ANNUAL REPORT AND ACCOUNTS 2013

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Pushing the Limits

LEADWAY
ASSURANCE COMPANY LIMITED
RC 7588

Pushing the Limits

2013 Annual Report

In today's world of can-do insurance services,
there are infinite possibilities.
A new beginning is possible for our customers.
A new value is possible for our stakeholders.
A new future is possible for all.
That is the promise of
our 2013 Annual Report.
The promise to keep
pushing limits to ensure that
we remain the company of
today and tomorrow.

History

Leadway Assurance Company Limited was founded in 1970 by Sir (Dr.) Hassan O. Odukale, (KJW, D.Sc., FCIIN). It has a chequered history of being a company that pays close attention to relationships, having started operations as a direct motor insurance company. Soon the relationship developed to a stage where it has established a deep relationship with the brokers' network in Nigeria, enjoying 80% of its current business from this source.

The pivotal point at Leadway is "the customer" and the company has enjoyed a steady growth in its commitment to providing integrated insurance and financial services to its numerous customers.

The Company's remarkable success has been possible because of its sound professional and business standards backed by the uncompromising level of integrity of its Directors. An uncompromising level of integrity and service is a tradition imbibed at LEADWAY and instilled by its late founder, Sir (Dr.) Hassan O. Odukale, KJW, D.Sc, FCIIN (1926-1999). As an astute and honest businessman, the founding Managing Director and later Chairman of the Board of Directors, Sir Odukale nurtured the Company to an enviable position in the Nigerian insurance industry. His vision of dedicated service to all customers remains the guiding principle that shapes the policies of the company.

LEADWAY is a private company with 42 shareholders, 14 of which are corporate investors, and 2 Trust Corporations.

Mission Statement

"A service provider of choice, bringing insurance as a risk management tool to the consciousness of all; adding value to our clients and other stakeholders, in an efficient and reliable manner"

Service Provider

Risk Management

Value

Efficient And Reliable

Contents

Finding your way
through this report

Read about our
Operating Environment
and Business Outlook

Read about our Group Performance

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About this report
This Annual Report is an integrated view of our economic, social and environmental performance in 2013. To access the full web-based report please visit our dedicated reporting centre via the link below.

www.leadway.com/annual-accounts/

Overview

In this section

Key Performance Indicators

We are focused on our business and our customer. We monitor and challenge our financial performance at all levels to probe the health and progress of our business. We use a range of financial measures that tell us at a glance where we are as a company and thus keeps us accountable. These collectively form an integral part of building value for our shareholders and stakeholders, on a consistent basis and in the long term.

How we do it

We understand that growth needs to be steady, controlled and consistent. We are committed to growing our business in a transparent and socially responsible way, ensuring that it delivers a healthy return to investors and is sustainable for all stakeholders.

ASSURANCE COMPANY LIMITED
RC 7588

“iSCORE”

integrity

Service

Customer Focus

Openness

Respect For The Individual

Excellence

Notice of the 42nd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of LEADWAY ASSURANCE COMPANY LIMITED will convene at the Meeting Room, First Floor, Leadway House, 121/123, Funsho Williams Avenue, Iponri, Surulere, Lagos on Friday 27th June, 2014 at 11am for the following purposes:

A. Special Business

Ordinary Resolution

1. " That in accordance with Section 217(2) of the Companies and Allied Matters Act 1990, shareholders agree to hold the Annual General Meeting called notwithstanding that less than 21 days' notice of meeting has been given."

B. Ordinary Business

2. To adopt the reports of the directors and auditors, including the statement of accounts for the year ended 31 December 2013.
3. To declare a dividend
4. To re-elect Directors of the Company.
5. To authorize the Directors to fix the auditor's remuneration.
6. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Sunday Oroleke
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member) to attend and vote in his place. In order to be valid, an instrument appointing a proxy must be deposited at the Office of the Company Secretary at Leadway House, 121/123 Funsho Williams Avenue, Iponri, Surulere, Lagos, or at Leadway House, NN28/29, Constitution Road, Kaduna not later than 48 hours before the time appointed for the meeting.
2. The Register of Members and their shareholding is available for inspection, at the office of the Company Secretary during normal business hours, from the date of this notice until close of business on 20th of June, 2014.

Business Review// Governance

In this section

"Also, 2014 will be the first year in the execution of our 3 year strategic plan of 2014 – 2016 which is a comprehensive set of plans and efforts designed to reaffirm the leadership position of your company in the insurance industry. The 3-year strategic plan, the outcome of a 9-month process, contains ambitious goals that reflect our views of the enormous opportunities we see for growth in the economy."

Mallam Umar Yahaya
Chairman

Chairman's Statement

Esteemed Shareholders, fellow Board Members, distinguished ladies and gentlemen, I warmly welcome you to the 42nd Annual General Meeting of our company to present the financial statements and reports for the year ended 31st December, 2013 as well as review the performance of our company during the financial year.

OPERATING ENVIRONMENT

Operating within our economic environment continues to pose socio-political challenges (escalated violence and increased internal security issues particularly within various locations across the Northern Region of Nigeria). Despite that, Nigeria's macroeconomic indicators in 2013 remained strong and were largely consistent with the trend seen in the latter part of 2012. According to the National Bureau of Statistics (NBS), Nigeria achieved a higher growth rate for year 2013 estimated at 6.87% up from 6.48% for the same period in 2012 and this was attributed to positive contributions from the non-oil sector. The country equally achieved a single digit inflation rate of 8% below the Central Bank of Nigeria's 10% ceiling due to monetary policy tightening, a reflection that the fundamentals of our economy remains strong.

Notwithstanding the socio-political challenges, the Nigerian All Share Index closed the year with its strongest performance since 2008 as it gained 47.19% in 2013 while market capitalization peaked at ₦13.2 trillion. With the breakup of the state owned monopoly, the Power Holding Company of Nigeria (PHCN), it is thought that the investment landscape will be broadened as the now privately owned entities would be sourcing for funds in their objective of creating a market efficient electricity transmission and distribution companies. The impact of these efficiencies would take a while to be felt as the country continues to grapple with insufficient energy supply with resulting increase in the cost of doing business in the country.

INSURANCE INDUSTRY

The effective enforcement of the regulations on Premium Collection and Remittances by the National Insurance Commission (NAICOM) resulted in dramatic improvement in the cash flow of insurance companies. The results for the industry are coming out slowly, but the evidence is clear that whilst premium growth remained modest, growth in investment income was remarkable and resonated with insurers.

With accounting changes, uniformity in reporting across industry players, the drive by NAICOM towards increasing industry penetration, under its Market Development and Restructuring Initiative (MDRI) is well underway to achieving its purpose by enabling confidence within the industry.

FINANCIAL RESULTS

The company recorded a 13% growth in Gross Premium Written from ₦36.9b in 2012 to ₦41.7bin 2013, largely driven by significant increase in premiums written under Life Business, almost doubling by 75% from ₦9.5b in 2012 to ₦16.7b in 2013.

Net underwriting income marginally increased by 7% from ₦14.5b in 2012 to ₦15.6b in 2013, due to the volume of reinsurance purchased under our specialty line within General Business.

As there were no significant losses in 2013, the year was also remarkable in terms of claim incurred, which went down marginally by 18% from ₦8.3b in 2012 to ₦6.8b in 2013. Overall, net underwriting expenses reduced by 19% from ₦12.2b in 2012 to ₦9.9b in 2013, resulting in 146% increase in underwriting profit from ₦2.2b in 2012 to ₦5.5b in 2013.

Within a virile regulatory environment which enabled premium cash flow, investment income increased by 80% from ₦3.1b in 2012 to ₦5.7b in 2013, translating to a significant increase in profit after tax for the year by 155% from ₦673.5m in 2012 to ₦1.7b in 2013. Indeed, profit for the year would have been higher but for the new business strain to support our new Life Products and increased sale of Annuity Products. Additionally,there were some write offs during the year with the resultant effect of a loss of ₦989.1m in our life business this year compared with profit of ₦435.8m for 2012.

As we continue to improve on our businesses across divisions, we remain conservative in our dealings, which is evident in the fact that our balance sheet size grew by 46% from ₦66.3b in 2012 to ₦97.1b in 2013 with total trading liabilities of ₦81.6b, an increase of 50% compared with ₦54.3b in 2012, leaving us with Shareholders funds of ₦15.4bn in 2013, an increase of 29% from ₦11.9b in 2012. This would have been higher but for the reduction in Shareholders' funds supporting our Life Business, declining by 27% from ₦3.1b in 2012 to just within the statutory limit at ₦2.2b.

DIVIDEND

In line with the assurance to continuously deliver exceptional value, your board of directors has proposed that ₦750m, out of profits declared for the year 2013, be distributed to shareholders at a dividend rate of 8.5kobo per share subject to withholding tax at the prevailing rate.

FUTURE OUTLOOK

Competition remains rife within the insurance industry with key dynamic players challenging and changing the way we do business and putting us on our heels not only to consolidate, but also to surpass our current achievements if we are to stay ahead in 2014. Your company, in positioning itself to benefit from NAICOM's MDRI following the release of the operational guidelines on micro insurance has started rolling out new products, while extending its markets through new channels in order to take advantage of emerging trends and compete favourably with our numerous competitors in the industry.

Also, 2014 will be the first year in the execution of our 3 year strategic plan of 2014 – 2016 which is a comprehensive set of plans and efforts designed to reaffirm the leadership position of your company in the insurance industry. The 3-year strategic plan, the outcome of a 9-month process, contains ambitious goals that reflect our views of the enormous opportunities we see for growth in the economy.

Our platform to deliver on our ambition will be focused on customer service, improved business processes and increased contribution of retail to our business mix.

CONCLUSION

Our growth over the years, despite the challenging atmosphere of doing business and the stiff competition in the market, can only be attributed to the loyalty and tenacity of our customers (both intermediary and direct) in doing business with us. We are humbled by their trust and hope to continue to provide the support and the security that they desire and deserve.

I also wish to commend our management and staff for their spirit in servicing our esteemed customers. Together, we are able to be the company we are today and remain the company of tomorrow.

Thank you.

Mallam Umar Yahaya
Chairman

Advert

Corporate Profile

Certificate of incorporation number	RC 7588
Date of incorporation	22 September 1970
NAICOM License Number	RIC -025

Directors

Mallam Umar Yahaya	Chairman (appointed wef 15 March 2013)
Mr. Oye Hassan-Odukale	Managing Director
Mr. Tunde Hassan-Odukale	Executive
Ms Adetola Adegbayi	Executive (appointed wef 1 January 2013)
Mr. Jeremy Rowse	Non-executive
Dr. Konyinsola Ajayi	Non-executive
Dr. A.B.C Orjiako	Non-executive
Mrs. Fehintola Obatusin	Non-executive
Mr. Ibrahim Hadejia	Non-executive (appointed wef 5 September 2013)

Bankers and other professional advisors

Secretary
Sunday Oroleke
FRC/2014/NBA/00000007297

Registered Office
NN 28/29 Constitution Road,
Kaduna State Nigeria
www.leadway.com

Auditors
PricewaterhouseCoopers Chartered Accountants
252E, Muri Okunola Street
Victoria Island, Lagos
Tel: (01) 2711700
www.pwc.com/ng

Bankers:
Access Bank Plc
Citibank Nigeria Limited
Fidelity Bank Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Mainstreet Bank Limited
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
Unity Bank Plc
United Bank of Africa
Wema Bank Plc
Zenith bank Plc

Reinsurers
African Reinsurance Corporation
Continental Reinsurance Plc
General Insurance Corporation, India
Hannover Reinsurance Company Limited
Munich Reinsurance of Africa Limited
Swiss Reinsurance Africa Limited

Actuaries
HR Nigeria Limited
FRC/NAS/00000000738

Estate Surveyor and Valuer
Funsho Oladimeji & Co.
FRC/2013/NIESV/00000001304

Board of Directors

Mallam Umar Yahaya
Chairman

- Managing Director, Associated Haulages (Nigeria) Limited
- Former Director, First Bank of Nigeria Plc.
- Former Director, New Africa Merchant Bank Ltd.
- AMP Alumnus, Harvard Business School, USA
- EMP Alumnus, Stamford Graduate School of Business, USA
- Alumnus, Ahmadu Bello University, Zaria

Mr. Oye Hassan-Odukale, mfr
Chief Executive Officer

- Chairman, FBN Bank (UK) Limited
- Chairman, Seawolf Oilfield Service Limited
- Director, Leadway Pensure PFA Limited
- Member, Executive Committee of the African Insurance Organization
- Past Chairman, Nigerian Insurers Association
- Former Member, Federal Government of Nigeria's Committee for the review of Insurance Laws.
- Munich Re Fellow, Georgia State University
- Alumnus, University of Houston, Texas USA
- Alumnus of the Harvard Business School, USA

Mr. Jeremy Rowse
Director

- Director, Nedgroup Life Assurance Company, Nedgroup Insurance Company (South Africa)
- Former Group Chief Executive, African Life Assurance (South Africa)
- Former Member, Board of the Life Offices Association of South Africa
- Former Member, Ghana Investors' Advisory Council
- Alumnus, Rhodes University(South Africa)
- Alumnus, University of Cape Town (South Africa)

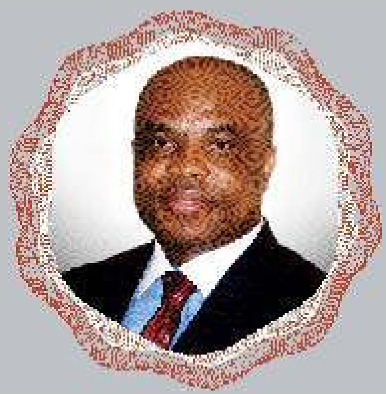
Board of Directors

Mrs. Fehintola Obatusin
Director

- Director, Leadway Capital and Trusts Limited
- Managing Director, Pebbles International Limited
- Alumnus, Ahmadu Bello University, Zaria

Dr. Konyinsola Ajayi, SAN
Director

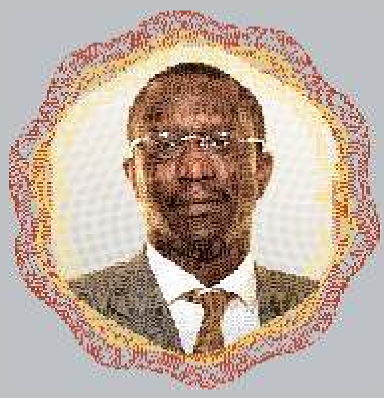
- Managing Partner, Olaniwun Ajayi LP.
- Director, Nigerian Economic Summit Group
- Member, International Bar Association
- Alumnus, University of Cambridge, England
- Alumnus, Harvard Law School, USA
- Alumnus, University of Ife



Dr. A.B.C. Orjiako
Director

- Executive Chairman, SEPLAT Petroleum Development Co. Ltd.
- Chairman/CEO, Shebah E&P Company Limited
- Chairman/CEO of Ordrec Group Limited
- Chairman of Zebbra Energy Limited
- Chairman/ Medical Director, Rebs Memorial Specialist Hospital
- Alumnus, Harvard Business School, USA
- Fellow, West African College of Surgeons
- Alumnus, College of Medicine, University of Calabar

Board of Directors



Mr. Ibrahim Hadejia
Director

- Managing Director, Securicor Emergency & Safety Systems Ltd.
- Former Deputy Governor, Jigawa State
- Former Attorney-General and Commissioner of Justice, Jigawa State
- Director, Prudent Healthcare Limited (HMO)
- Director, Petrolink Nigeria Limited
- Alumnus, Ahmadu Bello University, Zaria
- Alumnus, Oxford University, UK
- Associate, Chartered Institute of Arbitrators, UK

Mr. Tunde Hassan-Odukale
Executive Director

- Chairman, Total Health Trust Ltd.
- Chairman, Leadway Hotels Ltd.
- Director, First Bank of Nigeria Plc.
- Director, Leadway Pensure PFA Limited
- Member, Royal Society of Mathematics and the Institute of Actuaries
- Alumnus, London Business School, London
- Alumnus, Harvard Business School, USA
- Alumnus, Gordon Institute of Business Science, Johannesburg
- Alumnus, City University London, London
- Alumnus, University of London, London

Ms. Adetola Adegbayi
Executive Director

- Director, Leadway Hotels Ltd.
- Alumnus, University of Bristol
- Alumnus , University of Glamorgan
- Associate, Chartered Insurance Institute, London
- Associate, Chartered Institute of Arbitrators, UK.

Advert

Governance

Director's Report

For The Year Ended 31 December 2013

The directors have pleasure in presenting their annual report on the affairs of Leadway Assurance Company Limited ("the Company") and subsidiary companies ("the Group") together with the audited financial statements and the auditor's report for the year ended 31 December 2013.

Legal form and principal activity

The Company was incorporated as a private limited liability company in September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971
.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life business insurance services to both corporate and individual customers.

Subsidiary and associated companies

The Company holds 53% shareholding in Leadway Capital and Trust Limited (formerly Leadway Trustees Limited), 51% in Leadway Hotels Limited and 100% in Leadway Properties and Investments Limited. The Company also holds 46% shareholding in Leadway Pensure PFA Limited and 25% in Total Health Trust Limited that are associated companies

The financial results of all the subsidiaries have been consolidated in these financial statements. Leadway Pensure PFA Limited and Total Health Trust Limited, being associated companies, have been accounted for using the equity method.

Governance

Director's Report

For The Year Ended 31 December 2013

Operating results

The highlights of the Group and Company's operating results for the year ended 31 December 2013 were as follows:

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Gross premium written	**41,751,459**	**36,920,537**	**41,752,673**	**36,920,537**
Profit before tax	**4,199,486**	**1,431,677**	**2,732,306**	**826,489**
Income tax expense	(1,164,308)	(275,956)	(1,014,227)	(152,920)
Profit for the year	**3,035,178**	**1,155,721**	**1,718,079**	**673,569**
Other comprehensive income	**2,523,832**	**1,847,531**	**2,160,144**	**1,845,307**
Total comprehensive income	**5,559,010**	**3,003,252**	**3,878,223**	**2,518,876**
Earnings per share - Basic/diluted (kobo)	**36**	**13**	**20**	**8**
Profit attributable to:				
- Owners of the Company	2,904,896	1,032,337	1,718,079	673,569
- Non-controlling interest	130,282	123,384	-	-
	3,035,178	**1,155,721**	**1,718,079**	**673,569**
Appropriation of profit attributable to owners of the company				
Transfer to:				
- Contingency reserve	918,820	916,618	918,820	916,568
- Retained earnings	1,986,076	115,719	779,259	673,569
	2,904,896	**1,032,337**	**1,718,079**	**1,686,791**

Dividends

Proposed dividends:
The Board of Directors has proposed a dividend of 8.5k for 2013, (2012 : 5k) per share on the issued share capital of 8,779,596,000 ordinary shares of 50k each, subject to the approval of shareholders at the next annual general meeting.

Director's Report

For The Year Ended 31 December 2013

Declared paid:
The shareholders, at the annual general meeting held on 23rd September 2013, approved the payment of N400,000,000 (2012 : N500,000,000) as dividend during the year. The dividends were subject to deduction of withholding tax.

Directors and their interest
The directors who held office during the year, together with their direct and indirect interests in the shares of the company, were as follows:

		(Number of 50k ordinary shares held in thousands) Direct 31-Dec-13	Indirect 31-Dec-13	Direct 31-Dec-12	Indirect 31-Dec-12
Alhaji Hassan Hadejia	(Deceased)	-	-	106,365	238,834
Mallam Umar Yahaya	Chairman (appointed effective from 15 March 2013)	2,489	-	2,489	-
Mr. Oye Hassan-Odukale	Managing Director	20,525	1,196,255	17,432	1,187,423
Mr. Tunde Hassan-Odukale	Executive	-	532,671	-	530,385
Mr. Olawale Oyedele	Executive (resigned effective from 16 Feb 2012)	-	-	-	13,801
Mr. Jeremy Rowse	Non -executive	-	-	-	-
Dr. Konyinsola Ajayi	Non -executive	-	14,248	-	14,144
Dr. A.B.C Orjiako	Non -executive	-	-	-	-
Mrs. Fehintola Obatusin	Non -executive	347,925	-	347,925	-
Ms. Adetola Adegbayi	Executive (appointed effective from 1st Jan 2013)	12,203	-	12,203	-
Mr. Ibrahim Hadejia	Non -executive	-	346,554	-	-

Retirement and appointment of Directors

Following the demise of the Company's founding Chairman, Alhaji Hassan Hadejia, the board of directors of the Company announced the appointment of Mallam Umar Yahaya as the new Chairman of the Company. The appointment took effect from 15 March 2013.

Ms. Adetola Adegbayi was also appointed as an Executive Director during the financial year . The appointment took effect from 1 January 2013.

Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

	31 December 2013 No of shareholders	Percentage of shareholder	No of holdings	Percentage of holdings
Share range				
Above 400,000,000	5	12%	5,943,717	68%
200,000,001 - 400,000,000	6	14%	1,778,934	20%
100,000,001 - 200,000,000	3	7%	390,760	4%
50,000,001 - 100,000,000	6	14%	430,591	5%
1,000,001 - 50,000,000	22	52%	235,592	3%
Total	**42**	**100%**	**8,779,593**	**100%**

	31 December 2012			
	No of shareholders	Percentage of shareholder	No of holdings	Percentage of holdings
Share range				
Above 400,000,000	5	12%	5,946,720	68%
200,000,001 - 400,000,000	5	12%	1,557,334	20%
100,000,001 - 200,000,000	4	9%	573,613	4%
50,000,001 - 100,000,000	7	17%	489,593	5%
1,000,001 - 50,000,000	21	50%	212,333	3%
Total	**42**	**100%**	**8,779,593**	**100%**

Property and equipment

Information relating to changes in property and equipment is given in Note 17 to the financial statements.

Donations and charitable gifts

A total sum of N23,171,383 (2012 : N41,130,852) was donated to non-political and charitable organizations, in order to identify with the aspirations of the community and the environment within which the Group operates. Details of such donations and charitable contributions are as follows:

Beneficiaries

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	31-Dec-13	31-Dec-12
Chartered Insurance Institute of Nigeria	15,000,000	15,329,250
Sebeccly Cancer Care & Support Centre	150,000	-
University of Ibadan	-	2,500,000
Lagos State Security Trust Fund	2,000,000	2,000,000
Jubril Martins Memorial Secondary School	994,819	-
Paul's Anglican Church Isolo	250,000	-
Iponri Grammar School	-	4,150,790
American University of Nigeria	250,000	
St John School, Ikorodu	200,000	-
National Association Of Nigerian Travel Agencies	-	2,500,000
Child Life Line	150,000	-
Presidential Committee on flood relief	-	2,500,000
Others	4,176,564	12,150,812
	23,171,383	**41,130,852**

Employment of disabled persons

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the group has no persons on its employment with physical disability.

Health, safety and welfare of employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

Director's Report

For The Year Ended 31 December 2013

Employee involvement and training

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Group provides opportunities where employees deliberate on issues affecting the interest of the Group and its employee, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, the Group sponsors its employees for various training courses both locally and overseas.

Directors' interests in contracts

In accordance with section 277 of the Companies and Allied Matters act of Nigeria, none of the directors has notified the company of any declarable interest in contracts deliberated by the Company during the year (2012: Nil).

Acquisition of own shares

The Company did not purchase any of its own shares during the year (2012: Nil).

Auditors

Messrs. PricewaterhouseCoopers was appointed as auditors to the company in 2013 to replace KPMG Professional Services whose tenure expired in 2012. The firm has indicated their willingness to continue in office as auditors in compliance with section 357(2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Sunday Oroleke
FRC/2014/NBA/00000007297
Company Secretary
121/123 Funso Williams Avenue
Iponri
Lagos

8 May 2014

Governance

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2013

The directors accept responsibility for the preparation of the consolidated and separate financial statement that give a true and fair view of the statement of financial position of the Group and Company at the reporting date and of its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria and the Insurance Act of Nigeria. The responsibilities include ensuring that the Group:

-keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act;

- establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

-prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

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

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);

- the requirements of the Insurance Act; relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and

- the requirements of the Companies and Allied Matters Act; and

- Financial Reporting Council of Nigeria Act.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mallam Umar Yahaya (Chairman)	Mr. Oye Hassan Odukale (Managing Director)
FRC/2013/IODN/00000003223 8 May 2014	FRC/2013/IODN/00000001963 8 May 2014

Governance

Corporate Governance Report

Introduction

Leadway Assurance Company Limited Group is committed to adhering with high standards of good corporate governance at all levels of its operations. The Board of Directors has continued to ensure the implementation of corporate governance principles that guarantee fairness, accountability and transparency in all its dealing within and outside the Company and its subsidiaries. Leadway complies with all laws, regulations, rules and guidelines, applicable to insurance business, including the Code of Business Ethics and Principles on Good Corporate Governance issued by the National Insurance Commission (NAICOM).

Board structure

The Board of Leadway comprises of a total of nine directors, the Chairman inclusive, who is a Non-Executive Director, the Managing Director, two Executive Directors and five Non-Executive Directors. The members of the Board are reliable, skilled and experienced. Their level of expertise have manifested in the high quality of management policies formulated over the years.

Board responsibility

The Board is saddled with the responsibility of making policies for the company, reviewing corporate performance, monitoring strategic decisions while ensuring regulatory compliance, safeguarding shareholders' interest and fulfilling the expectations of stakeholders. The Board met four times in the last financial year and through their leadership, the company was able to achieve its set objectives. The record of the attendance is provided below:

Meetings Held	1	2	3	4
Names	7th February, 2013	4th June, 2013	5th September, 2013	6th December, 2013
Oye Hassan-Odukale	✓	✓	✓	✓
Mr. Tunde Hassan-Odukale	✓	×	✓	×
Mallam Umar Yahaya	✓	✓	✓	×
Dr. Konyinsola Ajayi	×	✓	✓	✓
Mr. Jeremy Rowse	✓	✓	✓	✓
Mrs. Fehintola Obatusin	✓	✓	✓	✓
Ms. Adetola Adegbayi	✓	✓	✓	✓
Dr. A.B.C. Orjiakor	×	✓	✓	✓
Mr. Ibrahim Hadejia	×	×	✓	✓

Key:
✓ Present × Apology

Governance

Corporate Governance Report

Separation of role of Chairman from the Managing Director

The way and manner the company structured the roles of the Chairman and the Managing Director has assisted in averting overlaps of roles. The Chairman who is first among equals is responsible for the overall leadership of the Board and for creating enabling environment for the effectiveness of individual directors, while the Managing Director is responsible for the day-to-day running of the company to achieve overall efficiency of management controls. This is done in accordance with the NAICOM's guidelines on Code of Good Corporate Governance for Insurance Industry.

Tenure of directors

The tenure of each of the company's director is for a fixed period of three years. A director can be re-elected for a maximum of two subsequent terms of three years (nine years in all) subject to satisfactory performance and approval by the shareholders. Over the years, the board has observed well-defined appointment process laid down by NAICOM for the appointment of new directors.

Conflict of interest

To maintain high ethical standards for the conduct of its business, the company ensures that each director and employee discloses to the board his/her interest in any other companies within the insurance industry and in position where their self-interests conflict with their duty to act in the best interest of the company.

Committees of the board

The Board committees have been engineered to ensure proper coordination and effectiveness and these committees are saddled with responsibilities which are aimed at enhancing the operations of the company. Over the years, the committees have rendered immense assistance to the board through regular reporting. Below are the committees and their roles:

Risk and Technical Committee:

This committee monitors risk, risk responses and activities. It also oversees the group risk management and effectiveness of technical controls and reports. In recent times, the committee has assisted the board in the monitoring of the quality, integrity and reliability of the risk management process. It comprises five directors with three as Non- Executive Directors, with the committee chaired by a Non-Executive Director. Average attendance rating in 2013 was 100 %. The committee had three meetings in 2013- 6 February, 2013, 3 June 2013 and 4 September, 2013.

Finance and Investment Committee:

This committee is saddled with the responsibility of assisting the Board in its financial oversight functions. It assists in the periodic review of management accounts, corporate finance, investment portfolio performance assessment, budgeting and budgetary control, capital investment appraisal and compliance with relevant accounting standards. It consists of 4 directors with three as non-executives directors. One of the nonexecutives is the chairman. The average attendance of the committee in 2013 was 80% .The meetings were held on 7 February 2013, 5 June 2013 and 5 September, 2013.

Audit and Establishment Committee:

The membership of this committee includes two non-executive directors, one of which is the chairman. Over the years, the committee has made significant impact in the review of financial statements and internal audit work plan. It serves as a bridge between the board and external auditors as it takes delivery of audit reports and other statements from the external auditors. At the last financial year, an average attendance of 68% was recorded. The meeting was held on 3 June, 2013.

Relationship with shareholders

The company has adopted an efficient accounting reporting system which is aimed at achieving transparency. This has helped in keeping the Shareholders in the know of the effectiveness of the enterprise and the future prospects. This singular act has over time reinvigorated the confidence the Shareholders have in the company.

Social responsibility

The company has impacted tremendously on the lives of the less privileged in the society through its corporate social responsibility. It has provided support in education, health and community welfare, to mention but a few.

Complaints and feedback statement

Introduction

Leadway Assurance Company Limited considers clients and customers as important stakeholders in its business. One of our main selling points at Leadway Assurance Company Limited over the years has been our excellent customer service. We therefore consider customers' feedback as a necessary and important factor in our drive to always treat customers fairly.

Complaints Channels

We have provided various channels for customers to provide feedback on our products and services.

