PRESTIGE ASSURANCE PLC

FINANCIAL STATEMENTS

for the Year Ended 31 December 2012

Statement of Financial Position

31 December 2012

Assets	Notes	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Cash and cash equivalents	9	1,670,851	1,722,182	2,557,583
Held-for-trading financial assets	10(a)	458,698	483,586	809,934
Held-to-maturity financial assets	10(b)	426,796	430,000	-
Available-for-sale financial assets	10(c)	448,655	357,214	252,750
Trade receivables	11	914,706	244,136	208,505
Other receivables and prepayments	12	65,836	120,018	127,441
Reinsurance assets	13	3,454,954	1,269,288	1,114,773
Deferred Acquisition Cost	14	188,783	133,400	137,974
Deferred tax asset	24	-	28,499	-
Intangible Asset	15	7,200	8,100	-
Investment in finance lease	16	68,044	161,660	-
Property, plant and equipment	17	1,693,512	895,416	917,054
Statutory deposit	18	300,000	300,000	300,000
Total Assets		9,698,035	6,153,499	6,426,014
Liabilities				
Insurance contract liabilities	19	4,596,879	2,417,407	1,860,147
Trade payables	20	482,170	302,374	762,729
Provisions and other payables	21	170,773	122,465	247,452
Retirement obligations	22	89,313	150,656	111,095
Current income tax liabilities	23	319,463	300,060	316,553
Deferred tax Liability	24	173,234	93,845	92,197
Total Liabilities		5,831,832	3,386,807	3,390,173
Share capital	25	1,254,157	1,254,157	1,074,992
Share premium	26	1,155,540	1,170,820	1,170,820
Statutory Contingency reserve	27	1,396,026	1,252,324	1,124,122
Revenue reserve	28	(535,227)	(944,378)	(513,258)
Reserve on Actuarial valuation of gratuity	29	(32,718)	(32,718)	-
Reserve on Available-for-sale financial asset	30	157,928	66,487	-
Property revaluation reserve	31	470,497	-	-
Bonus issue reserve	32	-	-	179,165
Total equity		3,866,203	2,766,692	3,035,841
Total liabilities and equity		9,698,035	6,153,499	6,426,014

Signed on behalf of the Board by:

Mrs. K. O. Kola-Fasanu	**Dr. A. P. Mittal**	**Chief (Dr.) C. S. Sankey**
Chief Finance Officer	Managing Director	Chairman
FRC/2013/ICAN/0000001184	FRC/2013/CIIN/00000003042	FRC/2013/ICAN/00000003202

The accounting policies on pages 31 to 46 and notes on pages 53 to 97 form part of these financial statements Auditors' report, page 30

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2012

	Notes	31 December 2012 N'000	31 December 2011 N'000
Gross premium written	33	4,790,054	4,273,386
Gross premium income	34	4,595,868	3,846,703
Reinsurance expenses	35	(2,749,712)	(2,539,602)
Net premium income		1,846,156	1,307,101
Fees and commission income		685,717	687,635
Net underwriting income		2,531,873	1,994,736
Claims expenses	36	(1,569,158)	(221,283)
Acquisition expenses	37	(650,088)	(568,413)
Maintenance expenses	38	(576,094)	(510,583)
Underwriting (Loss)/Profit		(263,467)	694,457
Investment income attributable to policy holders & shareholders	39	531,032	605,054
		267,565	1,299,511
Other operating income	40	906,947	26,552
		1,174,512	1,326,063
Impairment loss on trade receivables	11	-	(648,147)
Management expenses	41	(304,892)	(521,058)
Profit before taxation		869,620	156,858
Information Technology Development Levy	23	(8,696)	(1,569)
		860,924	155,289
Taxation	23	(257,905)	(189,978)
Profit/(loss) after taxation		603,019	(34,689)
Retained earnings for the year	28	603,019	(34,689)
Other comprehensive income:		**N'000**	**N'000**
Items within OCI that may be reclassified to the Profit or loss:			
Actuarial gain - change in assumption	29	-	5,630
Actuarial loss - experience adjustment	29	-	(38,348)
Gain on valuation of Available-for-sale financial assets	30	91,441	66,487
Items within OCI that will not be reclassified to the Profit or loss:			
Gain on revaluation of land and building	31	470,497	-
Total other comprehensive income for the year		561,938	33,769
Total comprehensive income/(loss) for the year		1,164,957	(920)
Basic earnings per share (Kobo)	43	24.04	(1.38)
Diluted earnings per shares (Kobo)	43	24.04	(1.38)

The accounting policies on pages 31 to 46 and notes on pages 53 to 97 form part of these financial statements
Auditors' report, Page 30

Statement of Changes in Equity

for the Year Ended 31 December 2012

	Issued Share capital N'000	Share premium N'000	Contingency reserve N'000	Equity revaluation reserves N'000	Gratuity valuation reserve N'000	Property Revaluation reserve N'000	Bonus Issue Reserve N'000	General reserve N'000	Total N'000
Balance 1 January, 2012	1,254,157	1,170,820	1,252,324	66,487	(32,718)	-	-	(944,378)	2,766,692
Total comprehensive income for the period:									
Profit for the year	-	-	-	-	-	-	-	603,019	603,019
Transfer to contingency reserve	-	-	143,702	-	-	-	-	(143,702)	-
Right issue expenses	-	(15,280)	-	-	-	-	-	-	(15,280)
	-	(15,280)	143,702	-	-	-	-	459,317	587,739
Other comprehensive income:									-
Changes in Available-for-sale	-	-	-	91,441	-	-	-	-	91,441
Changes in valuation of properties	-	-	-	-	-	470,497	-	-	470,497
	-	-	-	91,441	-	470,497	-	-	561,938
Transactions with owners recorded directly in Equity:									
Dividend declared	-	-	-	-	-	-	-	(50,166)	(50,166)
	-	-	-	-	-	-	-	(50,166)	(50,166)
Balance 31 December, 2012	1,254,157	1,155,540	1,396,026	157,928	(32,718)	470,497	-	(535,227)	3,866.203

Statement of Changes in Equity

for the Year Ended 31 December 2011

	Issued Share capital N'000	Share premium N'000	Contingency reserve N'000	Equity revaluation reserves N'000	Gratuity valuation reserve N'000	Property Revaluation reserve N'000	Bonus Issue Reserve N'000	General reserve N'000	Total N'000
Balance 1 January, 2011	1,074,992	1,170,820	1,124,122	-	-	-	179,165	(513,258)	3,035,841
Total comprehensive income for the period:									
Loss for the year	-	-	-	-	-	-	-	(34,689)	(34,689)
Transfer to contingency reserve	-	-	128,202	-	-	-	-	(128,202)	-
	-	-	128,202	-	-	-	-	(162,891)	(34,689)
Other comprehensive income:									
Changes in Available-for-sale	-	-	-	66,487		-	-	-	66,487
Changes in valuation of gratuity	-	-	-	-	(32,718)	-	-	-	(32,718)
	-	-	-	66,487	(32,718)	-	-	-	33,769
Transactions with owners recorded directly in Equity:									
IFRS Adjustment	-	-	-	-	-	-	-	(139,230)	(139,230)
Dividend declared	-	-	-	-	-	-	-	(128,999)	(128,999)
Transfer to Bonus issue	179,165	-	-	-	-	-	(179,165)	-	-
	179,165	-	-	-	-	-	(179,165)	(268,229)	(268,229)
Balance 31 December, 2011	1,254,157	1,170,820	1,252,324	66,487	(32,718)	-	-	(944,378)	2,766,692

Statement of Cash Flows

for the Year Ended 31 December 2012

	Notes	2012 N'000	2011 N'000
Cash flows from operating activities:			
Premium received from policy holders	33	4,790,054	4,273,386
Commission received		685,717	687,635
Operating costs and payments to employees		(4,851,834)	(5,132,850)
Claims incurred	36	(1,569,158)	(221,283)
Other operating income		906,947	26,552
Input Value Added Tax		-	11,331
Output Value Added Tax		-	(48,500)
Company income tax paid	23	(191,587)	(234,891)
Net cash consumed by operating activities	45(a)	(229,861)	(638,620)
Cash flows from investing activities			
Purchase of property, plant & equipment	17	(433,514)	(276,664)
Redemption of bonds	10(b)	43,204	-
Purchase of bond	10(b)	(40,000)	(430,000)
Proceeds from disposal of property, plant & equipment		2,872	3,301
Investment income and other receipts	39	426,548	536,326
Proceeds from disposal of quoted investments		244,866	108,255
Acquisition of intangible assets	15	-	(9,000)
Net cash inflow from investing activities		243,976	(67,782)
Cash flows from financing activities			
Dividend paid	28	(50,166)	(128,999)
Share issue expenses	26	(15,280)	-
Net cash outflows from financing activities		(65,446)	(128,999)
Net decrease in cash and cash equivalents		(51,331)	(835,401)
Cash and cash equivalents at the beginning of the year		1,722,182	2,557,583
Cash and cash equivalents at the end of the year	45(b)	1,670,851	1,722,182

The accounting policies on pages 31 to 46 and notes on pages 53 to 97 form part of these financial statements
Auditors' report, Page 30

Notes to the Financial Statements

for the Year Ended 31 December 2012

1 General Information

Prestige Assurance Plc (The Company) was incorporated under the laws of the Federal Republic of Nigeria and is subject to the Nigerian Insurance Act, CAP 117 LFN 2004. It is licensed to underwrite all Non-Life insurance business in Nigeria. Its head office and registered office is at 19, Ligali Ayorinde Street, Victoria Island, Lagos.

Prestige Assurance Plc is a subsidiary of The New India Assurance Co. Ltd., Mumbai, India, a 93 year old wholly owned by the Government of India undertaking with an asset base of over US$8 billion and rated 'A' EXCELLENT by A. M. Best of the U.S.A.

Prestige Assurance Plc is a Public Liability Company quoted on the Nigerian Stock Exchange. Established in 1952 as a branch office of The New India Assurance Co. Ltd., Mumbai. Converted as New India's 100% subsidiary company in 1970 - The New India Assurance Company (Nig.) Limited. By the Nigerian Enterprises Promotion Act of 1977, The New India's holding was reduced to 40%, and the name changed to 'Prestige Assurance Plc in September, 1992.

The New India Assurance's Shareholding increased to 47.87% in 2004 (with a change in regulation) and increased to 51.01% in March, 2007.

Principal activities

The Company is licensed to write all classes of Non-life Insurance in Nigeria and positioned to give excellent services through its Total Quality Management Practices. The activities include insurance underwriting , claims administration and management of liquidity by investing the surplus in fixed deposit, bond and treasury bills.

1.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are 19-29. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affects the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to 'the carrying amounts of assets and liabilities within the next financial year are discussed below.

I Income taxes

The Company periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

ii Insurance contracts

The uncertainty inherent in the financial statements of the Company arises principally in respect of the technical provisions. The technical provisions of the Company include Provision for Unearned Premiums and Outstanding claims (including IBNR).

iii Estimates of future claims payments

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- ❖ terms and conditions of the insurance contracts;
- ❖ knowledge of events;
- ❖ court judgements;
- ❖ economic conditions;
- ❖ previously settled claims;
- ❖ triangulation claim development analysis;
- ❖ estimates based upon a projection of claims numbers and average cost; and
- ❖ expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

iv Sensitivity

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

v Uncertainties and judgements

The uncertainty arising under insurance contracts may be characterised under a number of specific headings; such as:

- ❖ uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;

- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

vi Reinsurance

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Company monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

vii Held-to-maturity financial assets

The Company follows the guidance of International Accounting Standard (IAS) 39. Financial Assets "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity financial assets. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

If the Company fails to keep these investments to maturity other than for specific circumstances explained in IAS 39. It will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

viii Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when a financial asset is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, and the financial health of and near-term business outlook of the invest, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

ix Impairment of other assets

At each balance sheet date, management reviews and assesses the carrying amounts of the other assets and where relevant, writes them down to their recoverable amounts based on best estimates.

x Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

xi Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Companys assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's views of possible near-term market changes that cannot be predicted with any certainty.

3 Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Company 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 finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance Committees to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counter parties is also managed by other mechanisms, such as the right of offset where counter parties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the company's procedures on credit.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

4 Management of insurance and financial risk

The Company issues contracts that transfer insurance risk. This section summarises the main risks linked to short-term insurance business and the way they are managed.

i Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

ii Frequency and severity of claims

The frequency and severity of claims can be affected by several factors the most significant resulting from events like fire and allied perils and their consequences and liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Company is adequately protected and would only suffer predetermined amounts.

iii Concentration of insurance risk

The following table discloses the concentration of claims by class of business gross and net of reinsurance.

Class of Business	2012		Outstanding claims		2011	
	No. of claims	Gross N'000	Net N'000	No. of claims	Gross N'000	Net N'000
Accident	141	289,693	54,782	128	140,415	112,921
Fire	70	1,049,174	225,329	198	682,438	552,905
Workmen's compensation	165	39,526	39,526	171	53,721	(32,202)
Motor	165	61,271	61,038	294	61,896	(65,422)
Marine and Aviation	239	1,172,565	17,598	233	301,471	205,701
Engineering	6	38,979	3,662	16	31,242	30,239
Oil and Gas	10	622,237	138,487	10	16,977	15,000
Bonds	0	46	46	0	45	45
	796	3,273,491	540,468	1,050	1,288,205	819,187

The Company manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

iv Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Company 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). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Company claims are short tail and are settled within a short time and the Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the balance sheet date. The Company has ensured that liabilities on the balance sheet at year end for existing claims whether reported or not, are adequate. The Company has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

v Financial risk

The Company is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are: -

- ❖ Market risk (which includes currency risk, interest rate risk and equity price risk)
- ❖ Credit risk;
- ❖ Liquidity risk;
- ❖ Capital management; and
- ❖ Fair value estimation

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Company's risk management policies are designed to identify and analyze risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management, individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

vi Market risk

Market risk is the risk of adverse financial impact due to changes in fair value of future cashflows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

The Company has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Company monitors adherence to this market risk policy through the Company's Investment Committee. The Company's Investment Committee is responsible for managing market risk.

