		-	-
-fair value through profit or loss	2,109,686		-	2,109,686
- Available-for-sale	217,005		-	217,005
- Held-to-maturity	21,130,335		-	21,130,335
- Loans and receivables	127,222		-	127,222
Trade receivables	-		-	-
Reinsurance assets	76,772		-	76,772
Other receivables and prepayments	g. 739,536	(39,300)	-	700,236
Deferred acquisition costs	15,717	-	-	15,717
Investment properties	6,616,999	-	-	6,616,999
Investment in subsidiary	g. 1,498,999	39,300	-	1,538,299
Investment in Associate	1,562,441		(221,282)	1,341,159
Deferred Tax Asset	24,551		-	24,551
Intangible assets	28,023		-	28,023
Property plant and equipment	647,313		-	647,313
Statutory deposit	200,000		-	200,000
Total assets	41,354,392		(221,282)	41,133,110
LIABILITIES				
Insurance contract liabilities	30,104,525		-	30,104,525
Investment contract liabilities	5,411,398		-	5,411,398
Trade payable	923,974		-	923,974
Other payables and accruals	291,182		-	291,182
Employee benefit liabilities	39,624		-	39,624
Tax payable	285,240		-	285,240
Deferred tax liability	695,696		-	695,696
Total liabilities	37,751,639			37,751,639
EQUITY				
Share capital	10,292,500		-	10,292,500
Share premium	14,365,133		-	14,365,133
Contingency reserves	776,327		-	776,327
Retained earnings	(22,149,511)		(221,282)	(22,370,793)
Fair value reserves	318,304		-	318,304
Total equity	3,602,753		(221,282)	3,381,471
Total equities and liabilities	41,354,392			41,133,110

NOTE TO THE FINANCIAL STATEMENTS

	Previously Reported Company	Reclassification	Effect of restatement Company	Restated Company
	N'000		N'000	N'000
Gross premium written	12,963,414		-	12,963,414
Unearned premium	aa. 454,800	(25)		454,775
Gross premium income	13,418,214	(25)		13,418,189
Insurance premium ceded to reinsurers	ab. (10,913)	(39,531)		(50,444)
Net premium income	13,407,301	(39,556)		13,367,745
Fees and commission income	13,345			13,345
Net underwriting income	13,420,646	(39,556)		13,381,090
Insurance claims incurred and loss adjustments expenses	6,567,454			6,567,454
Insurance claims incurred recovered from reinsurers	ad. (9,456)	(39,531)		(48,987)
Underwriting expenses	951,683			951,683
Changes in long term insurance contracts	4,786,979			4,786,979
Net underwriting expenses	12,296,660	(39,531)		12,257,129
Net underwriting profit	1,123,986	(25)		1,123,961
Other income	98,959			98,959
Impairment charges	90,821			90,821
Net (loss)/ gain on liquidated subsidiaries	-			-
Fair value gain/(loss) on investment properties	556,900			556,900
Fair value through profit or loss	(12,098)			(12,098)
Investment income	3,067,525			3,067,525
Loss from investment contracts	aj. (103,735)		(591,769)	(695,504)
Share of profit of equity accounted investee	484,311		-	484,311
Employee benefit expenses	ak. (586,441)	44,066	-	(542,375)
Other operating and administrative expenses	al. (912,212)	(44,041)	-	(956,253)
Finance cost	-		-	-
Profit before tax	3,808,016	-	(591,769)	3,216,247
Income tax expense	(270,628)		-	(270,628)
Profit for the year	3,537,388		(591,769)	2,945,619
Profit attributable to:				
- Owners of the parent	3,537,388		(591,769)	2,945,619
- Non-controlling interests	-		-	-
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Change in value of available for sale financial assets (net of taxes)	-		-	-
Foreign exchange translation gain/(loss)	-		-	-
	-		-	-
Items that will not be subsequently reclassified to profit or loss				
Gain on revaluation of property, plant and equipment (net of taxes)	44,027		-	44,027
Deferred tax on revaluation gain(loss)			-	-
	44,027		-	44,027
Other comprehensive income for the year	44,027		-	44,027
Total comprehensive income for the year	3,581,415		(591,769)	2,989,646
Total comprehensive income attributable to:				
- Owners of the parent	3,581,415		(591,769)	2,989,646
- Non-controlling interests	-		-	-

NOTE TO THE FINANCIAL STATEMENTS

- a. Cash equivalents, such a short term deposits and mutual funds, owned by the company's subsidiary, Ghana Life Insurance Plc., was not adequately presented in the consolidated financial statements. It was previously presented as available for sale financial assets. This was corrected and appropriately presented. In 2016, an inappropriate rate was used in translating the assets of the foreign subsidiary which has been appropriately adjusted for.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	6,423,424	3,801,053	6,359,793	3,771,636
Reclassified to cash and cash equivalent	451,222	360,823	-	-
Remeasurement (Retained earnings)	(665)			
Balance (Restated)	<u>6,873,981</u>	<u>4,161,876</u>	<u>6,359,793</u>	<u>3,771,636</u>

- b. Cash equivalents, such a short term deposits and mutual funds, owned by a subsidiary was not adequately presented in the consolidated financial statements. It was previously presented as available for sale financial assets. This was corrected and appropriately presented. In 2016, an inappropriate rate was used in translating the assets of the foreign subsidiary which has been appropriately adjusted for. In addition, a consolidation adjustment was passed which had no basis. This was adjusted against the group retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	708,914	571,260	217,005	189,965
Reclassified to cash and cash equivalent	(451,222)	(360,823)	-	-
Remeasurement (retained earnings)	(20,215)			
Balance (Restated)	<u>237,477</u>	<u>210,437</u>	<u>217,005</u>	<u>189,965</u>