These platforms include:

- Our Leadway Assurance Company Limited Customer Service Unit, Complaint email channels,
- Our Leadway Assurance Company Limited hotline,
- Our website platform
- Correspondence from customers,
- And most recently our Facebook channel.

Customers can also pay a visit to any of our Leadway Assurance Company Limited Welcome Centers located across the country to provide the feedback.

Resolution Mechanism

At Leadway Assurance Company Limited, we have put in place a standard system to ensure that customers' feedback are received and promptly resolved. For this purpose we have a dedicated Customer Service Unit (CSU) which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The Customer Service Unit liaises with other units within the organization and ensures that customers' complaints are satisfactorily resolved.

Customers' complaints are stream-lined based on the type of complaints to provide an enabling environment for proper monitoring, proper documentation and effective feedback process of received complaints.

- The process flow of customer complaint and resolution is as follows:
- The customer care officer acknowledges and attends to the various customers' complaints.
- The complaint is reviewed and it is determined if the complaint could be resolved at first-level.
- Where the complaint can be resolved at the first level, a resolution is immediately provided to the customer.
- If such complaint cannot be resolved at the first level, the customer care officer creates a case on our Dynamics CRM application. This will in turn generate a Case ID number for escalation and tracking of case to resolution.
- Customer Care officer forwards and follow-up on the complaint with the appropriate unit in the organization to handle.

Customers' opinion on products

To enrich our customers experience we also periodically evaluate public/customer opinion about our services, products and policies. The evaluation is conducted in various ways including:

- One-on-one focus meetings with key customers
- Interviews with selected customers
- Online Customer Feedback Survey and Questionnaires administered to customers

This is to afford our organization the opportunity of receiving customers' perception about the company, in order to ensure that efforts can be put in place to close such gap(s) in our service

Feedback on Customers' Complaints to Leadway Assurance

Feedback on customers' complaints is provided to Management and other relevant Units in the organization

The feedback gathered ensures that:

- Leadway Assurance Company Limited retains her customers as customers feel appreciated and respected,
- The quality service delivery at Leadway Assurance Company Limited is maintained and made uniform across board.
- A reliable source of identifying improvement opportunities is presented to management.
- A reliable source of data on customers' complaints and expectations is collated.

Governance

Complaints and feedback statement

The feedbacks are circulated to management staff through the company's internal information channel for the general information of all staff.

Month	Complaints received during the year	Number of complaints resolved	Number complaints unresolved	Number of unresolved complaints with SLA
January	86	86	-	-
February	65	65	-	-
March	38	38	-	-
April	24	24	-	-
May	61	61	-	-
June	15	15	-	-
July	20	20	-	-
August	43	43	-	-
September	20	20	-	-
October	12	12	-	-
November	15	15	-	-
December	13	13	-	-
	412	**412**	-	-

Independent Auditors' Report

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LEADWAY ASSURANCE COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statement of Leadway Assurance Company Limited ("the company") and its subsidiaries (together, "the group"). These financial statements comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Nigerian Insurance Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

The Companies and Allied Matter Act requires that in carrying out our audit we consider and report to you on the

Independent Auditors' Report

following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us; and

iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.

Anthony Oputa

10 June 2014

Engagement partner: Anthony Oputa
FRC/2013/ICAN/00000000980
For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Company information and summary of significant accounting policies

1 General information

Leadway Assurance Company Limited is a company incorporated and domiciled in Nigeria. The address of its registered office is 28/29 Constitution Road, Kaduna State, Nigeria. The Company was incorporated as a private limited liability company on 22 September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life underwriting insurance risks to both corporate and individual customers.

The Company holds 53% shareholding in Leadway Capital and Trust Limited (formerly, Leadway Trustees Limited), 51% in Leadway Hotels Limited and 100% in Leadway Properties and Investments Limited. The Company also holds 46% shareholding in Leadway Pensure PFA Limited and 25% in Total Health Trust Limited which are associated companies.

The consolidated financial statements of the Group as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as" Group entities") and the Group's interest in associates. These financial statements were authorized for issue by the directors on the 8 May
2014

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Leadway Assurance Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Additional information required by national regulations is included where appropriate.

The consolidated financial statements have been prepared under the historical cost convention, as modified by:

I. Financial instruments designated at fair value through profit or loss
ii. Available for sale financial instruments
iii. Investment properties
iv. Revaluation of land and buildings

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Governance

Company information and summary of significant accounting policies

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2013:

i. Amendment to IAS1, 'Financial statement presentation' regarding other comprehensive income

The main change resulting from this amendment is a requirement for entities to group items presented in
'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to income statement. Hence, items of other comprehensive income should be grouped in two categories as follows:

- Items that may be subsequently reclassified in the income statement account; and
- Items that will not be subsequently reclassified in the income statement account.

ii. IFRS10 – Consolidated financial statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

iii. IFRS12 – Disclosures of interests in other entities

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Changes include the requirement to disclose the judgments made to determine whether it controls another entity.

iv. IFRS13 – Fair value measurement

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard requires a prospective application in the consolidated financial statements from 1 January 2013.

v. IAS27 (revised 2011), 'Separate financial statements'

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS27 have been included in the new IFRS10

vi. IAS28 (revised 2011), 'Associates and joint ventures'

This standard includes the requirements for joint ventures, as well as associates to be equity accounted following the issue of IFRS11

2.2.2 New standards and interpretations not yet adopted

As at 31 December 2013, a number of standards, interpretations and amendments had been issued by the IASB which are not yet effective for these consolidated financial statements. These are contained in table below:

Company information and summary of significant accounting policies

IFRS	Effective Date	Effective Date
IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities.	1 January 2018	IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.
IFRIC 21, 'Levies'	1 January 2014	This interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The Group is not currently subjected to significant levies so the impact on the Group is not material
Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities	1 January 2014	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.
Amendments to IAS 36, 'Impairment of assets'	1 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
Amendments to IAS 32 – Financial Instruments: Presentation	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

Governance

Company information and summary of significant accounting policies

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

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

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

iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for non-life and life businesses respectively at specified rates as set out under Note 3.22 to cover fluctuations in securities and variation in statistical estimates;

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

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

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

vii) Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See Note 49 for assets allocation that covers policy holders' funds.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

i) Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 3.14(b) on accounting policy for outstanding claims.

ii) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3.14(a) on accounting policy for unexpired risk and unearned premium.

Company information and summary of significant accounting policies

2.3 Basis of consolidation

(a) Subsidiaries

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

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Investments in subsidiary companies are carried at cost less any accumulated impairment losses in the Company's accounts.

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

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

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in income statement or as a change to other comprehensive income. If the contingent consideration is outside the scope of IAS39, it is accounted for in accordance with IAS37 or the appropriate IFRS.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement .

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

(b) Changes in ownership interests in subsidiaries without change of control

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

Governance

Company information and summary of significant accounting policies

(c) Disposal of subsidiaries

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

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the income statement of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (when applicable).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to income statement where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post- acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to
'share of profit/(loss) of associates in the income statement.

Investments in associate are carried at cost less any accumulated impairment losses in the Company's separate financial statements.

2.4 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors.

Company information and summary of significant accounting policies

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in thousands of Naira (NGN), which is the Group's functional and presentation currency.

(b) Transactions and balances

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

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in income statement; other changes in carrying amount are recognized in 'other comprehensive income'.

Translation differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in 'other comprehensive income'.

2.6 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities (including derivative financial instruments) have to be recognized in the consolidated financial statements and measured in accordance with their assigned categories.

Governance

Company information and summary of significant accounting policies

Category		Classes as determined by the Group		Subclasses
Financial assets	**Financial assets at fair value through profit or loss**	Financial assets designated at fair value through profit or loss Pledged Assets	Listed Equity securities	Treasury Bills
				Federal Government of Nigeria Bonds
		Pledged Assets	Listed Debt Securities	Shares
		cash and cash equivalents		Cash in hand and bank
				Tenored deposits
		Loans and advances to Banks		Loans and advances
	Loans and receivables	Trade Receivables	Insurance Receivables	Due from Contract holders, brokers, agents and insurance companies
		Reinsurance Assets		Due from reinsurers
		Other Receivables		Loans and advances
				Advances under finance leases
				Others
	Available for sale	Investment Securitas	Unlisted Debt	Federal Government of Nigeria Bonds
				Shares
			Listed Equity	Shares
			Unlisted Equity	
	Held to maturity	Held to maturity financial assets	Debt Securities	State Government Bonds
				Federal Government of Nigeria Treasury bills
				Corporate Bonds
				Eurobonds
				Federal Government of Nigeria Bonds
Financial liabilities	Financial liabilities at fair value through profit and loss	NIL	NIL	NIL
	Financial liabilities at amortized cost	Trade Payables		Reinsurance payable
				Insurance payable
				Premium deposits
		Other Liabilities		Commission payable
				Due to employees
				Managed funds
		Borrowings		Term Loans
				Others

Company information and summary of significant accounting policies

2.6.1 Financial Assets:

Initial recognition

Regular purchases and sales of financial assets are recognized on the trade-date i.e. the date on which the group commits to purchase or sell the asset. All financial assets are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as at fair value through profit or loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the group has transferred substantially all risks and rewards of ownership.

Subsequent measurement

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

(a) Financial assets held at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading or assets designated as such on initial recognition. Financial assets classified as trading are acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss are investments the Group manages and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

These investments are initially recorded at fair value. Upon initial recognition, attributable transaction costs are recognized in income statement as incurred. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

(b) Held-to-maturity

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

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

Held to maturity investments include corporate and government bonds. Interests on held-to-maturity investments are included in the consolidated financial statement and reported as interest income within Investment income.

Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs and are subsequently carried at amortized cost, using the

Governance

Company information and summary of significant accounting policies

effective interest method, less any accumulated impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying financial assets as held-to-maturity for the current and the following two financial years.

(c) Available-for-sale

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

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de- recognition of the investment.

Dividends received on available-for-sale instruments are recognized in income statement when the Group's right to receive payment has been established.

(d) Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as at fair value through profit or loss or available-for-sale. Loans and advances consist primarily of trade receivables, commercial loans, staff loans, policy holders loan and loans to agents. These are managed in accordance with a documented policy.

Loans and receivables are measured at amortized cost using the effective interest method, less any accumulated impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

- *Trade receivables*

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment (See
2.6f(iii)) for the accounting policy on impairment of trade receivables).

- *Loans to policy holders*

Loans to policy holders represents loans availed to life insurance policy holders and are recognized at amortized cost.

- *Reinsurance and Co-insurance recoverable*

The group cedes business to reinsurer in the normal course of business for the purpose of limiting its net loss through the transfer of risks. Premium ceded comprise gross written premiums. Reinsurance arrangements does not relieve the Group from its direct obligation to

Company information and summary of significant accounting policies

policy holders.

The Group's financial liabilities includes investment contract liabilities, trade payables, borrowings, accruals and managed funds.

(e) Fair value measurement

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognized to the extent that they relate to changes in factors that market participants will consider in a setting price.

(f) Impairment of financial assets

(i) Financial assets carried at amortized cost

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

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

For financial assets measured at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The

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remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

(ii) Assets classified as available-for-sale

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

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

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

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(iii) Trade receivables

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

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.6.2 Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as financial liabilities measured at amortized cost or fair value through profit and loss

The group does not have financial liabilities measured at fair value through profit or loss. Financial liabilities that are not classified as fair value through profit or loss are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. Interest expense is included in "Finance Cost" in the statement of comprehensive income.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.6.4 De-recognition of financial instruments

A financial asset is derecognized when the contractual rights of the Group to the cash flows from the asset expire, or its rights to receive the contractual cash flows on the financial asset in a transaction that transfers
substantially all the risks and rewards of ownership of the financial asset are transferred, or when it assumes an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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2.7 cash and cash equivalents

cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.8 Deferred acquisition costs

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

2.9 Investment property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognized at cost including transaction costs The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. An investment property is subsequently measured at fair value with any change therein recognized in income statement. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain and loss arising from a change in the fair value is recognized in the income statement.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the Property and equipment used for the purposes of the business.

The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Group is treated as property and equipment

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2.10 Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. These deposits are stated at cost. Interest on statutory deposits is recognized as earned in other receivables and the corresponding amount is recognized in statement of comprehensive income within investment income.

2.11 Intangible assets

Purchased software
Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Group.

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

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

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment.

2.12 Property and equipment

Recognition & measurement

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement account during the financial period in which they are incurred.

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

Subsequent measurement

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

Land and buildings

Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. They are valued on an open market basis by qualified property valuers at each reporting date.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognized as an expense in the statement of income statement.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognized as an expense in the statement of income statement.

Land
Land is not depreciated. On revaluation, accumulated depreciation is eliminated against the carrying amount of the asset with the net amount restated to equal the revalued amount.

Depreciation

Depreciation is calculated on property and equipment excluding land on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on property and equipment until they are brought into use.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS5.

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

Buildings	-	50 years
Office equipment	-	5 years
Computer equipment	-	3 years
Furniture and fittings	-	5 years
Motor vehicles	-	4 years

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Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

De-recognition

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

2.13 Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in income statement.

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

2.14 Classification of insurance contracts

The Group issues contracts that transfer insurance risk.

The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

The Group classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS4.

(a) Types of insurance contracts

The Group classify insurance contracts into life and non-life insurance contracts. The group also makes a distinction between Short and Long term contracts as follows:

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	Short Term	Long Term
Non- Life contracts	Most non- life insurance contract policies	Some insurance contracts under special risks
Life Contracts	Group life insurance contract policies	Insurance contract policies over human life

(i) Non life insurance contract

These contracts are accident, casualty and property insurance contracts.

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

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

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

(ii) Life insurance contract

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

(b) Insurance contracts- Recognition and measurement

(i) Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognized gross of commission expense.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

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

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

(ii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year for Non-Life contracts that relate to periods of risks after the reporting date. It is computed separately for each Non-Life insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance

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

Premium ceded, claims reimbursed and commission recovered are presented in the income statement and balance sheet separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized at cost.

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

(iv) Commission income

Commissions are recognized on ceding business to the reassurer, and are credited to the income statement account.

v) Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses.

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

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(vi) Claimsincurred

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

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

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

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

(vii) Deferred acquisition costs

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of Non- Life insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognized on a basis consistent with the related provisions for unearned premiums.

(viii) Salvages

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

(ix) Subrogation

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

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2.15 Insurance contract liabilities

The recognition and measurement of Insurance contract liabilities is determined as follows:

I Non-life business

(a) Reserves for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year with the exception of construction all risk policies where the risk increases with term and progress on the project at hand. A provision for additional unexpired risk reserve is recognized for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

(b) Reserves for outstanding claims

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

(c) Liabilities adequacy test

The net liability for insurance contracts is tested annually for adequacy by actuarial valuation. This is carried out by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs.

Where a shortfall is identified, an additional provision is made and the Group recognizes the deficiency in the income statement for the year. The method of valuation and assumptions used, the cash flows considered and the discounting and aggregation practices adopted have been set out in the following notes.

(i) Reserving methodology and assumptions

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

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. Analysis was conducted by line of business

(ii) Discounted inflation-adjusted basic chain ladder method

Historical claims paid were grouped into 6 years cohorts - representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

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

The resulting claims estimated is discounted to the valuation date using a discount factor raised by years as a result of applying historical inflation rates to determine the appropriate discount rate to allow for a margin of prudence.

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

(iii) Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.

- The run off period is six (6) years and hence the method assumes no more claims will be paid subsequently.

(iv) Expected loss ratio method

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by assuming loss ratio of 50%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated less paid claims.

(ii) Life business

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

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based

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on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognized as income in line with the unexpired insurance risk of the contracts in force or, for annuities in force, in line with the amount of future benefits expected to be paid.

The liabilities are recalculated at each balance sheet date using the assumptions established at inception of the contracts.

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

2.16 Recognition and measurement of investment contracts

Investment contracts and the related receipts and payments are accounted in the balance sheet in line with the accounting policies for financial instruments stated in note 3.4 The deposit liability recognized in the balance sheet represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

2.17 Trade and other payables

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

2.18 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

2.19 Employee benefits

Short-term benefits

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

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

Post employment benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Group pays fixed contributions of 7.5% to a separate entity - Pension Fund Administrators; employees also pay the same fixed percentage to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the income statement account.

Gratuity benefits

Prior to 31 December 2004, the Group operated a gratuity scheme under which employees were entitled to one month basic salary, transport and housing allowance for each completed year of service.

Effective 31 December, 2004 the gratuity scheme was terminated. Under the terms of the termination, amounts payable to employees who were in the employment of the Group as at the termination date will be paid when such employees leave the service of the Group based on benefits determined as at 31 December 2004. The gratuity assets have been transferred to external trustees to manage.

Termination benefits

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

2.20 Income tax

(i) Current tax
Income tax comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

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(ii) Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

2.21 Share capital and reserves

Share capital

The Group classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

Dividend on ordinary shares

Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements. Dividends on the Group's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(a) Contingency reserves

The Group maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for non-life business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation.

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(b) Assets revaluation reserves

Assets revaluation reserves represents the fair value differences on the revaluation of items of Property and equipment as at the balance sheet date.

(c) Fair value reserves

Fair value reserves represents the fair value gains or losses on valuation of financial assets measured at fair value through equity.

2.22 Earnings per share

The group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the group by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the income statement attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

2.23 Revenue recognition

(i) Insurance contracts:

See accounting policy 2.14 b(i) for recognition of premium on insurance contracts.

(ii) Investment and other operating income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realized and unrealized fair value changes, interest income on loans and finance leases, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Other operating income comprise of fee income and profit on disposal of property and equipment.

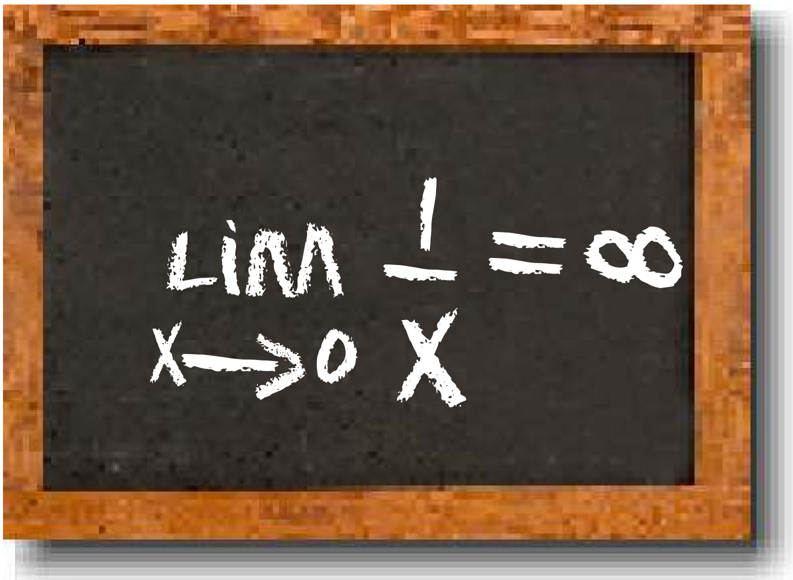
(iii) Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

2.24 Other operating expense

Management expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognized on an accrual basis.

Financials



Consolidated Statement of Financial Position

As at 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
ASSETS					
Cash and cash equivalents	6	21,741,885	11,328,839	21,119,684	10,441,485
Investment securities	7	43,078,047	28,136,863	42,899,645	27,969,458
Loans & Advances	11a	1,725,164	1,439,327	1,283,430	1,246,641
Trade receivables	8	1,060,362	822,364	1,060,362	822,364
Reinsurance assets	9	20,568,804	16,685,999	20,568,804	16,685,999
Deferred acquisition cost	10	332,237	397,319	332,237	397,319
Other receivables and prepayments	11b	765,735	909,477	191,917	437,332
Investment in associates	12	1,196,124	942,654	788 209	788,209
Investment in subsidiaries	13	-	-	541,258	541,258
Investment properties	14	5,400,000	2,435,000	4,550,000	2,215,000
Deferred tax assets	24	602	11,775	-	-
Intangible assets	16	181,746	131,658	172,033	118,060
Property and equipment	17	4,651,753	5,087,880	3,154,172	4,141,563
Statutory deposits	15	500,000	520,000	500,000	520,000
TOTAL ASSETS		**101,202,459**	**68,849,155**	**97,161,751**	**66,324,688**
LIABILITIES					
Insurance contract liabilities	18	49,665,623	35,557,630	49,665,623	35,557,630
Investment contract liabilities	19	11,106,336	10,293,658	11,106,336	10,293,658
Trade payables	20	16,437,487	5,466,790	16,437,487	5,466,790
Other liabilities	21	4,010,285	3,225,299	3,129,775	2,305,321
Borrowings	22	115,831	326,839	-	-
Current tax liabilities	23	863,865	369,469	750,533	242,534
Deferred tax liabilities	24	833,214	580,128	604,826	472,229
TOTAL LIABILITIES		**83,032,641**	**55,819,813**	**81,694,580**	**54,338,162**
EQUITY					
Issued and paid up share capital	25	4,389,798	4,389,798	4,389,798	4,389,798
Share premium	25	387,826	387,826	387,826	387,826
Retained earnings	25	2,988,579	1,367,448	1,345,421	943,741
Other reserves	25	9,440,867	6,176,355	9,344,126	6,265,161
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**17,207,070**	**12,321,427**	**15,467,171**	**11,986,526**
Non controlling interest	26	962,748	707,915	-	-
TOTAL EQUITY		**18,169,818**	**13,029,342**	**15,467,171**	**11,986,526**
TOTAL EQUITY AND LIABILITIES		**101,202,459**	**68,849,155**	**97,161,751**	**66,324,688**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 8 MAY 2014 BY:

Alhaji Umar Yahaya	**Mr. Oye Hassan Odukale**	**Mr. David Ayodele Onilado**
FRC/2013/IODN/00000003223	FRC/2013/IODN/00000001963	FRC/2012/ICAN/00000000482
Chairman	Group Chief Executive Officer	Chief Financial Officer

The notes on pages 69 to 166 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Gross premium written	27	**41,751,459**	**36,920,537**	**41,752,673**	**36,920,537**
Gross premium income	27	24,800,230	25,924,183	24,801,444	25,924,183
Reinsurance expenses	28	(10,624,230)	(12,887,858)	(10,624,230)	(12,887,858)
Net premium income		14,176,000	13,036,325	14,177,214	13,036,325
Fees and commission income:					
Insurance contracts	29	1,450,393	1,528,857	1,450,393	1,528,857
Net underwriting income		15,626,393	14,565,182	15,627,607	14,565,182
Claims expenses	30	(6,843,836)	(8,347,812)	(6,844,690)	(8,347,812)
Underwriting expenses	31	(3,118,900)	(3,920,643)	(3,134,821)	(3,920,643)
Net underwriting expenses		(9,962,736)	(12,268,455)	(9,979,511)	(12,268,455)
Total underwriting profit		5,663,657	2,296,727	5,648,096	2,296,727
Investment income	32	5,837,769	3,195,078	5,736,563	3,016,179
Net fair value (loss)/gain on assets at fair value	33	(1,502,461)	1,469,247	(2,089,153)	1,469,247
Other operating income	34	1,134,350	1,016,934	301,999	223,291
Employee benefit expenses	35	(1,577,728)	(1,063,296)	(1,475,846)	(957,669)
Other operating expenses	36	(3,302,302)	(2,931,516)	(3,119,971)	(2,391,627)
Result of operating activities		6,253,285	3,983,174	5,001,688	3,656,148
Finance cost	37	(886,579)	(885,728)	(856,844)	(853,386)
Net impairment gains/(losses)	38	(1,471,359)	(1,978,782)	(1,412,538)	(1,976,273)
Share of profit of investments accounted for using the equity method	12	304,139	313,013	-	-
Profit before tax		**4,199,486**	**1,431,677**	**2,732,306**	**826,489**
Income taxes	39	(1,164,308)	(275,956)	(1,014,227)	(152,920)
Profit for the year		**3,035,178**	**1,155,721**	**1,718,079**	**673,569**
Other comprehensive income:					
Items that may be subsequently reclassified to the profit or loss account:					
Changes in available-for-sale financial assets net of taxes		1,921,284	1,812,787	1,917,344	1,812,787
Share of other comprehensive income of investments accounted for using the equity method		137	-	-	-
Items within OCI that will not be reclassified to the profit or loss:					
Gain/ (loss) on revaluation of properties and equipment net of tax		602,411	34,744	242,800	32,520
Other comprehensive income for the year		**2,523,832**	**1,847,531**	**2,160,144**	**1,845,307**
Total comprehensive income for the year		**5,559,010**	**3,003,252**	**3,878,223**	**2,518,876**
Profit attributable to:					
- Owners of the Company		2,904,896	1,032,337	1,718,079	673,569
- Non-controlling interest		130,282	123,384	-	-
Profit for the year		3,035,178	1,155,721	1,718,079	673,569
Total Comprehensive income attributable to:					
- Owners of the Company		5,250,589	2,861,593	3,878,223	2,518,876
- Non-controlling interest		308,421	141,659	-	-
Total comprehensive income for the year		5,559,010	3,003,252	3,878,223	2,518,876
Earnings per share:					
-Basic/diluted (kobo)	40	36	13	20	8

The notes on pages 69 to 166 are an integral part of these consolidated financial statements.




Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Group 2013	**Share capital**	**Share premium**	**Retained earnings**	**Fair value reserve on available for sale financial assets**	**Contingency reserve**	**Asset revaluation reserve**	**Treasury shares**	**Total**	**Non controlling interest**	**Total**
As at 1 January 2013	4,389,798	387,826	1,367,448	2,055,690	3,860,340	341,320	(80,995)	12,321,427	707,915	13,029,342
Profit for the year	-	-	2,904,896	-	-	-	-	2,904,896	130,282	3,035,178
Transfer to contingency reserve	-	-	(918,820)	-	918,820	-	-	-	-	-
Other comprehensive income										
Net changes in fair value of AFS financial instruments	-	-	-	1,919,353	-	-	-	1,919,353	1,931	**1,921,284**
Fair value gain on Property and equipment net of tax	-	-	-	-	-	426,202	-	426,202	176,209	**602,411**
Fair value changes of AFS financial instruments held by Associates	-	-	-	137	-	-	-	137	-	**137**
Total comprehensive income for the year	-	-	1,986,076	1,919,490	918,820	426,202	-	5,250,588	308,422	5,559,010
Transaction with owners:										
Dividend paid to equity holders	-	-	(364,945)	-	-	-	-	(364,945)	(53,589)	**(418,534)**
Total transactions with owners	-	-	(364,945)	-	-	-	-	(364,945)	(53,589)	**(418,534)**
As at 31 December 2013	**4,389,798**	**387,826**	**2,988,579**	**3,975,180**	**4,779,160**	**767,522**	**(80,995)**	**17,207,070**	**962,748**	**18,169,818**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(All amounts in thousands of Nigerian Naira unless otherwise stated)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Group 2012	**Share capital**	**Share premium**	**Retained earnings**	**Fair value reserve on Available for sale financial assets**	**Contingency reserve**	**Asset revaluation reserve**	**Treasury shares**	**Total**	**Non controlling interest**	**Total**
As at 1 January 2012	**4,389,798**	**387,826**	**1,751,729**	**242,903**	**2,943,722**	**324,851**	**(80,995)**	**9,959,834**	**609,756**	**10,569,590**
Profit for the year	-	-	1,032,337	-	-	-	-	1,032,337	123,384	1,155,721
Transfer to contingency reserve	-	-	(916,618)	-	916,618	-	-	-	-	-
Other comprehensive income										
Net changes in fair value of AFS financial instruments	-	-	-	1,812,787	-	-	-	1,812,787	-	1,812,787
Fair value gain on property and equipment	-	-	-	-	-	16,469	-	16,469	18,275	34,744
Total comprehensive income for the year	-	-	115,719	1,812,787	916,618	16,469	-	2,861,593	141,659	3,003,252
Transaction with owners:										
Dividend paid	-	-	(500,000)	-	-	-	-	(500,000)	(43,500)	(543,500)
Total transactions with owners	-	-	(500,000)	-	-	-	-	(500,000)	(43,500)	(543,500)
As at 31 December 2012	**4,389,798**	**387,826**	**1,367,448**	**2,055,690**	3,860,340	**341,320**	**(80,995)**	**12,321,427**	**707,915**	**13,029,342**

Company Statement of Changes in Equity

For the year ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2013	Share capital	Share premium	Retained earnings	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Total
As at 1 January 2013	**4,389,798**	**387,826**	**943,741**	**2,063,501**	**3,860,341**	**341,320**	**11,986,527**
Profit for the year	-	-	1,718,079	-	-	-	1,718,079
Transfer to contingency reserve	-	-	(918,820)	-	918,820	-	-
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	1,917,344	-	-	1,917,344
Fair value gain on property and equipment net of tax	-	-	-	-	-	242,800	242,800
Total comprehensive income for the year	-	-	799,259	1,917,344	918,820	242,800	3,878,223
Transaction with owners:							
Dividend paid	-	-	(397,579)	-	-	-	(397,579)
Total transactions with owners of equity	-	-	(397,579)	-	-	-	(397,579)
As at 31 December 2013	**4,389,798**	**387,826**	**1,345,421**	**3,980,845**	**4,779,161**	**584,120**	**15,467,171**

Company Statement of Changes in Equity

For the year ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2012	**Share capital**	**Share premium**	**Retained earnings**	**Fair value reserve on Available for sale financial assets**	**Contingency reserve**	**Asset revaluation reserve**	**Total**
As at 1 January 2012	**4,389,798**	**387,826**	**1,686,791**	**250,714**	**2,943,722**	**308,799**	**9,967,650**
Profit for the year	-	-	673,568	-	-	-	673,568
Transfer to contingency reserve	-	-	(916,618)	-	916,618	-	-
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	1,812,787	-	-	1,812,787
Fair value gain on property and equipment net of tax	-	-	-	-	-	32,521	32,521
Total comprehensive income for the year	-	-	(243,050)	1,812,787	916,618	32,521	2,518,876
Transaction with owners:							
Dividend paid	-	-	(500,000)	-	-	-	(500,000)
Total transactions with owners of equity	-	-	(500,000)	-	-	-	(500,000)
As at 31 December 2012	**4,389,798**	**387,826**	**943,741**	**2,063,501**	**3,860,340**	**341,320**	**11,986,526**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Cash flows from operating activities					
Operating profit before changes in working capital	42	19,024,945	10,552,304	18,380,820	10,227,017
Changes in working capital:					
Decrease in trade receivables		600,225	168,437	600,225	168,437
Increase in re-insurance asset		(5,161,902)	(10,602,595)	(5,161,902)	(10,602,595)
Decrease in deferred acquisition cost		65,082	7,474	65,082	7,474
(Increase)/decrease in other receivables and prepayment		(337,058)	(71,551)	175,324	95,720
Decrease in statutory deposits		20,000	-	20,000	-
(Decrease)/Increase in claims reported		(2,772,251)	6,193,989	(2,772,251)	6,193,989
Increase in investment contract liability		812,678	1,368,370	812,678	1,368,370
Increase in trade payables		10,970,697	2,066,890	10,970,697	2,066,890
Increase in other liabilities		784,985	1,306,419	824,454	1,133,594
Net cash from operating activities		**24,007,401**	**10,989,737**	**23,915,126**	**10,658,896**
Income tax paid	23	(561,058)	(620,418)	(434,331)	(557,950)
Net cash flow from operating activities		**23,446,343**	**10,369,319**	**23,480,795**	**10,100,946**
Cash flows from investing activities					
Purchases of property and equipment	17	(457,145)	(1,068,427)	(333,743)	(887,461)
Purchases of intangible assets		(153,617)	(74,316)	(153,618)	(74,316)
Proceed from the disposal of Property and equipment		25,735	14,415	25,400	14,415
Proceed from the disposal of investment property		-	72,933		72,933
Purchase of investment securities		(17,780,056)	(10,517,739)	(17,891,103)	(10,481,882)
Dividend received		629,423	583,194	692,456	595,557
Additions to investment properties	14	(276,361)	(9,858)	(228,117)	(9,858)
Interest received on bonds		3,005,500	2,013,380	3,005,500	2,048,420
Interest received on loans		268,287	160,606	182,831	160,606
Interest received on finance lease		43,412	39,172	-	-
Rental income received from investment property	32	95,081	33,127	69,656	30,392
Proceed from the disposal of investment securities		2,225,721	1,021,783	2,225,721	1,021,784
Net cash used in investing activities		**(12,374,020)**	**(7,731,730)**	**(12,405,017)**	**(7,509,410)**
Cash flows from financing activities					
Dividend paid to non controlling interest		(53,589)	(43,500)	-	-
Dividends paid to owners of company		(364,945)	(500,000)	(397,579)	(500,000)
Additional borrowing		9,127	-	-	-
Loan repayment	22a	(220,135)	(175,873)	-	-
Interest paid	22a	(29,735)	(32,342)	-	-
Net cash used in financing activities		**(659,277)**	**(751,715)**	**(397,579)**	**(500,000)**
Net increase/decrease in cash and cash equivalents		**10,413,046**	**1,885,874**	**10,678,199**	**2,091,536**
Cash and cash equivalents at beginning of year		**11,328,839**	**9,442,965**	**10,441,485**	**8,349,949**
Cash and cash equivalents at end of year		**21,741,885**	**11,328,839**	**21,119,684**	**10,441,485**

ENTERPRISE RISK MANAGEMENT STATEMENT

3 Introduction

Leadway Assurance Company Limited (Leadway) is committed to establishing an entity that ensures risk management is an integral part of its operations. The company has developed an Enterprise-Wide Risk Management (ERM) Framework to manage change and uncertainties it may face in the normal course of business. The ERM framework has assisted all levels of operation in achieving the company's strategic objectives through systematic and portfolio approach to evaluating and improving on effectiveness of risk management and control.

Purpose

The general purpose of Leadway's ERM Framework is to provide the internal stakeholders with the guidance that ensures that all decisions made and activities conducted with regard to risk management are in congruence with the entity's goals and business units' objectives.

The specific benefits we envisage gaining from our ERM framework are:

- Give reasonable assurance to our policyholders and the regulators about our ability to pay promptly, claims arising now and in the future.
- Communicate the risks being taken by the company to the investors and ensure that the objectives of the organization are aligned with the expectations of capital providers.
- Reduce Leadway's susceptibility to systemic risks generated by other sectors in the financial system.
- Make our capital requirements more risk- sensitive and to improve the alignment of our company's capital standards.
- Provide the means to promote and demonstrate best practices in governance and risk management, and deliver more efficient use of capital.

Enterprise Risk Management Culture and Philosophy

In Leadway we recognize that in a complex and competitive business environment, the need to give a reasonable assurance to shareholders and other stakeholders on the attainment of their expectations cannot be compromised.

Our risk management philosophy and culture represent our shared values, attitude and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond appropriately.

- We regard every one of our employees as a risk manager and we all take individual and collective ownership of the ERM responsibilities.
- We observe prudence in underwriting and limit risks to our appetite and set tolerances beyond which we object to unguided exposures.
- We weigh the risk and reward inherent in our daily transactions and pursue those that support value creation to all customers and shareholders.
- We have no tolerance for infractions of laws and regulations and we detest business relationship with disreputable business entities and individuals.

We have recorded visible improvement in our risk management strategy that has helped us sustain our leadership position in the Nigerian insurance market and meet stakeholders' expectations.

Risk management strategy

Our risk management methodology recognizes that there cannot be total elimination of risk but we are determined to reduce both the severity and probability of the occurrence of risk events through appropriate responses. We have deployed an ERM policy that focuses on taking enterprise-level view of interrelationship among various risks with a view to providing an effective responses to managing the material risks that present the greatest threats to our existence and operations as an insurance and investment company. In so doing we will, in the long run, manage risks that are less significant.

We adopt the following strategies in managing risks in Leadway:

- Incorporate risk management principles into all functions and ensure an environment in which the Board and senior management set the tone for effective controls.
- Establish well defined risk management process for risk identification, assessment, controlling, monitoring and reporting.
- Entrench a structured and disciplined approach to assets balancing that will prevent concentration of risk in any sector, industry, instrument, product or entity.
- Formulation of policies and procedures that ensure that appropriate risk responses, as well as other entity directives, internal policies and control procedures are carried out.
- Ensure good corporate governance and pursue zero tolerance for non-compliance with regulatory compliance.

External perspectives

Leadway has continued to be in the forefront of many industry initiatives that seek to ensure setting and adhering to global best practice. This informed its involvement at the trade, association and regulatory levels in setting the tone for compliance with legislations, regulations, guidelines and standards designed for global ratings among insurers. The interest of regulators and notable rating agencies in bringing about the required reforms that will make insurance business more attractive to investors, informed Leadway's pro-activeness to becoming one of the early adapters of the International Financial Reporting Standards and the Solvency II requirements in the insurance industry.

The Board on its part has continued to ensure that shared commitment to code of Good Corporate Governance as an integral part of its ERM policy is embedded into plans of the company at the strategic, tactical and operational level.

Risk governance, roles & responsibilities

Our risk governance focuses on directing and controlling the management of risks within the company by spelling out the roles and responsibilities for the board, management and employees. The policy adopts the three-lines-of-defence model of risk management governance that revolves round the Board, Risk Management Committee and the Audit Committee.

Roles and responsibilities

The Board
The board has the ultimate responsibility for the risk and the related control environment and as such is responsible for the following:

- To approve the risk management framework, set the risk appetite/tolerance level and the risk management strategy escalated to it, from time to time.
- To appraise the risk management process and the internal controls for effectiveness, appropriateness and adequacy.
- To ensure that the company's ERM Framework is subject to periodic audit by competent personnel independent of the company's risk management functions.

Board risk & technical committee

- To review risk management framework and policies and present same for board's approval
- Ensure that the ERM framework takes a portfolio view of risk and that strategy and objectives formulation are predicated on sound understanding and assessment of major risks.
- To challenge risk information and examine the appropriateness of the judgments underlying the setting of the company's risk tolerance/limits.

Risk Management Committee
- To establish appropriate structure that recognizes the required level of independence between the risk management officers and those engaged in the normal insurance operations.
- Put in place, a well-resourced risk management department with clearly defined responsibilities and authorities for the company's risk management activities.
- Develop risk management initiatives and regularly review the company's methodology for risk identification, assessment, measurement, mitigation and report escalation.
- Design and document risk policies and procedures that reflect changes in entity-risk portfolio and ensure their enterprise-wide implementation.

Business Units
Many of the operational risks reside in the business units and risk owners/champions in these units have responsibilities for risk management in the respective risks. Specifically, business units will be accountable for the following:

- To carry out a weekly review of risks profile in the department/unit in compliance with the entity's risk policies and procedures.
- Apply appropriate control measures to manage identified risks and solicit the involvement of the Risk Management & Compliance Department in the escalation of material risks to Risk Management
- Be involved in all activities designed to propagate risk management culture within the company and in building firewalls against emerging exposures that may affect the achievement of the company's objectives.
- Produce risk management reports input for consolidation into the overall report repository domiciled in the Risk Management & Compliance Department.
- Provide information towards the development of new approaches to risk management in its domain and collaborate with RMCD to prepare appropriate risk mitigations plans for the unit.

Risk Management & Compliance Division
- Responsible for facilitation and co-ordination of risk management activities across the company
- Provision of technical assistance and guidance to business units. It will be responsible for raising awareness of risk management across the company
- Reviews and analyses the company's business and investment proposals to ensure that risks have been adequately identified and proper mitigating factors put in place.
- Develop Key Risk Indicators (KRIs) for monitoring key drivers associated with identified major risks and regular liaison with regulators on compliance issues.
- Prepare for the Risk Management Committee's review, necessary exception reports with recommendations for improvement of the entire risk management and reporting system.
- Monitor compliance with the company's ERM policies/procedures on risk limit and access the impact of regulatory requirements will have on the company's operations.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Internal Audit

- To adopt a risk-based approach to planning and executing the internal audit process/activities by directing internal auditing's resources at those areas most important to the organization.
- Evaluate the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems.
- Develop internal audit plans that identify and access risks relevant to the activity under review and ensure that the internal auditing objectives reflect the results of the risk assessment.
- To contribute to the effectiveness of the enterprise risk management, by participating in separate evaluations of internal controls and the ERM programme, and recommending improvements.
- To provide advice in the design and improvement of control systems and risk mitigation strategies.
- To challenge the basis of management's risk assessments and evaluate the adequacy and effectiveness of risk treatment strategies.

3.1 Capital Management Policies, Objectives and Approach

(a) Strategic risks

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

- To maintain the required level of financial stability thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value.

Leadway's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for life insurance business in Nigeria is N2 billion, N3 billion for Non-life insurance business and N10 billion for Reinsurance business and insurers are also mandated to maintain 10% of this paid up capital with the Central Bank as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis.

The regulations prescribed by NAICOM not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., solvency margin) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Group has met the requirements throughout the financial year.

In reporting the Leadway's solvency status, solvency margin are computed using the rules prescribed by the National Insurance Commission (NAICOM). The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than either 15% of net premium or the minimum paid up share capital whichever is higher. Leadway's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM regulations, including any additional amounts required by the regulators.

(b) Approach to capital management

Leadway seeks to optimize the structure and sources of capital to ensure that it consistently maximizes returns to the shareholders and policyholders.

Leadway's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

The Group's primary sources of capital used are equity shareholders' funds and borrowings. Leadway also utilizes adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirement and to decide on the efficient use of capital by assessing the return on capital allocated to the various classes of business and/or products.

The table below summarizes the maximum authorized capital across the group and the paid up capital held as follows:

	Group	Group	Company	Company
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Maximum authorized capital	5,000,000	5,000,000	5,000,000	5,000,000
Paid up share capital	4,389,798	4,389,798	4,389,798	4,389,798

The Group has different requirements depending on the specific operations which it engages in. The four main businesses are insurance, property development, hospitality and trusteeship. The insurance business is divided into life and non life business. Note 25a shows the authorized and paid up capital for life and non life businesses

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against the risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital which ever is greater. During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Company has two (2) businesses, life and non-life businesses and they are required to prepare solvency margin computation separately.

The solvency margin for non-life business as at 31 December 2013 is as follows:

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

TEST OF SOLVENCY :	As at 31 December 2013	As at 31 December 2012
Admissible assets		
Cash and cash equivalents	19,342,230	8,053,435
Quoted investment at market value;	12,260,601	11,432,202
Unquoted stock at cost	1,542,066	377,946
Land and buildings;	1,141,546	2,486,411
Investment property	1,000,000	1,630,000
Statutory deposits	300,000	320,000
Deferred acquisition cost	332,237	397,319
Amount due from retrocession;	19,894,691	15,522,444
Staff loans and advances	85,255	16,001
Investment in subsidiaries	342,946	-
Trade receivables	1,038,831	-
Investment in Assocates	35,000	-
Total admissible assets	**57,315,403**	**40,235,758**
Less admissible assets outside Nigeria		
cash and cash equivalents	-	(601,196)
Unquoted investments	-	(321,729)
Total admissible assets in Nigeria	**57,315,403**	**39,312,833**
Liabilities		
Provisions for unexpired risks	(16,599,579)	(10,950,191)
Provisions for claims reported and IBNR	(11,348,445)	(13,729,361)
Funds to meet other liabilities.	(19,231,400)	(7,198,674)
Total liabilities	(47,179,424)	**(31,878,226)**
Excess of admissible assets over liabilities	**10,135,979**	**7,434,607**

TEST I	Gross premium	25,020,447		27,370,629	
	Less: Reinsurances	(16,667,450)		(12,521,439)	
	Net premium	8,352,997		14,849,190	
	15% there of	1,252,950		2,227,379	
Test II	Minimum paid up capital	3,000,000		3,000,000	
	The higher thereof:		3,000,000		3,000,000
	SURPLUS OF SOLVENCY		7,135,979		4,434,607
	Solvency Ratio		338%		248%

The solvency margin for life business as at 31 December 2013 is as follows:

The excess of admissible assets over the liabilities of NGN 2.27billion exceeds the minimum statutory solvency requirement of NGN 2 billion, representing a Capital Adequacy Cover of 1.14 times.

3.2 Asset and liability management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk. The Group manages these positions within an ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities. The notes below explain how financial risks are managed using the categories utilized in the Group's ALM framework.

The following tables reconcile the consolidated statement of financial statements to the classes and portfolios used in the Group's ALM framework.

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Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.2 HYPOTHECATION OF ASSETS

(a) As at 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

COMPANY

	NON LIFE		
	Shareholder's fund	Policy holder's Fund	Others
TOTAL	13,196,211	27,948,024	19,739,593
INVESTMENTS:			
Fixed Assets:			
Investment property	2,298,000	2,050,000	-
Office Equipment	163,670	-	-
Motor Vehicles	166,371	-	-
Furniture and Fittings	148,823	-	-
Intangible Assets	135,010	-	-
Others Investments:		-	-
Commercial loans	18,081	-	-
Loans to Policy holders	-	-	-
Statutory Deposit	300,000	-	-
Government Bonds	-	2,550,198	-
Corporate bonds	-	3,456,276	-
Quoted Securities	6,166,933	549,318	-
Unquoted Securities	1,536,352	-	-
Bank Placements	-	17,265,386	-
Bank and Cash Balances	-	2,076,846	-
Related Companies Securities	377,946	-	-
Related Companies Loans	-	-	-
Other assets (see A)	1,885,025	-	19,739,593
TOTAL	**13,196,211**	**27,948,024**	**19,739,593**

OTHER DETAILS (A)

	NON LIFE BUSINESS	LIFE BUSINESS
Intangible assets	135,010	37,023
Prepaid Reinsurance & Recoverable	19,894,691	674,113
Deferred Acquisition Expenses	332,237	-
Premium Debtors	1,038,831	21,531
Other assets: (Staff loans, prepayments, commercial loan and sundry debtors)	358,859	1,031,158
TOTAL	21,759,628	**1,763,825**

LIFE				
Shareholder's fund	Deposit Admin. Fund	Policy holder's Fund (LIFE)	Others	TOTAL
2,270,959	11,106,337	21,717,600	1,362,805	97,341,529
678,986	1,256,864	851,151	-	7,135,001
41,423	-	-	-	205,093
30,960	-	-	-	197,331
17,925	-	-	-	166,748
-	-	-	37,023	172,033
-		-	- -	-
-	-	-	-	18,081
-	341,448	-	-	341,448
200,000	-	-	-	500,000
112,263	3,746,648	17,801,079	-	24,210,188
-	997,669	350,286	-	4,804,231
310,203	2,643,029	1,348,760	259,806	11,278,049
-	347,932	417,934	97,293	2,399,511
206,000	652,521	567 075	-	18,690,982
125,775	71,661	267,664	-	2,541,946
378,098	573,423	-	-	1,329,467
-	-	-	-	-
169,326	475,142	113,651	968,683	23,351,420
2,270,959	11,106,337	21,717,600	1,362,805	97,341,529

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.2 HYPOTHECATION OF ASSETS

(b) As at 31 December 2012

(All amounts in thousands of Nigerian Naira unless otherwise stated)

COMPANY

	NON LIFE		
	Shareholder's fund	**Policy holder's Fund**	**Others**
TOTAL	**8,860,187**	**24,679,553**	**7,578,519**
INVESTMENTS:			
Fixed Assets:			
Investment property	2,003,000	1,630,000	-
Office Equipment	204,750	-	-
Motor Vehicles	94,759	-	-
Furniture and Fittings	183,903	-	-
Intangible Assets	61,893	-	-
Others Investments:		-	-
Commercial loans	18,903	-	-
Loans to Policy holders	-	-	-
Statutory Deposit	320,000	-	-
Government Bonds	-	1 267 739	-
Quoted Securities	-	7,044,741	-
Unquoted Securities	1,249,227	1,707,431	-
Bank Placements	-	7,117,615	-
Bank and Cash Balances	-	935,820	-
Related Companies Securities	377 946	-	-
Related Companies Loans	5,161	-	-
Other Investments	-	-	-
Other assets (see A)	4,340,645	4,976,207	7,578,519
TOTAL	8,860,187	24,679,553	7,578,519

OTHER DETAILS (A)

	NON LIFE BUSINESS	**LIFE BUSINESS**
Intangible assets	61,893	56,167
Prepaid Reinsurance & Recoverable	15,522,444	1,163,555
Deferred Acquisition Expenses	397,319	-
Premium Debtors	741,584	80,780
Other assets: (Staff loans, prepayments, commercial loan and sundry debtors)	234,025	382,091
TOTAL	16,957,264	1,682,593

LIFE				
Shareholder's fund	Deposit Admin. Fund	Policy holder's Fund (LIFE)	Others	TOTAL
3,126,339	**10,293,658**	**10,878,077**	**908,354**	**66,324,687**
175,000	2,000,205	-	-	5,808,205
48,895	-	-	-	253,645
11,739	-	-	-	106,498
4,315	-	-	-	188,218
-	-	-	56 167,	118,060
-	-	-	-	
-	-	-	-	18,903
-	388,114	-	-	388,114
200,000	-	-	-	520,000
-	2,919,675	8,308,793	-	12 496 207,
225,331	2,878,819	1,274,160	-	11,423,051
526,802	394,554	172,178	-	4,050,191
71,177	791,065	933,236	-	8,913,092
109,945	292 924,	189,704	-	1,528,393
951,522	-	-	-	1,329,468
17,215	-	-	-	22,376
10,165	628,302	-	-	638,467
764,649	-	-	861,777	18,521,798
3,116,755	**10,293,658**	**10,878,071**	**917,944**	**66,324,687**

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.3 Financial risk management

The Group is exposed to a range of financial risks through its financial instrument, reinsurance assets and insurance liabilities. The key financial risk is that in the long term its investments proceeds are not sufficient to find the obligations arising from its insurance and investment contracts. The most important components of the financial risks are:

- Credit risks
- Liquidity risks
- Market risks

3.31 Credit risks

Credit risks arise from the default of a counterparty to fulfill its on and/or off- balance sheet contractual obligations. Exposure to this risk results from financial transactions with a counter party including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor.

The Group has policies in place to mitigate its credit risks.

(i) The Group's Enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

(ii) The Group further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Group's reinsurance treaty contracts involve netting arrangements.

(iii) The Group's set guidelines to determine when to obtain collateral and guarantees. The Group also maintains strict control limits by amount and terms on financial assets. The amounts subject to credit risk are limited to the fair value of 'in the money' financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.

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

(v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.

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

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Maximum exposure to credit risk	Note	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Cash and cash equivalents (excl. cash on hand)	6	21,740,800	11,327,654	21,119,082	10,440,741
Investment securities:					
- Fair value through profit or loss	7.1	17,688,505	7,181,698	17,688,505	7,181,698
- Available for sale	7.2	-	905,418	-	905,418
- Held to maturity	7.3	11,877,320	8,329,137	11,819,354	8,271,171
Loans & Advances	11a	1,868,379	1,619,338	1,430,649	1,382,496
Trade receivables	8	1,060,362	822,364	1,060,362	822,364
Reinsurance receivable	9	2,504,125	2,748,801	2,504,125	2,748,801
Other receivables	11b	443,385	358,444	76,365	45,230
Statutory deposits	15	500,000	520,000	500,000	520,000
Total assets exposed to credit risk		**57,182,876**	**33,292,854**	**55,698,442**	**31,797,919**

The Group further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis.

The group and company's counterparty exposure of its cash and cash equivalents is represented below:

Counterparty	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
National banks	21,415,860	10,708,327	20,794,140	9,821,414
Discount houses	120,472	516,574	120,472	516,574
Investment house	204,468	102,753	204,468	102,753
	21,740,800	**11,327,654**	**21,119,080**	**10,440,741**

Counterparty	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
National banks	98%	94%	98%	94%
Discount houses	1%	5%	1%	5%
Investment house	1%	1%	1%	1%
	100%	**100%**	**100%**	**100%**

Reinsurance contract is executed only with reinsurers with a minimum acceptable minimum credit rating. Management monitors the credit worthiness of all reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Asides credit risk exposure from our investment policies, the Group is also exposed to this risk from its core business – outstanding premiums from clients. Trade receivables are short-term in nature consisting of a large number of policyholders and are subject to moderate credit risk. The Group categorizes its exposure to this risk based on business types (namely Agents, Brokers and Insurance Companies business) and periodically reviews trade receivable to ensure credit worthiness.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Credit risk exposure to direct business is low as the Company requires debtors to provide guarantees before inception of insurance policies. The Company's exposure to credit risk arising from brokered business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

(a) Credit quality

All financial assets are neither past due nor impaired except for other receivables and trade receivables which are past due not impaired and individually impaired balances. See analysis of neither past due nor impaired, past due not impaired and individually impaired financial assets below:

Group
2013

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Cash and cash equivalents (excl. cash on hand)	-	-	-	21,740,800	21,740,800
Investment securities - FVTPL	766,936	337,759	52,550	16,531,260	17,688,505
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	508,197	967,075	5,692,719	4,709,329	11,877,320
Trade receivables	-	-	-	1,060,362	1,060,362
Other receivables	-	-	-	2,311,764	2,311,764
Statutory deposits	-	-	-	500,000	500,000
Reinsurance assets - due from reinsurers	-	-	-	2,504,125	2,504,125
	1,275,133	1,304,834	5,745,269	49,357,640	57,682,876

Group
2012

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Cash and cash equivalents (excl. cash on hand)	-	-	-	11,327,654	11,327,654
Investment securities - FVTPL	311,383	137,133	21,336	6,711,846	7,181,698
Investment securities - AFS	-	-	-	905,418	905,418
Investment securities - HTM	356,380	678,175	3,992,099	3,302,483	8,329,137
Loans & Advances	-	-	-	1,619,338	1,619,338
Trade receivables	-	-	-	822,364	822,364
Other receivables	-	-	-	358,444	358,444
Statutory deposits	-	-	-	520,000	520,000
Reinsurance assets - due from reinsurers	-	-	-	2,748,801	2,748,801
	667,763	815,308	4,013,435	28,316,348	33,812,854

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company
2013

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Cash and cash equivalents (excl. cash on hand)	-	-	-	21,119,082	21,119,082
Investment securities - FVTPL	766,936	337,759	52,551	16,531,260	17,688,506
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	508,197	967,075	5,634,752	4,709,329	11,819,353
Loan & Advances	-	-	-	1,430,649	1,430,649
Trade receivables	-	-	-	1,060,362	1,060,362
Other receivables	-	-	-	76,365	76,365
Statutory deposits	-	-	-	500,000	500,000
Reinsurance assets - due from reinsurers	-	-	-	2,504,125	2,504,125
	1,275,133	1,304,834	5,687,303	47,931,172	56,198,442

Company
2012

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Cash and cash equivalents (excl. cash on hand)	-	-	-	10,440,741	10,440,741
Investment securities - FVTPL	311,383	137,133	21,336	6,711,846	7,181,698
Investment securities - AFS	-	-	-	905,418	905,418
Investment securities - HTM	355,636	676,758	3,943,194	3,295,583	8,271,171
Loans & Advances	-	-	-	1,382,496	1,382,496
Trade receivables	-	-	-	822,364	822,364
Other receivables	-	-	-	45,230	45,230
Statutory deposits	-	-	-	520,000	520,000
Reinsurance assets - due from reinsurers	-	-	-	2,748,801	2,748,801
	667,019	813,891	3,964,530	26,872,479	32,317,919

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Global Corporate Rating (GCR)'s rating symbols and Definitions

AAA	Extremely strong financial security characteristics and is the highest FSR assigned by GCR.
AA+ AA AA-	Has very strong financial security characteristics, differing only slightly from those rated higher.
A+ A A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB+ BBB BBB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than assurers with higher ratings.
BB+ BB BB-	Has vulnerable financial security characteristics, which might outweigh its strengths. The ability of these companies to discharge obligations is not well safeguarded in the
B+ B B-	Possessing substantial risk that obligations will not be paid when due. Judged to be speculative to a high degree.

Loans and advances and other receivables

See analysis of neither past due nor impaired, past due not impaired and individually impaired other receivables below:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-12	Company 31-Dec-12
Neither past due nor impaired	1,645,144	1,782,719	851,188	1,291,871
Past due not impaired	508,607	-	508,607	-
Past due and impaired	158,013	195,063	147,219	135,855
Gross total	2,311,764	1,977,782	1,507,014	1,427,726
Impairment allowance	(158,013)	(195,063)	(147,219)	(135,855)
Carrying amount	**2,153,751**	**1,782,719**	**1,359,795**	**1,291,871**
Past due and impaired				
0 - 90 days	89,120	-	89,120	-
90 - 180 days	87,001	-	87,001	-
181 days and above	332,486	-	332,486	-
	508,607	**-**	**508,607**	**-**

Concentration of credit risk

All credit risks are concentrated across many industries in Nigeria. The Group monitors concentration of credit risk by sector

Group 2013	Financial institution	Manufacturing/telecom	Public sector	Others	Total
Cash and cash equivalents	21,740,800	-	-	-	21,740,800
Investment securities - FVTPL	52,550	-	17,635,955		17,688,505
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	3,942,370	335,865	7,599,085	174,6156	11,877,320
Loans & receivables	122,223	-	-	443,385	1,868,379
Other receivables	797,947	-	-	-	443,385
Statutory deposits	500,000	-	-	-	500,000
Reinsurance assets - due from reinsurers	2,504,125	-	-	-	2,504,125
Total	**28,862,068**	**335,865**	**25,235,040**	**2,189,541**	**56,622,514**

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 2012	Financial institution	Manufacturing /telecom	Public sector	Others	Total
Cash and cash equivalents	11,327,654	-	-	-	11,327,654
Investment securities - FVTPL	52,550	-	7,129,148	-	7,181,698
Investment securities - AFS		-	-	905,418	905,418
Investment securities - HTM	2,764,642	235,530	5,328,965	-	8,329,137
Loans & advances	111,456	-	-	1,507,882	1,619,338
Other receivables	-	-	-	358,444	358,444
Statutory deposits	520,000	-	-	-	520,000
Reinsurance assets - due from reinsurers	2,748,801	-	-	-	2,748,801
Total	**17,525,103**	**235,530**	**12,458,113**	2,771,744	32,990,490

Company 2013	Financial institution	Manufacturing/telecom	Public sector	Others	Total
Cash and cash equivalents	**21,119,082**	-	-	-	21,119,082
Investment securities - FVTPL	**52,550**		17,635,955	-	17,688,505
Investment securities - HTM	**3,884,403**	335,865	7,599,086	-	11,819,354
Loans & Advances	**115, 289**	-	-	1,315,360	1,430,649
Other receivables	**-**	-	-	76,365	76,365
Statutory deposits	**500,000**	-	-	-	500,000
Reinsurance assets - due from reinsurers	**2,504,125**	-	-	-	2,504,125
Total	**28,175,449**	**335,865**	**25,235,041**	**1,391,725**	**55,138,080**

Company 2012	Financial institution	Manufacturing/telecom	Public sector	Others	Total
Cash and cash equivalents	10,440,741	-	-	-	10,440,741
Investment securities - FVTPL	52,550	-	7,129,148	-	7,181,698
Investment securities - AFS		-	-	905,418	905,418
Investment securities - HTM	2,718,301	235,038	**5,317,832**	-	8,271,171
Loans & Advances	107,573	-	-	1,274,923	1,382,496
Other receivables	-	-	-	45,230	45,230
Statutory deposits	520,000	-	-	-	520,000
Reinsurance assets - due from reinsurers	2,748,801	-	-	-	2,748,801
Total	**16,587,965**	**235,038**	**12,446,980**	**2,225,571**	**31,495,555**

Collateral held and other credit enhancements and their financial effect

The Group holds collateral against commercial loans in the form of mortgage interest over property, other registered securities over assets and guarantees.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.32 Liquidity risks

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

The following policies and procedures are in place to mitigate the company's exposure to liquidity risk:

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

- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The table that follows summarizes the maturity profile of the non-derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable.