The financial impact from market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Company's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

vii Currency risk

The Company purchases reinsurance contracts internationally, thereby being exposed to foreign currency fluctuations.

The Company's primary exposures are with respect to the US Dollar.

The Company has a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Company financial assets and financial liabilities by currency is detailed below:

At December 31, 2012	Equivalent in N'000 **N'000**	**£'000**	**€'000**	**$'000**	**Total**
Assets:					
Non-current assets	5,712,493	-	-	-	5,712,493
Current assets	2,314,691	-	-	-	2,314,691
Bank balances, deposits and cash	1,079,116	9,663	53,036	529,036	1,670,851
TOTAL ASSETS	9,106,300	9,663	53,036	529,036	9,698,035
Liabilities:					
Current liabilities	5,569,285	-	-	-	5,569,285
Non-current liabilities	262,547	-	-	-	262,547
TOTAL LIABILITIES	5,831,832	-	-	-	5,831,832

At December 31, 2011	Equivalent in N'000 **N'000**	**£'000**	**€'000**	**$'000**	**Total**
Assets:					
Non-currents assets	2,796,363	-	-	-	2,796,363
Current assets	1,634,954	-	-	-	1,634,954
Bank balances, deposits and cash	1,327,826	18,634	12,789	362,933	1,722,182
TOTAL ASSETS	5,759,143	18,634	12,789	362,933	6,153,499
Liabilities:					
Current liabilities	3,142,306	-	-	-	3,142,306
Non-current liabilities	244,501	-	-	-	244,501
TOTAL LIABILITIES	3,386,807	-	-	-	3,386,807

viii Sensitivity

If the Naira had weakened/strenthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

	GBP		USD		EURO	
	+ 5%	**- 5%**	**+ 5%**	**- 5%**	**+ 5%**	**- 5%**
Impact on Results :	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
- At December 31, 2012						
- Financial assets	-	-	-	-	-	-
- Bank balances and deposits	10,146	9,180	555,488	502,584	55,688	50,384
- At December 31, 2011						
- Financial assets	-	-	-	-	-	-
- Bank balances and deposits	19,566	17,702	381,080	344,786	13,428	12,150

ix Interest rate risk

Interest rate risk arises from the Company's investments in long term debt securities and fixed income securities (Held to-Maturity financial assets), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

Sensitivity

The impact on the Company's results, had interest rates varied by plus or minus 1% would have been as follows:

	Impact on results	
	+ 1%	**- 1%**
At December 31, 2012	**N'000**	**N'000**
- Held-to-maturity financial assets	431,064	422,528
- Loans and receivables	923,853	905,559
- Bank balances and deposits	1,687,560	1,654,142
	+ 1%	**- 1%**
At December 31, 2011	**N'000**	**N'000**
- Held-to-maturity financial assets	434,300	425,700
- Loans and receivables	246,577	241,695
- Bank balances and deposits	1,739,404	1,704,960

x Equity price risk

The Company is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risk, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Company as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Company holds diversified portfolios of local and foreign investments in various sectors of the local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Company's shareholders' equity, had the equity market values increased/decreased by 10% with other assumptions left unchanged, would have been as follows:

- ❖ reinsurers' share of insurance liabilities
- ❖ amounts due from reinsurers in respect of claims already paid;
- ❖ amounts due from insurance contract holders; and
- ❖ amounts due from insurance intermediaries.

The amounts presented in the balance sheets are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Company has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Company has policies in place to ensure that sales or services are made to clients, agents and brokers with sound credit history.

xi Reinsurance credit exposures

The Company is however exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counter party exposures and the reinsurance department has a monitoring role over this risk.

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

xii Estimates of future claims payments

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgements;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and expected loss ratios.
- Actuarial valuation

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

xiii Sensitivity

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

xiv Uncertainties and judgements

The uncertainty arising under insurance contracts may be characterised under a number of specific headings. such as:

- ❖ uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- ❖ uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occuring;
- ❖ uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

xv Reinsurance

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Company monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

5. Financial assets and liabilities

Categorisation of financial assets and financial liabilities the carrying amounts of financial assets and financial liabilities in each category are as follows:

		Held for Trading (carried at fair value)	Available for sale (fair value)	Held to maturity (carried at amortised cost)	Loans and receivables (carried at amortised cost)	Total
(a)	**Financial assets**					
	31 December 2012	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
	Cash and cash equivalents	-	-	-	1,670,851	1,670,851
	Quoted investments	458,698	-	-	-	458,698
	Unquoted investments	-	448,655	-	-	448,655
	Bonds	-	-	426,796	-	426,796
	Trade receivables	-	-	-	914,706	914,706
	Other receivables and prepayments	-	-	-	65,836	65,836
		458,698	448,655	426,796	2,651,393	3,985,542

Financial liabilities 31 December 2012	Derivatives used for hedging(fair value) N'000	Designated at FVTPL N'000	Other liabilities (carried at FVTPL) N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Trade payables	-	-	-	482,170	482,170
Provision and other payables	-	-	-	170,773	170,773
	-	-	-	652,943	652,943

(b)

Financial assets 31 December 2011	Held for trading (FVTPL) N'000	Held to maturity (carried at amortised cost) N'000	Available for sale (fair value) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	1,722,182	1,722,182
Quoted investments	483,586	-	-	-	483,586
Unquoted investments	-	-	357,214	-	357,214
Bonds	-	430,000	-	-	430,000
Trade receivables	-	-	-	244,136	244,136
Other receivables and prepayments	-	-	-	120,018	120,018
	483,586	430,000	357,214	2,086,336	3,357,136

Financial liabilities 31 December 2011	Derivatives used for hedging(fair value) N'000	Designated at FVTPL) N'000	Other liabilities (carried at FVTPL) N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Trade payables	-	-	-	302,374	302,374
Provision and other payables	-	-	-	122,465	122,465
	-	-	-	424,839	424,839

(c)

Financial assets 1 January 2011	Held for trading (FVTPL) N'000	Held to maturity (carried at amortised cost) N'000	Available for sales (fair value) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	2,557,583	2,557,583
Quoted investments	809,934	-	-	-	809,934
Unquoted investments	-	-	252,750	-	252,750
Bonds	-	-	-	-	-
Trade receivables	-	-	-	208,505	208,505
Other recivables and prepayments	-	-	-	127,441	127,441
	809,934	-	252,750	2,893,529	3,956,213

Financial liabilities 1 January 2011	Derivatives used for hedging(fair value) N'000	Designated at FVTPL N'000	Other liabilities (carried at FVTPL N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Trade payables	-	-	-	762,729	762,729
Provision and other payables	-	-	-	247,452	247,452
	-	-	-	1,010,181	1,010,181

(d) The details and carrying amounts of Held-for-trading, Held-to-maturity and available-for sale financial assets are as follows:

31 December	2012 N'000	2011 N'000	2010 N'000
Quoted investments	458,698	483,586	809,934
Bonds	426,796	430,000	-
Unquoted investments	448,655	357,214	252,750
	1,334,149	1,270,800	1,062,684

The Held-for-trading financial assets are denominated in Naira and are publicly traded in Nigeria

6. **Fair Value Hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of 'significant inputs used in fair value measurement, as follows:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (ie derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy of the fair value measurement of the Company's financial assets and financial liabilities are as follows:

31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Held-for-trading financial assets	458,698	-	-	458,698
Available-for-sale fiancial assets	-	-	448,655	448,655
Total	**458,698**	-	**448,655**	**907,353**
Liabilities				
Trade payable	-	-	482,170	482,170
Other payable	-	-	170,773	170,773
Total	-	-	**652,943**	**652,943**
Net fair value	**458,698**	-	**(204,288)**	**254,410**

31 December 2011	Level 1	Level 2	Level 3	Total
Assets				
Held for trading	483,586	-	-	483,586
Available-for-sale	-	-	357,214	357,214
Total	**483,586**	-	**357,214**	**840,800**
Liabilities				
Trade payable	-	-	302,374	302374
Other payable	-	-	122,465	122465
Total	-	-	**424,839**	**424,839**
Net fair value	**483,586**	-	**(67,625)**	**415,961**

1 January 2011	Level 1	Level 2	Level 3	Total
Assets				
Held for trading	**809,934**	-	-	809,934
Available-for-sale	-	-	252,750	252,750
Total	**809,934**	-	**252,750**	**1,062,684**
Liabilities				
Trade payable	-	-	762,729	762729
Other payable	-	-	247,452	247452
Total	-	-	1,010,181	1,010,181
Net fair value	**809,934**	-	**(757,431)**	**52,503**

For held for trading, fair values have been determined by reference to their quoted bid prices at the reporting dates.

7. ENTERPRISE RISK MANAGEMENT

Introduction and Overview
Prestige Assurance Plc has a clear and functional Enterprise Wide Risk Management (ERM) Framework that is reponsible for identifying, assessing and managing the likely impact of risk faced by the company. The company is exposed to financial risk and business risk. Financial Risk are those risks with the probability of loss inherent in financing methods which may impair the ability to provide adequate return. Business risk plus the financial risk equal total corporate risk.

Enterprise-wide Risk Management Principles
Here in prestige, we try as much as possible to balance our portfolio while maximizing our value to stakeholders through an approach that mitigate the inherent risk and reward in our business.

To ensure effective and economic use of resources, we operate strictly by the following principles:
- ❖ The company will not take any action that will compromise its integrity
- ❖ The company will at all times comply with all government regulations and uphold best international practice.
- ❖ The company will build an enduring risk culture, which shall prevade the entire organisation.
- ❖ The company will at all time hold a balanced portfolio and adhere to guidelines on investment issued by the regulator and Finance and Purpose Committee of the company.
- ❖ The company will ensure that there is adequate reinsurance in place for the business above its limit and also prompt payment of such premiums.

Approach to Risk Management
In Prestige Assurance, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigate the negative impact of risks facing the company.

The Board
The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risk. There are various committee nominated to serve of whom their various functions are geared towards minimising likehood impacts of risks faced by the company.

The Audit Committee:
This is one of the most powerful arms of the Board which is saddled with the following functions:
- ❖ Perform oversight function on accounting and financial reporting
- ❖ Liase with the external auditor
- ❖ Ensure regulatory compliance
- ❖ Monitoring the effectiveness of internal control processes within the company.

Board Risk Committee
This is more of technical committee that oversee the business process. Their functions include;
- ❖ Reviewing of company's risk appetite
- ❖ Oversee management's process for the identification of significant risk across the company and the adequacy of prevention detection and reporting mechanisms.

- Review underwriting risks especially above limit for adequacy of reinsurance and company's participation.
- Review and recommend for approval of the Board risk management procedures and controls for new products and services

Board Investment Committee
- Set the investments limit and the type of business the company should invest in
- Reviews and approves the above company's investment policy
- Approves investments over and above managements' approval limit
- Ensures that there is optimal asset location in order to meet the targeted goals of the company.

The second level is the management of the company. This comprises of Managing Director and the management staff of the company. They are responsible for strategy implementation of the Enterprise Risk Management policies and guidelines set both by the regulator, government and the board for risk mitigation. This is achieved through the business unit they supervised. The last level is that of independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the company's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organisation.

Risk Categorisation
As a business entity and an underwriter, Prestige Assurance Plc is exposed to an array of risk through its operations. The company has identified and categorised its exposure to these broad risks as listed below.
- Financial risk
- Business risk
- Operational risk
- Hazard risk
- Underwriting risk

Financial risk comprises of market, liquidity and credit risk.
Market risks are sub-divided into interest-rate risk, exchange risk, property price risk and equity risk. The liquidity risk includes; liquidation value risk, affiliated investment risk and capital funding risk. The credit risk: This includes default risk, downgrade or mitigation risk, indirect credit or spread risk and concentration risk. Business risk relates to the potential erosion of our market position. This includes customer risk, innovation risk and brand reputation risk.

Operational Risk
This is the risk of loss resulting from inadequacy or failure of internal processing arising from people, systems and or from external events.

Hazard Risk
These are risk which are rare in occurrence but likely impact may be major on the company. Examples of these are natural disaster, terrorism, health and environmental risk, employee injury and illness, property damage and third-party liability.

Insurance/underwriting Risk

Our activities involve various range of risk arising from the business itself. This manifest from underwriting, re-insurance, claims management, reserve development risk, premium default, product design and pricing risk. Our company has a pragmatic approach in identifying, assessing and mitigating risk of such approaches as stated above.