- c. Policy loans granted customers were not classified as a part of loans and receivables but classified as a part of other receivables which is contrary to the group's policy. The policy loan amount has been reclassified appropriately from other receivables.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	127,222	95,342	127,222	95,342
Reclassified from other receivables	60,793	25,052	-	-
Balance (Restated)	<u>188,015</u>	<u>120,394</u>	<u>127,222</u>	<u>95,342</u>

- d. Trade receivables belonging to Ghana life Insurance were translated using an inappropriate rate which was inconsistent with the closing rates used in prior years. This error was corrected and adjusted against retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	170,660	59,962	-	-
Reclassified from other receivables	(2,002)	-	-	-
Balance (Restated)	<u>168,658</u>	<u>59,962</u>	<u>-</u>	<u>-</u>

- e. Policy loans granted customers amounting to N60.7 Million were not classified as a part of loans and receivables but classified as a part of other receivables which is contrary to the group's policy. The policy loan amount has been reclassified appropriately from other receivables. In 2016, an inappropriate rate was used in translating the assets of the foreign subsidiary which has been appropriately adjusted for. Intercompany balance with one of the company's subsidiaries was not eliminated at the time of consolidation. This was appropriately adjusted for accordingly. Capital injection amounting to N39.3 Million made to Ghana Life Insurance was classified inappropriately as due to related company instead of investment in subsidiary. This was appropriately reclassified in the separate financial statements.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	506,883	887,085	739,536	1,142,935
Reclassified to investment in subsidiary			(39,300)	
Reclassified to loans and receivables	(60,793)	(25,052)	-	-
Remeasurement (Retained earnings)	(2,569)			
Elimination of inter-company balance with Frenchies	(3,576)	(922)		
Balance (Restated)	<u>439,945</u>	<u>861,111</u>	<u>700,236</u>	<u>1,142,935</u>

NOTE TO THE FINANCIAL STATEMENTS

- f. Fair value gain on investment property belonging to the company's subsidiary, Ghana Life Insurance, was not translated at the average rate but was translated at the closing rate per the reporting period. The effect of this has been appropriately adjusted for against retained earnings. Translation adjustment as it pertains assets that are required to be fair valued at the end of the reporting period was not considered such that at the end of the financial reporting period, the fair value of the investment property belonging to the subsidiary would be reported at its fair value using the closing rate. This was appropriately adjusted for in retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	7,627,590	6,900,430	6,616,999	6,058,586
Remeasurement (retained earnings)	<u>145,292</u>	<u>(115,066)</u>		
Balance (Restated)	<u>7,772,882</u>	<u>6,785,364</u>	<u>6,616,999</u>	<u>6,058,586</u>

- g. Capital injection amounting to N39.3 Million made to Ghana Life Insurance was classified inappropriately as due to related company instead of investment in subsidiary. This was appropriately reclassified in the separate financial statements.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	-	-	1,498,999	1,357,558
Reclassified from other receivables	<u>-</u>	<u>-</u>	<u>39,300</u>	<u>-</u>
Balance (Restated)	<u>-</u>	<u>-</u>	<u>1,538,299</u>	<u>1,357,558</u>

- h. Investment in associate previously reported in the financial statements did not represent the entity's proportion (49%) in its associate investment in Pensions Alliance Limited. Based on relevant recomputation, the difference between what was reported and the re-computation was adjusted against retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	1,562,131	1,455,120	1,562,441	1,455,430
Remeasurement (retained earnings)	<u>(220,972)</u>	<u>(220,972)</u>	<u>(221,282)</u>	<u>(221,282)</u>
Balance (Restated)	<u>1,341,159</u>	<u>1,234,148</u>	<u>1,341,159</u>	<u>1,234,148</u>

- i. Deferred tax charge was made against the deferred tax asset in the consolidated financial statements for 2015 despite no deferred tax charge made in the subsidiary's financial statements. This was corrected and adjusted for in the group retained earnings. In addition, the deferred tax charge for 2016 was translated using the closing rate instead of using an average rate. This was adjusted for in the retained earnings. An inappropriate exchange rate was used as the closing rate in translating the financial results of the subsidiary. The effect of this has been adjusted against retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	26,247	29,141	24,551	24,551
Remeasurement (retained earnings)	<u>(21)</u>	<u>(1,270)</u>	<u>-</u>	<u>-</u>
Balance (Restated)	<u>26,226</u>	<u>27,871</u>	<u>24,551</u>	<u>24,551</u>

- j. In translating the movement in intangible assets during the year, the movement in intangible assets was translated such as amortisation and additions, were translated using the closing rate instead of using the average rate for amortisation and additions. The effect of this has been adjusted against the retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	58,433	65,792	28,023	33,636
Remeasurement (retained earnings)	<u>(2,303)</u>	<u>620</u>		
Balance (Restated)	<u>56,130</u>	<u>66,412</u>	<u>28,023</u>	<u>33,636</u>