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

Repayments which are subject to notice are treated as if notice were to be given immediately.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

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

Using the behavioural pattern of our funding sources over time, the Group's expected cash flows on some financial assets and liabilities to vary significantly from the contractual cash flows. As part of management of liquidity risk arising from financial liabilities, the Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The table below shows the undiscounted cash flow on the Group's financial assets and liabilities and on the basis of the earliest possible contractual maturity. The gross nominal inflow/outflow disclosed in the table is the contractual, undiscounted cash flows on the financial assets and liabilities. Whilst the table below have been prepared based on the contractual maturities, the maturity profile based on the behavioural pattern of the assets and liabilities observed over a very long period (five years) presents management with a reliable basis to manage the inherent liquidity risks

Group	**Residual contractual maturities of financial assets and liabilities**							
31 December 2013	**Notes**	**Carrying amount**	**Gross nominal**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**
Assets								
Cash and cash equivalents	6	21,741,885	29,142,378	29,142,378	-	-	-	-
Investment securities - FVTPL	7.1	20,049,909	58,380,857	1,051,840	119,792	1,139,682	16,224,185	39,845,358
Investment securities - Available for sale	7.2	11,150,818	11,094,525	8,740,832	-	-	-	2,353,693
Investment securities - Held to maturity	7.3	11,877,320	17,335,911	2,113,251	247,324	639,233	9,034,188	5,301,915
Loans & Advances	(11a)	1,725,164	2,003,331	1,191,409	115,422	136,500	560,000	-
Trade receivables		1,060,362	1,060,362	1,060,362	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	8 9	1,696,937	1,696,937	1,696,937	-	-	-	-
Other receivables - financial assets	11b	428,587	428,587	428,587	-	-	-	-
Statutory deposit	15	500,000	500,000	-	-	-	-	500,000
Total financial assets		**70,230,982**	**121,642,887**	**45,425,596**	**482,538**	**1,915,415**	**25,818,373**	**48,000,966**
Liabilities								
Investment contract liabilities	19	11,106,336	11,667,795	475,286	699,304	1,270,991	5,413,718	3,808,496
Trade payables	20	15,505,530	15,703,836	15,703,836	-	-	-	-
Other liabilities - financial liabilities	21	1,488,458	1,488,458	1,488,458	-	-	-	-
Borrowings	22	115,831	115,831	-	-	115,831		-
Total financial liabilities		**28,216,155**	**28,975,920**	**17,667,580**	**699,304**	**1,386,822**	**5,413,718**	**3,808,496**
Net financial assets/(liabilities)		**42,014,827**	**92,666,968**	**27,758,016**	**(216,766)**	**528,593**	**20,404,655**	**44,192,470**
Reinsurance asset (prepaid and recoverable)	9	19,320,415	19,320,415	5,125,187	366,469	1,268,581	12,560,178	-
Less: Insurance contract liabilities	18	49,665,623	49,665,623	13,174,956	942,055	3,261,052	32,287,560	-
Net policyholders' assets/(liabilities)		11,669,619	62,321,760	19,708,247	(792,350)	(1,463,878)	677,273	44,192,470

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group — Residual contractual maturities of financial assets and liabilities

31 December 2012	Note	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Assets								
Cash and cash equivalents	6	11,328,839	15,184,945	15,184,945	-	-	-	-
Investment securities - FVTPL	7.1	9,348,695	27,221,311	490,443	55,855	531,401	7,564,870	18,578,742
Investment securities - Available for sale	7.2	10,459,031	10,459,031	8,104,493	-	-	2,354,538	
Investment securities - Held to maturity	7.3	8,329,137	12,157,051	1,481,947	173,440	448,271	6,335,351	3,718,042
Loans & Advances	11a		1,727,945	1,038,114	96,936	138,348	454,547	-
Trade receivables		822,364	822,364	822,364	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	8 9	2,748,801	2,748,801	2,748,801	-	-	-	-
Other receivables - financial assets	11b	343,392	343,392	343,392	-	-	-	-
Statutory deposits	15	520,000	520,000	-	-	-	-	520,000
Total		45,339,586	71,184,840	30,214,499	326,231	1,118,020	14,354,768	25,171,322
Liabilities								
Investment contract liabilities	19	10,293,658	10,814,034	440,509	648,134	1,177,989	5,017,583	3,529,819
Trade payables	20	5,145,735	5,145,735	5,145,735	-	-	-	-
Other liabilities - financial liabilities	21	1,215,075	1,215,075	1,215,075	-	-	-	-
Borrowings	22	326,839	326,839	-	-	-	326,839	-
Total		16,981,307	17,501,683	6,801,319	648,134	1,177,989	5,344,422	3,529,819
Net financial assets/(liabilities)		28,358,279	53,683,157	23,413,180	(321,903)	(59,968)	9,010,346	21,641,503
Reinsurance asset (prepaid and recoverable)	9	13,937,198	13,937,198	3,697,164	264 360	915,119	9,060,555	-
Less: Insurance contract liabilities	18	35,557,630	35,557,630	9,432,484	674,455	2,334,719	23,115,971	-
Net policyholders' assets/(liabilities)		6,737,847	32,062,725	17,677,860	(731,998)	(1,479,569)	(5,045,070)	21,641,503

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company — **Residual contractual maturities of financial assets and liabilities**

31 December 2013	**Note**	**Carrying amount**	**Gross nominal**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**
Assets								
Cash and cash equivalents	6	21,119,684	28,470,177	28,470,177	-	-	-	-
Investment securities - FVTPL	7.1	19,942,317	58,273,265	1,051,840	119,792	1,139,682	16,116,593	39,845,358
Investment securities - Available for sale	7.2	11,137,974	11,081,681	8,732,745	-	-	-	2,348,936
Investment securities - Held to maturity	7.3	11,819,354	17,186,916	2,113,251	167,890	636,334	8,967,526	5,301,915
Loans & Advances	11a	1,283,430	1,521,878	1,060,362	66,391	151,837	241,732	-
Trade receivables		1,060,362	1,060,362	1,060,362	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	8 9	1,696,937	1,871,882	1,871,882	-	-	-	-
Other receivables - financial assets	11b	76,365	76,365	76,365	-	-	-	-
Statutory deposit	15	500,000	500,000	-	-	-	-	500,000
Total		68,636,423	120,042,526	44,438,540	354,073	1,927,858	25,325,851	47,996,210
Liabilities								
Investment contract liabilities	19	11,106,336	11,667,795	475,286	699,304	1,270,991	5,413,718	3,808,496
Trade payables	20	15,505,530	15,703,836	15,703,836	-	-	-	-
Other liabilities - financial liabilities	21	1,080,614	1,080,614	1,080,614	-	-	-	-
Total		27,692,480	28,452,245	17,259,736	699,304	1,270,991	5,413,718	3,808,496
Net financial assets/(liabilities)		40,943,943	91,590,282	27,178,804	(345,231)	656,862	19,912,133	44,187,713
Reinsurance asset (prepaid and recoverable)	9	19,320,415	19,320,415	5,125,187	366,469	1,268,581	12,560,178	-
Less: Insurance contract liabilities	18	49,665,623	49,665,623	13,174,956	942,055	3,261,052	32,287,560	-
Net policyholders' assets/(liabilities)		10,598,735	61,245,074	19,129,035	(920,817)	(1,335,609)	184,751	44,187,713

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company — **Residual contractual maturities of financial assets and liabilities**

31 December 2012	Note	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Assets								
Cash and cash equivalents	6	10,441,485	14,075,539	14,075,539	-	-	-	-
Investment securities - FVTPL	7.1	9,244,012	27,011,844	487,567	55,528	528,285	7,470,646	18,469,818
Investment securities - Available for sale	7.2	10,454,275	10,454,275	8,104,493				2,349,782
Investment securities - Held to maturity	7.3	8,271,171	12,027,386	1,478,851	117,490	445,306	6,275,465	3,710,274
Loans & Advances		1,246,641	1,469,706	98,8114	40,936	134,034	306,622	-
Trade receivables	11a	822,364	822,364	822,364	-		-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	2,748,801	2,748,801	2,748,801	-	-	-	-
Other receivables - financial assets	11(b)	45,230	45,230	45,230	-	-	-	-
Statutory deposits		520,000	520,000	-	-	-	-	520,000
Total		43,793,979	69,175,145	28,750,959	213,954	1,107,625	14,052,733	25,049,874
Liabilities								
Investment contract liabilities	19	10,293,658	10,814,034	440,509	648,134	1,177,989	5,017,583	3,529,819
Trade payables	20	5,145,735	5,145,735	5,145,735	-	-	-	-
Other liabilities - financial liabilities	21	800,536	800,536	800,536	-	-	-	-
Total		16,239,929	16,760,305	6,386,780	648,134	1,177,989	5,017,583	3,529,819
Net financial assets/(liabilities)		27,554,050	52,414,840	22,364,179	(434,180)	(70,364)	9,035,150	21,520,005
Reinsurance asset (prepaid and recoverable)	9	19,320,415	19,320,415	5,125,187	366,469	1,268,581	12,560,178	-
Less: Insurance contract liabilities	18	35,557,630	35,557,629	9,432,484	674,455	2,334,719	23,115,971	-
Net policyholders' assets/(liabilities)		11,316,835	36,177,626	18,056,882	(742,166)	(1,136,503)	(1,520,643)	21,520,005

It is not expected that cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(g) Market risks

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

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The Group's enterprise risk management policy sets out the assessment and determination of what constitutes market risk . Compliance with the policy is monitored and exposures and breaches are reported to the company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders

- The Group stipulates diversification benchmarks by type of instrument and geographical area, as the Group is exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

(h) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to US dollar.
The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. The, the main foreign exchange risk arises from recognized assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled. The currency risk is effectively managed by the company through.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The table below summarizes the Group's financial assets and liabilities by major currencies:

Group

31 December 2013	Notes	Naira (₦)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Assets							
Cash and cash equivalents	6	3,597,260	17,969,988	100,080	74,378	179	21,741,885
Investment securities - FVTPL	7.1	19,985,296	64,613	-	-	-	20,049,909
Investment securities - Available for sale	7.2	9,130,357	2,020,461				11,150,818
Investment securities - Held to maturity	7.3	6,900,597	4,976,723	-	-	-	11,877,320
Loans & advances	11a	1,725,164	-	-	-	-	1,725,164
Trade receivables	8	1,060,362	-	-	-	-	1,060,362
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	1,084,589	612,348	-	-	-	1,696,937
Other receivables - financial assets	11b	428,587	-	-	-	-	428,587
Statutory deposits	15	500,000	-	-	-	-	500,000
Total		44,412,212	25,644,133	100,080	74,378	179	70,230,982
Liabilities							
Investment contract liabilities	19	49,665,623	-	-	-	-	49,665,623
Trade payables	20	3,320,919	12,184,611				15,505,530
Other liabilities - financial liabilities	21	1,488,458	-	-	-	-	1,488,458
Borrowings	22	115,831	-	-	-	-	115,831
							-
Total		54,590,831	12,184,611	-	-	-	66,775,442

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group

31 December 2012	**Note**	**Naira (₦)**	US Dollars (USD)	UK Pound Sterling (GBP)	**Euro**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents	6	4,007,230	7,267,243	11,032	43,113	221	11,328,839
Investment securities - FVTPL	7.1	9,296,145	52,550	-	-	-	9,348,695
Investment securities - Available for sale	7.2	9,411,896	1,047,135	-	-	-	10,459,031
Investment securities - Held to maturity	7.3	8,066,958	262,179	-	-	-	8,329,137
Loans & Advances	11a	1,439,327	-	-	-	-	1,439,327
Trade receivables	8	822,364	-	-	-	-	822,364
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	1,849,586	899,215	-	-	-	2,748,801
Other receivables - financial assets	11	343,392	-	-	-	-	343,392
Statutory deposits	15	520,000	-	-	-	-	520,000
Total		35,756,898	9,528,322	11,032	43,113	221	45,339,586
Liabilities							
Investment contract liabilities	19	10,293,658	-	-	-	-	10,293,658
Trade payables	20	1,153,158	3,992,577	-	-	-	5,145,735
Other liabilities - financial liabilities	21	1,215,075	-	-	-	-	1,215,075
Borrowings	22	326,839	-	-	-	-	326,839
Total		12,988,730	3,992,577	-	-	-	16,981,307

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2013	**Note**	**Naira (N)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents	6	2,997,057	17,953,933	94,350	74,164	179	21,119,683
Investment securities - FVTPL	7.1	19,889,767	52,550	-	-	-	19,942,317
Investment securities - Available for sale	7.2	9,117,513	2,020,461				11,137,974
Investment securities - Held to maturity	7.3	6,900,597	4,918,757	-	-	-	11,819,354
Loans & Advances	11.a	1,283,430	-	-	-	-	1,283,430
Trade receivables	8	1,060,362		-	-	-	1,060,362
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	1,084,589	612,348	-	-	-	1,696,937
Other receivables - financial assets	11b	76,365	-	-	-	-	76,365
Statutory deposits	15	500,000	-	-	-	-	500,000
Total		**42,909,680**	**25,558,049**	**94,350**	**74,164**	**179**	**68,636,422**
Liabilities							
Investment contract liabilities	19	11,106,336	-	-	-	-	11,106,336
Trade payables	20	3,320,920	12,184,611	-	-	-	15,505,531
Other liabilities - financial liabilities	21	1,080,614	-	-	-	-	1,080,614
Total		**15,507,870**	**12,184,611**	**-**	**-**	**-**	**27,692,481**

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2012	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro**	**Rand (ZAR)**	**Total**
Assets							
Cash and cash equivalents	6	3,141,407	7,249,833	10,978	39,046	221	10,441,485
Investment securities - FVTPL	7.1	9,191,462	52,550	-	-	-	9,244,012
Investment securities - Available for sale	7.2	9,407,140	1,047,135	-	-	-	10,454,275
Investment securities - Held to maturity	7.3	4,829,030	3,442,141	-	-	-	8,271,171
Loans & Advanvaces	11.a	1,246,641	-	-	-	-	1,246,641
Trade receivables	8	822,364	-	-	-	-	822,364
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	1,849,586	899,215	-	-	-	2,748,801
Other receivables - financial assets	11b	45,230	-	-	-	-	45,230
Statutory deposits	15	520,000	-	-	-	-	520,000
Total		31,052,860	12,690,874	10,978	39,046	221	43,793,979
Liabilities							
Investment contract liabilities	19	10,293,657	-	-	-	-	10,293,657
Trade payables	20	1,153,158	3,992,577	-	-	-	5,145,735
Other liabilities - financial liabilities	21	800,536	-	-	-	-	800,536
Total		12,247,351	3,992,577	-	-	-	16,239,928

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Foreign currency sensitivity	Note	Group 31-Dec-13 Increase/ (Decrease by 100Bp	Group 31-Dec-12 Increase/ (Decrease by 100Bp	Company 31-Dec-13 Increase/ (Decrease by 100Bp	Company 31-Dec-12 Increase/ (Decrease by 100Bp
Assets					
Cash and cash equivalents	6	1,814,463	732,161	1,812,263	730,008
Investment securities - FVTPL	7.1	6,461	-	5,255	-
Investment securities - AFS	7.2	202,046	-	202,046	-
Investment securities - HTM	7.3	497,638	26,218	491,841	455,693
Trade receivables	8	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	61,235	274,880	61,235	274,880
Liabilities					
Investment contract liabilities		-	-	-	-
Trade payables		(1,218,461)	(117,678)	(1,218,461)	(117,678)
Impact on profit before tax		1,363,382	915,581	1,354,179	1,342,903
Tax charge of 30%		(409,014)	(274,674)	(406,254)	(402,871)
Impact on profit after tax		**954,368**	**640,907**	**947,925**	**940,032**

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) Interest rate risks:

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

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

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

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

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products.

The table below details the interest rate sensitivity analysis of the Group as at 13 December 2013 holding all other variables constant. Based on historical data, 100 basis points change is deemed to be reasonably possible and are used when reporting interest rate risk.

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Interest bearing assets:	Increase/(Decrease by 100Bp	Increase/(Decrease by 100Bp	Increase/(Decrease by 100Bp	Increase/(Decrease by 100Bp
Cash and cash equivalents	3,791	6,942	1,908	4,628
Investment securities - Held to maturity	34,542	21,412	30,200	14,274
Other receivables	9,555	10,011	9,555	10,011
Statutory deposits	16,728	3,038	3,040	2,025
Total interest bearing	64,616	41,403	44,703	30,938
Interest bearing liabilities				
Investment contract liabilities	85,684	85,339	85,684	85,339
Borrowing	2,974	3,234	-	-
Total interest bearing liabilities	88,658	88,573	85,684	85,339
Gap	(24,042)	(47,170)	(40,981)	(54,401)
Cumulative gap	(24,042)	(47,170)	(40,981)	(54,401)
Impact on profit before tax	(24,042)	(47,170)	(40,981)	(54,401)
Taxation at 30%	(7,212)	(14,151)	(12,294)	(16,320)
Impact on profit after tax	(16,829)	(33,019)	(28,687)	(38,081)
Impact on equity	(16,829)	(33,019)	(28,687)	(38,081)

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(j) Equity price risk

The Group manages its exposure to equity price risk through adherence to investment in eligible stocks as approved by the Board and in line with NAICOM investment guidelines. Management Investment Committee establishes and approves a list of eligible stocks in line with approval as approved by the Board through its Board Investment Committee. The investment decisions are subject to authorization(s) levels;

Management Investment Committee

1. An investment which would result in exposure to the invested company for Not Greater Than 5% of the issue under consideration i.e. Equities, Bonds etc.

2. Investment in any unquoted stock with value less than N50m.

Board Investment

i. An investment which would result in exposure to the invested company for Greater Than 5% of the issue under consideration.
ii. Any investment where the value of total exposure to the invested corporate on completion, as a percentage of total Leadway's Asset Under Management will exceed 5% as at the time of the investment.
iii. Single obligor for any licensed bank over 5% of the bank's total deposit or invested fund. iv. An Investment in any unquoted stock with value greater than N50m.
v. Investment in a start-up venture.
vi. Investments in a company, which will result in the Leadway having control of management. vii. Investments denominated in currencies other than Naira and Eurobonds Securities.
viii. Securities lending, leveraged investments, derivatives or hedging.

Asset allocation to investment in equity is shown below;

ALLOCATION TARGET	QUOTED EQUITIES	UNQUOTED EQUITIES
Annuity fund	5%	0%
Life business shareholders fund	15%	65%
non-life business insurance fund	20%	3%
non-life business shareholders fund	35%	18%

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

The equity price changes are monitored by the investment committee and holdings are adjusted when there is a deviation from the investment policy. The Group manages its exposure to equity price risk using sensitivity analysis to assess potential changes in the value of its investment in equities and impact of such changes on the Group's investment income.

There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Financial assets	Group 31-Dec-13 Increase/(Decrease by 100Bp	Group 31-Dec-12 Increase/(Decrease by 100Bp	Company 31-Dec-13 Increase/(Decrease by 100Bp	Company 31-Dec-12 Increase/(Decrease by 100Bp
Listed equities (FVTPL)	236,112	226,855	228,542	206,231
Listed equities(AFS)	876,955	870,105	876,955	791,004
Unlisted equities (AFS)	405,372	-	404,564	-
Impact on profit before tax	236,112	226,855	228,542	206,231
Tax charge of 30%	(70,834)	(68,056)	(68,563)	(61,869)
Impact on profit after tax	**165,278**	**158,798**	**159,980**	**144,362**
Impact on equity	**1,447,606**	**1,028,903**	**1,441,499**	**935,366**

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.4 Fair values of financial assets and liabilities

Accounting classification, measurement basis and fair values

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

Group

31 December 2013	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial instruments amortized cost	Total carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	21,741,885	-	-	21,741,885	21,741,885
Investment securities - FVTPL	7.1	20,049,909	-	-	-	-	20,049,909	20,049,909
Investment securities - Available for sale	7.2	-	-	-	11,150,818	-	11,150,818	11,150,818
Investment securities - Held to maturity	7.3	-	11,877,320	-	-	-	11,877,320	11,524,616
Loans & Advances	11.a	-	-	1,725,164	-	-	-	1,725,164
Trade receivables		-	-	1,060,362	-	-	1,060,362	1,060,362
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	8	-	-	1,696,937	-	-	1,696,937	1,696,937
Other receivables	9	-	-	428,587	-	-	428,587	428,587
Statutory deposits	11b	-	-	-	-	500,000	500,000	500,000
Total		20,049,909	11,877,320	26,652,935	11,150,818	500,000	70,230,982	69,878,278
Liabilities								
Investment contract liabilities	19	-	-	-	-	11,106,336	11,106,336	11,106,336
Trade payables	20	-	-	-	-	15,505,530	15,505,530	15,505,530
Other liabilities	21	-	-	-	-	1,488,458	1,488,458	1,488,458
Borrowings	22	-	-	-	-	115,831	115,831	115,831
Total		-	-	-	-	28,216,155	28,216,155	28,216,155

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group

31 December 2012	**Notes**	**At fair value through P/L**	**Held to Maturity**	**Loans and receivables**	**Available for sale**	**Other financial instruments amortized cost**	**Total carrying amount**	**Fair Value**
Assets								
Cash and cash equivalents	6	-	-	11,328,839	-	-	11,328,839	11,328,839
Investment securities - FVTPL	7.1	9,348,695	-	-	-	-	9,348,695	9,348,695
Investment securities - Available for sale	7.2	-	-	-	10,459,031	-	10,459,031	10,459,031
Investment securities - Held to maturity	7.3	-	8,329,137	-	-	-	8,329,137	10,053,256
Loans & Advances	11a	-	-	1,439,327	-	-	1,439,327	1,439,327
Trade receivables	8	-	-	822,364	-	-	822,364	822,364
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	-	-	2,748,801	-	-	2,748,801	2,748,801
Other receivables	11b	-	-	343,392	-	-	343,392	343,392
Statutory deposits	15	-	-	-	-	520,000	520,000	520,000
Total		9,348,695	8,329,137	16,682,723	10,459,031	520,000	45,339,586	47,063,705
Liabilities								
Investment contract liabilities	19	-	-	-	-	10,293,658	10,293,658	10,293,658
Trade payables	20	-	-	-	-	5,145,735	5,145,735	5,145,735
Other liabilities	21	-	-	-	-	1,215,075	1,215,075	1,215,075
Borrowings	22	-	-	-	-	326,839	326,839	326,839
Total		-	-	-	-	16,981,307	16,981,307	16,981,307

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2013	**Notes**	**At Fair Value through P/L**	**Held to Maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities amortized cost**	**Total Carrying amount**	**Fair Value**
Assets								
Cash and cash equivalents	6	-	-	21,119,684	-	-	21,119,684	21,119,684
Investment securities - FVTPL	7	19,942,317	-	-	-	-	19,942,317	19,942,317
Investment securities - Available for sale	7	-	-	-	11,137,974	-	11,137,974	11,137,974
Investment securities - Held to maturity	7	-	11,819,354	-	-	-	11,819,354	11,464,060
Loans & Advances	(11a)	-	-	1,283,430	-	-	1,283,430	1,283,430
Trade receivables	8	-	-	1,060,362	-	-	1,060,362	1,060,362
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	-	-	1,696,937	-	-	1,696,937	1,696,937
Other receivables	11b	-	-	76,365	-	-	76,365	76,365
Statutory deposits		-	-	-	-	500,000	500,000	500,000
Total		19,942,317	11,819,354	25,236,778	11,137,974	500,000	68,636,423	68,281,129
Liabilities								
Investment contract liabilities	19	-	-	-	-	11,106,336	11,106,336	11,106,336
Trade payables	20	-	-	-	-	15,505,530	15,505,530	15,505,530
Other liabilities	21	-	-	-	-	1,080,614	1,080,614	1,080,614
Total		-	-	-	-	27,692,480	27,692,480	27,692,480

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2012	Notes	At Fair Value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities amortized cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	10,441,485	-	-	10,441,485	10,441,485
Investment securities - FVTPL	7	9,244,012	-	-	-	-	9,244,012	9,244,012
Investment securities - Available for sale	7	-	-	-	10,454,275	-	10,454,275	10,454,275
Investment securities - Held to maturity	7	-	8,271,171	-	-	-	8,271,171	9,502,228
Loans & Advances	(11a)	-	-	1,246,641	-	-	1,246,641	1,246,641
Trade receivables	8	-	-	822,364	-	-	822,364	822,364
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	9	-	-	2,748,801	-	-	2,748,801	2,748,801
Other receivables	11b	-	-	45,230	-	-	45,230	45,230
Statutory deposits	15	-	-	-	-	520,000	520,000	520,000
Total		9,244,012	8,271,171	15,304,521	10,454,275	520,000	43,793,979	45,025,036
Liabilities								
Investment contract liabilities	19	-	-	-	-	10,293,658	10,293,658	10,293,658
Trade payables	20	-	-	-	-	5,145,735	5,145,735	5,145,735
Other liabilities	21	-	-	-	-	800,536	800,536	800,536
Total		-	-	-	-	16,239,929	16,239,929	16,239,929

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.4.1 Fair value hierarchy

The Group's accounting policy on fair value measurement is discussed under note 2.6e. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (that is, unobservable inputs).

(a) The following table presents the financial assets and liabilities that are measured at fair value as 31 December 2013. See note 4.1b for non-financial assets that are measured at fair value.

Group

31 December 2013

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,361,404	-	-	2,361,404
- Federal government bond	16,389,408	-	-	16,389,408
- State government	-	1,246,547	-	1,246,547
- Corporate bonds	-	52,551	-	52,551
Available for sale				
- Listed equity securities	8,740,832	-	-	8,740,832
- Unlisted equity securities	-	1,442,531	642,743	2,085,274
Total	27,491,645	2,741,628	642,743	30,876,016

Group

31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	1,101,055	-	-	1,101,055
- Federal government bond	7,641,909	-	-	7,641,909
- State government	-	581,229	-	581,229
- Corporate bonds	-	24,503	-	24,503
Available for sale				
- Listed equity securities	8,104,493	-	-	8,104,493
- Unlisted equity securities	-	756,632	-	756,632
Total	16,847,457	1,362,363	-	18,209,821

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company
31 December 2013

Asset Type	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,253,812	-	-	2,253,812
- Federal government bond	16,389,408	-	-	16,389,408
- State government	-	1,246,547	-	1,246,547
- Corporate bonds	-	52,551	-	52,551
Available for sale				
- Listed equity securities	8,732,745	-	-	8,732,745
- Unlisted equity securities	-	1,442,531	642,743	2,085,274
Total	**27,375,966**	**2,741,628**	**642,743**	**30,760,337**

Company
31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	1,044,726	-	-	1,044,726
- Federal government bond	7,597,105	-		7,597,105
- State government	-	577,821	-	577,821
- Corporate bonds	-	24,359	-	24,359
Available for sale				
- Listed equity securities	8,104,493	-	-	8,104,493
- Unlisted equity securities	-	756,632	-	756,632
				-
Total	**8,104,494**	**756,632**	**-**	**8,861,126**

There were no transfers between levels 1 and 2 during the year

(I) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

-Quoted prices for identical or similar assets or liabilities in active markets.
-Quoted prices for identical or similar assets or liabilities in markets that are not active.
-Prices, other than quoted prices, obtained from the principal market for the assets or liabilities.

(iii) Financial instruments in level 3

The following table presents the changes in Level 3 instruments for the year ended 31 December 2013

Equity securities Available for sale	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Opening balance	-	-	-	-
Reclassification from investments at cost less impairment (see note 7.2.1a)	319,000	-	319,000	-
Changes in fair value recognized in other comprehensive income	323,743	-	323,743	-
Balance, end of year	642,743	-	642,743	-

Varying valuation techniques in determining the fair value of Level 3 item, investment in AFC, are as follows:

Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Adjusted fair value comparison approach	P/E multiples	10% illiquidity discount	the higher the illiquidity discount the lower the fair value

EV/EBITDA or P/E valuation multiple - the company determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The company then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the quoted price of the comparable company by its net income (P/E).
The valuation was performed by using the P/E multiples of 22.6x of comparable companies globally. The trading multiple is then adjusted for discounts/premiums with regards to such consideration as illiquidity and other differences, advantages and disadvantages between the company's investee company and the comparable public companies based on company-specific facts and circumstances. An illiquidity discount of 10% was applied.

A reasonable change in the illiquidity discount will not result in a material change to the fair value of the investment.