The risk categorization are presented in the table below:

FINANCIAL RISK REGISTER

TABLE I

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Market**	a) interest rate risk	a) losses resulting from movement in interest rates to the extent that future cash flows from asset and liabilities are not well matched	extreme	where interest rate flunctuates in relation to existing commitments as a result of change in economic & monetary policies and CBN reserve deposits	setting of metrics to measure exposure to interest rate risk factors, setting appropriate limit structure to control exposures to interest rate risk, document appropriate alternative products to hedge exposures against interest rate risk, use stress testing to determine the potential effect of economic shifts, market events on interest rate
		b) equity risk	b) losses resulting from movement of market values of equities; to the extent that the insurer makes capital investments, which exposes its portfolio to sustained declines in market values	extreme	where equity prices flunctuates widely as a result of speculations and industry induced factors, while the company is forced to sell to meet emerging commitments, thus, incurring losses from fall in value of equity	setting of metrics to measure exposure to equity value risk factors, setting appropriate limit structure to control exposures to equity value risk, document appropriate alternative products to hedge exposures against equity value risk, use stress testing to determine the potential effect of economic shifts and market events on equity value

Notes to the Financial Statements

for the Year Ended 31 December 2012 (continued)

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		c) real estate	c) losses resulting from movement of market values of real estates and other assets; to the extent that the insurer makes capital investments in real estate by which it becomes exposed to sustained declines in market values	high	where real estate prices fall in response to various market conditions	setting of metrics to measure exposure to real estate risk factors, setting appropriate limit structure to control exposures to real estate risk, document appropriate alternative products to hedge exposures against real estate risk, use stress testing to determine the potential effect of economic shifts and market events on real estate
		d) currency risk	d) losses resulting from movements in exchange rates; to the extent that cash flows, assets and liabilities are denominated in different currencies	high	where the naira flunctuates in response to limited intervention from CBN and oil majors	set appropriate limits for foreign currency holding
ii	**Credit**	a) Default risk	a) non- receival or delayed receival of cash flow or assets to which it is entitled due to default in one or more obligation by the other party	extreme	where premium are not received on time or interest and principal are delayed or become irrecoverable	credit is extended only on secured basis, where credit is unsecured a limit structure is established. Transactions and exposures involving affiliated entities must receive special approval and portfolio diversification
		b) Downgrade or Mitigation risk	b) changes in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today	low	where insurance premium owed overtime is to be rediscounted for payment	set appropriate premium credit limit structure

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		c) Indirect credit or spread risk	c) Risk as a result of market perception of increased risk on either a macro or micro basis	low	where the insured and insurance intermediaries increasingly request for premium credit or staggered premium payment	set appropriate premium credit limit structure
		d) Concentration risk	d) losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties	extreme	where the company's investment portfolio is skewed towards a particular instrument or issuer, where premium generated is predominantly from one or two intemediaries	diversification of investment portfolio and premium base
iii	**liquidity**	a) liquidation value risk	a) unexpected timing or amounts of needed cash may require the liquidation of assets when market conditions could result in loss of realised value	high	where fund is not available to meet emerging but urgent claims and other statutory payments as a result of deterioration of the economy and abnormally volatile or stressed market	set appropriate limits
		b) affiliated investment risk	b) investment in a member company of the conglomerate or group may be difficult to sell, or that affiliates may create a drain on the financial or operating resources from the insurer	extreme	where investment in affiliate company is not easily realisable when needed as a result of economic shifts or unquoted nature of the investment	set appropriate limits
		c) capital funding risk	c) inability to obtain sufficient outside funding, as its assets are illiquid, at the time it needs it (to meet an unanticipated large claim)	medium	where additional funding is difficult to obtain or raising of equity is laborious and long as a result of deterioration of the economy or stressed market	set appropriate limits

STRATEGIC RISK REGISTER

TABLE II

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Business**	customer risk, innovations risk & brand reputation risk	losses resulting from any incident or circumstance which dramatically alters customer preference, or deployment of new innovative products by competitors which induces a heavy reduction in company's customer base or renders company's product obsolete	medium	where extensive market rumours arise, where severe regulatory sanction arises, where competitors introduce a revolutionary innovative product, and where economic shift result in severe changes in customer taste & preferences	customer relationship management, monitoring of industry and market changes, continous product innovations & development
ii	Reputational	corporate governance breaches, reputational risk management process and event	losses resulting from any incidence or circumstance which ultimately results in reputation risk- the risk that the company's reputation may be damaged through negative publicity of its business practices, conduct or financial conditions	extreme	where the company suffers negative publicity, impaired public confidence which may result in costly litigation or decline in its customer base or businesss revenue	effective reputation risk management process, institution of good corporate governance, adequate management of reputation events
iii	Compliance	proposed regulatory changes, corporate positioning	losses resulting from forced merger and acquistion bid or the inability to anticipate fundamental changes in operative legislation	medium	where the company could not access capital funding to meet new legislation requirement	progressively build up share capital and share holders fund, establish media to anticipate new legislations, regularly monitor industry and market changes

HAZARD RISK REGISTER

TABLE III

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Natural Disasters, Terrorism & Vandalism**	Fundamental perils, Acts of Terrorism, Riot & Commotion	losses arising out of any one event or series of event caused by the occurrence of earthquake, civil war, riots or acts of terrorism that may result in damage to company's property or injury to staff or lead to a third party liability.	medium	where company is located near the source of a fundamental peril	insurance
ii	**Health safety & Environmental risk**	Pollution, Contagious diseases, Hazardous materials / Substances	losses arising out of any one event or series of event caused by pollution, contagious disease and use of hazardous material which may result in health risk to employees.	medium	where hazardous substances or materials are used in work processes or where pollution is prevalent around the work environment or where an employee with a contagious diseaese is not restricted	removal of hazardous processes and substances from work environment, restriction of access to employees in hazardous areas, wearing of protective devices for hazardous processes, restriction of employees with contagious disease to specified areas

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
iii	Employee injury & illness	Workplace accident, Hazardous Processes, Suffocation, Electrical shocks & burns	losses arising out of any one event or series of event caused by accident, electrical shocks & burns, resulting in illness, injury or permanent disability to the employee	medium	where hazardous processes are engaged or work environment is badly structured or where the company has a poor maintenance culture	removal of hazardous processes, effective maintenance system and decent work environment
iv	Property damage	fire, explosion, robbery, accidental damage	losses arising out of any one event or series of events caused by fire, explosion, robbery and accidental damage which may result in loss of property or injury to employees and third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system
v	Third-Party Liability	Slipping / tripping/ falling risk, falling Objects	losses arising out of any one event or series of events caused by slipping, tripping or falling objects which may result in loss of property or injury to third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system

INSURANCE RISK REGISTER

TABLE IV

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Insurance Underwriting**	Risk Assessment & Risk Rating, Process & Control deficiency, System Risk	weaknesses in the system of underwriting and control which exposes the company to more than normal risks or limits the ability of the company to charge equitable premium	where hazardous extreme	where material information necessary for prudent underwriting is ambiguos without the undewriter getting clarifications, where necessary risk survey and inspection are not carried out, where risks are written at ridiculous rates and where system error compounds the underwriting process	existence of underwriting policy, rating guides, and functional reporting & supervision system
ii	Re-insurance	a) Inadequate reinsurance arrangement	weaknesses in the reinsurance process which may result in omission of risks exposures from current reinsurance coverage or exhausion of reinsurance covers through multiple losses	high	where there is failed process or errors of omission by staff or system error	existence of reinsurance policy and procedure, functional reporting & supervision system, rendition of quarterly account
		b) Reinsurers selection error / failure	weakness in the reinsurance management process which overlooks the strength, capacity and performance as necessary factors in selection of reinsurers from time to time : insufficient consideration for the possibility of insolvency of the reinsurer or its inability to respond to cash calls during the year	medium	where the reinsurers are not regularly appraised and evaluated	annual pre-qualifications for reinsurers, standard parameters established for reinsurers participation in companys' accounts

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
iii	Claims Management	illiquidity, Failed Process, Fraud	weaknesses in the underwriting & Claims management process which may hinder or prevent the company from fulfilling its contractual obligation to policy holders; illiquidity arising out of huge outstanding premium, or inability to liquidate assets or obtain funding; or inability to discover claims fraud	extreme	where the underwriting is poorly done, where the company has illiquidity problems or where claims conultants collude with staff to defraud the company, or where the process is laborious	existence of claim management policies & procedures, existence off internal SLAs, functional reporting & supervision system
iv	Reserve Development risk	Computation error, Solvency & System error	weakness in reserving method which results in insurance reserve being less than the net amount payable when the risks crystalise, such weaknesses may include, calculation error, system error, people error or a sign of the impending insolvency of the company	extreme	where calculation error, systeme error, people error exists or where the company is tending toward insolvency	statutory basis for reserve calculation, internal & external audit checks
v	Premium default	Agent default, Brokers default & Fraud	weakness in the management system that allows agent and brokers to freely owe or defraud the company	extreme	where there are huge outstanding premium due to uncollectable premium from agents, brokers or direct insured; where ther is collusion between staff members and such intermediaries; where there is pressure to meet production target	defined basis for premium recognition, pre-qualification for premium credit, establishment of credit control
vi	Product Design & Pricing risk	Product recall / default, Pricing Defect	the possiblity that a newly developed product may be wrongly priced or not accepted in the market	extreme	where new product is not based on market need, or where a product is inappropriately priced	step by step procedure for new product development, new product emerge only through a committee comprising members from different departments

OPERATIONAL RISK REGISTER

TABLE V

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**People**	a) Discrimination	a)Gender discrimination, Tribe discrimination+ Qualification discrimination(B.Sc/ HND).	High	a)where HR employs more males than females, or B.sc, is given precedence over HND, or one tribe is predominantly employed.	a)Recruitment & Selection is strictly on merit, minimum qualifications are specified for every position in the organisation, deliberate policy of the company is to engage a minimum number of physically challenged people
		b) Demotivated & Disgruntled workforce	b)Poor conditions of service, Bad Management, Delayed gratuity payment, poor work environment	Medium	b) where Salary, Promotion & confirmation of Staff are delayed, Where Salary & emoluments are not regularly reviewed	b) review of salaries & emoluments in line with inflation, adherence to employees union agreements, agreed timeline for payment of salaries & emoluments
		c) Employee Health & safety	c)Unconducive work environment, staff constant exposure to harzadous pollutants	Medium	c) where adequate provision is not made for Health maintenance of employees, where work environment is tight & untidy	c) Availability of Health Insurance, retained Medical clinics for emergencies, Decent & well lighted work environment
		d) Misappropriation of assets	d)Conversion of company's asset for personal use, theft.	High	d) where assets are not properly labelled, where assets register is poorly maintained, and where assets movement & control are inadequate.	d) regularly updated assets register, adequately labelled & asset inscription, strict security checks, documented asset movement
		e) Internal fraud	e)Ghost workers, forgery, Aiding and Abating, financial collusions, over invoicing, delayed retirement of advances & IOU	High	e) where financial control is loose, where regular audit is far in between, where filing & access to financial documents / department is free	e) Regular Audit, , regular monitoring of compliance with financial controls, regular updating of financial controls, secure financial documents & checks, establishment of comprehensive control administrative & accounting procedure, strict adherence to functional reporting.

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		f) High Staff attrition	f) High turn-over of Staff, forced & Voluntary resignations, Abadonment	Medium	f) where there is the absence of Staff forum, where there is poor management-staff relationship, where there is poor internal communication and where there is under-employment of Staff	f) competitive remuneration package, comprehensive Learning & Development program, continously improved work environment, fully engaged employees
		g) Sudden Resignation of Key employee	g) Efficient employees leaving, key employees leaving	High	g) where employees productivity is not matched with reward, where there is poor Management-Staff relationship, where Management integrity is absent, where Manageent & Board is wasteful	g) regular management-key employees dialogue, comprehensive training & development program, adequate motivation
ii	**Process**	a)Clientele Service/ Interaction	a)Poor customer relations management, Unable to meet customers promised deadlines	High	where there is delayed response to customers enquiries and requests arising out of process breakdown and poor interpersonal relations and abridged communication	matching employees skills with roles, comprehensive Human Capital Learning & Development programs, Customer Relationship Management training, Service Level Agreements
		b) Documentation Errors	b) flaws in documentation, flaws in marketing & promotion literature, errors in policy documentation, failure to maintain proper records.	High	where employees are poorly trained, sentimentally recruited & supervision is weak, where functional manuals are not made available, where manual record keeping is still prevalent	automation of processes, re-engineering of processes, enforcement of strong supervisory controls, zero tolerance for process errors, introduction of self assessment programs, Training & development

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		c) Miscommunication / Misreporting	c) issuance of factually incorrect or miisleading information to internal &external customers, errors in policy wordings & financial statements, unauthorised disclosure of confidential information	High	where functional supervision is loose, where functional reporting is not strictly enforced, where there is no comprehensive control administrative procedure	establishment of central communication center at corporate & functional levels, enforcement of strong supervisory control
		d) Transaction & Payment processing error	d)Manual data entry errors, design & specification errors, casting errors, omissions	High	where record keeping is still largely manual, where there is no comprehensive control accounting procedures, where financial controls are weak, and where employees are poorly trained	enforcement of comprehensive control and accounting procedure, automation of processes, pre-payment audit
		e) Sales advise / practice errors	e) Mis-selling & negligent sales advisory services	High	where customers frequently return policies and endorsements, where sales people oversell company's products, and where policies are prematurely terminated or not renewed	training & employees capacity building in sales & marketing management, customer retention as a KPI for Sales/ Marketing employees
iii.	**System**	Hardware failure, software failure, utility disruptions	system hang, system hacking, electricity disruption, software design failure, data corruption, viruses, theft of information, security breaches	extreme	where disruption is caused to service delivery for internal & external customers because of system failure, telecommunication failure, security breaches and frequent down-time	standardised proprietry hardware, robust software deployment, availability of maintenance contract, strict adherence to security control system, adequate system & data Back-up, controlled infrastructure and dependable telecommunications network

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
iv	**External events**	a)legislative & regulatory risk	a) non compliance, delayed compliance & inability to fully comply with regulatory & legislative procedures	extreme	where penalties are paid for non-compliance or delayed compliance of regulatory procedures	establishment of compliance unit, enforment of compliance requirement
		b) damage to company's assets	b) loss of company assets due to terrorism, riots and civil commotion and other fundamental perils	extreme	where the company looses one of its assets due to the occurrence of a fundametal peril	asset insurance, authorised movement of assets
		c) external fraud	c) Theft of information, financial collusion & forgery, impersonation, frauduent claims, fraudulent billing by suppliers	extreme	where signatures are forged by third parties, where fraudulent billings are presented and where policy claims are manipulated	secured storage of company's financial documents, pre & post audit of supplies, pre audit of claims payment
		d) Third party liabilities.	d)outsourcing delivery failure, actions by third party against the company	medium	where services outsourced to third parties are impaired, and where third parties make claims on the company for negligence or breach of contract	enforceable outsourcing contract, imposition of by-laws within company premises
v	**Legal/ Litigation**	Contracts &documentation, outsourcing, fiduciary breaches	a) missing or incomplete legal documentation, poor contract staff management, risk relating to tax legislation, either general taxation or VAT, claims dispute	extreme	where contracts are not carefully drafted, where policy documents are ambiguous, where existing legislation is hard to comply with	centralisation of all contracts with legal, functional supervision of policy documents

Aside from this, the company train and re-train the personnel in risk handling techique which has put the company as one of the leading underwriters with proven track records over the years.