NOTE TO THE FINANCIAL STATEMENTS

- k. A difference of 427 million (2015: N202.2 million) was noted between the amount reported as property, plant and equipment in 2016 and 2015 respectively and the audited financial statements of the entities consolidated. The adjustment of N200.5 Million was adjusted against the opening retained earnings (1 January 2016) and an adjustment of N1.6 Billion was adjusted against the opening retained earnings. While the net adjustment of N233 million the net impact to the income statement for year ended 31 December 2016. In addition, the entity did not use the average rate in translating the movements in property, plant and equipment but instead translated it using the closing rate. This was adjusted against the retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	4,474,022	4,496,135	647,313	662,963
Remeasurement (retained earnings)	<u>427,187</u>	<u>202,251</u>		
Balance (Restated)	<u>4,901,209</u>	<u>4,698,386</u>	<u>647,313</u>	<u>662,963</u>

- l. A consolidation adjustment of N1.61 Million was passed in the consolidated financial statements for which there is no basis which was thus eliminated against the retained earnings. An inappropriate rate was used in translating the statutory deposit of Ghana Life Insurance which was thus adjusted against the retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	313,407	224,211	200,000	200,000
Remeasurement (retained earnings)	<u>(3,429)</u>	<u>(1,614)</u>		
Balance (Restated)	<u>309,978</u>	<u>222,597</u>	<u>200,000</u>	<u>200,000</u>

- m. Claims incurred during the year was translated using the average rate instead of the closing rate. The effects of this has been adjusted against the retained earnings. An inappropriate closing rate was used in translating the subsidiary's financial results in 2016. The effect of this has been adjusted against the translation reserve.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	31,634,602	26,683,090	30,104,525	25,774,606
Remeasurement (retained earnings)	<u>(23,008)</u>	<u>(62,310)</u>		
Balance (Restated)	<u>31,611,594</u>	<u>26,620,780</u>	<u>30,104,525</u>	<u>25,774,606</u>

- n. A prior year adjustment of N591 Million was made against deposit administration in the consolidated financial statements and not in the separate financial statements. The same amount was adjusted in the retained earnings of the parent company in its separate financial statements. The adjustment was made as a result of inadequate reconciliation. The prior year adjustment was thus charged to profit or loss of 2016 financial statements as there were no errors observed in the amount stated as investment contract liabilities.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	4,819,629	4,408,274	5,411,398	4,408,274
Remeasurement (retained earnings)	<u>591,769</u>	<u>-</u>		
Balance (Restated)	<u>5,411,398</u>	<u>4,408,274</u>	<u>5,411,398</u>	<u>4,408,274</u>

- o. Trade payables belonging to the foreign subsidiary was not translated using the appropriate closing rate that was consistent with what was used in the prior year. This was adjusted accordingly in retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	1,183,351	1,594,059	923,974	1,413,614
Remeasurement (retained earnings)	<u>(78)</u>	<u>-</u>		
Balance (Restated)	<u>1,183,273</u>	<u>1,594,059</u>	<u>923,974</u>	<u>1,413,614</u>

NOTE TO THE FINANCIAL STATEMENTS

- p. Creditors in the financial statements of Africa Realty Company Limited, a wholly owned subsidiary of African Alliance Insurance, were not consolidated in the financial statements. This was appropriately adjusted for and recognised in the group retained earnings of African Alliance Insurance Plc. In addition, an inappropriate closing rate was used in translating the creditors of Ghana Life in the 2016 financial statements and this was adjusted for in the translation reserve of the group financial statements.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	527,249	478,637	275,967	291,182
Remeasurement (retained earnings)	8,493	8,859	-	-
Remeasurement (translation reserve)	-	-	-	-
Balance (Restated)	535,742	487,496	275,967	291,182

- q. An elimination adjustment of N11.1 Million was passed in the group financial statements. Based on the consolidation of the parent's financial results and the subsidiaries' financial results, there were no inter-company balances between the parent company and its subsidiaries to warrant this elimination journal passed. The elimination adjustment was thus adjusted against retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	70,736	83,570	39,624	52,458
Remeasurement (retained earnings)	(11,192)	(11,192)	-	-
Balance (Restated)	59,544	72,378	39,624	52,458

- r. Borrowings belonging to the foreign subsidiary was not translated using the appropriate closing rate that was consistent with what was used in the prior year. This was adjusted accordingly in retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	68,217	25,564	-	-
Remeasurement (retained earnings)	(1,107)	-	-	-
Balance (Restated)	67,110	25,564	-	-

NOTE TO THE FINANCIAL STATEMENTS

- r. In translating the tax liabilities of the entity's foreign subsidiary, Ghana Life Insurance, the closing rate was used in translating the income tax expense instead of the use of the average exchange rate. The effect of correctly using the average tax rate was adjusted against retained earnings. Upon translating the income tax payable of the foreign subsidiary, there was no remeasurement of exchange rate difference. This has been correctly done and adjusted for in the retained earnings. Tax payable belonging to Africa Realty Company Insurance Limited, a wholly owned subsidiary of African Alliance Insurance, was not consolidated in the financial statements. This was appropriately adjusted for against the retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	359,112	289,539	285,240	224,970
Remeasurement (retained earnings)	4,432	4,714		
Balance (Restated)	363,544	294,253	285,240	224,970

- s. The exchange difference adjustment passed in the financial statements was not correctly determined as it was determined on a retrospective basis instead of a prospective basis. The effect of this adjustment has been effected against retained earnings. In translating the income tax charge from deferred tax liability, the closing rate was used in translating the income tax expense in contrast to the average exchange rate. This has been adjusted against the retained earnings.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	923,562	680,865	695,696	515,418
Remeasurement (retained earnings)	29,978	(20,961)		
Balance (Restated)	953,540	659,904	695,696	515,418