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

(b) Non financial instruments measured at fair value

The following table sets out fair values of non financial instruments measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorized

Group
31 December 2013

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	3,000,000	-	3,000,000
- Residential property	-	2,400,000	-	2,400,000
Property and equipment				
- Land	-	1,463,000	-	1,463,000
- Building	-	2,158,903	-	2,158,903
Total	**-**	**9,021,903**	**-**	**9,021,903**

Group
31 December 2012

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	950,000	-	950,000
- Residential property	-	1,485,000	-	1,485,000
Property and equipment				
- Land	-	830,000	-	830,000
- Building	-	1,912,439	-	1,912,439
Total	**-**	**5,177,439**	**-**	**5,177,439**

Company
31 December 2013

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	3,000,000	-	3,000,000
- Residential property	-	1,550,000	-	1,550,000
Property and equipment				
- Land	-	963,000	-	963,000
- Building	-	1,622,000	-	1,622,000
Total	**-**	**7,135,000**	**-**	**7,135,000**

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2012

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	950,000	-	950,000
- Residential property	-	1,265,000	-	1,265,000
Property and equipment				
- Land	-	755,000	-	755,000
- Building	-	1,423,000	-	1,423,000
Total	**-**	**4,393,000**	**-**	**4,393,000**

There were no transfers between levels 1 and 2 during the year

Valuation techniques used to derive level 2 fair values

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and age.

Financial instruments not measured at fair value

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

Group
31 December 2013

Asset Type	Level 1	Level 2	Level 3	Total
Held to maturity investment securities:				
State bonds	-	1,155,569	-	1,155,569
Corporate bonds	-	5,901,670	-	5,901,670
Federal government bonds	2,634,610	-	-	2,634,610
Federal government treasury bills	1,832,768	-	-	1,832,768
Total	**4,467,378**	**7,057,239**	**-**	**11,524,617**

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group
31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Held to maturity investment securities:				
State bonds	-	1,008,036	-	1,008,036
Corporate bonds	-	5,148,197	-	5,148,197
Federal government bonds	2,298,246	-	-	2,298,246
Federal government treasury bills	1,598,776	-	-	1,598,776
Total	**3,897,022**	**6,156,233**	**-**	**10,053,255**

Company
31 December 2013

Asset Type	Level 1	Level 2	Level 3	Total
Held to maturity investment securities:				
State bonds	-	1,155,569	-	1,155,569
Corporate bonds	-	5,841,113	-	5,841,113
Federal government bonds	2,634,610	-	-	2,634,610
Federal government treasury bills	1,832,768	-	-	1,832,768
Total	**4,467,378**	**6,996,682**	**-**	**11,464,060**

Company
31 December 2012

Asset Type	Level 1	Level 2	Level 3	Total
Held to maturity investment securities:				
State bonds		957,818	-	957,818
Corporate bonds		4,841,530	-	4,841,530
Federal government bonds	2,183,752	-	-	2,183,752
Federal government treasury bills	1,519,128	-	-	1,519,128
				-
Total	**3,702,880**	**5,799,348**	**-**	**9,502,228**

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.5 Management of insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

Insurance Risk

The risk in any insurance contract is the possibility that the event insured against occurs, resulting in a claim. This risk is very random and unforeseeable. The principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Non-life Insurance Contracts

(a) **Frequency and severity of claims-** The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment
of some or all of claims costs. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

The Group has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

b) Sources of uncertainty in the estimation of future claim payments
Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash ?ows 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 estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the ?nal outcome will prove to be different from the original liability established. The reserves held for these contracts comprises of a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

c) Process used to decide on assumptions

Non-life insurance contract liabilities- The discounted inflation adjusted chain ladder method (IABCL) was applied for reserving in respect of non-life risk, with the exception of special risk policies reserved using the Expected Loss Ratio Approach. The discounted inflation adjusted chain ladder method (IABCL) method involves historical paid losses being inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. The projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future.

The Expected Loss Ratio Approach was adopted for the special risk sub-category of non-life risks due to the volume of data available being too small to be credible when using a statistical approach. Under this method, the ultimate claims is obtained by assuming loss ratio. Paid claims already emerged is then deducted for from the estimated ultimate claims.

The provision for outstanding claims, including IBNR, was determined for each line of business on both gross and net of reinsurance basis. A yearly cohort from year 2008 has been adopted in building the historical claims. The reserve was calculated using the inflation adjusted chain ladder method. Under this method, the historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims. The following official inflation index below was adopted:

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Year	Inflation index
2007	7%
2008	15%
2009	14%
2010	12%
2011	10%
2012	12%
2013	8%
2014+	10%

See note 18.4 for claims development tables

Key assumptions

The methods assumes that future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.

- The run off period is six (6) years.
- An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.
- We assume gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claim expenses.
- The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The BF method assumes past experience is not fully representative of the future.
- Historical average loss ratio under gross Special Risk is 26% and 6.5% is the proportion of recoveries to ceded premiums, we have assumed loss ratio of 50% and 20% respectively.

Life insurance contract liabilities- Individual risk business comprises whole life assurances, endowment assurances and term assurances of descriptions, including mortgage protection and credit life. For all individual risk business the gross premium method of valuation was adopted. Reserves were calculated via a cash flow projection approach, taking into account future office premium, expenses and benefit payments, including payments on surrender where applicable. Future cash flows were discounted back to the valuation date at the valuation rate of interest.
An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses. An additional unexpired risk reserve was also held for any inadequacies in the unexpired risk reserve for meeting claims in respect of the expired period. The claim rates underlying the additional unexpired risk reserve were based on pooled historical scheme claims experience.

An allowance was made for incurred but not reported (IBNR) claims in group life to take care of delay in reporting claims. This was based on a loss ratio, which uses historical claims rates, from which the IBNR is determined. The cash flow projection method applied in respect of individual risk is also applied for the group life.

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

Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class is summarized below. The table shows the Group life risk exposure by industry or sector in 2013. The table shows that the company's exposure is highly skewed towards oil and gas, and financial services followed by civil service and engineering and construction respectively.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Industry/Sector	Before Reinsurance	Share of Gross	After Reinsurance	Share of net SA
Estate Management/Insurance, banking & Financial Institutions	138,615	28%	106,124	24%
Oil & Gas	133,213	27%	125,832	28%
Civil Service/Government Agency	61,048	12%	59,052	13%
Engineering & Construction	58,681	12%	57,340	13%
Marketing & Consulting/Supplies & Trading/Courier Services	27,312	5%	24,353	5%
Manufacturing	14,347	3%	14,056	3%
Radio & Television/ Electronics & Telecommunications	13,769	3%	11,069	2%
Marine & Aviation	13,148	3%	11,140	2%
Education, Research & Professional Institutions	12,837	3%	12,574	3%
Foods & Beverages/Agro-allied	11,340	2%	11,233	3%
Health Service provider	6,118	1%	6,042	1%
Religious institutions/NGO/Clubs& Associations	5,322	1%	5,051	1%
Hotels and Resorts/catering services	2,956	1%	2,938	1%
Miscellaneous/Others	1,698	0%	1,698	0%
Security Personnel	64	0%	64	0%
	500,468		448,566	

4 Critical accounting estimates and judgment.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

These disclosures supplement the commentary on enterprise risk management (see note 3). Estimates where management has applied judgments are:

(a) Ultimate liability arising from claims made under insurance contracts
(b) Determination of fair value of level 3 financial instruments.

(a) The ultimate liability arising from claims made under insurance contracts

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

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

See note 4a(i) for sensitivity analysis on insurance contract liabilities.

(b) Determination of fair value of level 3 financial instruments.

Investments in unquoted equity securities that are classified as equity securities at fair value available for sale financial instrument in line with the accounting policies as set out in note 2.6e of the statement of significant accounting policies. See note 3.41a for the valuation methodology for the determining the fair value and the sensitivity analysis of unobservable input.

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Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) Sensitivity analysis on insurance contract liabilities

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

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Sensitivities were not applied to the Reinsurance for individual life business as its value is immaterial. Also, Mortality sensitivity tests were applied in the opposite direction for the annuity business. These are as shown below:

Life insurance contract liabilities

	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%
Individual Traditional (excluding annuity)	1,415,194	1,296,904	1,546,499	1,437,737	1,392,878
Annuity	18,327,599	17,358,755	19,406,478	18,370,786	18,284,411
Individual Investment Linked	4,029,605	4,029,605	4,029,605	4,029,605	4,029,605
Group DA	7,139,840	7,139,840	7,139,840	7,139,840	7,139,840
Group Life – UPR	648,447	648,447	648,447	648,447	648,447
Group Life – IBNR	308,597	308,597	308,597	308,597	308,597
Other Group Risk	5,032	4,990	5,076	5,278	4,798
Additional reserves	56,597	56,339	56,860	57,687	55,507
Reinsurance	(103,227)	(103,227)	(103,227)	(103,227)	(103,227)
Net liability	31,827,686	30,740,250	33,038,176	31,894,752	31,760,857
% change in liability	-	**-3.42%**	**3.80%**	**0.21%**	**-0.21%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%
Individual	23,828,996	22,741,603	25,039,442	23,895,816	23,762,401
Group	7,998,690	7,998,648	7,998,734	7,998,936	7,998,456
Net liability	**31,827,686**	**30,740,250**	**33,038,176**	**31,894,752**	**31,760,857**
% change in liability	-	**-3.42%**	**3.80%**	**0.21%**	**-0.21%**

- The mortality stress has been applied in the opposite direction for annuities. For example the 5% strengthening of the mortality assumption was modelled as 5% lighter mortality for annuitants
- The surrender stress is applicable only to the Target Life Plan and Educational Target Plan products
- All stresses were applied independently

Changes in key assumptions used to value insurance contracts would result in increases or decreases to the insurance contract provisions recorded, with impact on profit/(loss) and/or shareholders' equity. The net increase or decrease to insurance contract provisions recorded as of 31 December 2013 has been estimated as follows:

The changes in insurance contract liabilities shown are calculated using the specified increase or decrease to the rates, with no change in charges paid by policyholders.

(b) Non-life insurance contract liabilities

Class of business	Base	5% Development Ratio	(-5)% Development Ratio	1% Inflation Rate	(-1)% Inflation Rate	1% Discount Rate	(-1)% Discount Rate
Accident	493,374	954,916	261,456	500,812	486,014	486,080	500,880
Fire	1,758,225	2,916,126	1,371,083	1,778,314	1,738,223	1,738,403	1,778,499
Marine	480,895	890,003	355,032	486,385	475,432	475,481	486,435
Motor	707,418	1,984,704	432,875	715,461	699,417	699,489	715,535
Engineering	410,052	645,993	311,638	415,657	404,490	404,540	415,708
Bond	387,292	971,490	342,122	390,874	383,711	383,744	390,907
Special risks	7,111,188	7,643,759	6,578,617	7,111,188	7,111,188	7,111,188	7,111,188
Total	11,348,444	16,006,991	9,652,823	11,398,690	11,298,475	11,298,924	11,399,152
Account outstanding	10,974,332	10,974,332	10,974,332	**10,974,332**	**10,974,332**	10,974,332	10,974,332
Difference	**374 112**	**5,032,659**	**(1,321,509)**	**424,358**	**324,143**	**324,592**	**424,820**
Percentage change	**0%**	**41%**	**-15%**	**0%**	**0%**	**0%**	**0%**

Expense Inflation +2%	Expense Inflation -2%	Surrenders +10%	Surrenders -10%	Mortality +5%	Mortality -5%
1,426,463	1,404,887	1,447,983	1,381,227	1,450,840	1,378,993
18,402,792	18,268,560	18,327,599	18,327,599	18,414,424	18,243,661
4,029,605	4,029,605	4,029,605	4,029,605	4,029,605	4,029,605
7,139,840	7,139,840	7,139,840	7,139,840	7,139,840	7,139,840
648,447	648,447	648,447	648,447	648,447	648,447
308,597	308,597	308,597	308,597	308,597	308,597
5,075	4,991	5,032	5,032	5,303	4,770
56,728	56,467	56,595	56,600	58,332	54,862
(103,227)	(103,227)	(103,227)	(103,227)	(103,227)	(103,227)
31,914,321	31,758,167	31,860,472	31,793,721	31,952,163	31,705,550
0.27%	**-0.22%**	**0.10%**	**-0.11%**	**0.39%**	**-0.38%**

Expense Inflation +2%	Expense Inflation -2%	Surrenders +10%	Surrenders -10%	Mortality +5%	Mortality -5%
23,915,588	23,759,519	23,861,782	23,795,031	23,953,202	23,707,122
7,998,733	7,998,649	7,998,690	7,998,690	7,998,961	7,998,428
31,914,321	**31,758,167**	**31,860,472**	**31,793,721**	**31,952,163**	**31,705,550**
0.27%	**-0.22%**	**0.10%**	**-0.11%**	**0.39%**	**-0.38%**

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

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

Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's experience.

An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

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

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's experience.

An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type

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

Investment return

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

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

Expenses

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

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

Lapses and surrender rates

Lapses relate to the termination of risk policies or investment policies that have not acquired a value due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on the long term risk free rate plus an adjustment for risk.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders with the exception of a perfectly matched annuity portfolio where both assets and liabilities will increase The following table outline the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred by the Group.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Name	Features
i	Personal annuity plan	Personal annuity plan can be bought with proceeds from Retirement Savings Account (RSA) There is an option to choose a pension plan with increment of 5% or 7.5%. Guarantee period of income for dependents after death. Money can be paid to policy holder either monthly or quarterly
ii	Comfort 5 plus plan	It offers protection against the unexpected for full 5 years. Benefit is only paid when the risk (death, critical illness, accidental medical expenses) occurs. If none of these crystallizes, nothing is paid to the beneficiary. Two options are available: Option A: if critically ill, a lump-sum of N750,000 is paid and the cover terminates. Option B: if critically ill, a lump-sum of N750,000 is paid but the policy continues till expiry date, if critical illness leads to death , a sum of N200,000 is payable to the beneficiary.
iii	Group life	Sum assured is payable in the event of death of a member while in the service of the employer and before retirement. Refund of premium: in the event of the assurance on the life of a member being terminated before the normal retirement date from any cause other than death, the Company will pay to the employer a rebate in respect of the relative premium proportionate to the unexpired portion of the then current year of assurance. Rates of premium used in determining contributions and sum assured are guaranteed for 12 months, Leadway has the right to charge extra premiums on medical grounds
iv	Whole Life	If policy holder dies from unnatural causes, the following benefits would be paid: - if policy holder dies in the 1st policy year, benefit will be equivalent to the sum assured. - if policy holder dies after 1st policy year, benefit will be equivalent to twice the sum assured. If policy holder dies from natural causes, the following benefits will be paid: - if policy holder dies in the 1st policy year, benefit will be limited to a full refund of all premiums paid by the life assured. - if policy holder dies after 1st policy year, benefit will be the full sum assured.
v	Annuity Certain	Policy holder buys into this product and pays a lump-sum premium. If policy holder dies within the annuity period, the balance in the annuity is payable to the beneficiary, but if he survives the annuitant (policy holder) gets the annuity.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Investment contract liabilities

The following table outlines the Group's products under the investment contract liability:

	Name	Features
i	Deferred annuity plan	- Monthly contribution of an agreed amount. - Contributions from policy holder are to be invested in a fund. The accumulated return on the investment as well as the invested amount is due on maturity. - Guaranteed return on FGN bond less 1 basis point.
ii	Individual deposit Admin	The life cover granted during the policy shall be future unpaid premiums up to cessation date provided the policy is in force. This policy has nil allocation between 4months to 8 months during which the overhead cost of the Company are met. If term assurance is not opted for, 100% premium will be transferred to the policy holder's account for investment purpose. There is guaranteed investment return based on Government financial regulation, the rate payable is close to Central Bank's minimum re-discount rate. When policy holder dies, the balance in the policy holder's account plus total premium due after death and before maturity is payable to the beneficiary. If the policy holder surrenders or terminates the policy; the balance in the policy holder's account is payable. On maturity, accumulated balance in the policy holder's account is paid or installment payment of the maturity benefit through the period of child's education.
iii	Pearl	It pays the total credit balance in the account at maturity. It pays benefit assured on the term assurance contract plus total credit balance in the investment at death, if death occurs before maturity date. Interest is credited based on the prevailing rate on 1st of April of each year. 30 days of grace on term assurance cover. Policy can be surrendered after 3yrs of regular premium payment.
iv	Group Deposit Admin	Guaranteed interest at 3% (renewable annually) on all deposits received fro employer. Contribution to the fund can be on individual basis or on pool basis. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. Pension option In the event of the benefit becoming payable; it could be applied in whole or in part to secure a Pension. This pension is payable at equal intervals to the member until he dies , however the payment is guaranteed for a period of 5 years. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. If a member dies before the expiration of 5 years a cash sum shall be payable.

5 SEGMENT INFORMATION

The board of directors is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purpose of allocating resources and assessing performance from the product and services perspective. Segment information is presented in respect of the Group's business segments and is based on the Group's management and reporting structure. The Group is organized into five operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable operating segments by based on the Group's management and reporting structure. These segments and their respective operations are as follows:

Non life insurance business

This component offers protection against different forms of risk (i.e. engineering, fire, general accident, bond and marine) to individuals and corporate customers. Its revenue stream is driven by premium income and investment income from investment securities. The policies issued are usually short tenored.

Life insurance business

This component offers life assurance for individuals and groups (i.e. death, permanent disability or critical illness), and acquisition of annuities. Deposits are also accepted for investment contracts with guaranteed interest. Its revenue stream is driven by premium income, annuities, and investment income from investment securities. The policies issued are usually long tenored.

Trusteeship

This component is principally engaged in the business of providing Trust Management, Investment Management and related financial services to its customers. Such services include provision of loans and advances to both corporate and individual customers by way of commercial loans or lease. Its revenue stream is driven by interest on deposits and loans and trustee fees.

Hospitality

This component owns an hotel " Protea Hotel Leadway" managed on its behalf by Protea Hotels (International) Limited, London under a management agreement. Its revenue stream is driven by room occupancy.

Property management

This component is involved in the property management, outsourcing services, software application provision, hotel development and real estate acquisition.

Notes to the financial statements

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The consolidated financial data for the reporting segments for the year ended 31 December 2013 is as follows:

SEGMENT INCOME STATEMENT

31 December 2013	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment income	Inter-segment income & consolidation adjustments	Total
Revenue from external customers								
Gross premium written	25,020,447	16,732,227	-	-	-	41,752,674	(1,215)	41,751,459
Gross premium income	19,371,059	5,430,384	-	-	-	24,801,443	(1,213)	24,800,230
Reinsurance expenses	(10,471,622)	(152,607)	-	-	-	(10,624,229)	(1)	(10,624,230)
Commission income from insurance contracts	1,409,226	41,167	-	-	-	1,450,393	(0)	1,450,393
Net fair value gain/(loss) on assets at fair value	414,120	(2,503,273)	-		4,936	(2,084,217)	581,756	(1,502,461)
Investment income	2,016,635	3,719,928				5,736,563	101,206	5,837,769
Other operating income	215,555	86,444	272,471	773,326	15,922	1,363,718	(229,368)	1,134,350
Share of profit of investments accounted for using the equity method	-	-	-	-	-	-	304,139	304,139
Net income	12,954,973	6,622,043	272,471	773,326	20,858	20,643,671	756,519	21,400,190
Claims expenses	(3,307,850)	(3,536,842)	-	-	-	(6,844,692)	856	(6,843,836)
Underwriting expenses	(1,996,987)	(1,137,834)	-	-	-	(3,134,821)	15,921	(3,118,900)
Employee benefit and other operating expenses	(3,668,907)	(926,906)	(82,392)	(460,669)	(17,638)	(5,156,512)	276,482	(4,880,030)
Interest expense - finance cost	-	(856,844)	(37,752)	-	-	(894,596)	8,017	(886,579)
Net impairment (losses)/gains	(423,362)	(989,176)	(12,617)	(46,204)	-	(1,471,359)	(0)	(1,471,359)
Income tax charge	(653,247)	(360,981)	(46,760)	(91,068)	(8,990)	(1,161,046)	(3,262)	(1,164,308)
							-	
Net expense	(10,050,353)	(7,808,583)	(179,521)	(597,941)	(26,628)	(18,663,026)	298,014	(18,365,012)
Reportable segment profit	2,904,620	(1,186,540)	92,950	175,385	(5,770)	1,980,645	1,054,532	3,035,178
Depreciation and amortization expense	(282,854)	(104,206)	(5,225)	(15,820)	(1,932)	(410,037)	(2,544)	(412,581)

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

SEGMENT ASSETS AND LIABILITIES

31 DECEMBER 2013	**Non-life**	**Life**	**Trusteeship**	**Hospitality**	**Property Management**	**Total segment balance**	**Consolidation Inter-ntsegment balances/**	**Total**
Reportable segment assets								
cash and cash equivalents	19,342,230	1,777,455	373,594	242,500	6,106	21,741,885	(0)	21,741,885
Investment securities	14,265,136	28,634,508	181,282	66,053	12,062	43,159,041	(80,994)	43,078,047
Loans and Advances	85,255	1,198,176	893,140	230	663	2,177,466	(452,302)	1,725,164
Trade receivables	1,038,831	21,531	-	-	-	1,060,362	0	1,060,362
Reinsurance assets	19,894,691	674,113	-	-	-	20,568,804	0	20,568,804
Deferred acquisition cost	332,237	-	-	-	-	332,237	0	332,237
Other receivables and prepayment	285,629	86,070	38,108	150,193	65,200	625,200	140,535	765,735
Investments in associate	35,000	753,209	-	-	-	788,209	407,915	1,196,124
Investment in subsidiaries	342,946	198,312	-	-	-	541,258	(541,258)	-
Investment properties	2,050,000	2,500,000	-	-	268,244	4,818,244	581,756	5 ,400,000
Deferred tax asset	-	-	602	-		602	0	602
Intangible assets	135,010	37,023	9,713	-	-	181,746	0	181,746
Property and equipment	2,776,86	377,309	1,172	1,409,198	2,762	4,567,304	84,449	4,651,753
Statutory deposits	300,000	200,000	-	-	-	500,000	-	500,000
Total reportable segment assets	60,883,828	36,457,706	1,497,611	1,868,174	355,038	101,062,357	140,102	1 01,202,459
Reportable segment liabilities								
Insurance contract liabilities	27,948,023	21,717,600	-	-	-	49,665,62	0	49,665,623
Investment contract liabilities	-	11,106,336	-	-	-	11,106,336	0	11,106,336
Trade payables and other liabilit	18,711,783	1,035,260	584,770	275,239	48,390	20,655,442	(207,670)	20,447,772
Borrowings	-	-	255,215	-	229,127	484,342	(368,511)	115,831
Current tax liabilities	519,617	230,917	54,507	53,990	4,834	863,865	(0)	863,865
Deferred tax liabilities	508,194	96,632	-	-	-	604,826	228,388	833,214
Total reportable segment liabilities	47,687,617	34,186,745	894,492	329,229	282,351	83,380,434	(347,793)	83,032,641
NET ASSETS	13,196,211	2,270,961	603,119	1,538,945	72,687	17,681,923	487,895	8,169,818
Additions to property and equipment	266,065	67,737	1,412	121,826	105	457,145	(0)	457,145

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All amounts in thousands of Nigerian Naira unless otherwise stated

STATEMENT OF COMPREHENSIVE INCOME

31 December 2012	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment income	Inter-segment income & consolidation	Total
Revenue from external customers								
Gross premium written	27,370,629	9,549,908	-	-	-	36,920,537	-	36,920,537
Gross premium income	22,442,164	3,482,019	-	-	-	25,924,183	-	25,924,183
Reinsurance expenses	(12,521,439)	(366,419)	-	-	-	(12,887,858)	-	(12,887,858)
Commission income from insurance contracts	1,434,505	94,352	-	-	-	1,528,857	-	1,528,857
Net fair value gain/(loss) on assets at fair value	135,057	1,334,190	-	-	-	1,469,247	(0)	1,469,247
Investment income						-	3,195,078	3,195,078
Other operating income	-	-	305,471	663,919	46,738	1,016,128	806	1,016,934
Share of profit of investments accounted for using the equity method	-	-	-	-	-	-	313,013	313,013
Net income	**11,490,287**	**4,544,142**	**305,471**	**663,919**	**46,738**	**17,050,557**	**3,508,897**	**20,559,454**
Claims expenses	(6,137,721)	(2,210,091)	-	-	-	(8,347,812)	-	(8,347,812)
Underwriting expenses	(2,633,986)	(1,286,657)	-	-	-	(3,920,643)	-	(3,920,643)
Employee benefit and other operating expenses	(2,692,872)	(656,424)	(110,243)	(363,965)	(17,639)	(3,841,143)	(153,669)	(3,994,812)
Finance cost	-	(853,386)	(52,830)	-	-	(906,216)	20,488	(885,728)
Net impairment (losses)/gains	(1,123,415)	-	(18,774)	-	-	(1,142,189)	(836,593)	(1,978,782)
Income taxes	(59,574)	(93,346)	(45,029)	(85,644)	(8,989)	(292,582)	16,626	(275,956)
Net expense	**(12,647,568)**	**(5,099,904)**	**(226,876)**	**(449,609)**	**(26,628)**	**(18,450,585)**	**(953,148)**	**(19,403,733)**
Reportable segment profit	**(1,157,281)**	**(1,408,620)**	**78,595**	**214,310**	**20,110**	**(2,252,886)**	**3,408,607**	**1,155,721**
Depreciation and amortization expense	**(242,882)**	**(93,585)**	**(6,719)**	**(70,330)**	**(1,771)**	**(415,287)**	**(4,559)**	**(419,846)**

All amounts in thousands of Nigerian Naira unless otherwise stated

SEGMENT ASSETS AND LIABILITIES

31 December 2012	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment balances	Consolidation / Inter-segment balances	Total
Reportable segment assets								
cash and cash equivalents	8,053,435	2,388,049	656,505	222,664	8,186	11,328,839	-	11,328,839
Investment securities	11,269,138	16,700,320	179,161	62,113	7,126	28,217,858	(80,995)	28,136,863
Loans and advances	106,399	1,046,413	421,214	-	820	1,574,846	(135,519)	1,439,327
Trade receivables	741,584	80,780	-	-	-	822,364	0	822,364
Reinsurance assets	15,522,444	1,163,555	-	-	-	16,685,999	-	16,685,999
Deferred acquisition cost	397,319	-	-	-	-	397,319	-	397,319
Other receivables and prepayments	151,690	379,470	365,908	128,428	38,913	1,064,410	(154,932)	909,477
Investments in associate	35,000	753,209	-	-	-	788,209	154,445	942,654
Investment in subsidiaries	342,946	198,312	-	-	-	541,258	(541,258)	-
Investment properties	1,630,000	585,000	-	-	268,244	2,483,244	(48,244)	2,435,000
Deferred tax asset	-	-	4,356	-	2,615	6,971	4,804	11,775
Intangible assets	61,893	56,167	13,598	-	-	131,658	(0)	131,658
Property and equipment	2,486,411	1,655,152	1,041	952,850	4,589	5,100,043	(12,163)	5,087,880
Statutory deposits	320,000	200,000	-	-	-	520,000	-	520,000
Total reportable segment assets	**41,118,259**	**25,206,427**	**1,641,783**	**1,366,055**	**330,493**	**69,663,017**	**(813,862)**	**68,849,155**
Reportable segment liabilities								
Insurance contract liabilities	24,679,554	10,878,076	-	-	-	35,557,630	-	35,557,630
Investment contract liabilities	-	10,293,658	-	-	-	10,293,658	-	10,293,658
Trade payables and other liabilities	7,042,762	729,348	599,162	225,825	56,829	8,653,926	38,163	8,692,089
Borrowings	-	-	441,545	136,284	220,000	797,829	(470,990)	326,839
Current tax liabilities	155,913	86,621	50,905	76,306	2,999	372,744	(3,275)	369,469
Deferred tax liabilities	379,844	92,385	-	-	-	472,229	107,899	580,128
Total reportable segment liabilities	**32,258,073**	**22,080,088**	**1,091,612**	**438,415**	**279,828**	**56,148,016**	**(328,203)**	**55,819,813**
NET ASSETS	**8,860,186**	**3,126,339**	**550,171**	**927,640**	**50,665**	**13,515,001**	**(485,659)**	**13,029,342**
Additions to property and equipment	**594,803**	**151,429**	**3,157**	**272,347**	**234**	**1,021,970**	**2**	**1,021,972**

The group is domiciled in Nigeria. No geographical segment information has been provided in these financial statements as there is only one geographical segment.

Although the trusteeship and property management segments do not met the quantitative thresholds required by IFRS 8 for reportable segments, management has concluded that this segment should be reported, as it closely monitored by the Chief operating decision maker as a potential growth segment and is expected to materially contribute to group revenue in the future.

No single customer contributed up to 10% of the Group's revenue in the year (2012: Nil).