8. **Capital Management**

The main objectives of the Company when managing capital are:

- ❖ to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

- ❖ to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- ❖ to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Insurance Act CAP I17, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

The Company is also subject to a solvency requirement under the Insurance Act CAP I17, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP I17 LFN, 2004.

The Company's capital requirement ratio and Solvency margin are above the requirement of the Insurance Act CAP I17, LFN 2004.

	Cash and cash equivalents	**31 December 2012 N'000**	**31 December 2011 N'000**	**1 January 2011 N'000**
9	Balances with local banks	779,039	417,876	102,959
	Balances with foreign banks	8,565	265,501	241,015
	Deposits and placements with local banks	270,025	218,676	42,395
	Commercial papers	-	78,090	736,408
	Bankers acceptances	183,222	362,039	1,434,806
	Treasury bills	430,000	380,000	-
		1,670,851	1,722,182	2,557,583

Deposits with banks earn interest at floating rates based on daily bank deposit rates.
Cash and deposits are available for use in the company's day - to - day operations.

		N'000	N'000	N'000
10	**Financial assets**			
	Held for trading financial assets	458,698	483,586	809,934
	Held-to-maturity financial assets	426,796	430,000	-
	Available -for-sale financial assets	448,655	357,214	252,750
		1,334,149	1,270,800	1,062,684

a) The following table presents a reconciliation of the Held-for-trading financial assets

	N'000	N'000	N'000
Balance, beginning of the year	483,586	809,934	591,762
Gains recognised in net income	129,360	27,443	-
Loss recognised in net income	(11,728)	-	-
Additions during the year	-	-	94,013
Disposals during the year	(142,520)	(158,003)	(15,071)
Write offs during the year	-	(88,056)	-
Transfer (from)/to equity revaluation reserves	-	(107,732)	139,230
Balance, end of the year	458,698	483,586	809,934

b) The following table presents a reconciliation of the Held-to-maturity financial assets

	N'000	N'000	N'000
Balance, beginning of the year	430,000	-	-
Additions during the year	40,000	430,000	-
	470,000	430,000	-
Redemption during the year	(43,204)	-	
Balance at the end of the year	426,796	430,000	-

c) The following table presents a reconciliation of the Available -for-sale financial assets

	N'000	N'000	N'000
Balance, beginning of year	463,157	425,180	425,180
Additions in year	-	37,977	-
	463,157	463,157	425,180
diminution in value(note ci)	(14,502)	(105,943)	(172,430)
	448,655	357,214	252,750

c)i The movement in the diminution in the value of Available -for-sale financial assets

	N'000	N'000	N'000
Balance at beginning of the year	105,943	172,430	-
Charge for the year	-	-	172,430
Write back during the year	(91,441)	(66,487)	-
Balance, at the end of the year	14,502	105,943	172,430

I) There were no impairment provisions required on held-for-trading financial assets as at 31 December 2012, 2011 (Nil)

ii) The fair value of Held-for-trading financial assets is based on published market prices, by the Nigerian Stock Exchange

iii) All the financial assets are denominated in Naira

iv) The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available for sale.

11 **Trade receivables**

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Amount due from Insurance Brokers	643,254	825,587	793,393
Amount due from Insurance Companies	1,020,631	1,274,327	130,943
Amount from re-insurers	336,664	87,650	508,640
Amount due from direct Insured.	793,980	718,759	789,569
	2,794,529	2,906,323	2,222,545
Less provision for impairment losses	(1,879,823)	(2,662,187)	(2,014,040)
	914,706	244,136	208,505

i) **Detail of net trade receivables**

Amount due from Insurance Brokers	247,593	85,944	48,015
Amount due from Insurance Companies	233,273	-	-
Amount from re-insurers	219,062	119,995	57,001
Amount due from direct Insured.	214,778	38,197	103,489
	914,706	244,136	208,505

ii) **Movement in provision for impairment**

Balance, beginning of year	2,662,187	2,014,040	543,688
Provision during the year	-	648,147	1,470,352
Write back of provision (Note 40)	(782,364)	-	-
Balance, end of year	1,879,823	2,662,187	2,014,040

iii) **The age analysis of amounts due on trade receivables is**

	N'000	N'000	N'000
Under 90 days	1,511,953	1,455,363	1,291,545
91 - 180 days	187,223	133,019	354,163
Above 180 days	1,095,353	1,317,941	576,837
	2,794,529	2,906,323	2,222,545

iv) **The following trade receivables were received subsequent to the year end:**

	N'000	N'000	N'000
Insurance Brokers/Agents	41,091	85,944	48,015
Re-insurance/Co-insurance Companies	19,062	119,995	57,001
Direct insured	59,570	38,197	103,489
	119,723	244,136	208,505

v) **The following trade receivables were confirmed subsequent to the year end:**

	N'000	N'000	N'000
Insurance Brokers/Agents	192,182	-	-
Re-insurance/Co-insurance Companies	414,779	-	-
Direct insured	188,022	-	-
	794,983	-	-

vi) **Summary of confirmed and collected trade receivables subsequent to the year end:**

	N'000	N'000	N'000
Trade receivables collected subsequent to the year end	119,723	244,136	208,505
Trade receivables confirmed subsequent to the year end	794,983	-	-
	914,706	244,136	208,505

12 Other receivables and prepayments

	N'000	N'000	N'000
Prepayments	11,192	18,748	21,412
Staff loans	33,773	48,159	40,817
Other debtors	20,871	53,111	65,212
Balance, end of the year	65,836	120,018	127,441

13 Reinsurance receivables

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Outstanding claims recoverable (note 13a)	2,733,024	646,789	646,789
Prepaid reinsurance	721,930	578,139	467,984
Balance, end of the year	3,454,954	1,269,288	1,114,773

(a) Outstanding claims recoverable:

Balance at beginning	691,149	646,789	474,313
Increase/(decrease) during the year	2,041,875	44,360	172,476
Balance at end of the year	2,733,024	691,149	646,789

14 Deferred Acquisition Cost

Deferred acquisition costs represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition costs during the year is shown below:

	N'000	N'000	N'000
Balance at the beginning of the year	133,400	137,974	118,504
Increase/(decrease) during the year	55,383	(4,574)	19,470
Balance at the end of the year	188,783	133,400	137,974

15 Intangible Assets

Cost:	N'000	N'000	N'000
Balance at beginning of the year	9,000	-	-
Additions	-	9,000	-
Disposal	-	-	-
Balance at end of the year	9,000	9,000	-
Amortisation:			
Balance at beginning of the year	900	-	-
Charge during the year	900	900	-
Disposal	-	-	-
Balance at end of the year	1,800	900	-
Net Book Value	7,200	8,100	-

Intangible assets relate to purchased computer software used by the Company.

16 Investment in finance leases

	31 December N'000	31 December N'000	1 January N'000
Gross investment in finance leases	279,409	246,599	-
Unearned finance income	(211,365)	(84,939)	-
	68,044	161,660	-

Notes to the Financial Statements

for the Year Ended 31 December 2012 (continued)

17 Property, plant and equipment	Plant & Machinery N'000	Leasehold land & building N'000	Building under construction N'000	Furniture and fittings N'000	Computer equipment N'000	Motor vehicles N'000	Assets on lease N'000	Total N'000
Cost/valuation								
At 1 January, 2011	28,637	165,376	388,370	33,985	62,274	81,677	1,222,400	1,982,719
Additions	714	-	247,449	6,238	8,368	10,345	3,550	276,664
Disposals	(5,293)	-	-	-	-	-	(253,652)	(258,945)
At 31 December, 2011	24,058	165,376	635,819	40,223	70,642	92,022	972,298	2,000,438
At 1 January, 2012	24,058	165,376	635,819	40,223	70,642	92,022	972,298	2,000,438
Additions	-	-	324,292	1,518	5,577	2,537	99,590	433,514
Transfer to the revaluation (note 31)	-	(94130)	-	-	-	-	-	(94,130)
Revaluation (note 31)	-	600000	-	-	-	-	-	600,000
Disposals	-	-	-	-	-	(4,500)	(213,747)	(218,247)
At 31 December, 2012	24,058	671,246	960,111	41,741	76,219	90,059	858,141	2,721,575
Accumulated depreciation								
At 1 January, 2011	17,479	22,461	-	22,074	54,370	69,245	880,035	1,065,664
Charge for the year	2,381	2,909	-	2,661	9,980	11,170	268,839	297,940
On disposals	(4,931)	-	-	-	-	-	(253,652)	(258,583)
At 31 December, 2011	14,929	25,370	-	24,735	64,350	80,415	895,222	1,105,021
At 1 January, 2012	14,929	25,370	-	24,735	64,350	80,415	895,222	1,105,021
Charge for the year	2,381	2,933	-	2,704	9,563	6,094	134,516	158,191
Transfer to the revaluation (note 31)	-	(16,904)	-	-	-	-	-	(16,904)
On disposals	-	-	-	-	-	(4,500)	(213,745)	(218,245)
At 31 December, 2012	17,310	11,399	-	27,439	73,913	82,009	815,993	1,028,063
Net book values at:								
31 December, 2012	6,748	659,847	960,111	14,302	2,306	8,050	42,148	1,693,512
31 December, 2011	9,129	140,005	635,819	15,488	6,292	11,607	77,076	895,416
1 January, 2011	11,158	142,914	388,370	11,911	7,904	12,432	342,365	917,054

Land and building were professionally valued by Messrs J.C. Obasi & Co. FRC/2013/NIESV/00000002148 (Estate Surveyors and Valuers) as at 16th November, 2009 on the basis of their open market values. The revised value of the properties was N600,000,000 resulting in a surplus on revaluation of N522,774,000 which has been credited to the property, plant and equipment revaluation account.

The re-valued property is the Head Office building of the company located at 19, Ligali Ayorinde Street, Victoria Island Lagos. The building was constructed between 1997 and 1999.

The building was constructed at cost of N94,130,000.00 and the property in nature is a freehold property. The property was valued in an open market by reference to the investment method of valuation and used the market comparison method as check.

The cost N94,130,000 and the accumulated depreciation N16,904,000 of the revalued property as at 31 December, 2011 have been transferred to revaluation and were used to determine the surplus on the revaluation of the property.

	31 December 2012	31 December 2011	1 January 2011
18 **Statutory deposit**	N'000	N'000	N'000
Balance at the beginning and end of year	300,000	300,000	300,000

This represents amount deposited with the Central Bank of Nigeria at the financial year end in accordance with the provisions of section 9(i) and 10(3) of the Insurance Act, CAP I17, LFN 2004.