- t. The company did not recognise non-controlling interest over the years as it pertains its investment in Ghana Life Insurance which is not fully owned by the company. A reclassification adjustment was made to account for the non-controlling interest's portion of the contingency reserve of its foreign subsidiary. The closing rate was used in translating the profit or loss items of the foreign subsidiary and such there was a need for a translation adjustment for the differential in rates used. This was adjusted against the entity's translation reserve.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	834,464	467,772	776,326	422,588
Reclassification (non-controlling interest)	(744)	(768)		
Remeasurement (retained earnings)	(1,558)	345		
Balance (Restated)	832,162	467,349	776,326	422,588

NOTE TO THE FINANCIAL STATEMENTS

u. The impact of restatement on the retained earnings for all the periods affected are analysed below:

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	(22,634,734)	(24,697,716)	(22,149,511)	(24,741,391)
Adjustment on translation error on cash and cash equivalent	(665)	-		
Adjustment on translation error on available for sale financial assets	(20,215)	-		
Adjustment on the translation error on trade receivables	(2,002)	-		
Adjustment on translation error on trade receivables belonging to Ghana Life and inter-company receivables not eliminated	(6,145)	(922)		
Adjustment on translation error pertaining to investment property	145,292	(115,065)		
Adjustment on inter-company transaction on investment in associate	(220,972)	(220,972)	(221,282)	(221,282)
Adjustment on translation error on deferred tax asset	(21)	(1,270)		
Adjustment on translation error on intangible assets	(2,303)	620		
Adjustment on non-existent property, plant and equipment	427,187	202,251		
Adjustment on translation error in statutory deposit	(3,429)	(1,614)		
Adjustment on translation error of claims incurred	23,008	62,310		
Adjustment on incorrect treatment of prior year adjustment	(591,769)	-		
Translation error on trade payables of Ghana Life Insurance	78	-		
Adjustment on creditors belonging to Africa Realty and translation error on creditors of Ghana Life Insurance	(8,493)	(8,859)		
Consolidation error adjustment made in the consolidated financial statements	11,192	11,192		
Translation error on borrowings of Ghana Life Insurance	1,107	-		
Translation error on income tax liabilities of Ghana Life Insurance	(4,432)	(4,714)		
Adjustment on translation error on deferred tax liabilities	(29,978)	20,961		
Adjustment on translation of contingency reserve appropriation	1,558	(345)		
Adjustment from the use of closing exchange rate in translating profit or loss items	317,756	(14,781)		
Reclassification of retained earnings belonging to non-controlling interest	(2,143)	(4,821)		
Reclassification of deferred tax liabilities from retained earnings to fair value reserve belonging to revaluation gain	71,151	71,151		
Adjustment on revaluation reserve for non-existent fair value of relevant property	296,018	387,713		
Balance (Restated)	<u>(22,232,954)</u>	<u>(24,314,881)</u>	<u>(22,370,793)</u>	<u>(24,962,673)</u>

NOTE TO THE FINANCIAL STATEMENTS

- v. Non-controlling interest from the entity's foreign subsidiary have not been calculated and accounted for in the consolidated financial statements over the relevant financial years. The translation reserve arising from the foreign subsidiary was calculated and reclassified from translation reserve. For profit or loss financial statement lines, the average exchange rate for the relevant financial year was not used in translating the operations of the foreign subsidiary thus resulting in a remeasurement which was effected from retained earnings. The impact for 2016 as detailed note aj and the opening error accounted for the remeasurement adjustment made in 2016.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	430,305	(81,850)	-	-
Reclassification (non-controlling interest)	(1,479)	1,131		
Remeasurement (retained earnings)	(317,755)	14,781		
Balance (Restated)	111,071	(65,937)	-	-

- w. Upon acquisition of a controlling interest in Ghana Life, the parent company has not recognised the non-controlling interest of about 2% belonging to the minority shareholder in the consolidated financial statements. The relevant adjustment was made from the net assets of the foreign subsidiary, Ghana Life Insurance Limited.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	-	-	-	-
Reclassification (retained earnings)	2,143	4,821		
Reclassification (translation reserve)	1,479	(1,131)		
Reclassification (contingency reserve)	744	768		
Reclassification (Fair value reserve)	6,955	6,744		
Balance (Restated)	11,320	11,202	-	-

- x. Deferred tax liabilities relating to revaluation gain on properties was not previously recognised as a part of other comprehensive income but as a part of profit or loss. Reclassification adjustment was made to reclassify the deferred tax liabilities relating to revaluation gain to other comprehensive income. Relevant adjustment was made for difference in exchange rates used in translating Ghana Life Insurance's revaluation gain. Revaluation gain belonging to non-existent assets was adjusted against the retained earnings. In addition, fair value reserve relating to the non-controlling interest was reclassified to non-controlling interest.

	31-Dec-16 N'000	1-Jan-16 N'000	31-Dec-16 N'000	1-Jan-16 N'000
Balance as per NAICOM approved accounts	2,457,317	2,281,904	318,304	274,277
Reclassification (retained earnings)	(71,151)	(71,151)		
Remeasurement (retained earnings)	(296,018)	(387,713)		
Reclassification (non-controlling interest)	(6,955)	(6,744)		
Balance (Restated)	2,083,193	1,816,296	318,304	274,277

- y. In translating the profit and loss items, the closing exchange rate as at the reporting date was used in the translation instead of the average exchange rate prevalent at the reporting date. The effect has been adjusted in retained earnings.