Notes to the financial statements

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6 **cash and cash equivalents**

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Cash on hand	1,085	1,185	602	744
Cash at bank	2,823,279	1,634,810	2,551,714	1,527,648
Tenored deposits	18,917,521	9,692,844	18,567,368	8,913,093
	21,741,885	11,328,839	21,119,684	10,441,485

Tenored deposits are made up of placements with banks and other financial institutions with less than 3 months maturity from the date of acquisition. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

7 **Investment securities:**

The Group's investment securities are summarized below by measurement category in the table below:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Financial assets designated at fair value through profit or loss (see note 7.1 below)	20,049,909	9,348,695	19,942,317	9,244,012
Available for sale (see note 7.2 below)	11,150,818	10,459,031	11,137,974	10,454,275
Held to maturity (see note 7.3 below)	11,877,320	8,329,137	11,819,354	8,271,171
	43,078,047	**28,136,863**	**42,899,645**	**27,969,458**
Current	31,333,291	10,194,785	31,217,612	10,090,103
Non Current	11,744,756	17,942,078	11,682,033	17,879,355
	43,078,047	**28,136,863**	**42,899,645**	**27,969,458**

The assets comprised in each of the categories above are detailed in the tables below:

7.1 **Financial assets designated at fair value through profit or loss**

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Debt securities:				
- Listed	17,688,505	7,181,698	17,688,505	7,181,698
Equity securities:				
- Listed	2,361,404	2,166,997	2,253,812	2,062,314
	20,049,909	9,348,695	19,942,317	9,244,012
Current	20,049,909	9,348,695	19,942,317	9,244,012
Non Current	-	-	-	-
	20,049,909	9,348,695	19,942,317	9,244,012

All amounts in thousands of Nigerian Naira unless otherwise stated

7.2 Available for sale financial assets

Certain unquoted investment securities listed in note 7.2a below for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these equity instruments, fair value information are therefore not available making it impracticable for the group to fair value these investments. The group does not intend to dispose any of these investments within the next financial year.

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Equity securities at fair value				
- Listed	8,740,832	8,104,493	8,732,745	8,104,493
- Unlisted (see note (a) below)	2,085,276	756,632	2,085,276	756,632
Equity securities at cost				
- Unlisted (see note (a) below)	673,718	1,948,616	668,961	1,943,860
Debt securities				
- Unlisted	-	905,418	-	905,418
	11,499,826	11,715,159	11,486,982	11,710,403
Less: allowance for impairment loss (see note (b) below)	(349,008)	(1,256,128)	(349,008)	(1,256,128)
Total available for sale financial assets	**11,150,818**	**10,459,031**	**11,137,974**	**10,454,275**
Current	8,740,832	9,009,911	8,732,745	9,009,911
Non Current	2,409,986	1,449,120	2,405,229	1,444,364
	11,150,818	10,459,031	11,137,974	10,454,275

(a) Analysis of unlisted available for sale financial assets:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
At fair value				
African Reinsurance Company Limited (see note 7a(i) below)	501,172	-	501,172	-
Africa Finance Corporation (see note 7a(i) below)	642,743	-	642,743	-
MTN	876,546	696,069	876,546	696,069
West African Milk Company Limited	52,813	21,563	52,813	21,563
Food Concept Limited	12,000	39,000	12,000	39,000
	2,085,274	**756,632**	**2,085,274**	**756,632**

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
At cost				
African Reinsurance Company Limited (see note 7a(i) below)	-	32,066	-	32,066
Africa Finance Corporation (see note 7a(i) below)	-	319,000	-	319,000
Globe Reinsurance Company Limited	54,090	54,090	54,090	54,090
Indemnity Finance Limited	27,716	27,716	27,716	27,716
Lagos Building Investment Company Ltd	49,920	49,920	49,920	49,920
MP Budget Limited	35,120	35,120	35,120	35,120
Mainstreet Technologies	173,360	173,360	173,360	173,360
Others	148,719	148,718	144,587	144,588
Oakwood Park Limited	79,187	79,187	78,562	78,562
Union Assurance	41,000	41,000	41,000	41,000
Port Hotels Ltd	34,607	34,607	34,607	34,607
Citrans Global Ltd Shares	30,000	30,000	30,000	30,000
Seawolf Oilfield Services	-	923,832	-	923,832
	673,719	**1,948,616**	**668,962**	**1,943,861**
Less: Specific allowance for impairment (unquoted equity securities)	(349,008)	(1,256,128)	(349,008)	(1,256,128)
	324,711	**692,488**	**319,954**	**687,733**

(i) Investments in Africa Reinsurance Company Limited and Africa Finance Corporation were carried at cost as at 31 December 2012 as there was no information to reliably measure their fair value. There was no impairment charge on the investments as at 2012 . During the year, the Group was able to reliably determine the fair values of these investments and the fair values have been disclosed in note 3.4.1a (ii & iii).

(b) The movement in the allowance for impairment losses on available for sale unquoted equities is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	1,256,128	630,808	1,256,128	630,808
Charge for the year (see note 38)	922,130	625,320	922,130	625,320
Write off (see note 7bi below)	(1,829,250)	-	(1,829,250)	-
Balance, end of year	**349,008**	**1,256,128**	**349,008**	**1,256,128**

(i) This represent write of the Company's equity and debt notes investments in Seawolf Oilfield Services. The directors are of the view that there is a permanent dimunition in the value of these investments.

7.3 Held to maturity financial assets

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Debt securities:				
- Listed	11,877,320	8,329,137	11,819,354	8,271,171
- Unlisted	-	-	-	-
	11,877,320	8,329,137	11,819,354	8,271,171
Current	2,542,550	10,298	2,542,550	10,298
Non-current	9,334,770	8,318,839	9,276,804	8,260,873
	11,877,320	8,329,137	11,819,354	8,271,171

No held to maturity assets were impaired nor past due as at the reporting date. Held to maturity assets are analyzed below:

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Analysis of held to maturity financial assets are as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Federal Government Debt Securities				
10.70% FGN May 2018	640,837	631,372	640,837	631,372
7.00% FGN Oct 2019	201,398	191,881	201,398	191,881
10.00% FGN Jul 2030	1,253,256	108,022	1,253,257	108,022
10.50% FGN Mar 2014	409,764	400,894	409,764	400,894
15.10% FGN Apr 2017	154,148	154,098	154,148	154,098
16.00% FGN Jun 2019	120,105	120,105	120,105	120,105
1st FGN bonds 2013	-	10,298	-	10,298
FGN treasury bill	1,833,527	-	1,833,527	-
	4,613,035	1,616,670	4,613,036	1,616,670
State Government Bonds				
Lagos State bonds	677,710	475,097	677,710	475,097
Bayelsa State bonds	101,628	122,866	101,628	122,866
Benue State bonds	25,000	37,812	25,000	37,812
Delta State bonds	166,298	182,936	166,298	182,936
Ekiti State bonds	20,323	22,784	20,323	22,784
Osun State bonds	251,920	251,946	251,920	251,946
	1,242,879	1,093,441	1,242,879	1,093,441
Corporate bonds				
Federal Mortgage of Nigeria Bond	70,749	83,422	70,749	83,422
Lafarge WAPCO bond	102,679	102,590	102,679	102,590
Local Contractor Bond Series III	483,153	410,495	483,153	410,495
United Bank for Africa Plc Bond	154,915	154,956	154,915	154,956
Dana Group of Companies Bond	233,186	259,121	233,186	259,121
	1,044,682	1,010,584	1,044,682	1,010,584
Eurobonds				
GTB Finance BV, 7.50%, 2016	2,433,429	2,455,226	2,375,462	2,397,260
Access Bank Eurobond 7.25%, 2017	886,058	883,223	886,058	883,223
FBN Finance Company 8.25%, 2020	397,219	-	397,219	-
FGN 6.75% Eurobond, 2021	1,260,018	1,267,739	1,260,018	1,267,739
Others	-	2,254	-	2,254
	4,976,724	4,608,442	4,918,757	4,550,476
Grand Total	**11,877,320**	**8,329,137**	**11,819,354**	**8,271,171**

The debt securities are interest bearing and have stated interest rates of 7 to 14.75 per cent for government bonds and 7.5 to 17.25 per cent for the corporate bonds. The maturity dates are 5 to 18 years for the government bonds and 2 to 5 years for the corporate bonds.

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8 Trade receivables

(a) Trade receivable comprises the following:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Insurance receivables	1,060,362	7,151,371	1,060,362	7,151,371
Less specific provision for impairment	-	(6,329,007)	-	(6,329,007)
	1,060,362	**822,364**	**1,060,362**	**822,364**
Insurance receivable is analyzed as follows:				
Due from Contract holders	-	120,462	-	120,462
Due from Brokers	1,060,362	5,169,788	1,060,362	5,169,788
Due from Agents	-	1,261,603	-	1,261,603
Due from Insurance companies	-	599,518	-	599,518
	1,060,362	7,151,371	1,060,362	7,151,371
Current	1,060,362	7,151,371	1,060,362	7,151,371
Non-current	-	-	-	-
	1,060,362	7,151,371	1,060,362	7,151,371

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

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Analysis of premium debtors in days				
0 - 90 days	1,060,362	790,394	1,060,362	790,394
91 - 180 days	-	63,939	-	63,939
181 days and above	-	6,297,038	-	6,297,038
	1,060,362	7,151,371	1,060,362	7,151,371

(c) The movement in allowance for impairment of trade receivables is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	6,329,007	5,013,143	6,329,007	5,013,143
Addition during the year (see note 38)	610,630	1,315,864	610,630	1,315,864
Allowance no longer required (see note 38)	(1,448,853)	-	(1,448,853)	-
Write-off during the year (see note 8c(i) below)	(5,490,784)	-	(5,490,784)	-
Balance, end of year	-	6,329,007	-	6,329,007

(i) This represents write off of long outstanding receivables from various brokers, contract holders, agents and insurance companies. The directors are of the view that there is a permanent dimunition in the value of these receivables hence the decision to write off.

9 Reinsurance assets

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Prepaid reinsurance (see note (a) below)	13,966,007	7,751,260	13,966,007	7,751,260
Reinsurance recoverable (see note (b) below)	5,354,408	6,185,938	5,354,408	6,185,938
Due from reinsurers	2,504,125	2,748,801	2,504,125	2,748,801
	21,824,540	16,685,999	21,824,540	16,685,999
Less allowance for impairment (see note (c) below):				
Reinsurance recoverable	(448,548)	-	(448,548)	-
Due from reinsurers	(807,188)	-	(807,188)	-
	20,568,804	16,685,999	20,568,804	16,685,999
Current	21,824,540	16,685,999	21,824,540	16,685,999
Non-current	-	-	-	-
	21,824,540	16,685,999	21,824,540	16,685,999

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(a) The movement in prepaid reinsurance is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of the year	7,751,260	2,950,636	7,751,260	2,950,636
Additions in the year	16,838,977	17,688,482	16,838,977	17,688,482
Released in the year (see note 28)	(10,624,230)	(12,887,858)	(10,624,230)	(12,887,858)
Balance, end of year	13,966,007	7,751,260	13,966,007	7,751,260

(b) The movement in reinsurance recoverable is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of the year	6,185,938	1,865,718	6,185,938	1,865,718
(Decrease)/increase during the year	(831,530)	4,320,220	(831,530)	4,320,220
Balance, end of year	5,354,408	6,185,938	5,354,408	6,185,938

(c) The movement in allowance for impairment is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	-	-	-	-
Addition during the year (see note 38)	1,279,097	-	1,279,097	-
Write-off during the year	(23,361)	-	(23,361)	-
Balance, end of year	1,255,736	-	1,255,736	-

(I) These represent impairment and write-off of long outstanding receivables from some reinsurance companies. The directors are of the view that there is a doubt on the recover ability of these receivables.

10 Deferred acquisition costs

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

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Motor	117,292	103,432	117,292	103,432
Fire	54,753	130,172	54,753	130,172
General accident	25,536	42,263	25,536	42,263
Marine	102,784	85,142	102,784	85,142
Bond	8,228	1,021	8,228	1,021
Engineering	23,644	35,289	23,644	35,289
Oil and gas	-	-	-	-
	332,237	397,319	332,237	397,319

Deferred acquisition cost is only recognised for the non life business segment of the company. The movement of deferred acquisition cost is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	397,319	404,793	397,319	404,793
Decrease during the year	(65,082)	(7,474)	(65,082)	(7,474)
Balance, end of year	332,237	397,319	332,237	397,319
Current	332,237	397,319	332,237	397,319
Non-current	-	-	-	-
	332,237	397,319	332,237	397,319

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11(a) Loans and advances

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Commercial loans	1,404,747	1,119,768	973,951	886,809
Staff loans	76,801	70,520	69,867	66,637
Agency loan	45,422	40,936	45,422	40,936
Loan to policy holders (see note a(ii) below)	341,409	388,114	341,409	388,114
	1,868,379	**1,619,338**	**1,430,649**	**1,382,496**
Specific impairment allowance on commercial loans	(128,286)	(168,883)	(136,091)	(124,727)
Specific impairment allowance on agency loans	(10,131)	(10,131)	(10,131)	(10,131)
Specific impairment allowance on staff loans	(997)	(997)	(997)	(997)
Collective impairment allowance on commercial loans	(3,801)	-	-	-
	1,725,164	**1,439,327**	**1,283,430**	**1,246,641**

(I) The movement in allowance for impairment of loans is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	180,011	170,407	135,855	106,080
Charge for the year (see note 38)	17,769	12,415	11,364	32,586
Write off	(54,565)	-	-	-
Allowance no longer required (see note 38)	-	(2,811)	-	(2,811)
Balance, end of year	**143,215**	**180,011**	**147,219**	**135,855**

(ii) Loans to policy holders are not impaired as they are securitized by the surrender value of policies in force as at the reporting period It is repayable on demand and its carrying value approximates its fair value.

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Current	76,801	70,520	69,867	66,637
Non Current	1,791,578	1,548,818	1,360,782	1,315,859
	1,868,379	1,619,338	1,430,649	1,382,496

11(b) Other receivables and prepayments

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Finance lease receivable (see note (I) below)	318,117	287,918	-	-
Prepayment	110,317	87,637	98,166	67,570
Other receivables (see note (ii) below)	657,137	768,334	288,925	526,766
	1,085,571	1,143,889	387,091	594,336
Less: Impairment allowance on:				
Finance lease receivables	(14,798)	(15,052)	-	-
Other receivables	(305,038)	(219,360)	(195,174)	(157,004)
	765,735	909,477	191,917	437,332
Current	802,822	926,906	288,925	526,766
Non Current	282,749	216,983	98,166	67,570
	1,085,571	1,143,889	387,091	594,336

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(i) Finance lease receivable

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Gross investment in finance lease	328,899	297,708	-	-
Unearned finance income	(10,782)	(9,790)	-	-
Net investment in finance lease	318,117	287,918	-	-
Specific impairment allowance (see note b(i) below)	(11,464)	(15,052)	-	-
Collective impairment Allowance	(3,334)	-	-	-
	303,319	**272,866**	-	-
Current	145,685	158,572	-	-
Non-current	172,432	129,346	-	-
	318,117	**287,918**	-	-

The movement in allowance for impairment of finance lease receivable is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	15,052	8,180	-	-
Addition during the year (see note 38)			-	-
- Specific impairment	1,574	7,032	-	-
- Collective impairment	3,334	-	-	-
Write off	(5,162)	(160)		
	14,798	**15,052**	**-**	**-**

The allowances for finance lease receivables were determined on a specific and collective basis. Specific impairments were made based on objective evidence of impairment of the finance lease receivable.

(ii) Other receivables

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Financial assets:				
Accrued interest on statutory deposits	29,134	20,250	29,134	20,250
Trusteeship fee receivable	44,888	45,742	-	-
Dividend receivables	30,846	4,534	20,795	3,108
Receivable from related parties (see note 43)	20,400	-	26,436	21,872
	125,268	70,526	76,365	45,230
Non financial assets:				
Deposit for shares	22,000	22,000	22,000	22,000
Inventory and other consumables	14,168	22,920	-	-
Accrued rental income	60,380	60,380	60,380	60,380
Other assets	435,321	592,508	130,180	399,156
	531,869	697,808	212,560	481,536
Total other receivables - gross	**657,137**	**768,334**	**288,925**	**526,766**
Allowance for impairment losses - non financial asset	(305,038)	(219,360)	(195,174)	(157,004)
	352,099	**548,974**	**93,751**	**369,762**

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The movement in allowance for impairment of other receivable is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	219,360	198,398	157,004	151,690
Charge for the year (see note 38)	85,678	20,962	38,170	5,314
Allowance no longer required	-	-		-
Balance, end of year	305,038	219,360	195,174	157,004

12 **Investment in associate**

Set out below are the associates of the Group in which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business. The investments are measured using equity accounting method.

(a) Nature of investment in associates in 2013 and 2012 for both company and group

Name of entity	Nature of business	Place of incorporation	% of ownership interest
Leadway Pensure PFA	Note i	Nigeria	46%
Total Health Trust Limited	Note ii	Nigeria	25%

(i) Leadway Pensure PFA Limited was incorporated as Pensure PFA Limited (a limited liability company) on 25 August 2004. It was granted an operating license by PENCOM on 7 December, 2005 and commenced operations in the same month. The Company's name was changed to Leadway Pensure PFA Limited in August 2006 following a corporate re-branding exercise. The principal activity is to carry out the business of pension fund management and administration in line with the Pension Reform Act, 2004. It is the licensed Pension Fund Administrator of Leadway Pensure RSA, Retiree and other Managed Funds following the enactment of the Pension Reform Act, 2004.

(ii) Total Health Trust Limited (" THT") was founded in 1997 and commenced operations in the year to June 1998. It is a leading health maintenance organization (" HMO") in the emerging managed care sector of the Federal Republic of Nigeria. With about 250,000 members or subscribers at December, 2011, it is one of the largest HMO in the Country. THT provides health care to individuals and corporate organizations.

Both companies are private company and there are no quoted market prices available for their shares. There are no contingent liabilities relating to the Group's interest in these associates.

Name of entity	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Leadway Pensure PFA Limited	934,110	705,987	753,209	753,209
Total Health Trust Limited	262,014	236,667	35,000	35,000
	1,196,124	942,654	788,209	788,209
Current	-	-	-	-
Non Current	1,196,124	942,654	788,209	788,209
	1,196,124	942,654	788,209	788,209

All amounts in thousands of Nigerian Naira unless otherwise stated

(b) The movement in investment in associates during the year is as shown below:

(i) **Group 2013**

	Leadway Pensure PFA	Total Health Trust	Total
Balance, beginning of year	705,987	236,667	942,654
Group's share of profit for the year	264,542	39,597	304,139
Group's share of associate other comprehensive income	137	-	137
Dividend received	(36,556)	(14,250)	(50,806)
Balance, end of year	934,110	262,014	1,196,124

Group 2012

	Leadway Pensure PFA	Total Health Trust	Total
Balance, beginning of year	461,930	167,711	629,641
Group's share of profit for the year	244,057	68,956	313,013
Group's share of associate other comprehensive income	-	-	-
Balance, end of year	705,987	236,667	942,654

(ii) There was no movement in the company's carrying amount of investment in associate in 2013 and 2012.

(c) The summarized financial information of the Group's associates is set out below:

Set out below are the summarized financial information for Leadway Pensure PFA Limited and Total Health Trust Limited which are accounted for using the equity method.

Year ended 2013	Leadway Pensure PFA	Total Health Trust	Total
cash and cash equivalents	472,643	1,544,447	2,017,090
Investment securities	1,137,541	11,012	1,148,553
Property, plant and equipment	207,310	173,494	380,804
Intangible assets	18,963	7,437	26,400
Other assets and prepayments	713,691	1,311,729	2,025,420
Total assets	**2,550,148**	**3,048,119**	**5,598,267**
Other liabilities	193,083	2,011,915	2,204,998
Current tax payable	276,016	84,522	360,538
Deferred tax payable	30,030	13,549	43,579
Total liabilities	**499,129**	**2,109,986**	**2,609,115**
Net assets	**2,051,019**	**938,133**	**2,989,152**

Year ended 2012	Leadway Pensure PFA	Total Health Trust	Total
cash and cash equivalents	1,128,829	990,967	2,119,796
Investment securities	87	10,848	10,935
Property, plant and equipment	147,292	159,224	306,516
Intangible assets	11,380	6,640	18,020
Other assets and prepayments	706,248	1,233,043	1,939,291
Total assets	**1,993,836**	**2,400,722**	**4,394,558**
Other liabilities	156,940	1,442,098	1,599,038
Current tax payable	276,268	111,543	387,811
Deferred tax payable	5,529	10,335	15,864
Total liabilities	**438,737**	**1,563,976**	**2,002,713**
Net assets	**1,555,099**	**836,746**	**2,391,845**

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Summarized statement of comprehensive income

Year ended 2013	Leadway Pensure PFA	Total Health Trust	Total
Revenue	2,232,835	5,615,815	7,848,650
Depreciation and amortization	(72,078)	(61,073)	(133,151)
Interest income	-	105,274	105,274
Profit before tax	859,055	241,659	1,100,714
Income tax expense	(283,963)	(83,272)	(367,235)
Profit after tax	575,092	158,387	733,479
Other comprehensive income	297	-	297
Total comprehensive income	575,389	158,387	733,776
Dividends received from associates	**36,556**	**14,250**	**50,806**

Year ended 2012	Leadway Pensure PFA	Total Health Trust	Total
Revenue	1,765,427	5,348,476	7,113,903
Depreciation and amortization	(46,419)	(49,507)	(95,926)
Interest income	-	45,372	45,372
Profit before tax	727,206	400,649	1,127,855
Income tax expense	(195,490)	(114,319)	(309,809)
Profit after tax	531,716	286,330	818,046
Other comprehensive income			
Total comprehensive income	531,716	286,330	818,046
Dividends received from associates	-	-	-

13 Investment in subsidiaries

(a) The Company's investment in subsidiaries is as stated below:

	Company 31-Dec-13	Company 31-Dec-12
Leadway Capital and Trusts Limited	47,696	47,696
Leadway Hotels Limited	293,250	293,250
Leadway Properties and Investments Limited	200,312	200,312
	541,258	541,258

(b) Nature of investments in subsidiaries 2013 and 2012

Name of entity	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent/group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Leadway Capital and Trust Limited	Note i	Nigeria	53	47
Leadway Hotel Limited	Note ii	Nigeria	51	49
Leadway Properties and Investments Limited	Note iii	Nigeria	100	-

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All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiaries undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiaries undertakings included in the Group.

The total non-controlling interest for the year is N962Million of which N283Million is for Leadway Capital and Trust Limited and N679Million is for Leadway Hotel Limited.

The company did not provide financial support to any of its subsidiaries during the year. In addition, the directors are not aware of any significant restriction that may prevent the transfer of capital within the group

(i) Leadway Capital and Trust Limited was incorporated in 1995 as Leadway Trustees Limited but its services became commercial in 1999. The Company has been registered with the Securities and Exchange Commission since 2000. The Company provides Fund Management and Portfolio management services to retirement benefits funds, employee benefit schemes and other special funds also undertaking various trusts including serving as Trustee in multi – lender arrangement

(ii) Leadway Hotel Limited provides hotel and hospitality services. The hotel is managed and marketed by Protea Hotels, the largest hotel operating company in Africa.

(iii) Leadway Properties and Investments Limited is involved in property management, outsourcing services, software application provision, hotel development, real estate acquisition

There was no movement in investment in subsidiaries during the year.

The table below summarizes the information relating to the Group's subsidiary that has material non-Controlling Interest (NCI) before any intra-group elimination. Note 5 on segment reporting shows the summarized financial information of all the subsidiaries.

	Leadway Hotel Limited		Leadway Capital & Trust Limited	
	31 December		31 December	
	2013	2012	2013	2012
Assets				
Cash and cash equivalents	242,500	222,664	373,594	656,505
Other receivables and prepayments	150,423	128,428	931,248	787,122
Investment securities	66,053	62,113	181,282	179,161
Deferred tax asset	-	-	602	4,356
Property and equipment	1,409,198	952,850	1,172	1,041
Intangible assets	-	-	9,713	13,598
Total Assets	**1,868,174**	**1,366,055**	**1,497,611**	**1,641,783**
Liabilities				
Other liabilities	275,239	225,825	584,770	599,162
Borrowings	-	136,284	255,215	441,545
Current tax liability	53,990	76,306	54,507	50,905
Total liabilities	329,229	438,415	894,492	1,091,612
Capital and reserves				
Share capital	75,000	50,000	440,000	440,000
Retained earnings	594,042	351,741	163,119	110,171
Share premium	500,000	500,000	-	-
Other reserves	369,902	25,899	-	-
Total equity	1,538,944	927,640	603,119	550,171
Total Liabilities and Equity	**1,868,174**	**1,366,055**	**1,497,611**	**1,641,783**

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	Leadway Hotel Limited		Leadway Capital & Trust Limited	
	31 December		31 December	
	2013	2012	2013	2012
Revenue	773,326	663,919	272,471	305,471
Profit before income tax	266,453	299,954	139,710	123,624
Income tax expense/income	(91,068)	(85,644)	(46,760)	(45,029)
Profit after tax	**175,385**	**214,310**	**92,950**	**78,595**
Other comprehensive income	369,002	899	-	-
Total comprehensive income	**544,387**	**215,209**	**92,950**	**78,595**
Profit allocated to NCI	85,938	105,012	43,687	36,940
Cashflows from operating activities	224,655	311,299	(186,716)	(161,657)
Cashflows from investing activities	(105,167)	(215,738)	174,581	171,020
Cashflows from financing activities	(99,652)	(179,875)	(270,776)	(133,015)
Net increase/(decrease) in cash and cash equivalents	**19,836**	**(84,314)**	**(282,911)**	**(123,652)**
Dividends received from subsidiaries	**36,210**	**30,294**	**32,632**	**15,739**

14 Investment properties

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Office property	3,000,000	950,000	3,000,000	950,000
Residential property	2,400,000	1,485,000	1,550,000	1,265,000
	5,400,000	2,435,000	4,550,000	2,215,000
Current	-	-	-	-
Non Current	5,400,000	2,435,000	4,550,000	2,215,000
	5,400,000	2,435,000	4,550,000	2,215,000

(a) The movement in investment properties during the year is shown below:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of the year	2,435,000	2,327,421	2,215,000	2,107,421
Reclassification from property and equipment (See note ai below)	1,415,205	-	1,415,205	-
Reclassification to investment property (see note aii below)	(95,000)	-	(95,000)	-
Additional cost incurred during the year	276,361	9,858	228,117	9,858
Disposal during the year	-	(22,421)	-	(22,421)
Fair value gain	1,368,434	120,142	786,678	120,142
As at end of the year	5,400,000	2,435,000	4,550,000	2,215,000

The analysis of investment properties is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Cadastral Property, Abuja (i)	1,900,000	-	1,900,000	-
Thomas Wyatt House	1,100,000	950,000	1,100,000	950,000
Thomson Avenue, Ikoyi	950,000	680,000	950,000	680,000
GRA Ikeja Property	600,000	500,000	600 000	500,000
The Mews, Gerard Road, Ikoyi	850,000	220,000		-
Canary Fields Property (ii)		85,000		85,000
	5,400,000	2,435,000	4,550,000	2,215,000

(i) In June 2013, the Cadastral property, Abuja was completed and put to use. The property was hitherto included as part of capital work in progress in property and equipment. At that date, the property was reclassified to investment property at its fair value of N1,415Million. The fair value of the property was determined by Funsho Oladimeji & Co., Estate Surveyors and Valuers (FRC/2013/NIESV/00000001304).

(ii) At 31 December 2013, the Canary field property ceased to qualify as an investment property of the company as it became owner occupied. Therefore, the property was reclassified to property and equipment at its fair value of N95Million as at that date. The fair value was determined by Funsho Oladimeji & Co., Estate Surveyors and Valuers (FRC/2013/NIESV/00000001304).

(b) The Group's investment properties are held for the purpose of capital appreciation and rental income generation. The Group's investment properties were revalued by Funsho Oladimeji & Co., Estate Surveyors and Valuers (FRC/2013/NIESV/00000001304), a qualified independent professional estate surveyors, on 31 December 2013 using the Comparative approach method of valuation to arrive at the open market value as at 31 December 2013. Fair value gains have been recognized in the income statement in line with the fair value model of IAS40. Rental income on investment property included in the statement of comprehensive income for the year is N95 million (2012: N33 million).

15 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2013, in compliance with the Insurance Act, CAP 117 LFN 2004. This amount is not available for the day-to day use in the working capital of the Company and is there excluded from cash and cash equivalents. Analysis of statutory deposits is as shown below:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Non-life Business	300 000	320,000	300,000	320,000
Life Business	200,000	200,000	200,000	200,000
	500,000	520,000	500,000	520,000
Current		-		-
Non Current	500,000	520,000	500,000	520,000
	500,000	520,000	500,000	520,000

16 Intangible assets

In thousands of Naira	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Cost				
Balance, beginning of year	375,131	300,815	355,705	281,389
Additions	153,617	74,316	153,618	74,316
Balance, end of year	528,748	375,131	509,323	355,705
Accumulated amortization				
Balance, beginning of year	243,473	174,654	237,645	172,711
Amortization	103,529	68,819	99,645	64,934
Balance, end of year	347,002	243,473	337,290	237,645
Carrying amount				
As at end of year	181,746	131,658	172,033	118,060
As at beginning of year	131,658	126,161	118,060	108,678

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The Group intangible assets comprise of purchased computer software. The computer software are accounted for using cost model of IAS38, that is, cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Group's accounting policy. These assets were tested for impairment and no impairment is required in respect of the assets.