19 **Insurance contract liabilities**

	N'000	N'000	N'000
Outstanding claims reserve(Note 19(a))	3,273,491	1,288,205	1,157,627
Unearned Premium reserve (Note 19(d))	1,323,388	1,129,202	702,520
	4,596,879	2,417,407	1,860,147

(a) **Outstanding claims reserve**

Accident	967,940	69,294	100,603
Fire	450,658	250,946	332,577
Workmen's compensation	9,750	13,840	20,050
Motor	13,400	17,025	15,450
Marine and Aviation	1,042,729	168,872	142,609
Engineering	9,764	21,425	-
Oil and Gas	13,750	15,000	-
	2,507,991	556,402	611,289
IBNR	765,500	731,803	546,338
Total	3,273,491	1,288,205	1,157,627

(b) Oustanding claims reserve at the beginning	1,288,205	1,157,627	764,784
Increase in provision during the year	1,985,286	130,578	392,843
Oustanding claims reserve at the end	3,273,491	1,288,205	1,157,627

(c) The age analysis of outstanding claims was as follows:

	N'000	N'000	N'000
i 0 - 90 days	2,054,145	579,692	520,932
91 - 180 days	500,202	212,554	231,525
181 - 270 days	498,108	173,586	115,763
271 - 360 days	166,036	128,949	127,339
361 days and above	55,000	193,424	162,068
	3,273,491	1,288,205	1,157,627

ii **Claims Paid Triangulations as at December 2012**

In addition to scenario testing, the development of insurance liabilities provides a measure of the company's ability to estimate the ultimate value of claims. The table explained how claims outstanding has changed at successive year end and the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Claims Paid Triangulations as at December 2012

Fire

Accident Period	Development -	1	2	3	4	5	6	7
2005	-	-	-	6387041	6387041	6387041	6387041	6387041
2006	-	-	10711454	12876567	12876567	12876567	12876567	
2007	-	314113460.4	372553569.4	385396326.4	396432201.8	396432201.8		
2008	194210614	431070851.7	456082941.7	527681310.3	527752888.5			
2009	248103542	674224103.7	823582646.3	832854119.3				
2010	102014543	407615191.5	470121540.7					
2011	102197720	1306659651						
2012	323603205							

General Accident

Accident Period	Development -	1	2	3	4	5	6	7
2005	-	-	-	-	-	43650	43650	43650
2006	-	-	8208157.94	8392672.052	9487267.052	20859067.43	20859067.43	
2007	-	69182493.42	77703275.42	78701645.42	78708845.42	78717982.42		
2008	20573453	59705884.63	60635659.51	73932232.51	74242145.35			
2009	23800787.3	106703740.3	126487125.9	145902785.1				
2010	59881774.8	84194367.8	110250168.6					
2011	3423443.11	488979901.8						
2012	161447656							

Motor

Accident Period	Development -	1	2	3	4	5	6	7
2005	-	-	-	-	-	-	-	-
2006	-	-	95080	95080	95080	95080	95080	
2007	-	31009256.28	37463563.28	38953563.28	42348963.28	42348963.28		
2008	49888878	92967730.04	94947941.04	96822657.04	96838857.04			
2009	34259623	64748542.35	73148368.85	74989848.97				
2010	25070478.6	69855835.54	75155624.54					
2011	35783905.5	63659258.33						
2012	44491334.9							

Marine

Accident Period	Development -	1	2	3	4	5	6	7
2005	-	-	-	-	-	-	-	-
2006	-	-	5096555	5096555	11100024.5	11100024.5	11100024.5	
2007	-	38171254.26	58245719.76	60759180.76	60912180.76	60912180.76		
2008	135745206	254326257.3	308646076.3	309060933.3	309477084.3			
2009	148365269	224458252	230305097.3	311749099.3				
2010	29077131.5	122779472.3	160918431.3					
2011	76964245.4	281645565.2						
2012	80700490.8							

WC

Accident Period	Development -	1	2	3	4	5	6	7
2005	-	-	-	875883	1828478	1828478	1940390	1940390
2006	-	-	5162354	7089353.5	7366222.5	7666222.5	7666222.5	
2007	-	19279198	25763903.09	26524786.07	27174706.07	27484646.07		
2008	8290757	23485308.2	33551716.15	38022190.15	39079767.39			
2009	5978272.83	17101339.38	30070500.38	34547735.01				
2010	5652761.83	42471583.93	45849972.19					
2011	2150484	20879521.39						
2012	14862873							

(d) **Unearned premium reserve**

	₦'000	₦'000	₦'000
Accident	253,325	246,648	164,280
Fire	577,715	412,462	262,699
Workmen's compensation	9,926	13,187	16,664
Motor	114,493	122,598	101,228
Marine and Aviation	277,891	292,168	102,686
Engineering	74,250	14,364	27,824
Oil and Gas	12,537	27,390	27,139
Bond	3,251	385	-
	1,323,388	1,129,202	702,520

	31 December 2012 ₦'000	31 December 2011 ₦'000	1 January 2011 ₦'000
(e) Unearned premium reserve at beginning	1,129,202	702,520	706,564
Increase/(decerease) in provision during the year	194,186	426,682	(4,044)
	1,323,388	1,129,202	702,520

(f) **Hypothetication of investments**

	Insurance funds ₦'000	Shareholders' funds ₦'000	31 December 2012 ₦'000	31 December 2011 ₦'000	1 January 2011 ₦'000
Cash and cash equivalents	1,670,851	-	1,670,851	1,722,182	2,557,583
Quoted investments	458,698	-	458,698	483,586	809,934
Unquoted investments	448,655	-	448,655	357,214	252,750
Bonds	426,796	-	426,796	430,000	-
Investment in finance lease	-	68,044	68,044	161,660	-
	3,005,000	68,044	3,073,044	3,154,642	3,620,267

20 **Trade payables**

	N'000	N'000	N'000
Due to agents	1,324	-	-
Due to brokers	105,666	46,718	188,346
Due to direct insured	71,212	29,974	70,207
Due to reinsurers	1,623	62,945	297,486
Due to insurance companies	86,152	92	46,025
Unexpired commission received	216,193	162,645	160,665
	482,170	302,374	762,729

21 **Provisions and other payables**

	N'000	N'000	N'000
Professional fees	13,343	9,500	57,195
Industrial Training fund	4,889	4,000	4,000
Audit fees	6,500	4,000	4,000
Insurance levy	20,000	20,000	20,000
Profit sharing	44,388	22,098	41,543
Other creditors	26,288	25,698	90,066
Dividend payable	-	-	26,761
VAT	55,365	37,169	3,887
	170,773	122,465	247,452

22 **Retirement obligations**

	2012 N'000	2011 N'000	2010 N'000
Balance at the beginning of the year	150,656	111,095	-
Payment during the year	(74,504)	-	-
Provision for the year	13,161	39,561	111,095
Balance at the end of the year	89,313	150,656	111,095

23 **Income taxes**

Taxation

	2012	2011	2010
i **Per profit and loss account**	**N'000**	**N'000**	**N'000**
Income tax	184,331	198,228	278,570
Education tax	17,963	18,601	28,229
Deferred taxation	55,611	(26,851)	28,063
	257,905	189,978	334,862
ii **Per balance sheet**			
Balance at the beginning of the year	300,060	316,553	289,155
Income tax	184,331	198,228	278,570
Education tax	17,963	18,601	28,229
Payments during the year	(191,587)	(234,891)	(287,710)
	310,767	298,491	308,244
Information technology development levy	8,696	1,569	8,309
Balance at the end of the year	319,463	300,060	316,553
iii **Payments during the year:**			
Income tax	170,686	226,582	287,710
Education tax	16,702	-	-
Information technology development levy	4,199	8,309	-
	191,587	234,891	287,710

iv **Reconciliation of Taxes**	**2012**	**2011**
Current tax expense	**N'000**	**N'000**
Current tax on profit for the year:		
Income tax	184,331	198,228
Education tax	17,963	18,601
Total current tax	202,294	216,829
Deferred tax liability		
Origination and reversal of temporary differences	55,611	(26,851)
Total tax expense	257,905	189,978

v **Tax expense recognised in other comprehensive income**

Capital Gains Tax on Revaluation of Head Office	52,277	-

The reasons for the difference between the actual tax charge for the year and the standard rate of corporate tax in Nigeria applied to Profit before tax as follows:	**2012 N'000**	**2011 N'000**
Profit before tax	860,924	155,289
Expected tax charge based on the standard rate of Nigeria corporate tax at the domestic rate of 30% (2011: 30%)	258,277	46,587
Income tax as per computations	184,331	198,228
Difference (see below)	73,946	(151,641)
Profit before tax	860,924	155,289
Adjustment for tax deductable and non-deductable items		
Adjusted Net Premium	611,571	567,173
Net Commission	35,629	101,958
Sundry Income	994	1,787
Other income taxable	254,145	261,757
Less: NITDA levy paid in 2012	(4,199)	(5,814)
Add balancing charge	15	750
Less: Balancing allowance	(24,603)	(48,445)
Less: Investment allowance	(5,133)	(1,159)
Less: Capital allowances	(253,982)	(217,247)
	614,437	660,760
Difference	246,487	(505,471)
Income tax @ 30%- Difference (as above)	73,946	(151,641)

24 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

	1 January 2012	Recognised in Income statement	Recognised in OCI	3l December 2012
Deferred tax liabilities	**N'000**	**N'000**	**N'000**	**N'000**
Excess of NBV over TWDV	86,532	34,425	-	120,957
Unrealised exchange gain	7,313	(7,313)	-	-
Revaluation surplus	-	-	52,277	52,277
	93,845	27,112	52,277	173,234
Gratuity provision	(28,499)	28,499	-	-
Deferred tax assets	(28,499)	28,499	-	-
Deferred tax liabilities/(asset)	65,346	55,611	52,277	173,234

25 Share capital

i **Authorised:**

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
6,000,000,000 (January 2011: 4,000,000) ordinary shares of 50 kobo per share	3,000,000	3,000,000	2,000,000

ii **Issued and fully paid:**

2,508,315,437 Ordinary shares of 50k	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	1,254,157	1,074,992	1,074,992
Transfer from bonus issue (Note 32)	-	179,165	-
Balance at the end of the year	1,254,157	1,254,157	1,074,992

26 Share premium

	N'000	N'000	N'000
Balance at the beginning of the year	1,170,820	1,170,820	1,349,985
Rights issue expenses	(15,280)	-	-
Transfer to bonus issue reserve	-	-	(179,165)
Balance at the end of the year	1,155,540	1,170,820	1,170,820

27 Statutory contingency reserve

	N'000	N'000	N'000
Balance at the beginning of the year	1,252,324	1,124,122	957,948
Transfer from profit and loss account	143,702	128,202	166,174
Balance at the end of the year	1,396,026	1,252,324	1,124,122

This is maintained in compliance with sections 21(1) and (2) and 22(16) of Insurance Act CAP I17, LFN 2004.

28 **Revenue reserve**

	N'000	N'000	N'000
Balance at the beginning of the year	(944,378)	(513,258)	960,796
IFRS adjustments	-	(139,230)	(1,364,568)
Dividend paid	(50,166)	(128,999)	(214,998)
Transfer to contingency reserves	(143,702)	(128,202)	-
Transfer from/to profit and loss	603,019	(34,689)	105,512
Balance at the end of the year	(535,227)	(944,378)	(513,258)

29 **Actuarial valuation reserve on gratuity**

	N'000	N'000	N'000
Balance at the beginning of the year	(32,718)	-	-
Actuarial gain - change in assumption		5,630	-
Actuarial loss - experience adjustment		(38,348)	
Transfer to profit or loss		-	-
Balance at the end of the year	(32,718)	(32,718)	-

30 **Reserve on available-for-sale-financial assets**

	N'000	N'000	N'000
Balance at the beginning of the year	66,487	-	-
Appreciation during the year	91,441	66,487	-
Balance at the end of the year	157,928	66,487	-

31 **Property revaluation reserve**

	N'000	N'000	N'000
Balance at the beginning of the year	-	-	-
Transfer from fixed assets:			
-cost (Note 17)	(94,130)	-	-
-accumulated depreciation (Note 17)	16,904	-	-
Revaluation amount (note 17)	600,000	-	-
	522,774	-	-
Capital Gain Tax (See note 23(v))	(52,277)	-	-
	470,497	-	-

32 **Bonus issue reserve**

	N'000	N'000	N'000
Balance at the beginning of the year	-	179,165	-
Transfer from share premium account	-	-	179,165
Transfer to share capital (Note 25(ii))	-	(179,165)	-
Balance at the end of the year	-	-	179,165

		2012	2011
33	**Gross premium written**	**N'000**	**N'000**
	Direct premium	3,189,610	3,068,813
	Inward reinsurance	1,600,444	1,204,573
		4,790,054	4,273,386

34	**Gross premium income**		
		N'000	**N'000**
	Unearned premium brought forward	1,129,202	702,519
	Premium written during the year	4,790,054	4,273,386
		5,919,256	4,975,905
	Unearned premium carried forward	(1,323,388)	(1,129,202)
		4,595,868	3,846,703

35	**Reinsurance expenses**		
		N'000	**N'000**
	Outward reinsurance	2,893,503	2,649,757
	Decrease in prepaid reinsurance	(143,791)	(110,155)
		2,749,712	2,539,602

36	**Claim expenses**		
		N'000	**N'000**
	Gross claims	3,283,825	1,063,983
	Increase in outstanding claims	1,985,286	130,578
		5,269,111	1,194,561
	Change in re-insurance assets	(2,041,875)	(44,360)
	Re-insurance recoveries	(1,658,078)	(928,918)
		1,569,158	221,283

37 **Acquisition expenses**

The acquisition expenses are those incurred in obtaining and reviewing insurance contracts. These expenses include commissions or brokerage paid to agents or brokers and indirect expenses such as salaries of underwriting staff.