Gross premium income	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	14,258,800	12,963,414
Remeasurement (retained earnings)	(190,394)	
Balance (restated)	14,068,406	12,963,414

- aa. The movement in unearned premium reserve differed from what was presented in the financial statements by N25 thousand. This difference has been reclassified to operating expenses.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	454,800	454,800
Reclassification (other operating expenses)	(25)	(25)
Balance (restated)	454,775	454,775

NOTE TO THE FINANCIAL STATEMENTS

- ab. The movement in reinsurance share of IBNR on outstanding claims was presented as a part of reinsurance premium incurred. The movement in reinsurance share of IBNR should have been reflected in the claim recoveries. This has been appropriate reclassified to claim recoveries in the restated accounts. In translating the reinsurance premium incurred by the subsidiary, the average rate was not used in translating the reinsurance premium incurred but instead the closing rate was used in the translation. The effect of this has been adjusted for appropriately in the retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	(35,162)	(10,913)
Reclassification (claim recoveries)	(39,531)	(39,531)
Remeasurement (retained earnings)	<u>3,564</u>	<u></u>
Balance (restated)	<u>(71,129)</u>	<u>(50,444)</u>

- ac. In translating the claims incurred by the foreign subsidiary, the company utilised the closing exchange rate as at the reporting date for relevant translation instead of utilising the average exchange rate in translating the claims incurred by the foreign subsidiary. The effect of this error has been adjusted against the retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	7,271,191	7,271,191
Remeasurement (retained earnings)	<u>(100,566)</u>	<u>-</u>
Balance (restated)	<u>7,170,625</u>	<u>7,271,191</u>

- ad. The movement in reinsurance share of IBNR on outstanding claims was presented as a part of reinsurance premium incurred. The movement in reinsurance share of IBNR should have been reflected in the claim recoveries. This has been appropriate reclassified to claim recoveries in the restated accounts.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	(9,456)	(9,456)
Reclassification (claim recoveries)	<u>(39,531)</u>	<u>(39,531)</u>
Balance (restated)	<u>(48,987)</u>	<u>(48,987)</u>

- ae. In translating the underwriting expenses incurred by the foreign subsidiary, the company utilised the closing exchange rate as at the reporting date for relevant translation instead of utilising the average exchange rate in translating the underwriting expenses incurred by the foreign subsidiary. The effect of this error has been adjusted against the retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	1,069,369	951,683
Remeasurement (retained earnings)	<u>(24,294)</u>	<u>-</u>
Balance (restated)	<u>1,045,075</u>	<u>951,683</u>

- af. In translating the changes in insurance contracts of the foreign subsidiary, Ghana Life Insurance, the company utilised the closing exchange rate as at the reporting date for relevant translation instead of utilising the average exchange rate in translating the changes in insurance contracts of the foreign subsidiary. The effect of this error has been adjusted against the retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	5,146,264	4,786,979
Remeasurement (retained earnings)	<u>(52,807)</u>	<u>-</u>
Balance (restated)	<u>5,093,457</u>	<u>4,786,979</u>

NOTE TO THE FINANCIAL STATEMENTS

- ag. Investment income on financial assets belonging to Ghana Life Insurance was reclassified to investment income in order to align with the group's presentation as it pertains investment income. Exchange loss incurred during the year belonging to Axiom Air Limited, a wholly owned subsidiary, was reclassified from other operating and administration expenses to other income due to the nature of the expenses. In addition, the closing exchange rate as at the reporting date was used in translating other income instead of using the average exchange rate. Other income was retranslated using the average exchange rate and the relevant differential was adjusted against retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	139,038	98,959
Reclassification (investment income)	(7,855)	
Reclassification (other operating and administrative expenses)	(84,239)	
Remeasurement (retained earnings)	(3,058)	-
Balance (restated)	43,886	98,959

- ah. Investment income on financial assets belonging to Ghana Life Insurance was reclassified to investment income in order to align with the group's presentation as it pertains investment income. In addition, the closing exchange rate as at the reporting date was used in translating investment income instead of using the average exchange rate. Investment income was retranslated using the average exchange rate and the relevant differential was adjusted against retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	3,215,002	3,067,525
Reclassification (investment income)	7,855	
Remeasurement (retained earnings)	(22,830)	-
Balance (restated)	3,200,027	3,067,525

- ai. In translating the fair value gain on investment property earned by the foreign subsidiary, the company utilised the closing exchange rate as at the reporting date for relevant translation instead of utilising the average exchange rate in translating the underwriting expenses incurred by the foreign subsidiary. The effect of this error has been adjusted against the retained earnings

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	725,646	556,900
Remeasurement (retained earnings)	(24,802)	-
Balance (restated)	700,844	556,900

- aj. A prior year adjustment of N591 Million was made against deposit administration in the consolidated financial statements and not in the separate financial statements. The same amount was adjusted in the retained earnings of the parent company in its separate financial statements. The adjustment was made as a result of inadequate reconciliation. The prior year adjustment was thus charged to profit or loss of 2016 financial statements as there were no errors observed in the amount stated as investment contract liabilities.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	(103,735)	(103,735)
Remeasurement (retained earnings)	(591,769)	(591,769)
Balance (restated)	(695,504)	(695,504)