17 Property and equipment

17.1 Group - 2013

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	830,000	2,123,934	616,484	612,797	655,857	614,453	1,715,147	7,168,672
Additions	-	71,791	82,548	58,970	56,988	163,778	23,070	457,145
Revaluation surplus/(deficit)	598,000	155,003	-	-	-	-	-	753,003
Transfer from/(to) investment property (see note 14a i &ii)	35,000	60,000	-	-	-	-	(1,415,205)	(1,320,205)
Disposals	-	(5,928)	-	(900)	-	(74,201)	-	(81,029)
Reversal of accumulated depreciation due to revaluation	-	(245,897)	-	-	-	-	-	(245,897)
Balance, end of year	1,463,000	2,158,903	699,032	670,867	712,845	704,030	323,012	6,731,689
Accumulated depreciation								
Balance, beginning of year	-	211,495	367,403	525,565	470,828	505,501	-	2,080,792
Charge for the year	-	34,431	68,057	95,775	57,646	53,143	-	309,052
Reversal of accumulated depreciation due to revaluation		-	(245,897)	-	-	-	-	(245,897)
Disposals	-	(29)	-	(77)	-	(63,905)	-	(64,011)
Balance, end of year	-	(0)	435,460	621,263	528,474	494,739	-	2,079,936
Net book value								
End of year	**1,463,000**	**2,158,903**	**263,572**	**49,604**	**184,371**	**209,291**	**323,012**	**4,651,753**
Beginning of year	**830,000**	**1,912,439**	**249,081**	**87,232**	**185,030**	**108,952**	**1,715,147**	**5,087,880**

(I) **Fair values of land and buildings**

On a determined basis, the Group engages the services of external, independent and qualified valuers to determine the fair value of the group's land and buildings. As at December 2013, the fair values of the land and buildings have been determined by Funsho Oladimeji & Co., Estate Surveyor and Valuers (FRC/2013/NIESV/00000001304). The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in "asset revaluation reserve" in shareholders equity (note 25). See note 3.3.1b for the analyses of non-financial assets (including land and buildings) carried at fair value and the fair valuation method.

Consequent to the revaluation of the Group's land and buildings at 31 December 2013, the accumulated depreciation at that date was eliminated against the gross carrying amount of the properties and the net amount restated to the revalued amount in line with IAS 16 P35b.

(ii) The Group had no capital commitments as at the balance sheet date (31 December 2012: Nil).

(iii) The reclassification amount represents the fair value of N1,415Million (2012: N1,415Million) in respect of new building in Abuja which was completed during the year and has been transferred to investment properties and investment in canary field estate with fair valuation amount of N95Million (2012: N85Million) transferred from investment property, see note 14ai&ii.

(iv) No leased assets are included in property and equipment (31 December 2012: Nil)

(v) No borrowing cost was capitalized as borrowing liability does not relate to purchase of property and equipment.

All amounts in thousands of Nigerian Naira unless otherwise stated

17.2 Company - 2013

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	755,000	1,555,550	415,251	611,493	418,340	597,509	1,415,205	5,768,348
Additions	-	47,901	41,740	58,588	34,332	151,183	-	333,744
Revaluation surplus/ (deficit)	173,000	130,500	-	-	-	-	-	303,500
Reclassification	-		-	-	-	-	-	-
Transfer from/(to) investment property (see note 14a i &ii)	35,000	60,000	-	-	-	-	(1,415,205)	(1,320,205)
Transfer from work in progress	-	-	-	-	-	-	-	-
Disposals	-	(5,928)	-	(900)	-	(74,201)	-	(81,029)
Reversal of accumulated depreciation due to revaluation	-	(166,023)	-	-	-	-	-	(166,023)
Balance, end of year	963,000	1,622,000	456,991	669,181	452,672	674,491	(0)	4,838,335
Accumulated depreciation								
Balance, beginning of year	-	132,550	248,796	524,305	230,122	491,012	-	1,626,785
Charge for the year	-	33,502	52,423	95,634	55,801	50,056	-	287,416
Reversal of accumulated depreciation due to revaluation	-	(166,023)	-	-	-	-	-	(166,023)
Disposals	-	(29)	-	(79)	-	(63,907)	-	(64,015)
Balance, end of year	-	-	301,219	619,860	285,923	477,161	-	1,684,163
Net book value								
End of year	**963,000**	**1,622,000**	**155,772**	**49,321**	**166,749**	**197,330**	**(0)**	**3,154,172**
Beginning of year	**755,000**	**1,423,000**	**166,455**	**87,188**	**188,218**	**106,497**	**1,415,205**	**4,141,563**

All amounts in thousands of Nigerian Naira unless otherwise stated

17.3 Group - 2012

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	434,700	2,250,935	621,869	540,308	572,828	598,253	1,107,202	6,126,095
Additions	-	146,842	37,140	72,789	61,852	54,790	648,559	1,021,972
Revaluation surplus/(deficit)	395,300	(348,843)					-	46,457
Transfer from work in progress	-	-		-	-	40,614	(40,614)	-
Transfer	-	75,000	-	-	-	-	-	75,000
Disposals	-	-	(42,525)	(300)	(19,437)	(38,590)	-	(100,852)
		-	-	-	-	-	-	
Balance, end of year	830,000	2,123,934	616,484	612,797	655,857	614,453	1,715,147	7,168,672
Accumulated depreciation								
Balance, beginning of year	-	146,422	336,018	431,092	398,136	498,453	-	1,810,121
Charge for the year	-	54,406	70,535	94,773	92,129	39,184	-	351,027
Disposals	-	-	(39,150)	(300)	(19,437)	(32,136)	-	(91,023)
Transfers	-	10,667	-	-	-	-	-	10,667
Balance, end of year	-	211,495	367,403	525,565	470,828	505,501	-	2,080,792
Net book value								
End of year	830,000	1,912,439	249,081	87,232	185,029	108,952	1,715,147	5,087,880
Beginning of year	434,700	2,104,513	285,851	109,216	174,692	99,800	1,107,202	4,315,974

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

17.4 Company - 2012

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	359,700	1,757,552	386,437	539,005	393,694	581,310	903,523	4,921,221
Additions	-	146,841	30,257	72,788	24,646	54,789	511,682	841,003
Revaluation surplus/(deficit)	395,300	(348,843)	-	-	-	-	-	46,457
Disposals	-	-	(1,443)	(300)	-	(38,590)	-	(40,333)
Balance, end of year	755,000	1,555,550	415,251	611,493	418,340	597,509	1,415,205	5,768,348
Accumulated depreciation								
Balance, beginning of year	-	95,136	198,915	429,832	174,398	486,473	-	1,384,754
Charge for the year	-	37,414	50,003	94,773	55,724	36,675	-	274,589
Disposals	-	-	(122)	(300)	-	(32,136)	-	(32,558)
Balance, end of year	-	132,550	248,796	524,305	230,122	491,012	-	1,626,785
Net book value								
End of year	**755,000**	**1,423,000**	**166,455**	**87,188**	**188,218**	**106,497**	**1,415,205**	**4,141,563**
Beginning of year	**359,700**	**1,662,416**	**187,522**	**109,173**	**219,296**	**94,837**	**903,523**	**3,536,467**

All amounts in thousands of Nigerian Naira unless otherwise stated

18 Insurance contract liabilities

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Gross				
Claims reported and loss adjustment expenses (see note 18.1 below)	8,140,680	10,912,931	8,140,680	10,912,931
Claims incurred but not reported (see note 18.1 below)	4,163,898	4,234,883	4,163,898	4,234,883
Unearned premium - non-life (see note 18.2 below)	16,599,579	10,950,192	16,599,579	10,950,192
Life fund (see note 18.3 below)	20,761,466	9,459,624	20,761,466	9,459,624
	49,665,623	35,557,630	49,665,623	35,557,630
Reinsurance receivables				
Prepaid reinsurance (see note 9a)	13,966,007	7,751,260	13,966,007	7,751,260
Claims reported & loss adjustment expenses and IBNR (see note 9b)	5,354,408	6,185,938	5,354,408	6,185,938
Total reinsurers' share of insurance liabilities	19,320,415	13,937,198	19,320,415	13,937,198
Net insurance contract liability	30,345,208	21,620,432	30,345,208	21,620,432
Current	17,995,836	14,289,249	17,995,836	14,289,49
Non-current	31,669,787	21,268,381	31,669,787	21,268,381
	49,665,623	35,557,630	49,665,623	35,557,630

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test for outstanding claims liability as at 31 December 2013 and the comparative periods were done by HR Nigeria Limited (FRC/NAS/00000000738).

18.1 Claims reported and loss adjustment expenses

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Non-life	7,184,547	9,494,479	7,184,547	9,494,479
Life	956,133	1,418,452	956,133	1,418,452
	8,140,680	10,912,931	8,140,680	10,912,931

Claims incurred but not reported

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Non-life	4,163,898	4,234,883	4,163,898	4,234,883
Life	-	-	-	
	4,163,898	4,234,883	4,163,898	4,234,883

(a) The aging analysis of claims reported and loss adjusted for non-life insurance contracts

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Days				
0 - 90	680,149	1,881,777	680,149	1,881,777
91- 180	462,331	796,326	462,331	796,326
181 - 365	549,418	925,626	549,418	925,626
366 and above	5,492,649	5,890,750	5,492,649	5,890,750
	7,184,547	9,494,479	7,184,547	9,494,479

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

(b) The aging analysis of claims reported for life insurance contracts

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Days				
0 - 90	189,526	569,859	189,526	569,859
91- 180	64,250	91,096	64,250	91,096
181 - 365	63,579	84,923	63,579	84,923
366 and above	638,778	672,574	638,778	672,574
	956,133	1,418,452	956,133	1,418,452

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

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	**15,147,814**	**8,117,109**	**15,147,814**	**8,117,109**
Less movement:				
- Claims incurred during the year	8,146,613	14,271,231	8,147,467	14,271,231
- Claims paid during the year (see note 30)	(10,989,849)	(7,240,526)	(10,990,703)	(7,240,526)
Net movement in the year	**(2,843,236)**	**7,030,705**	**(2,843,236)**	**7,030,705**
Balance, end of year	**12,304,578**	**15,147,814**	**12,304,578**	**15,147,814**

Group and Company analysis of claims reported and IBNR by class:

	Claims reported	31-Dec-13 IBNR	Total
Non-life			
Motor	486,642	220,776	707,418
Fire	1,419,060	339,165	1,758,225
General accident	287,511	205,863	493,374
Marine	371,892	109,003	480,895
Bond	327,039	60,253	387,292
Engineering	310,606	99,446	410,052
Special risk	3,981,797	3,129,392	7,111,189
	7,184,547	4,163,898	11,348,445
Life			
Group life	956,133	-	956,133
Individual life	-	-	-
	956,133	-	956,133
Total claims	**8,140,680**	**4,163,898**	**12,304,578**

Group and Company

	Claims reported	31-Dec-12 IBNR	Total
Non-life			
Motor	647,506	129,058	776,564
Fire	1,802,149	354,796	2,156,945
General accident	623,602	42,872	666,474
Marine	597,784	65,581	663,365
Bond	849,173	346,353	1,195,526
Engineering	283,337	22,081	305,418
Special risk	4,690,928	3,274,142	7,965,070
	9,494,479	4,234,883	13,729,362
Life			
Group life	1,417,556	-	1,417,556
Individual life	896	-	896
	1,418,452	-	1418452
Total claims	**10,912,931**	**4,234,883**	**15,147,814**

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

18.2 Unearned premium - non-life

Group and Company analysis of unearned premium by class:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Non-life				
Motor	946,114	955,306	946,114	955,306
Fire	376,799	717,097	376,799	717,097
General accident	143,987	274,832	143,987	274,832
Marine	419,153	581,449	419,153	581,449
Bond	38,566	13 054	38,566	13,054
Engineering	176,123	263,725	176,123	263,725
Special risk	14,498,837	8,144,729	14,498,837	8,144,729
	16,599,579	10,950,192	16,599,579	10,950,192

Movement in unearned premium - non-life is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of the year	10,950,192	6,021,727	10,950,192	6,021,727
Increase during the year (see note 27)	5,649,387	4,928,465	5,649,387	4,928,465
Balance, end of year	16,599,579	10,950,192	16,599,579	10,950,192

18.3 Analysis of life fund is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Individual life	2,015,009	1,170,503	2,015,009	1,170,503
Group life	962,077	667,993	962,077	667,993
Annuity	17,784,380	7,621,128	17,784,380	7,621,128
	20,761,466	9,459,624	20,761,466	9,459,624

The movement on the life insurance liability during the year was as follows:

Group and company - 2013

	Individual life	Group life	Annuity	Total
Balance, beginning of year	1,170,503	667,993	7,621,128	9,459,624
Movement during the year (see note 27)	844,506	294,084	10,163,252	11,301,842
Balance, end of year	2,015,009	962,077	17,784,380	20,761,466

Group and company - 2012

	Individual life	Group life	Annuity	Total
Balance, beginning of year	540,273	1,133,710	1,717,752	3,391,735
Movement during the year (see note 27)	630,230	(465,717)	5,903,376	6,067,889
Balance, end of year	1,170,503	667,993	7,621,128	9,459,624

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

18.4 Claims development tables

The claims development table provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

Combined policy — **Incremental Chain Ladder-Year Projections**

Accident Year	1	2	3	4	5	6
2008	1,732,525	2,660,222	612,915	130,721	24,972	22,410
2009	1,197,329	1,493,045	267,783	102,790	45,603	-
2010	1,557,284	1,410,050	526,538	97,967	-	-
2011	1,918,294	2,130,991	684,269	-	-	-
2012	2,071,744	3,747,756	-	-	-	-
2013	2,262,921	-	-	-	-	-

MOTOR — **Incremental Chain Ladder-Year Projections**

Accident Year	1	2	3	4	5	6
2008	906,092	456,291	72,016	18 286	5,934	4,180
2009	780,818	531,574	55,395	11,402	1 626	-
2010	796,689	493,358	65,663	13,725	-	-
2011	839,901	442,163	39,577	-	-	-
2012	915,462	525,130	-	-	-	-
2013	916,475	-	-	-	-	-

Illustrates how claims paid relating to business written in each accident year. For instance with regard to accident year 2008,
N906.09million was paid in 2008
N456.29mllion was paid in 2009

MOTOR — **Cumulative chain ladder**

Accident Year	1	2	3	4	5	6
2008	906,092	1,362,383	1,434,399	1,452,685	1,458,619	1,462,799
2009	780,818	1,312,392	1,367,787	1 379 189	1,380,815	1,384,772
2010	796,689	1,290,046	1,355,710	1,369,434	1,373,090	1,377,025
2011	839,901	1,282,064	1,321,641	1,335,440	1,339,005	1,342,843
2012	915,462	1,440,592	1,504,470	1,520,178	1,524,236	1,528,604
2013	916,475	1,445,851	1,509,961	1,525,727	1,529,800	1,534,184

Illustrates the accumulation of claims leading to the Ultimate amounts that will be paid for each accident year
For instance; In 2008 the ultimate amount of claims incurred is N1.46billion

All amounts in thousands of Nigerian Naira unless otherwise stated

MOTOR — Summary of results

Accident Year	Latest paid	Developed to date	Ultimate claims	Gross outstanding
2008	1,462,799	1	1,462,799	-
2009	1,380,815	0.997	1,384,772	3,957
2010	1,369,434	0.994	1,377,025	7,591
2011	1,321,641	0.984	1,342,843	21,202
2012	1,440,592	0.942	1,528,604	88,012
2013	916,475	0.597	1,534,184	617,709
Total	7,891,757	0.914	8,630,228	738,471

MARINE — Incremental Chain Ladder-Year Projections

Accident Year	1	2	3	4	5	6
2008	204,802	72 873	23,692	3,905	6,569	30
2009	117,809	144,680	37,589	4,329	929	-
2010	69,958	71,656	10,320	234	-	-
2011	89,427	100,379	9,788	-	-	-
2012	143,495	385,399	-	-	-	-
2013	285,220	-	-	-	-	-

MARINE — Cumulative chain ladder

Accident Year	1	2	3	4	5	6
2008	204,802	277,675	301,367	305,272	311,841	311,870
2009	117,809	262,489	300,078	304,407	305,336	305,366
2010	69,958	141,613	151,933	152,168	154,039	154,054
2011	89,427	189,805	199,593	201,837	204,319	204,339
2012	143,495	528,894	578,282	584,783	591,975	592,031
2013	285,220	638,610	698,243	706,092	714,776	714,844

MARINE — Summary of results

Accident Year	Latest paid	Developed to date	Ultimate claims	Gross outstanding
2008	311,870	1	311,870	-
2009	305,336	1	305,366	29
2010	152,168	0.988	154,054	1,886
2011	199,593	0.977	204,339	4,745
2012	528,894	0.893	592,031	63,137
2013	285,220	0.399	714,844	429,624
Total	1,783,082	0.781	2,282,503	499,422

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

GENERAL ACCIDENT — **Incremental Chain Ladder-Year Projections**

Accident Year	1	2	3	4	5	6
2008	164,073	256,704	58,285	88 778	4,000	8,545
2009	80,034	220,571	71,993	33,570	18,952	-
2010	391,746	128,635	56,809	23,772	-	-
2011	251,385	179,003	58,716	-	-	-
2012	253,900	197,622	-	-	-	-
2013	172,307	-	-	-	-	-

GENERAL ACCIDENT — **Cumulative chain ladder**

Accident Year	1	2	3	4	5	6
2008	164 073	420,777	479 063	567,841	571 841	580,386
2009	80,034	300,605	372,598	406,168	425,121	431,473
2010	391,746	520,381	577,190	600,962	615,123	624,315
2011	251,385	430,388	489 104	539,122	551,826	560,072
2012	253,900	451,522	517,895	570,857	584,309	593,040
2013	172,307	320,666	367,804	405,417	414,971	421,172

GENERAL ACCIDENT — **Summary of results**

Accident Year	Latest paid	Developed to date	Ultimate claims	Gross outstanding
2008	580,386	1	580,386	-
2009	425,121	0.985	431,473	6,353
2010	600,962	0.963	624,315	23,353
2011	489,104	0.873	560,072	70,968
2012	451,522	0.761	593,040	141,519
2013	172,307	0.409	421,172	248,864
Total	2,719,401	0.847	3,210,458	491,057

FIRE — **Incremental Chain Ladder-Year Projections**

Accident Year	1	2	3	4	5	6
2008	381,620	1,733,627	438,134	19,373	1,583	310
2009	138,680	208,113	36,520	53,204	619	-
2010	234,680	195,742	34,528	46,782	-	-
2011	328,527	866 727	112,765	-	-	-
2012	141,267	674,967	-	-	-	-
2013	526,437	-	-	-	-	-

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

FIRE — Cumulative chain ladder

Accident Year	1	2	3	4	5	6
2008	381,620	2,115,247	2,553,382	2,572,755	2,574,338	2,574,648
2009	138,680	346,793	383,313	436,517	437,136	437,188
2010	234,680	430,422	464,950	511,732	512,106	512,168
2011	328,527	1,195,253	1,308,019	1,353,916	1,354,906	1,355,070
2012	141,267	816,235	940,425	973,423	974,136	974,253
2013	526,437	1,809,749	2,085,103	2,158,266	2,159,846	2,160,106

FIRE — Summary of results

Accident Year	Latest paid	Developed to date	Ultimate claims	Gross outstanding
2008	2,574,648	1.000	2,574,648	-
2009	437,136	1.000	437,188	53
2010	511,732	1.000	512,168	436
2011	1,308,019	0.970	1,355,070	47,051
2012	816,235	0.840	974,253	158,018
2013	526,437	0.240	2,160,106	1,633,669
Total	6,174,206	0.770	8,013,433	1,839,226

ENGINEERING — Incremental Chain Ladder-Year Projections

Accident Year	1	2	3	4	5	6
2008		57,034	20,787	378	6,761	206
2009	54,795	64,082	17,683	285	575	-
2010	37,597	137,293	2,791	3,885	-	-
2011	57,054	91,020	90,511	-	-	-
2012	43,474	112,329	-	-	-	-
2013	55,067	-	-	-	-	-

ENGINEERING — Cumulative chain ladder

Accident Year	1	2	3	4	5	6
2008	-	57,034	77,821	78,199	84,961	85,167
2009	54,795	118,877	136,560	136,844	137,419	137,753
2010	37,597	174,890	177,681	181,565	187,759	188,215
2011	57,054	148,074	238,585	243,801	252,119	252,731
2012	43,474	155,803	251,039	256,528	265,279	265,923
2013	55,067	197,348	317,978	324 930	336,015	336,831

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

ENGINEERING — **Summary of results**

Accident Year	Latest paid	Developed to date	Ultimate claims	Gross outstanding
2008	85,167	1.000	85,167	-
2009	137,419	1.000	137 753	334
2010	181,565	0.960	188,215	6,650
2011	238,585	0.940	252,731	14,145
2012	155,803	0.590	265,923	110,120
2013	55,067	0.160	336,831	281,764
Total	853,606	0.670	1,266,619	413,013

BOND — **Incremental Chain Ladder-Year Projections**

Accident Year	1	2	3	4	5	6
2008	75,938	81,831	-	-	-	-
2009	21,339	154,217	5,827	-	125	-
2010	2,687	209,669	1,657	-	-	-
2011	283,845	281,558	665	-	-	-
2012	488,898	605,149	-	-	-	-
2013	307,415	-	-	-	-	-

BOND — **Cumulative chain ladder**

Accident Year	1	2	3	4	5	6
2008	75,938	157,769	157,769	157,769	157,894	157,894
2009	21,339	175,556	181,383	181,383	181,383	181,383
2010	2,687	212,356	214,013	214,013	214,092	214,092
2011	283,845	565,403	566,068	566,068	566,277	566,277
2012	488,898	1,094,046	1,102,071	1,102,071	1,102,477	1,102,477
2013	307,415	704,133	709,298	709,298	709,559	709,559

BOND — **Summary of results**

Accident Year	Latest paid	Developed to date	Ultimate claims	Gross outstanding
2008	157,894	1.000	157,894	-
2009	181,383	1.000	181,383	
2010	214,013	1.000	214,092	79
2011	566,068	1.000	566,277	209
2012	1,094,046	0.990	1,102,477	8,431
2013	307,415	0.430	709,559	402,144
Total	2,520,820	0.860	2,931,683	410,863

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All amounts in thousands of Nigerian Naira unless otherwise stated

19 Investment contract liabilities

Movement in investment contract liabilities is as shown below

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	10,293,657	8,925,288	10,293,657	8,925,288
Deposits received	2,229,824	2,285,232	2 229 824	2,285,232,
Withdrawals	(2,275,692)	(1,770,248)	(2,275,692)	(1,770,248)
Guaranteed interest charged during the year	858,547	853,386	858,547	853,386
Balance, end of year	11,106,336	10,293,658	11,106,336	10,293,658
Current	2,995,428	1,374,742	2,995,428	1,374,742
Non Current	8,110,908	8,918,916	8,110,908	8,918,916
	11,106,336	10,293,658	11,106,336	10,293,658

20 Trade payables

	Group 31-Dec-13	Grop 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Reinsurance payable	13,766,382	3,162,697	13,766,382	3,162,697
Insurance payable	1,739,148	1,983,038	1,739,148	1,983,038
Premium deposits	798,231	157,099	798,231	157,099
Unearned income	133,726	163,956	133,726	163,956
	16,437,487	5,466,790	16,437,487	5,466,790
Current	16,437,487	5,466,790	16,437,487	5,466,790
Non Current	-	-	-	-
	16,437,487	5,466,790	16,437,487	5,466,790

21 Other liabilities

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Financial liabilities				
Commission payable	80,562	51,525	80,562	51,525
Sundry creditors	632,328	404,418	632,328	404,418
Due to employees (see note (a) below	367,724	344,593	367,724	344,593
Managed funds (see note (b) below)	407,844	414,539	-	-
	1,488,458	1,215,075	1,080,614	800,536
Non financial liabilities				
Accruals	146,789	277,174	70,484	194,114
Insurance supervisory fund	319,426	204,295	319,426	204,295
Unearned rental income	144,094	92,158	144,094	92,158
Claims stale cheque	84,221	53,865	84,221	53,865
Deposit for claims payment	1,049,442	671,192	1,049,442	671,192
Withholding tax payable	50,881	32,542	50,881	32,542
Staff profit sharing payable	190,898	-	190,898	-
Other liabilities	536,076	678,998	139,715	256,619
	2,521,827	2,010,224	2,049,161	1,504,785
Total other liabilities	4,010,285	3,225,299	3,129,775	2,305,321
Current	3,234,717	2,466,167	2,762,051	1,960,728
Non Current	775,568	759,132	367,724	344,593
	4,010,285	3,225,299	3,129,775	2,305,321

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

(a) This represents the company's liability to a group of long serving employees with the company. In 2011, the board approved a sum of N400Million to purchase life annuity from any life office of the beneficiary's choice. This benefit was made to encourage long serving employees and was only granted to staff who met a predefined criteria set by the board as at that date. The life annuity would be purchased within three years of the board approval and constitute a full and final liability at that date. The benefit is closed to other employees and is a one-off benefit to the qualifying employees. The balance of N367.7Million (2012: N344.6Million) represents the outstanding value of life annuity yet to be purchased for the employees.

22 Borrowings

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Term loans (see (a) below)	106,704	326,839	-	-
Other borrowings	9,127	-	-	-
	115,831	326,839	-	-
Current	9,127	-	-	-
Non-current	106,704	326,839	-	-
	115,831	326,839	-	-

(a) This represents the outstanding balance on a commercial paper/deposit investment facility granted to Leadway Capital and Trusts Limited by First Registrars Limited at 16.5% interest per annum.

Movement in term loan during the year is as follows:	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	326,839	502,712	-	-
Additions			-	-
Interest capitalized	29,735	32,342	-	-
Payment made during the year	(249,870)	(208,215)	-	-
	106,704	326,839	-	-

The balance due to Leadway Assurance Company Limited from Leadway Capital and Trust Limited of N148.5 Million (2012: N114.7Million) was eliminated on consolidation. All borrowings are stated at amortized cost.

23 Current income tax liabilities

The movement on current income tax liabilities during the year was as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	369,469	681,269	242,534	616,179
Charge for the year (see note (a) below)	1,055,454	308,618	942,330	184,305
Payments during the year	(561,058)	(620,418)	(434,331)	(557,950)
Balance, end of year	863,865	369,469	750,533	242,534

(a) Analysis of charge for the year is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
- Current year's income tax provision	812,572	288,072	702,711	184,305
- Withholding tax on dividend income	9,004	-	5,741	-
- Tax paid arising from back duty assessment	233,878	20,546	233,878	-
	1,055,454	308,618	942,330	184,305

All amounts in thousands of Nigerian Naira unless otherwise stated

24 Deferred taxation

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

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

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance, beginning of year	11,775	-	-	-
Transfer from deferred tax liability	-	11,775	-	-
Charge/(credit) to income statement	(11,173)	-	-	-
Tax effect of fair value changes - investment property	-	-	-	-
	602	**11,775**	**-**	**-**

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

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance. Beginning of year	580,127	586,586	472,229	489,190
Charge to asset revaluation reserve	144,232	14,429	60,700	14,429
Charge/(credit) to income statement	108,855	(32,662)	71,897	(31,390)
Charge to fair value reserve	-	-	-	-
Transfer to deferred tax asset	-	11,775	-	-
	833,214	**580,128**	**604,826**	**472,229**

Net deferred tax liability is attributable to the following:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Assets				
Property and equipment	-	-	-	-
Employee benefits obligation	103,378	103,378	103,378	103,378
Deferred tax assets	**103,378**	**103,378**	**103,378**	**103,378**
Liabilities				
Property and equipment	607,893	354,805	464,300	331,703
Investment properties	137,901	137,901	137,901	137,901
Unrealized exchange gain	190,800	190,800	106,003	106,003
Deferred tax liabilities	**936,594**	**683,506**	**708,204**	**575,607**
Net	**(833,214)**	**(580,128)**	**(604,826)**	**(472,229)**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets of N1,112Million (2012: N1,652Million) in respect of unrecouped losses amounting to N3,706Million (2012: N5,031Million) that can be carried forward against future taxable income indefinitely. The unrecognized deferred tax and unrecouped losses are from the life business results.

Notes to the financial statements

All amounts in thousands of Nigerian Naira unless otherwise stated

24.1 Movements in temporary differences during the year ended 31 December 2013

	Group				Company			
	Balance at 1 January	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**	**Balance at 1 January**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**
Property and equipment	354,805	108,855	144,232	607,892	331,703	71,897	60,700	464,300
Investment properties	137,901	-	-	137,901	137,901	-	-	137,901
Unrealized exchange gain	190,800	-	-	190,800	106,003	-	-	106,003
Employee benefit obligation	(103,378)	-	-	(103,378)	(103,378)	-	-	(103,378)
	580,128	108,855	144,232	833,215	472,229	71,897	60,700	604,826

Movements in temporary differences during the year ended 31 December 2012

	Group				Company			
	Balance at 1 January	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**	**Balance at 1 January**	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**Balance at 31 December**
Property and equipment	317,652	22,724	14,429	354,805	305,053	12,221	14,429	331,703
Investment properties	125,887	12,014	-	137,901	125,887	12,014	-	137,901
Unrealized exchange gain	244,416	(53,616)	-	190,800	159,619	(53,616)	-	106,003
Employee benefit obligation	(101,369)	(2,009)	-	(103,378)	(101,369)	(2,009)	-	(103,378)
	586,586	(20,887)	14,429	580,128	489,190	(31,390)	14,429	472,229

All amounts in thousands of Nigerian Naira

25 Capital and reserves

a Share capital

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
(a) Authorized:				
Ordinary shares of 50k each:				
Non-life business 7,000,000,000 units	3,500,000	3,500,000	3,500,000	3,500,000
Life business 3,000,000,000 units (2012:	1,500,000	1,500,000	1,500,000	1,500,000
	5,000,000	5,000,000	5,000,000	5,000,000

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
(b) Issued and fully paid				
Ordinary shares of 50k each:				
Non-life business 6,279,596,000 units	3,139,798	3,139,798	3,139,798	3,139,798
Life business 2,5000,000,000 units (2012:	1,250,000	1,250,000	1,250,000	1,250,000
	4,389,798	4,389,798	4,389,798	4,389,798

There was no movement in share capital during the year

b Share premium

Share premium comprises the amount paid over the nominal value of shares. This reserve is not ordinarily available for distribution.

c Retained earnings

The retained earnings is the carried forward recognized income net of expenses plus current profit attributable to shareholders. It is the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings

d Other reserves

Components of other reserves are as follows:	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Contingency reserve (see note (i) below)	4,779,160	3,860,340	4,779,161	3,860,340
Asset revaluation reserve (see note (ii)	767,522	341,320	584,120	341,320
Fair value reserves (see note (iii) below)	3,975,180	2,055,690	3,980,845	2,063,501
Treasury shares (see note (iv) below)	(80,995)	(80,995)	-	-
	9,440,867	**6,176,355**	**9,344,126**	**6,265,161**

(i) Contingency reserves

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

Notes to the financial statements

All amounts in thousands of Nigerian Naira

The movement in the account during the year is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Balance beginning of the year	3,860,340	2943722	3,860,341	2,943,723
Transfer from retained earnings	918,820	916,618	918,820	916,618
Balance as at the end of the year	4,779,160	3,860,340	4,779,161	3,860,341

(ii) Asset revaluation reserve

This reserve is the accumulation of revaluation gain on the group's land and buildings. See statement of changes in equities for movement in asset revaluation reserve.