	N'000	N'000
Deferred acquisition cost b/f	133,400	137,974
Commission for the year	705,471	563,839
Gross commission	838,871	701,813
Deferred acquisition cost c/f	(188,783)	(133,400)
	650,088	568,413

		2012	2011
38	**Maintenance expenses**	N'000	N'000
	Salaries	211,736	210,596
	Leave encashment	5,903	2,324
	Children school fees	2,003	347
	Travelling	61,475	46,250
	Postage, telephone & telegrams	7,168	10,163
	Profit incentive	42,496	19,836
	Pension & Gratuity	58,341	72,328
	Entertainment & hotel expenses	29,828	26,024
	Motor running expenses	12,494	10,991
	Conveyance	3,339	3,251
	Staff training	46,327	21,649
	Medical	21,161	19,932
	Staff welfare	49,089	42,708
	Industrial Training Fund	3,668	3,440
	Insurance levy	21,066	20,744
		576,094	510,583

39	**Investment income**	N'000	N'000
	Interest income	219,340	199,766
	Dividend income	27,456	-
	Lease rental income	179,751	336,559
	Profit on sale of shares	102,347	66,177
	Profit on sale of leased assets	2,138	2,552
		531,032	605,054
	Allocation	N'000	N'000
	Attributable to policy holders	190,062	138,926
	Attributable to shareholders	340,970	466,128
		531,032	605,054

40	**Other operating income**	N'000	N'000
	Exchange gain realised	6,695	24,377
	Bad debt recovered (Note 11(ii))	782,364	-
	Gain realised on held-for-trading financial assets	116,886	-
	Profit on disposal of property, plant & equipment	8	388
	Sundry income	994	1,787
		906,947	26,552

41	**Management expenses**		
		N'000	N'000
	Directors expenses	6,743	4,794
	Auditors fees	6,500	4,000
	Other professional fees	4,901	15,954
	Advertisement and publicity	9,889	16,245
	Office expenses	23,091	20,142
	Subscriptions	34,249	3,240
	Residential rent, rates and other expenses	24,714	10,677
	Depreciation	158,191	297,940
	Other administration expenses	36,614	148,066
		304,892	521,058

42 **Supplementary profit and loss information**

		2012	2011
i	Profit before taxation is arrived at after charging:	N'000	N'000
	Depreciation of property,plant and equipment	158,191	297,940
	Auditors' fees	5,300	4,000
	Directors' emoluments	15,260	15,280
	and after crediting:		
	Profit on disposal of property,plant and equipment	2,145	2,939
	Unrealised exchange gains	6,695	24,377

ii	Staff cost:		
	Employee costs excluding executive directors during the year amounted to:	N'000	N'000
	Wages and salaries	252,639	235,974
	Staff welfare	49,089	42,708
	Medical	24,829	15,932
	Staff Training	24,490	21,648
	Gratuity	13,161	39,561
	Pension	45,180	32,767
		409,388	388,590

iii	The average number of persons employed (excluding directors) in the Company during the year was as follows:		
		Number	Number
	Managerial	10	7
	Senior staff	26	39
	Junior staff	42	36
		78	82

iv	Directors' remuneration:		
a)	Aggregate emoluments of the directors were:		
		N'000	N'000
	Fees	580	600
	Other emoluments	14,680	14,680
		15,260	15,280
b)	The emoluments of the Chairman (excluding pension contributions) totalled	300	150
c)	The emoluments (excluding pension contributions) of the highest paid director amounted to	14,680	14,680

v Staff position as at the end of the year:

Category	Male	Female	Total
Executive Directors	1	-	1
Management (Managers & above)	5	5	10
Senior staff	20	6	26
Junior Staff	38	4	42
	64	15	79

vi **Changes during the year 2012:**

	Executive Directors	Management	Senior staff	Junior staff
Additions	-	-	2	2
Withdrawals	-	3	5	8
	-	3	7	10

43 **Basic earnings/(loss) per ordinary share**

	2012 '000	2011 '000
Basic earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.		
	₦	₦
Profit/(loss) for the year attributable to shareholders (N'000)	603,019	(34,689)
Weighted average number of ordinary shares of 50 kobo each in issue	2,508,315	2,508,315
Basic earnings/(loss) per share (kobo)	24.04	(1.38)

44 **Related parties**

(a) **Parent**

The parent company, which is also the ultimate parent company, is New India Assurance, holding 51.01% of the Company's shares. The remaining 48.99% of the shares are widely held.

(b) **Transactions with Key management personnel**

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

The following are related parties and their respective transaction balances as at period under review, the transactions have been carried out at arm's length.

Related parties	Nature of transaction	31 December 2012 N'000	31 December 2011 N'000
Chief H. B. Chanrai	Indirect Share Holding	89,282,727	89,282,727
Chief H. B. Chanrai	Direct Share Holding	38,578,071	38,578,071
		127,860,798	127,860,798
Ramesh Hathiramani	Indirect Share Holding	102,896,437	102,896,437

(c) **Compensation of key management personnel**

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is, as follows:

	2012 N'000	2011 N'000
Salaries	14,680	14,680
Fees	580	600
Total	15,260	15,280

(d) **Sale of insurance contracts and other services**

	2012 N'000	2011 N'000
Premium received (see (I)below)	285,096	317,631
Commission paid	663,786	77,238

(i.) **Terms and conditions:**

Both premium received and claims paid relate to sale of insurance contracts and are transactions conducted at arm's lenght.

45 **Reconciliation of operating profit to cash provided by operating activities**

		Notes	2012 N'000	2011 N'000
a)	Profit after tax	28	603,019	(34,689)
	Adjustments to reconcile net income to net cash provided by operating activities:			
	Depreciation of property, plant and equipment	17	158,191	297,940
	Amortisation of intangible assets	15	900	900
	Profit on disposal of property,plant and equipment	39	(2,138)	(2,552)
	other Investment income	39	(426,547)	(536,325)
	Profit on disposal of quoted investments	39	(102,347)	(66,177)
	Gain realized on held for trading financial assets	40	(116,886)	-
	Exchange gain realized	40	(6,695)	(24,377)
	Provision written back	10(c)	(91,441)	(66,487)
	Loss recognised	10(a)	11,728	-
	Actuarial valuation of gratuity	29	32,718	32,718
	Reserved of available for sale	30	(91,441)	(66,487)
			(30,939)	(465,536)
	Changes in assets and liabilities			
	Increase in unearned premium		194,186	426,682
	Increase in claims provision		1,985,286	130,578
	Decrease in other receivables and prepayments		54,182	7,423
	Increase in reinsurance assets		(1,269,288)	(154,515)
	Increase in premium debtors		(1,269,556)	(295,928)
	(Increase)/decrease in deferred acquisition cost		(55,383)	4,574
	Increase/(decrease) in provisions and other payables		48,308	(124,987)
	Decrease/(increase) in finance lease asset		93,616	(161,660)
	Decrease in tax liabilities		(19,403)	(18,062)
	(Decrease)/increase in retirement obligation		(61,343)	39,561
	Decrease/(increase) in deferred tax assets		21,084	(28,499)
	Increase in deferred tax liability		79,389	1,749
	Cash generated/(consumed) from operations		(229,861)	(638,620)

b) Cash and cash equivalents included in the statement of cashflows are represented by:

	2012 N'000	2011 N'000
Bank and cash balances	787,604	683,377
Short term investments	883,247	1,038,805
	1,670,851	1,722,182

46 **Information Technology Development**

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12 (2a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

ANALYSIS OF UNDERWRITING EXPENSES

47	Fire N'000	General Accident N'000	Motor N'000	Workmen Compensation N'000	Marine and Aviation N'000	Oil & Energy N'000	CAR & Engineering All risk N'000	Bond N'000	GIT N'000	2012 N'000
Acquisition cost	282,008	161,746	29,118	6,892	89,881	35,520	34,658	376	9,889	650,088
Maintenance cost	177,375	105,324	40,069	6,251	185,938	22,596	26,268	723	11,550	576,094
Underwriting expenses	459,383	267,070	69,187	13,143	275,819	58,116	60,926	1,099	21,439	**1,226,182**

	Fire N'000	General Accident N'000	Motor N'000	Workmen Compensation N'000	Marine and Aviation N'000	Oil & Energy N'000	CAR & Engineering All risk N'000	Bond N'000	GIT N'000	2011 N'000
Acquisition cost	178,832	164,633	31,667	7,736	153,232	8,521	10,692	162	12,938	568,413
Maintenance cost	140,503	115,987	43,865	9,257	174,386	5,794	6,702	444	13,645	510,583
Underwriting expenses	319,335	280,620	75,532	16,993	327,618	14,315	17,394	606	26,583	1,078,996

48 **Contingencies and commitments**

a) **Legal proceedings and regulations**

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The Company is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

b) **Capital commitments and operating lease**

The Company has no capital commitments at the reporting date.

49 **Event after reporting period**

There were no events after the reporting period which could have a material effect on the financial position of the company as at 31 December 2012 and profit attributable to equity holders.

50 **Contravention of laws and regulations**

The Company contravened Section 49 (3) of 1997 NAICOM Act and Clause 1.10E (3) of the 2011 operational guidelines during the year. The fine imposed has been settled totalling N1,100,000.

Reconciliation of Equity

Equity at the date of transition and 31 December 2011 can be reconciled to the amounts reported under the previous GAAP as follows:

		1 January 2011				31 December 2011			
	Notes	Previous GAAP	Reclassification	Measurement	IFRS	Previous GAAP	Reclassification	Measurement	IFRS
Assets		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and bank balances	a	343,974	(343,974)	-	-	683,377	(683,377)	-	-
Cash and cash equivalents	a	-	2,557,583	-	2,557,583	-	1,722,182	-	1,722,182
Short-term investments	a	2,213,609	(2,213,609)	-	-	1,038,805	(1,038,805)	-	-
Long-term investments	b	1,235,114	(1,235,114)	-	-	1,335,286	(1,335,286)	-	-
Held-for-trading financial assets	b	-	809,934	-	809,934	-	483,586	-	483,586
Held-to-maturity financial assets	b	-	-	-	-	-	430,000	-	430,000
Available-for-sale financial assets	b	-	425,180	(172,430)	252,750	-	421,700	(64,486)	357,214
Premium debtors	c	1,468,627	(1,468,627)	-	-	1,521,872	(1,521,872)	-	-
Trade receivables	c	-	1,468,627	(1,260,122)	208,505	-	1,521,872	(1,277,736)	244,136
Other debtors and prepayments	d	942,515	(942,515)	-	-	959,228	(959,228)	-	-
Other receivables and prepayments	d	-	127,441	-	127,441	-	120,018	-	120,018
Reinsurance assets	d	-	815,074	299,699	1,114,773	-	839,210	430,078	1,269,288
Deferred acquisition costs	e	132,814	-	5,160	137,974	110,976	-	22,424	133,400
Deferred tax assets	f	-	-	-	-	-	-	28,499	28,499
Intangible assets	g	-	-	-	-	-	8,100	-	8,100
Investment in finance lease		-	-	-	-	161,660	-	-	161,660
Property, plant and equipment	g	917,054	-	-	917,054	903,516	(8,100)	-	895,416
Statutory deposit		300,000	-	-	300,000	300,000	-	-	300,000
Total Assets		7,553,707	-	(1,127,693)	6,426,014	7,014,720	-	(861,221)	6,153,499
Liabilities									
Insurance funds	h	1,379,125	(1,379,125)	-	-	1,413,737	(1,413,737)	-	-
Insurance contract liabilities	h	-	1,379,125	481,022	1,860,147	-	1,413,737	1,003,670	2,417,407
Creditors and accruals	i	1,010,181	(1,010,181)	-	-	424,839	(424,839)	-	-
Trade payables	i	-	762,729	-	762,729	-	302,374	-	302,374
Provisions and other payables	i	-	247,452	-	247,452	-	122,465	-	122,465
Gratuity payable	j	-	-	-	-	94,995	(94,995)	-	-
Retirement obligations	j	-	-	111,095	111,095	-	94,995	55,661	150,656
Taxation payable	k	316,553	(316,553)	-	-	272,290	(272,290)	-	-
Current income tax liabilities	f	-	316,553	-	316,553	-	272,290	27,769	300,059
Deferred taxation		92,197	-	-	92,197	65,447	-	28,398	93,845
Total Liabilities		2,798,056	-	592,117	3,390,173	2,271,308	-	1,115,498	3,386,806
Equities									
Share capital		1,074,992	-	-	1,074,992	1,254,157	-	-	1,254,157
Share premium		1,170,820	-	-	1,170,820	1,170,820	-	-	1,170,820
Statutory Contingency reserve		1,124,122	-	-	1,124,122	1,252,324	-	-	1,252,324
General reserve	l	1,067,322		(1,580,580)	(513,258)	1,066,111		(2,010,488)	(944,377)
Reserve on Actuarial valuation of gratuity	j	-	-	-	-	-	-	(32,718)	(32,718)
Equity revaluation reserve	m	139,230	-	(139,230)	-	-	-	66,487	66,487
Property revaluation reserve		-	-	-	-	-	-	-	-
Bonus issue reserve		179,165	-	-	179,165	-	-	-	-
Total equities		4,755,651	-	(1,719,810)	3,035,841	4,743,412	-	(1,976,719)	2,766,693
Total liabilities and equities		7,553,707	-	(1,127,693)	6,426,014	7,014,720	-	(861,221)	6,153,499

Reconciliation of Total Comprehensive Income

Total comprehensive income for the reporting period ended 31 December 2011 can be reconciled to the amounts reported under previous GAAP as follows:

	Notes	NGAAP N'000	Reclassification	Recognition / (derecognition)	Measurements N'000	IFRS N'000
Gross premium written		4,273,386				4,273,386
Gross premium income	n	4,173,496			(326,793)	3,846,703
Reinsurance expenses		(2,539,602)				(2,539,602)
Net premium income		1,633,894				1,307,101
Fees and commission income		687,635				687,635
Net underwriting income		2,321,529				1,994,736
Claims expenses/claims incurred	o	(155,806)			(65,477)	(221,283)
Underwriting expenses	p	(1,096,260)			17,264	(1,078,996)
Underwriting profit		1,069,463				694,457
Investment income attributable to policy holders & shareholders		-	605,054			605,054
Other operating income		631,606	(605,054)			26,552
impairment loss on trade receivables	q	(630,533)			(17,614)	(648,147)
Management expenses	r	(650,668)			129,610	(521,058)
Profit before taxation		419,868				156,858
Information Technology Development Levy	s	(4,199)		2,630		(1,568)
		415,669				155,290
Taxation	t	(159,679)		(30,299)		(189,978)
Profit after taxation		255,990				(34,688)
Retained earnings for the year		255,990				(34,688)
Other comprehensive income						
Contingency reserve		(128,202)				(128,202)
Actuarial loss on valuation of gratuity	u	-		(32,718)		(32,718)
Gain/(loss) on valuation of Available-for-sale	v	-		66,487		66,487
Total comprehensive income		127,788				(129,121)
Earnings per share		10.21				(1.38)

Under previous GAAP, the Company did not report total comprehensive income.
Total basis and diluted earnings per share in 2011 are 20.39 each lower under IFRS than previous GAAP.
See note 43 for further information on earnings per share.