NOTE TO THE FINANCIAL STATEMENTS

- ak. Directors' fees were reclassified from salaries and wages to other operating and administrative expenses in order to distinguish with costs incurred for management staff and costs incurred for Directors as sitting allowances. Thus Directors' fee were reclassified from employee benefit expenses to other operating and administrative expenses. In addition, relevant management staff costs inappropriately classified as other operating and administrative expenses were reclassified to employee benefit expense.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	(925,858)	(586,441)
Reclassification (other operating and administrative expenses)	72,137	44,066
Remeasurement (retained earnings)	45,114	
Balance (restated)	<u>(808,607)</u>	<u>(542,375)</u>

- al. Directors' fees were reclassified from employee benefit expense to other operating and administrative expenses in order to distinguish with costs incurred for management staff and costs incurred for Directors as sitting allowances. Thus Directors' fee were reclassified from employee benefit expenses to other operating and administrative expenses. In addition, relevant management staff costs inappropriately classified as other operating and administrative expenses were reclassified to employee benefit expense. In addition, there was a remeasurement of depreciation expense on the property owned by Africa Realty, a fully owned subsidiary of African Alliance Insurance Plc. which was adjusted against retained earnings for the period. In addition, a remeasurement of inter-company transactions was done which resulted in additional charge of N2.6 Million in Frenchies Foods Limited's financial results. Also, in translating Ghana Life Insurance, the closing exchange rate was used for the translation instead of the average exchange rate. Exchange loss of N86 Million incurred during the year belonging to Axiom Air Limited, a wholly owned subsidiary, was reclassified from other operating and administration expenses to other income due to the nature of the expenses.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	(1,465,680)	(912,212)
Reclassification (other operating and administrative expenses)	12,127	(44,041)
Remeasurement (retained earnings)	19,501	
Balance (restated)	<u>(1,434,052)</u>	<u>(956,253)</u>

- am. In translating the income tax expense incurred on Ghana Life Insurance Plc, the closing exchange rate was used in translating the income tax expense incurred by Ghana Life Insurance Limited, a fully owned subsidiary of African Alliance Insurance Plc, in contrast to the use of the average exchange rate. The effect of using the appropriate exchange rate has been adjusted against the retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	(340,417)	(270,628)
Remeasurement (retained earnings)	9,600	
Balance (restated)	<u>(330,817)</u>	<u>(270,628)</u>

- an. For the 2016 financial year, it was observed that an inappropriate rate was used as the closing rate and also for profit or loss items, the closing rate was used in translation instead of the average exchange rate. The effect of correcting these errors resulted in a restatement of the foreign exchange gain translation earned during the year. This was adjusted against the translation reserve of the entity.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	512,155	-
Remeasurement (translation reserve)	(332,536)	
Balance (restated)	<u>179,619</u>	<u>-</u>

NOTE TO THE FINANCIAL STATEMENTS

- ao. The property belonging to Africa Realty, a wholly owned subsidiary of African Alliance Insurance Plc, fair valued in the 2016 financial year which was not considered in the determination of the revaluation gain earned by the group. This was accounted appropriately and adjusted against the fair value reserve. In addition, an inappropriate rate was used in translating the foreign subsidiary which was not consistent with what was used in previous year. The effect of this has been adjusted against retained earnings.

	Group 31-Dec-16 N'000	Company 31-Dec-16 N'000
Balance as per NAICOM approved accounts	175,413	44,027
Remeasurement (fair value reserve)	93,829	
Remeasurement (retained earnings)	(2,134)	
Balance (restated)	267,108	44,027

47 Other income statement information: Staff and directors cost

Employee costs during the year amounted to:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Wages & salaries	757,125	652,042	492,937	452,004
Pension cost	51,956	44,559	23,667	23,233
Other staff cost	104,875	98,667	52,586	53,798
Staff defined benefit	100,183	13,340	100,183	13,340
	1,014,139	808,608	669,373	542,375

The exit bonus become payable when employee exit the group at the age of 60 and satisfies performance criteria

The number of employees of the company, other than directors, who received emoluments in the following ranges was:

	Group		Company	
	31-Dec-17 Number	31-Dec-16 Number	31-Dec-17 Number	31-Dec-16 Number
N1,000,001 - N1,500,000	60	65	5	10
N1,500,001 - N2,000,000	10	11	10	11
N2,000,001 - N2,500,000	5	25	5	25
N2,500,001 - N3,000,000	41	14	41	14
N3,000,001 - N3,500,000	2	8	2	8
N3,500,001 - N4,000,000	11	3	11	3
Above N4,000,000	20	14	20	14
	149	140	94	85

iii. The average number of full time persons employed by the Company during the year per level were as followed:

Executive director	4	5	2	3
Management staff	9	9	6	6
Non-management staff	140	131	88	79
	153	145	96	88

NOTE TO THE FINANCIAL STATEMENTS

Directors' remuneration:

i. Remuneration paid to the directors of the Company were as follows:

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
Short term benefits:				
- Directors fees	20,000	78,000	20,000	78,000
- Directors sitting allowances	5,375	7,150	5,375	7,150
- Executive compensation	37,921	53,204	37,921	53,204
- Other directors costs and expenses	2,500	-	2,500	-
	<u>65,796</u>	<u>138,354</u>	<u>65,796</u>	<u>138,354</u>

Fees and other emoluments disclosed above include amounts paid to :

The Chairman	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
The highest paid director	<u>19,033</u>	<u>25,242</u>	<u>19,033</u>	<u>25,242</u>

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Number	Number	Number	Number
Below N5,000,000	-	-	-	-
N5,000,000- N10,000,000	-	-	-	-
N10,000,000 and above	2	3	2	3
	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>

NOTE TO THE FINANCIAL STATEMENTS

48 Related parties

Shareholders	31-Dec-17	31-Dec-16
Conau Limited	57.39%	57.49%
Universal Insurance Plc	5.83%	5.83%

Nature of the balance	Related party	2017 N'000	2016 N'000
Intercompany receivable	Frenchies Foods Ltd	-	3,576
intercompany receivables	Axiom Air Ltd	408,339	406,839
Intercompany receivable	African Alliance Holding Limited	8,150	8,150
intercompany receivables	Universal Insurance	1,600,267	1,600,267
intercompany receivables	African Alliance Trustees	105	105
Premium receivable		-	-
Due to related party		-	-
Intercompany payable		-	-

Transactions with directors

Remuneration is paid to directors in the form of fees to non-executive directors and remuneration to executive directors of the Company. All directors of the Company have notified that they did not have any interest in transactions recorded within the reporting period. Key management personnel transactions with the Group have been disclosed in note 39.

Directors' remuneration:

ii. Remuneration paid to the directors of the Company were as follows:

	Group		Company	
	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Short term benefits:				
- Directors fees	20,000	78,000	20,000	78,000
- Directors Sitting Allowances	5,375	7,150	5,375	7,150
- Executive Compensation	37,921	53,204	37,921	53,204
- Other Directors Costs and Expenses	2,500	-	2,500	-
	65,796	138,354	65,796	138,354
Fees and other emoluments disclosed above include amounts paid to :				
The Chairman	-	20,000	-	20,000
The highest paid director	19,033	25,242	19,033	25,242

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Group		Company	
	31-Dec-17 Number	31-Dec-16 Number	31-Dec-17 Number	31-Dec-16 Number
Below N5,000,000	-	-	-	-
N5,000,000- N10,000,000	-	-	-	-
N10,000,000 and above	2	3	2	3
	2	3	2	3

NOTE TO THE FINANCIAL STATEMENTS**49 Contingent liabilities and commitments****(a) Legal proceedings**

There were no legal proceedings outstanding against the company at 31 December 2017 (2016 Nil).

(b) Capital commitments

At 31 December 2017, the Group has no capital commitments in respect of buildings and equipment purchases.

50 (Loss)/Earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issues.

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	N'000	N'000	N'000	N'000
(Loss)/profit for the year	<u>(6,251,055)</u>	<u>2,444,038</u>	<u>(3,712,591)</u>	<u>2,945,619</u>
Weighted number of shares at the end of the year	<u>20,585,000</u>	<u>20,585,000</u>	<u>20,585,000</u>	<u>20,585,000</u>
(Loss)/Earnings per share (basic) - in Kobo	(30)	12	(18)	14

51 Proposed dividend

There was no proposed dividend during the year (2016: N.0000)

52 Post balance sheet events

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2017 or the profit for the twelve month ended 31 December 2017.

OTHER NATIONAL DISCLOSURES

(a) Value Added Statement

	Group		Company	
	2017 N'000	%	2016 N'000	%
Net insurance premium Income	7,533,138		14,465,397	
Fee and Commission Income - Insurance Contracts	5212		13,345	
Net Investment Income	5,205,238		4,416,970	
Other services bought	(18,402,332)		(14,704,492)	
Value added	(5,658,744)	100	4,191,220	100
Applied as follows:				
In payment of employees:				
- Salaries, wages and other benefits	1,014,139		808,607	
In payment to providers of capital:				
- Interest on loan	5,179		-	
In payment to Government				
- Taxation	50,231		30,080	
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Deferred Taxation	(754,809)		235,992	
- Depreciation & Amortisation	329,589		307,714	
- Contingency reserve	76,097		364,789	
- (Loss)/profit for the year	(6,379,170)		2,444,038	
	(5,658,744)	100	4,191,220	100

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OTHER NATIONAL DISCLOSURES

(b) Financial Summary

(bi) Group	31 Dec 2017 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
ASSETS					
Cash and Cash equivalent	6,006,807	6,873,981	4,161,876	2,434,395	1,707,104
Financial Assets	22,753,040	23,665,513	18,574,910	11,209,586	5,846,470
Trade receivables	41,918	168,658	59,962	74,213	54,181
Reinsurance Assets	53,717	76,772	34,339	917	173
Other receivables and prepayments	341,178	439,945	861,111	25,869	16,733
Deferred acquisition cost	-	15,717	7,392	377,852	324,113
Investment properties	10,794,603	7,772,882	6,785,365	6,610,976	6,042,924
Investment in Subsidiary	-	-	-	-	-
Investment in associate	1,605,405	1,341,159	1,234,148	1,229,554	1,062,455
Retirement benefit asset	7,063				
Deferred tax asset	147,881	26,226	27,871	34,305	28,015
Intangible assets	63,959	56,130	66,412	48,597	29,958
Property and Equipment	1,666,110	4,901,209	4,698,386	4,551,019	4,174,162
Statutory deposit	348,965	309,978	222,597	219,144	218,347
Total Assets	43,830,646	45,648,170	36,734,369	26,816,429	19,504,635
LIABILITIES					
Insurance Contract liabilities	36,378,453	31,611,594	26,620,780	13,000,434	7,066,878
Investment Contract liabilities	4,927,104	5,411,398	4,408,274	4,446,262	3,812,220
Trade payables	1,177,117	1,183,273	1,594,059	436,367	458,680
Other payables and accruals	563,265	535,742	487,495	472,456	653,690
Employee benefit liabilities	29,335	59,544	72,378	121,821	128,815
Borrowings	287,652	67,110	25,564	34,452	15,852
Tax payable	594,024	363,544	294,254	204,462	182,367
Deferred tax liabilities	384,874	953,540	659,904	592,666	437,631
Total Liabilities	44,341,824	40,185,745	34,162,708	19,308,829	12,756,133