Explanations of Material Adjustments
as at 1 January 2011 and 31 December 2011

a Cash and cash equivalents

Under Nigerian GAAP, the Company recognised all short term deposits as short term investments and disclosed them as such in its balance sheet. Under IFRS, these short term investments are to be and have been reclassified as cash and cash equivalents. Also, the Company's balances of cash in hand and cash at bank have been reclassified as cash and cash equivalents in line with IFRS. This has resulted in merging the sum of N343,974,000 and N2,213,609,000 as at 1 January 2011, and N683,377,000 and N1,038,805,000 as at 31 December 2011 representing the value of the cash and bank balances and short term investments respectively being disclosed as cash and cash equivalents on the face of the statement of financial position.

The Company's 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 with original maturity of three months or less, being used by the company in the management of its short term cash commitments.

The reclassification as a result of IFRS adoption is as follow:

	31 December 2011 N'000	1 January 2011 N'000
Cash and bank balances	683,377	343,974
Short-term investments	1,038,805	2,213,609
Reclassified as Cash and cash equivalents as per IFRS	1,722,182	2,557,583

b Investment

Under Nigerian GAAP, the Company recognised its investments of no maturity or with maturity of more than one accounting year as Long term investments. Under IFRS, these investments are recognised as financial assets and have therefore been reclassified as such. This has resulted in reclassifying the sum of N1,235,114,000 as at 1 January, 2011 and N1,335,286 as at 31 December, 2011 being Long term investments as Financial Assets in line with IFRS. However, the financial assets have been further reclassified accordingly as follows:

	31 December 2011 N'000	1 January 2011 N'000
Financial Assets:		
Held-for-trading	483,586	809,934
Available-for-sale	421,700	425,180
Held-to-maturity	430,000	-
	1,335,286	1,235,114
Less: impairment loss on available-for-sale (see note below)	(64,486)	(172,430)
Total	1,270,800	1,062,684

An impairment loss on Available-for-sale financial assets of N172,430,000 was made at the transition date 1 January 2011. As at 31 December, 2011 a total sum of an impairment loss of N107,944,000 was written back (representing N41,457,000 being impairment loss as per NGAAP on available-for-sale reversed and N66,487,000 being impairment loss recovered on available-for-sale financial assets upon re-measurement of the investments) leaving the balance of N64,486,000 as allowance for diminution in the value of the Available-for-sale financial assets as at 31 December, 2011.

The movement in additional impairment loss as per IFRS is as follows:

	31 December 2011 N'000	1 January 2011 N'000
Balance at the beginning	172,430	-
(write-back)/additional impairment during the year	(107,944)	172,430
Balance at the end	64,486	172,430

The available-for-sale financial assets not being quoted on a recognised stock exchange having being stated at fair value using 'net assets' basis of valuation.

c Trade receivables

Under Nigerian GAAP, the Company recognised all premium due from policy holders, agents and brokers, co-insurances and re-insurances as premium debtors and are being disclosed as such on its balance sheet. Under IFRS, these receivables are to be termed 'trade receivables' and therefore have been reclassified as Trade receivables in line with IFRS. However, the entire Trade receivables of N1,468,627,000 as at 1 January 2011 and N1,521,872,000 as at 31 December, 2011 has been objectively considered and reviewed for impairment.

The company uses "incurred loss model" of impairment - that is premiums outstanding and not received within three months subsequent to the year-end are considered as lost. As a result, an allowance for impairment to the tune of N1,260,122,000 has been made to write down the Trade receivables, as at 1 January 2011. This has been written off to the Company's general reserves as at the transition date of 1 January, 2011. An additional allowance for impairment of N17,614,000 (increasing the balance of N1,260,122,000 as at 1 January, 2011 to N1,277,736,000 as at 31 December, 2011) was made on the balance of the trade receivables as at 31 December,2011.

The basis of the additional impairment loss of trade receivables as at 1 January, 2011 and 31 December, 2011 is shown as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Total trade receivable as at year end	2,835,806	2,906,323	2,222,545
impairment loss on trade receivables as per NGAAP	(1,230,241)	(1,384,451)	(753,918)
net trade receivables as at year end as per NGAAP	1,605,565	1,521,872	1,468,627
Trade receivables confirmed/collected within 3 months subsequent to the year end recognised as trade receivables in the statement of financial position	(914,706)	(244,136)	(208,505)
additional impairment loss as per IFRS as at year end	690,859	1,277,736	1,260,122
The movement in additional impairment loss as per IFRS is as follows:			
Balance at beginning	1,277,736	1,260,122	-
Addition / (write-back) during the year	(586,877)	17,614	1,260,122
Balance at the end	690,859	1,277,736	1,260,122
The total impairment loss on trade receivables (see note 11)			
impairment loss on trade receivables as per NGAAP (see 'i' above)	1,230,241	1,384,451	753,918
additional impairment loss as per IFRS as at year end (see 'i' above)	690,859	1,277,736	1,260,122
	1,921,100	2,662,187	2,014,040

d Other receivables and prepayments

Under Nigerian GAAP, the Company's other receivables and prepayments are generally shown as a line item in total on the face of the balance sheet. They are usually presented in sub-headings such as prepayments, staff loans, outstanding claims recoverable and others in the notes to the financial statements. Under IFRS, other debtors and prepayments are to be and have been reclassified as other receivables and prepayments, and re-insurance assets and are being disclosed as such on the face of the statement of financial position. As a result, the sums of N127,441,000 and N815,074,000 have been reclassified from the other debtors and prepayments of N942,515,000 to „Other receivables' and 'Re-insurance assets' respectively as at 1 January 2011. Also, the sum of N959,228,000 has been reclassified from other debtors and prepayments to reinsurance assets N839,210,000 and other receivables N120,018,000 as at 31 December 2011.

In addition to the reclassification above, based on Actuarial valuation of the outstanding claims recoverable, an adjustment to the tune of N299,699,000 was made in addition to the balance of the outstanding claims recoverable as at 1 January, 2011. In year 2011, an additional adjustment of N130,379,000 was made to have a balance of N430,078,000 (i.e IBNR Recovery) as adjustment on the value of outstanding claims recoverable (included in Reinsurance assets) as at 31 December, 2011 to reflect the Actuarial valuation figures.

The reclassification and adjustments as a result of IFRS adoption and valuation report is as follow:

	31 December 2011 N'000	1 January 2011 N'000
Other debtors and prepayments as per NGAAP	959,228	942,515
Reclassified as:		
Other receivables and prepayments	120,018	127,441
Reinsurance assts	839,210	815,074
	959,228	942,515

The movement in the adjustment of outstanding claims recoverable based on actuarial valuation is as follows:

Balance as at beginning	299,699	-
Additional recovery on IBNR during the year	130,379	299,699
Balance as at the end	430,078	299,699

Recovery on IBNR as at the end of the year:	31 December	1 January
This is arrived at as follows:	2011	2011
Gross IBNR as per the Actuarial valuation	731,803	546,338
Less: Net IBNR as per the Actuarial valuation	301,725	246,639
	430,078	299,699

e Deferred Acquisition Cost (DAC) 83

As at 1 January, 2011 Deferred acquisition cost was adjusted by N5,160,000 to reflect the Actuarial valuation of the DAC. Also as at 31 December, 2011 an additional adjustment to the tune of N17,264,000 was made, making the total adjustment to the balance of the Deferred acquisition cost as per NGAAP to be N22,424,000.

f Deferred tax asset

Under the Nigerian GAAP, the Company did not recognise deferred tax asset. The deferred tax asset was included in the deferred tax liability and the deferred tax liability has been reported net of deferred tax asset in balance sheet. In line with the provision of International Financial Reporting Standard, deferred tax asset has been separated from deferred tax liability and they are now being reported separately on the statement of financial position. As a result, a sum of N28,499,000 representing the value of deferred tax asset has been separated from deferred tax liabilty as at 31 December, 2011. However, a reversal of N101,000 was made on deferred tax liability based on the impact of the IFRS adjustment on the tax base for the year.

g Intangible Assets

Under Nigerian GAAP, the company recognised computer software as part of Property, plant and equipment; under IFRS, software is recognised as an intangible asset. This has resulted in purchased software (a software acquired in 2011) been reclassified from property, plant and equipment to intangible assets. Hence, N8,100,000 representing the net book value of the computer software as at 31 December, 2011 has been reclassified from the net book value of property, plant & equipment to intangible assets which will be amortised over the estimated remaining useful life of the software.

h Insurance contract liabilities

Under Nigerian GAAP, the Company recognised all its liabilities on insurance contract as Insurance fund and are being disclosed as such in its balance sheet. Under IFRS, these liabilities are to be termed 'Insurance contract liabilities' and therefore have been reclassified as such in line with IFRS. As a result, the balances of N1,379,125,000 and N1,413,737,000 as at 1 January, 2011 and 31 December, 2011 have been reclassified as Insurance contract liabilities and are being disclosed as such on the face of the statement of financial position.

The reclassification as a result of IFRS adoption is as follow:

	31 December 2011	1 January 2011
Insurance funds:	N'000	N'000
Outstanding claims reserves	592,880	658,157
Unearned premium reseves	820,857	720,968
Reclassified as insurance contract liabilities as per IFRS	1,413,737	1,379,125

In addition to the reclassification above, based on Actuarial valuation of the insurance contract liabilities, an adjustments to the tune of N481,022,000 (i.e.N499,470,000 to Outstanding Claims reserve minus N18,448,000 from Unearned premium reserve) was made. Also year in 2011, further adjustment to the tune of N522,648,000 (i.e.N195,855,000 to Outstanding claims reserve and N326,793,000 to Unearned premium reserve) was made. These adjustments were made to reflect the actuarial valuation figures as at 1 January, 2011 and 31 December, 2011 respectively.

The detail of the adjustments is as follows:

	31 December 2011 N'000	1 January 2011 N'000
Outstanding claims reserves as per NGAAP (see above)	592,880	658,157
2010 IFRS adjustment	499,470	-
Adjustment based on Actuarial valuation	195,855	499,470
Outstanding claims reserves as per IFRS/Actuarial valuation	1,288,205	1,157,627
Unearned premium reseves as per NGAAP (see above)	820,857	720,968
2010 IFRS adjustment	(18,448)	-
Adjustment based on Actuarial valuation	326,793	(18,448)
Unearned premium reserves as per IFRS/Actuarial valuation	1,129,202	702,520
The summary of the insurance contract liabilities is as follow:		
Outstanding claims reserves as per IFRS/Actuarial valuation	1,288,205	1,157,627
Unearned premium reserves as per IFRS/Actuarial valuation	1,129,202	702,520
Insurance contract liabilities as per IFRS	2,417,407	1,860,147

I Creditors and accruals

Under Nigerian GAAP, the Company's creditors and accruals are generally shown as a line item in total on the face of its balance sheet. They are usually presented in sub-headings such as due to agents, due to insured, etc. and accruals and provisions in the notes to the financial statements. Under IFRS, creditors and accruals are reclassified as Trade payables, Provisions and Other payables and are being disclosed as such on the face of the statement of financial position. As a result, the sum of N1,010,181,000 and N424,839,000 being the balances of Creditors and accruals as at 1 January, 2011 and 31 December, 2011 have been reclassified accordingly as Trade payable and Provisions and other payables.

j Retirement obligations

The Company, under the recognition of all liabilities and based on the Actuarial valuation of its gratuities, made provision for gratuity of N111,095,000 as at 1 January, 2011. In the year 2011, a write back of the provision (of N55,434,000) was made to reduce the provision as at 31 December, 2011 to N55,661,000. These adjustments were made to reflect the Actuarial figure of N150,656,000 as at 31 December, 2011. However, a net actuarial loss of N32,718,000 was recognised in 2011 based on the actuarial change in assumption and experience adjustment.
The reclassification and adjustments as a result of the valuation report is as follow:

	31 December 2011 N'000	1 January 2011 N'000
retirement obligation as at the beginning of the year	111,095	-
retirement obligation recognised as per NGAAP during the year	94,995	-
additional provision recognised as per IFRS	-	111,095
provision written back	(55,434)	-
retirement obligation as at year end as per actuarial valuation	150,656	111,095
Payment during the year	-	-
retirement obligation as at the end of the year	150,656	111,095

k Taxation

Under Nigerian GAAP, the Company recognised and termed its Current income tax liabilities as Taxation payable. This has however been renamed as Current income tax liabilities under IFRS. The taxation payable of N316,553,000 as at 31 December, 2010 and N272,290,000 as at 31 December, 2011 have been reclassified and renamed as Current income tax liability respectively with a further income tax liability of N27,769,000 recognised in year 2011.