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	31 Dec 2017 #'000	31 Dec 2016 #'000	31 Dec 2015 #'000	31 Dec 2014 #'000	31 Dec 2013 #'000
EQUITY					
Share Capital	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contingency Reserve	908,259	832,162	467,349	317,966	209,401
Retained Earnings	(27,403,965)	(22,232,954)	(24,314,881)	(19,606,612)	(20,038,420)
Translation Reserve	186,441	111,070	(65,938)	(49,699)	
Non-Controlling Interest	7,815	11,321	11,202	-	-
Fair Value Reserve	1,004,524	2,083,193	1,816,296	2,188,312	1,919,888
Total Equity	(511,178)	5,462,425	2,571,661	7,507,600	6,748,502
Total Liabilities & Equity	43,830,646	45,648,170	36,734,369	26,816,429	19,504,635
INCOME STATEMENTS					
Gross Premium written	7,626,710	14,068,406	14,442,436	10,802,772	7,275,079
Gross Premium income	7,586,932	14,523,181	14,400,292	10,732,198	7,195,937
Profit before tax	(6,726,979)	2,774,855	(744,063)	710,930	1,462,405
Income tax expense	475,924	(330,817)	(197,236)	(224,957)	(57,725)
Profit after tax	(6,251,055)	(2,444,038)	(4,744,063)	485,973	1,404,679
Other Comprehensive income	(57,696)	446,727	(197,236)	-	-
Total comprehensive income	(6,308,751)	2,890,765	(4,941,299)	485,973	1,404,679

African Alliance Insurance Plc

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OTHER NATIONAL DISCLOSURES

(bii) Company	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
ASSETS	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and Cash equivalent	5,799,468	6,359,793	3,771,636	2,409,614	1,663,292
Financial Assets	22,665,754	23,584,248	18,434,044	10,806,897	5,575,614
Trade Receivables	-	-	-	-	-
Reinsurance Assets	53,717	76,772	34,339	25,869	16,733
Other Receivables and Prepayments	324,286	700,236	1,142,935	596,257	473,000
Deferred Acquisition Cost	-	15,717	7,392	917	173
Investment Properties	9,285,488	6,616,999	6,058,586	5,868,188	5,642,612
Investment in Subsidiary	553,805	1,538,299	1,357,558	1,357,558	965,475
Investment in Associate	1,605,405	1,341,159	1,234,148	1,229,864	1,062,765
Retirement benefit asset	7,063	-	-	-	-
Deferred Tax Asset	146,476	24,551	24,551	24,551	24,551
Intangible Assets	20,913	28,023	33,636	30,296	12,002
Property and Equipment	627,276	647,313	662,963	639,347	422,191
Statutory Deposit	200,000	200,000	200,000	200,000	200,000
Total Assets	41,289,651	41,133,110	33,057,130	23,189,358	16,058,408
LIABILITIES					
Insurance Contract Liabilities	34,536,368	30,104,525	25,774,605	12,243,182	6,298,177
Investment Contract Liabilities	4,927,104	5,411,398	4,408,274	4,446,262	3,812,220
Trade payables	914,215	923,974	1,413,614	322,880	626,728
Other payables and Accruals	344,085	291,182	275,966	172,812	124,263
Employee benefit liabilities	29,335	39,624	52,458	73,695	94,181
Borrowings	182,714	-	-	-	-
Tax payable	545,285	285,240	224,970	149,069	150,571
Deferred tax Liabilities	92,107	695,696	515,418	449,594	367,888
Total Liabilities	41,571,213	37,751,639	32,665,305	17,857,493	11,474,028
EQUITY					
Share Capital	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contingency Reserve	839,681	776,327	422,588	280,482	179,165
Retained Earnings	(26,146,738)	(22,370,793)	(24,962,673)	(19,841,945)	(20,432,438)
Fair Value Reserve	367,862	318,304	274,277	235,695	180,020
Total Equity	(281,562)	3,381,471	391,825	5,331,865	4,584,380
Total Liabilities & Equity	41,289,651	41,133,110	33,057,130	23,189,358	16,058,408

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	31 Dec ₦'000	31 Dec ₦'000	31 Dec 2015 ₦'000	31 Dec ₦'000	31 Dec 2013 ₦'000
INCOME STATEMENTS					
Gross Premium written	6,335,448	12,963,414	13,672,443	10,078,060	6,568,953
Gross Premium income	6,295,670	13,418,189	13,631,533	10,011,954	6,492,574
Profit before tax	(4,167,907)	3,216,247	(4,596,819)	764,481	(2,961,882)
Income tax expense	455,316	(270,628)	(160,520)	(134,320)	(60,984)
Profit after tax	(3,712,591)	(2,945,619)	(4,757,340)	630,161	(3,022,867)
Other Comprehensive income	49,558	44,027	142,106	101,318	66,356
Total comprehensive income	<u>(3,663,033)</u>	<u>(2,989,646)</u>	<u>(4,718,758)</u>	<u>685,836</u>	<u>(3,009,918)</u>