l General reserves

The NGAAP general reserve can be reconciled with IFRS general reserve as at 1 January, 2011 and 31 December, 2011 as follows:

	as at 31 December 2011 N'000	as at 1 January 2011 N'000
General reserve as per NGAAP	1,066,111	1,067,322
Additional diminution in value of Available-for-sale financial assets(note 'b')	(64,486)	(172,430)
Additional provision for impairment of premium receivables(note 'c')	(1,277,736)	(1,260,122)
Increase in valuation of oustanding claims recoverable (note 'd')	430,078	299,699
Increase in valuation of Deferred acquisition cost (note 'e')	22,424	5,160
Adjustment on deferred tax liabilities (note 'f')	101	-
Increase in valuation of insurance liabilities (note 'h')	(1,003,670)	(481,022)
Actuarial Loss on valuation of gratuity (note 'j')	32,718	-
Increase in valuation of retirement obligations (note'j')	(55,661)	(111,095)
Additional provision for income tax (note 'k')	(27,769)	-
Reclassification of equity revaluation reserve (note 'm')	(66,487)	139,230
General reserve as per IFRS	(944,377)	(513,258)

m Equity revaluation reserves

At transition, the equity revaluation reserves was reclassified to general reserves. The reserves contained surpluses recognised on valuation of Held-for-trading financial assets up to the date of transition. This reclassification is done in line with the Company's accounting policies at the adoption of IFRS. However, as at 31 December, 2011 a revaluation surplus to the tune of N66,487,000 was recognised on the company's Available-for-sale financial assets (unquoted investments) as a result of appreciation in the value of the investment.

n Gross premium income

The amount of N326,793,000 represents an adjustment made to the premium income and unearned premium reserve to reflect the actuarial valuation of the Unexpired premium reserve as at 31 December, 2011 as follow:

	Premium income N'000	Unearned premium reserve N'000
amount/balance as per NGAAP	4,173,496	820,857
2010 IFRS adjustment (see 'h' above)	-	(18,448)
additional premium based on actuarial report (see 'h' above)	*(326,793)*	*326,793*
amount/balance at the year end as per IFRS/actuarial report	3,846,703	1,129,202

Explanations of Material Adjustments

as at 1 January 2011 and 31 December 2011
(continued)

o Claims incurred

The amount of N65,477,000 represents the adjustment made to claims paid, re-insurance receivables and outstanding claims reserve to show the actuarial valuation of the re-insurance receivables and the outstanding claims reserve as at 31 December, 2011 as follow:

	Claims paid	Re-insurance assets	Outstanding claims
	N'000	N'000	N'000
amount/balance as per NGAAP	155,806	839,210	592,880
2010 IFRS adjustment (see 'h' above)	-	299,699	499,470
additional claims based on actuarial report (see 'd' above)	(130,379)	130,379	-
further additional claims based on actuarial report (see 'h' above)	195,855	-	195,855
amount/balance at the year end as per IFRS/actuarial report	221,282	1,269,288	1,288,205
Reinsurance assets comprise: *(See note 13 to the account)*			
Prepaid re-insurance		691,149	
Outstanding claims recoverable		578,139	
Balance as at 31 December, 2011		1,269,288	

p Acquisition expenses

The amount of N17,264,000 represents an adjustment made to the acquisition expenses and Deferred acquisition cost to reflect the actuarial valuation of the Deferred acquisition cost as at 31 December, 2011 as follow:

	Acquisition expenses	Deferred acquisition cost
	N'000	N'000
amount/balance as per NGAAP	585,677	110,976
2010 IFRS adjustment (see 'e' above)	-	5,160
additional Deferred acquistion cost based on actuarial report (see 'e' above)	*(17,264)*	*17,264*
amount/balance at the year end as per IFRS/actuarial report	568,413	133,400

q Impairment losses on trade receivables

The amount of N17,614,000 represents the additional impairment loss on trade receivebles allowed during the year 2011. See C(ii) above.

r Management expenses

The amount of N129,609,000 represents the adjustment made to management expenses, Available-for-sale financial assets and retirement obligation to show the actuarial valuation of the gratuity as at 31 December, 2011 as follow:

	Management expenses	Retirement obligation	Available-for-sale financial assets
	N'000	N'000	N'000
amount/balance as per NGAAP	650,668	94,995	421,700
2010 IFRS adjustment (see 'j' and 'b' above)	-	111,095	(172,430)
reversal of provision for retirement obligation based on actuarial report (see 'j' above)	(55,434)	(55,434)	-
impairment loss as per NGAAP on available-for-sale reversed see 'b' above	(41,457)	-	41,457
net actuarial loss on valuation of gratuity (See note 29)	(32,718)	-	-
impairment loss recovered on available-for-sale financial assets see 'b' above	-	-	66,487
amount/balance at the year end as per IFRS/actuarial report	521,059	150,656	357,214

s Information Technology Development Levy

The amount of N4,199,000 which was 1% provision of reported profit for the Information Technology Development Levy was adjusted to N1,568,000 as a result of IFRS adjustment, which reduced the profit before tax to N156,858,000. See Note 23 (ii) to the financial statements.

t Taxation

The amount of N30,299,000 represents the provision for additional tax liability during the year 2011 as per IFRS.

u Actuarial loss on valuation of gratuity

The amount of N32,718,000 represents the net actuarial loss incurred on valuation of gratutity for the year 31 December, 2011. See note 29 to the financial statements.

v Gain/(loss) on valuation of Available-for-sale

The amount of N66,487,000 represents the impairment loss recovered on available-for-sale financial assets during the year upon re-measurement. See 'b' above.

Presentation differences

Certain presentation differences between previous GAAP and IFRS have no impact on reported profit or total equity.

Some assets and liabilities have been reclassified into another line item under IFRS at the date of transition while some line items are described differently (renamed) under IFRS compared to previous GAAP, though the assets and liabilities included in these line items are unaffected. These line items are as follows (with previous GAAP descriptions in brackets):

I) Other receivables and prepayments, Reinsurance assets (Other debtors and prepayments)
ii) Trade payables, Provisions and other payables (Creditors and accruals)
iii) Current income tax liabilities (Taxation payable)
iv) Insurance contract liabilities (Insurance fund)
v) Retirement obligation (Gratuity payable)

Prestige

PRESTIGE ASSURANCE PLC

APPENDIX TO THE FINANCIAL STATEMENTS

Revenue Account

for the Year Ended 31 December 2012

REVENUE	Fire N'000	General Accident N'000	Motor N'000	Workmen Compensation N'000	Marine and Aviation N'000	Oil & Energy N'000	CAR & Engineering All risk N'000	Bond N'000	GIT N'000	2012 N'000	2011 N'000
Direct Premium	1,268,580	397,923	356,465	53,817	784,773	196,085	59,430	5,675	102,757	3,225,504	3,068,813
Inward Premium	421,267	526,057	6,085	-	428,110	8,505	171,835	870	1,821	1,564,550	1,204,573
Gross Premium Written	1,689,847	923,980	362,550	53,817	1,212,883	204,590	231,265	6,545	104,578	4,790,054	4,273,386
(Increase)/decrease in Unearned Premium	(165,253)	(6,677)	8,105	3,261	14,277	14,853	(59,886)	(2,866)	-	(194,186)	(426,683)
Gross Premium Earned	1,524,594	917,303	370,655	57,078	1,227,160	219,443	171,379	3,679	104,578	4,595,868	3,846,703
Outward Reinsurance	(1,361,448)	(699,707)	(14,410)	-	(742,853)	(51,586)	(22,347)	(1,151)		(2,893,503)	(2,649,757)
Prepaid Re-insurance	72,678	80,612	(1,263)	-	(61,376)	2,972	50,168	-	-	143,791	110,155
Net Premium Earned	235,824	298,208	354,982	57,078	422,931	170,828	199,200	2,527	104,578	1,846,156	1,307,101
Commission	323,347	202,262	1,891	-	138,872	1,288	17,716	340	-	685,717	687,635
Total income	**559,171**	**500,471**	**356,873**	**57,078**	**561,803**	**172,117**	**216,916**	**2,867**	**104,578**	**2,531,874**	**1,994,736**
EXPENSES											
Gross claims paid	1,599,916	692,795	79,524	42,815	787,335	-	12,377	-	69,063	3,283,825	1,063,983
(Decrease)/increase in outstanding claims	366,736	81,859	(624)	(14,196)	871,094	605,260	7,738	-	67,419	1,985,286	130,578
Gross claims incurred	1,966,652	774,654	78,900	28,619	1,658,429	605,260	20,115	-	136,482	5,269,111	1,194,561
Movement in outstanding claims recoverables from reinsurance	(351,310)	(81,425)	375	-	(1,115,279)	(483,750)	-	(11,532)	-	(2,042,921)	(44,360)
Reinsurance claims recoveries	(841,707)	(391,684)	-	-	(412,426)	-	(11,214)	-	-	(1,657,032)	(928,918)
Net claims (recovered)/incurred	773,634	301,545	79,275	28,619	130,724	121,510	8,901	(11,532)	136,482	1,569,158	221,283
Acquisition cost	282,008	161,746	29,118	6,892	89,881	35,520	34,658	376	9,889	650,088	568,413
Maintenance cost	177,375	105,324	40,069	6,251	185,938	22,596	26,268	723	11,550	576,094	510,583
Total expenses	**1,233,017**	**568,615**	**148,463**	**41,763**	**406,543**	**179,626**	**69,826**	**(10,433)**	**157,921**	**2,795,341**	**1,300,279**
Underwriting (loss)/profit	**(673,846)**	**(68,144)**	**208,410**	**15,315**	**155,260**	**(7,509)**	**147,090**	**13,300**	**(53,343)**	**(263,467)**	**694,457**

Statement of Value Added

for the Year Ended 31 December 2012

	2012		2011	
	N'000		N'000	
Gross premium written - Local	3,225,504		3,068,813	
Foreign	1,564,550		1,204,573	
	4,790,054		4,273,386	
Other income - Local	906,947		26,552	
	5,697,001		4,299,938	
Reinsurance,claims,commission and services - local	(4,124,796)		(3,329,917)	
Value added	1,572,205	100	970,021	100
Value added as a percentage of gross premium		33%	23%	
Applied as follows:				
To pay employees:				
Salaries and other employees benefits	409,388	26	388,590	40
To pay government:				
Taxation	257,905	16	189,978	20
Retained for replacement of assets and expansion of business:				
Depreciation	158,191	10	297,940	31
Contingency reserve	143,702	9	128,202	13
Result for the year	603,019	38	(34,689)	(4)
Value added	1,572,205	100	970,021	100

Five Year Financial Summary

for the Year Ended 31 December 2012

STATEMENT OF FINANCIAL POSITION	IFRS Compliance			NGAAP Compliance	
	2012	2011	2010	2009	2008
ASSETS	₦	₦	₦	₦	₦
Cash and cash equivalents	1,670,851	1,722,182	2,557,583	2,743,331	2,231,113
Financial assets (investments)	1,334,149	1,270,800	1,062,684	1,016,941	1,227,727
Trade receivables	914,706	244,136	208,505	1,307,473	1,589,422
Other receivables and prepayments	65,836	120,018	127,441	539,720	
Reinsurance assets	3,454,954	1,269,288	1,114,773	303,771	
Deferred Acquisition cost	188,783	133,400	137,974	118,504	35,562
Deferred tax assets	-	28,499	-	-	-
Intangible assets	7,200	8,100	-	-	-
Investment in finance lease	68,044	161,660	-	-	-
Property, plant and equipment	1,693,512	895,416	917,054	608,196	561,624
Statutory deposit with CBN	300,000	300,000	300,000	300,000	300,000
	9,698,035	6,153,499	6,426,014	6,937,936	5,945,448
LIABILITIES					
Insurance contract liabilities	4,596,879	2,417,407	1,860,147	1,471,348	451,629
Trade payables	482,170	302,374	762,729	296,493	396,054
Provisions and other payables	170,773	122,465	247,452	473,086	354,364
Retirement obligations	89,313	150,656	111,095	-	-
Income tax liability	318,345	300,060	316,553	289,154	316,858
Deferred taxation	173,234	93,845	92,197	64,134	56,919
	5,381,832	3,386,807	3,390,173	2,594,215	1,575,824
EQUITY					
Share capital	1,254,157	1,254,157	1,074,992	1,074,992	1,074,992
Share premium	1,155,540	1,170,820	1,170,820	1,349,986	1,349,986
Statutory Contingency reserve	1,396,026	1,252,324	1,124,122	957,948	783,265
Revenue reserve	(535,227)	(944,378)	(513,258)	960,795	972,403
Reserve on Actuarial valuation of gratuity	(32,718)	(32,718)	-		
Equity revaluation reserves	157,928	66,487	-	-	188,978
Property revaluation reserve	470,497	-	-	-	-
Bonus issue reserve	-	-	179,165	-	-
	3,866,203	2,766,692	3,035,933	4,343,721	4,369,624
	9,698,035	6,153,499	6,426,014	6,937,936	5,945,448
INCOME STATEMENT					
Gross premium written	4,790,054	4,273,386	3,874,452	3,445,447	3,008,391
Net premium written	1,846,156	1,307,101	1,864,567	1,655,870	1,532,178
Profit before taxation	869,620	156,858	822,561	864,682	990,020
Information Technology Development Levy	(8,696)	(1,569)	(8,226)	(8,647)	(9,900)
Taxation	(257,905)	(189,978)	(334,862)	(271,610)	(278,371)
Profit/ (loss) after taxation	603,019	(34.689)	479,473	584,425	701,749
Dividend	-	50,166	128,999	214,998	429,997
Basic earnings/ (loss) per share (kobo)	24.04	(1.38)	22.30	27.58	33.10
Net assets per share (kobo)	154	110	141	202	203