(iii) Fair value reserves

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognized or impaired. See statement of changes in equities for movement in fair value reserve.

(iv) Treasury shares

Treasury shares represent the cost of the ordinary shares of the Company held by the its subsidiary, Leadway Capital and Trust Limited. There was no movement in treasury shares during the period.

	Group 31-Dec-13	**Group 31-Dec-12**	**Company 31-Dec-13**	**Company 31-Dec-12**
Treasury shares	80,995	80,995	-	-
	80,995	80,995	-	-

26 Non controlling interest

Non controlling interest comprises:

	Group 31-Dec-13	**Group 31-Dec-12**	**Company 31-Dec-13**	**Company 31-Dec-12**
Leadway Capital and Trust Limited	283,466	258,597	-	-
Leadway Hotels Limited	679,282	449,318	-	-
	962,748	707,915	-	-

See statement of changes in equities for movement in non controlling interest

27 Gross premium written

	Group 31-Dec-13	**Group 31-Dec-12**	**Company 31-Dec-13**	**Company 31-Dec-12**
Gross premium written:				
- Non-life business	25,019,232	27,370,629	25,020,446	27,370,629
- Life business	16,732,227	9,549,908	16,732,227	9,549,908
	41,751,459	36,920,537	41,752,673	36,920,537
(Increase)/decrease				
- Unearned premium non-life business				
(see note i below)	(5,649,387)	(4,928,465)	(5,649,387)	(4,928,465)
- Life fund (see ii below)	(11,301,842)	(6,067,889)	(11,301,842)	(6,067,889)
Gross premium income	24,800,230	25,924,183	24,801,444	25,924,183

Gross premium written from subsidiaries of N1.2Million (2012: Nil) has been eliminated in the group gross written premium

Notes to the financial statements

All amounts in thousands of Nigerian Naira

(a) The movement in unearned premium is analyzed as follows:

(I) Non-life business

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Motor	9,192	(85,426)	9,192	(85,426)
Fire	340,298	(165,234)	340,298	(165,234)
General Accident	130,845	113,343	130,845	113,343
Bond	162,296	(79,425)	162,296	(79,425)
Marine	(25,512)	27,913	(25,512)	27,913
Engineering	87,602	24,197	87,602	24,197
Special risk	(6,354,108)	(4,763,833)	(6,354,108)	(4,763,833)
	(5,649,387)	(4,928,465)	(5,649,387)	(4,928,465)

(ii) Life business

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Individual life	(844,505)	(630,230)	(844,505)	(630,230)
Group life	(294,085)	465,717	(294,085)	465,717
Annuity	(10,163,252)	(5,903,376)	(10,163,252)	(5,903,376)
	(11,301,842)	(6,067,889)	(11,301,842)	(6,067,889)

28 Reinsurance expenses

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Reinsurance premium paid	16,838,977	17,688,482	16,838,977	17,688,482
Less: Increase in unexpired reinsurance cost	(6,214,747)	(4,800,624)	(6,214,747)	(4,800,624)
	10,624,230	12,887,858	10,624,230	12,887,858

29 Fees and commission income

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Commission earned on non-life insurance contracts	1,409,226	1,434,505	1,409,226	1,434,505
Commission earned on group life assurance contracts	41,167	94,352	41,167	94,352
	1,450,393	1,528,857	1,450,393	1,528,857

30 Claims expense

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
	6,843,836	8,347,812	6,844,690	8,347,812

Non-life business

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Gross benefits & claims paid	6,871,737	5,051,897	6,872,591	5,051,897
Claims ceded to reinsurers	(1,262,423)	(10,292,000)	(1,262,423)	(10,292,000)
Change in provision for outstanding claims	(2,380,917)	6,411,864	(2,380,917)	6,411,864
Proceed from salvage and subrogation	(674,465)	1,085,824	(674,465)	1,085,824
Change in recoverable on outstanding claims	753,063	3,880,136	753,063	3,880,136
	3,306,995	6,137,721	3,307,849	6,137,721

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Life business

Gross benefits & claims paid	4,118,112	2,188,629	4,118,112	2,188,629
Claims ceded to reinsurers	(172,459)	(525,012)	(172,459)	(525,012)
Change in provision for outstanding claims	(462,319)	618,841	(462,319)	618,841
Change in recoverable on outstanding claims	53,507	(72,367)	53,507	(72,367)
	3,536,841	2,210,091	3,536,841	2,210,091

Company

Gross benefits & claims paid (see note 18.1b)	10,989,849	7,240,526	10,990,703	7,240,526
Claims ceded to reinsurers	(1,434,882)	(10,817,012)	(1,434,882)	(10,817,012)
Change in provision for outstanding claims	(2,843,236)	7,030,705	(2,843,236)	7,030,705
Proceed from salvage and subrogation	(674,465)	1,085,824	(674,465)	1,085,824
Change in recoverable on outstanding claims	806,570	3,807,769	806,570	3,807,769
	6,843,836	8,347,812	6,844,690	8,347,812

31 Underwriting expenses

Underwriting expenses can be sub-divided into commission and acquisition expenses. Commission expenses are those incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers and in direct expenses such as salaries of underwriting staff. Acquisition expenses are those incurred in servicing existing policies/contracts. These include processing cost and other incidental costs attributable to contracts

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Commission expenses	2,270,767	3,413,211	2,270,767	3,413,211
Acquisition expenses	848,133	507,432	864,054	507,432
	3,118,900	3,920,643	3,134,821	3,920,643

32 Investment income

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Rental income	95,081	33,127	69,656	30,392
Interest on loans	263,723	184,279	178,267	184,279
Interest on Finance Lease	43,412	39,172		
Interest on short term deposits	466,210	383,199	466,210	383,199
Dividend income on investment securities	604,929	583,194	713,251	595,557
Profit on sale of investment securities	933,410	514,903	933,410	514,903
Interest income on debt securities	3,233,151	1,175,268	3,233,151	1,175,268
Interest income on statutory deposits	30,395	43,844	30,395	43,844
Other interest income	167,458	238,092	112,223	88,737
	5,837,769	3,195,078	5,736,563	3,016,179

All amounts in thousands of Nigerian Naira

33 Net fair value loss on assets at fair value

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Financial assets at fair value through profit or loss				
- Fair value gains on listed equity securities	(203,735)	(909,603)	(198,799)	(909,603)
- Fair value losses on listed debt securities	3,074,630	(439,502)	3,074,630	(439,502)
Fair value gains on investment property	(1,368,434)	(120,142)	(786,678)	(120,142)
	1,502,461	(1,469,247)	2,089,153	(1,469,247)

34 Other operating income

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Fee income	33,638	35,232	-	-
Hotel management income	764,949	745,616	-	-
Management fee income from related parties	21,000	-	21,000	-
Profit on sale of property and equipment	8,717	6,640	8,386	6,640
Foreign exchange (loss)/gain:				
- Investment securities - held to maturity	(15,639)	-	(15,639)	-
- Cash and cash equivalents	46,969	12,165	45,278	5,270
Other income	274,716	217,281	242,974	211,381
	1,134,350	**1,016,934**	**301,999**	**223,291**

35 Employee benefit expense

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Wages and salaries - staff and executive Directors	1,057,590	928,631	966,852	858,502
Pension cost - Defined contribution plan	93,659	79,678	82,515	70,121
Termination benefits (see note (d) below)	235,581	54,987	235,581	29,046
Profit sharing expense	190,898	-	190,898	-
	1,577,728	**1,063,296**	**1,475,846**	**957,669**

(a) Staff information:

Employees earning more than 100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments in the following ranges:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Absolute	Number	Number	Number	Number
₦101,001 - ₦500,000	39	74	-	-
₦500,001 - ₦750,000	44	14	-	-
₦750,000 - ₦1,000,000	29	58	17	31
₦1,000,000 - ₦2,000,000	60	30	45	48
₦2,000,000 - ₦3,000,000	86	174	86	173
Over ₦3,000,000	201	110	201	101
	459	460	349	353

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

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
	Number	Number	Number	Number
Executive directors	3	3	3	3
Management staff	92	35	85	26
Non-management staff	367	425	264	327
	462	463	352	356

(c) Directors' remuneration

(I) Remuneration paid to the directors is as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Salaries and wages	76,808	34,999	70,683	28,831
Directors' fees	5,231	2,800	3,486	2,800
Termination benefits	-		-	
Post-employment benefits	4,004	2,133	4,004	2,133
Other long-term benefits	-		-	
	86,043	39,932	78,173	33,764

(ii) The directors' remuneration shown above includes:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Chairman	8,314	6,978	5,296	4,210
Highest paid director	18,271	6,692	18,271	6,692

(iii) The emoluments of all other directors fell within the following range:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
	Number	Number	Number	Number
N2,300,000 - N4,800,000	2	2	2	2
N1,750,000 - N2,300,000	5	5	5	5
	7	7	7	7

(d) Termination benefit relates to payments made to retired management staff during the period.

Notes to the financial statements

All amounts in thousands of Nigerian Naira

36 Other operating expenses

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Contract staff cost	393,568	153,093	393,568	153,093
Asset repairs and maintenance	262,907	243,614	228,675	243,614
Corporate expenses and gift items	205,945	178,256	205,945	178,256
Telecommunication	260,841	245,283	243,956	245,283
Advertisement	191,803	75,791	189,643	74,322
Agency related expenses	112,623	98,734	112,623	98,734
Property insurance expense	45,039	40,653	35,386	35,102
Insurance supervisory fund	170,177	-	170,177	-
Professional fees	182,377	117,466	131,027	114,053
Travelling and tours	78,511	39,214	74,175	39,214
Auditor's remuneration	47,440	43,300	40,000	37,000
Bank charges	75,351	130,407	74,129	60,404
Offices rates and rent	52,000	45,806	48,387	45,806
Training cost	43,635	37,130	43,635	37,130
Electricity charges	87,609	11,531	27,410	11,531
Donation	26,027	41,131	25,773	41,131
Depreciation of property and equipment	309,052	351,027	287,415	274,589
Amortization of intangible assets	103,529	68,819	99,645	64,934
Directors' fees and allowances	16,684	26,664	10,558	26,664
Hotel management expenses	167,646	144,185	-	4,354
Others	469,538	839,412	677,844	606,413
	3,302,302	**2,931,516**	**3,119,971**	**2,391,627**

37 Finance cost

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Investment contracts (see note (a) below)	856,844	853,386	856,844	853,386
Interest expense - term loan	29,735	32,342	-	-
	886,579	885,728	856,844	853,386

(a) Finance cost on investment contracts represents guaranteed interest which accrues to the account of investment contract holders. All these contracts are designated as financial liabilities and measured at amortized cost

38 Net impairment losses

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Specific impairment on trade receivables (see note 8c)	610,630	1,315,864	610,630	1,315,864
Allowance no longer required on trade receivables (see note 8c)	(1,448,853)	-	(1,448,853)	-
Impairment loss on other receivables (see note 11c)	85,678	20,962	38,170	5,314
Impairment loss on reinsurance assets	1,279,097	-	1,279,097	-
Impairment loss on investment securities	922,130	625,320	922,130	625,320
Impairment loss on commercial loans (see note 11a(i))	17,769	12,415	11,364	32,586
Allowance no longer required on commercial loans (see note 11a(i))	-	(2,811)	-	(2,811)
Specific impairment loss on finance leases receivable	1,574	7,032	-	-
Collective impairment loss on finance leases receivable	3,334	-	-	-
	1,471,359	1,978,782	1,412,538	1,976,273

Notes to the financial statements

All amounts in thousands of Nigerian Naira

39 Income tax expense

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Current tax on profits for the year:				
Company income tax	732,607	294,539	632,127	167,974
Education tax	43,939	9,247	34,559	11,504
Technology levy	36,025	4,832	36,025	4,832
Withholding tax on dividend income	9,004	-	5,741	-
Adjustments in respect of prior years:				
Company income tax - back duty assessment (see note (a) below)	233,878	-	233,878	-
Reversal of excessive tax provision	-	-	-	-
Total current tax	**1,055,453**	**308,618**	**942,330**	**184,310**
Deferred tax (credit)/charge	108,855	(32,662)	71,897	(31,390)
Income tax expense	**1,164,308**	**275,956**	**1,014,227**	**152,920**

(a) This represents additional tax charge resulting from regulatory review of tax filing conducted during the year

(b) The tax on the group and company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Profit before income tax	4,199,486	1,431,677	2,732,306	826,489
Tax calculated at domestic rate applicable in Nigeria at 30% (2012: 30%)	1,259,846	429,503	819,692	247,947
Effect of:				
Tax exempt income	(708,686)	(475,197)	(372,333)	(415,405)
Non-deductible expenses	749,173	414,636	678,578	414,636
Education tax	43,939	11,504	34,559	11,504
Technology levy	36,025	4,832	36,025	4,832
Prior year back duty assessment	233,878	34,028	233,878	34,028
Tax assessment based on minimum tax	(230,852)	(86,557)	(230,852)	(86,557)
WHT paid on dividend	9,004	-	5,741	
Capital allowance	(119,162,841)	(89,455)	(119,163)	(89,455)
Disallowed permanent differences	(108,855)	32,662	(71,897)	31,390
Total income tax expense in comprehensive income	1,164,308	275,956	1,014,227	152,920

Reconciliation of effective tax rate	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
	30%	30%	30%	30%
Tax calculated at domestic rate applicable in Nigeria at 30% (2012: 30%)				
Effect of:				
Tax exempt income	-17%	-33%	-14%	-50%
Non-deductible expenses	18%	29%	25%	50%
Education tax	1%	1%	1%	1%
Technology levy	1%	0%	1%	1%
Prior year back duty assessment	6%	2%	9%	4%
Tax assessment based on minimum tax	-5%	-6%	-8%	-10%
WHT paid on dividend	0%	0%	0%	0%
Capital allowance	-3%	-6%	-4%	-11%
Disallowed permanent differences	-3%	2%	-3%	4%
Effective tax rate	**28%**	**19%**	**37%**	**19%**

All amounts in thousands of Nigerian Naira

40 Earnings Per Share

The calculation of basic earnings per share as at 31 December 2013 was based on the profit attributable to ordinary shares of N2,962Million (Company: N1,877Million) and weighted average number of ordinary shares outstanding of 8,063Million (Company: 8,779Million), having excluded treasury shares held by a subsidiary, Leadway Capital and Trust Limited. The company has no dilutive instruments in 2013 and 2012.

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Profit from continuing operations attributable to owners of the parent	2,904,896	1,032,337	1,718,079	673,569
Weighted average number of ordinary shares in issue before deducting treasury shares	8,779,596	8,779,596	8,779,596	8,779,596
Treasury shares	(716,227)	(716,227)	-	-
Weighted average number of shares in issue	8,063,369	8,063,369	8,779,596	8,779,596
Earnings per share - Basic and diluted (kobo)	36	13	20	8

41 Dividend

The dividend paid in 2013 and 2012 were N400Million (5Kobo per share) and N500Million (6kobo per share) respectively. These dividends are in respect of the results of the preceding financial years. A dividend in respect of the year ended 31 December 2013 of 8 kobo per share amounting to a total dividend of N750Million, is to be proposed by the directors at the annual general meeting. The dividend has not been included as liability in these financial statements.

Notes to the financial statements

All amounts in thousands of Nigerian Naira

42 Net cash flow from operating activities before changes in operating assets

	Note	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Profit before taxation		**4,199,486**	**1,431,677**	**2,732,306**	**826,489**
Adjustment to reconcile profit before taxation to net cash flow from operations:					
Share of associate profit	12	(304,139)	(313,013)	-	-
Impairment on commercial loans	38	17,769	12,415	11,364	32,586
Impairment no longer required on commercial loans	38	-	(2,811)	-	(2,811)
Specific impairment loss on finance leases receivable	38	1,574	7,032	-	-
Collective impairment loss on finance leases receivable	38	3,334		-	-
Impairment on other receivables	38	85,678		38,170	5,314
Impairment of trade receivables	38	610,630	1,315,864	610,630	1,315,864
Impairment no longer required on trade receivable	38	(1,448,853)		(1,448,853)	
Impairment on reinsurance assets	38	1,279,097		1,279,097	-
Impairment on investment securities	38	922,130	598,325	922,130	625,320
Depreciation on property and equipment	17	309,052	348,931	287,415	274,589
Amortization of intangible assets	16	103,529	67,094	99,645	64,934
Provision for incurred but not reported (IBNR)		(70,986)	64,664	(70,986)	64,664
Increase in unearned premium on general contracts	27	5,649,388	4,928,464	5,649,388	4,928,465
Increase in life insurance contract liability	27	11,301,842	6,067,889	11,301,842	6,067,889
Profit on disposal of property and equipment	34	(8,717)	(6,640)	(8,386)	(6,640)
Gain on disposal of investment securities	32	(933,410)	(514,903)	(933,410)	(514,903)
Interest income on debt securities	32	(3,233,151)	(1,175,268)	(3,233,151)	(1,175,268)
Interest income on loans	32	(263,723)	(184,279)	(178,267)	(184,279)
Interest income on finance lease	32	(43,412)	(39,172)	-	-
Dividend income	32	(604,929)	(583,194)	(713,251)	(595,557)
Interest expense on borrowings	37	29,735	32,342	-	-
Rental income from investment property	32	(95,081)	(33,127)	(69,656)	(30,392)
Foreign exchange losses on held to maturity debt securities	34	15,639		15,639	-
Fair value gain on investment property	33	(1,368,434)	(120,142)	(786,678)	(120,142)
Fair value gain on listed equity securities	33	(203,735)	(909,603)	(198,799)	(909,603)
Fair value loss on listed debt securities	33	3,074,630	(439,502)	3,074,630	(439,502)
Net cash flow from operating activities		**19,024,945**	**10,552,304**	**18,380,820**	**10,227,017**

All amounts in thousands of Nigerian Naira

43 Related parties

Leadway Assurance Company Limited is the ultimate parent/controlling party of the group. Related parties to the Company are as follows:

(i) Subsidiary

The Company has three subsidiaries as at 31 December 2013. The operating and financing activities of the company is carried out by the parent with a common direction and common managements. Transactions between Leadway Assurance Company Limited and the subsidiaries also meet the definition of related party transactions.

(ii) Key management compensation

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Leadway Assurance Company Limited. The compensation paid or payable to key management personnel for employee services is shown below:

	Group 31-Dec-13	Group 31-Dec-12	Company 31-Dec-13	Company 31-Dec-12
Salaries and other short term employee benefits	47,408	11,271	47,408	11,271
Pension cost - defined contribution	4,004	2,133	4,004	2,133
Post employment benefits	-	-	-	-
Sitting allowances and other fees	1 475	900	1,475	900
	52,887	**14,304**	**52,887**	**14,304**

The following transactions were carried out with related parties. All transactions and balances with subsidiaries have been eliminated on consolidation.

			31-Dec-13	31-Dec-12
(a)	Underwriting of insurance policies			
	- Leadway Capital and Trust Limited	Subsidiary	780	882
	- Leadway Investment and Properties Limited	Subsidiary	188	376
	- Leadway Protea Hotel	Subsidiary	246	291
	- Leadway Pensure PFA	Associate	1,903	7,820
	- Total Health Trust Limited	Associate	9,909	21,486
			13,026	**30,855**
(b)	Payment of claims			
	- Leadway Protea Hotel	Subsidiary	853	-
			853	**-**
(c)	Management fee income from technical services provided			
	- Leadway Capital and Trust Limited	Subsidiary	2,159	1,850
	- Leadway Protea Hotel	Subsidiary	5,561	4,500
	- Leadway Pensure PFA	Associate	21,000	19,800
			28,720	**26,150**
(d)	Rental income			
	- Leadway Pensure PFA	Associate	19,923	19,923
	- Leadway Capital and Trust Limited		1,399	1,399
			21,322	**21,322**

Notes to the financial statements

All amounts in thousands of Nigerian Naira

(e)	Dividend received			
	- Leadway Capital and Trust Limited	Subsidiary	21,200	14,308
	- Leadway Investment and Properties Limited	Subsidiary	-	-
	- Leadway Protea Hotel	Subsidiary	36,210	27,540
	- Leadway Pensure PFA	Associate	36,886	-
	- Total Health Trust Limited	Associate	14,310	-
			108,606	**41,848**
(f)	Dividend paid			
	- Leadway Capital and Trust Limited	Subsidiary	**32,632**	**37,256**
(g)	Interest income earned on intercompany loans			
	- Leadway Capital and Trust Limited	Subsidiary	8,017	-
	- Leadway Protea Hotel	Subsidiary	-	5,319
			8,017	**5,319**

Year end balances arising from sales and purchases of services of services are:

Receivables from related parties (note 11c)		**31-Dec-13**	**31-Dec-12**
- Leadway Protea Hotel	Subsidiary	2,500	2,250
- Leadway Capital and Trust Limited	Subsidiary	5,035	4,265
- Leadway Pensure PFA	Associate	20,400	14,175
		27,935	20,690

The receivables from related parties arise mainly from technical service agreement and are due immediately services are rendered. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2012: nil). The receivables from subsidiaries have been eliminated on consolidation. There is no payable to related parties as at year end (2012: nil)

Loans to related parties

Loans to subsidiaries:	**Leadway protea hotel**	**Leadway Capital and Trust Limited**	**Total**
As at 1 January	5,161	127,121	132,282
Loans advanced during the year	-	22,645	22,645
Loans repayments received	(5,161)	(45,858)	(51,019)
Interest charged	194	8,016	8,210
Interest received	(194)	(1,906)	(2,100)
As at 31 December	**-**	**110,018**	**110,018**

No loan was advanced to key management personnel as at 31 December 2013 (2012: nil)

The outstanding loan advanced to Leadway Capital and Trustees Limited are due on The loans to the subsidiaries are unsecured in nature. No provision was required in 2013 (2012: N6.3Million) for the loans made to subsidiaries.

44 Contingent liabilities, litigations and claims

No provision in relation to litigation and claims has been recognized in the consolidated financial statement, as legal advice indicates that it is not probable that a significant liability will arise. As at year end, the group had no contingent liabilities.

45 Contravention of laws and regulations

The company in year 2012 contravened Section 35(4) and 36(9) of the Insurance Act 2003 on business transactions with intermediaries. A total sum of N1,750,000 (One million, seven hundred and fifty thousand naira) representing the applicable fines was paid to the National Insurance Commission during the year 2013.

46 Events occurring after the reporting period

There were no events that occurred subsequent to the reporting date that require adjustments or disclosure in the financial statements.

APPENDIX TO FINANCIAL STATEMENTS

Value Added Statement

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 2013		Group 2012		Company 2013		Company 2012	
		%		%		%		%
Gross premium income (Local)	41,751,459		36,920,537		41,752,673		36,920,537	
Investment income								
- Local	5,837,769		3,161,951		5,736,563		3,016,179	
- Foreign								
Other income								
- Local	1,134,350		1,050,061		301,999		223,291	
- Foreign								
Reinsurance, claims, commission & operating expenses								
- Local	(34,957,242)		(27,655,313)		(35,541,982)		(27,501,690)	
- Foreign	(7,654,041)		(10,534,635)		(7,654,041)		(10,534,635)	
Value added	**6,112,295**	**100**	**2,942,601**	**100**	**4,595,212**	**100**	**2,123,682**	**100**
Applied to pay:								
Employee benefit expense	1,577,728	26%	1,063,296	36%	1,475,846	32%	957,669	45%
Government as tax	1,164,308	19%	275,957	9%	1,014,227	22%	152,920	7%
To providers of finance								
To lenders	29,735	0%	32,342	1%	-	0%		0%
Retained in the business								
Depreciation of Property and equipment	309,052	5%	348,193	12%	287,415	6%	274,591	13%
Amortization of intangible assets	103,529	2%	67,094	2%	99,645	2%	64,934	3%
To augment reserve	2,177,943	36%	755,719	26%	968,079	21%	273,568	13%
To pay proposed dividend	750,000	12%	400,000	14%	750,000	16%	400,000	19%
Value added	**6,112,295**	**100%**	**2,942,601**	**100%**	**4,595,212**	**100%**	**2,123,682**	**100%**

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FIVE YEAR FINANCIAL SUMMARY

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	IFRS			
GROUP	**2013**	**2012**	**2011**	**2010**
Cash and cash equivalents	21,741,885	11,328,839	9,442,965	10,469,363
Investment securities	43,078,047	28,136,863	15,729,022	14,225,262
Trade receivables	1,060,362	822,364	2,306,665	2,054,437
insurance assets	20,568,804	16,685,999	6,083,404	4,216,097
Deferred acquisition cost	332,237	397,319	404,793	378,120
Other receivables and prepayments	2,490,899	2,348,804	2,391,324	1,745,897
Investment in associates	1,196,124	942,654	639,301	301,056
Investment properties	5,400,000	2,435,000	2,327,421	2,327,421
Deferred tax assets	602	11,775	-	-
Intangible assets	181,746	131,658	126,161	174,504
Property and equipment	4,651,753	5,087,880	4,315,975	3,368,643
Statutory deposits	500,000	520,000	520,000	520,000
Total assets	**101,202,459**	**68,849,155**	**44,287,031**	**39,780,800**
Liabilities				
Insurance contract liabilities	49,665,623	35,557,630	17,530,494	11,901,833
Investment contract liabilities	11,106,336	10,293,658	8,925,288	7,562,545
Trade payables	16,437,487	5,466,790	3,399,900	4,246,285
Other liabilities	4,010,285	3,225,299	1,918,880	2,468,726
Borrowings	115,831	326,839	538,722	60,405
Current tax liabilities	863,865	369,469	681,269	856,126
Deferred tax liabilities	833,214	580,128	586,586	422,013
Total liabilities	**83,032,641**	**55,819,813**	**33,581,139**	**27,517,933**
Capital and reserves				
Issued and paid share capital	4,389,798	4,389,798	4,389,798	4,115,436
Share premium	387,826	387,826	387,826	387,826
Contingency reserve	4,779,161	3,860,340	2,943,723	2,310,857
Retained earnings	2,988,579	1,367,448	1,694,167	1,631,021
Assets revaluation reserves	767,522	341,320	324,850	324,850
Fair value reserves	3,975,180	2,055,690	242,902	2,546,367
Other reserves	(80,995)	(80,995)	112,868	351,056
Shareholders funds:	17,207,071	12,321,427	10,096,134	11,667,413
Non controlling interest	962,748	707,915	609,758	595,454
Total Equity	18,169,819	13,029,342	10,705,892	12,262,867
Total equity and liabilities	**101,202,460**	**68,849,155**	**44,287,031**	**39,780,800**

NGAAP

BALANCE SHEET	2009
Cash and bank balances	3,047,299
Short term investments	6,345,019
Premium debtors	2,504,409
Reinsurance recoverable, other assets and loans	7,245,867
Investments in finance leases	203,407
Deferred acquisition costs	390,750
Long term investments	11,604,697
Investments in associates	164,755
Investment properties	2,387,140
Statutory deposits	520,000
Fixed assets	2,691,388
Total assets	37,104,731
Liabilities	
Creditors and accruals	4,384,143
Dividend payable	
Borrowings	414,504
Provision for outstanding claims	4,642,537
Insurance funds	8,284,042
Liability for administered deposits	6,491,997
Taxation payable	533,092
Deferred taxation	379,879
Total liabilities	25,130,194
Capital and reserves	
Share capital	2,743,624
Share premium	387,826
Statutory contingency reserve	1,858,984
Asset revaluation reserve	1,502,482
Equities revaluation reserve	2,527,889
Asset replacement reserve	20,264
Bonus issue reserve	1,371,812
General reserve	1,003,959
	11,416,840
Non controlling interest	557,697
Total Equity	11,974,537
Total liabilities and reserve	37,104,731

FIVE YEAR FINANCIAL SUMMARY (CONT'D)

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	IFRS			
COMPANY	2013	2012	2011	2010
Assets				
Cash and cash equivalents	21,119,684	10,441,485	8,349,949	9,856,269
Investment securities	42,899,645	27,969,458	15,566,765	14,039,542
Trade receivables	1,060,362	822,364	2,306,665	2,054,437
Reinsurance assets	20,568,804	16,685,999	6,083,404	4,216,097
Deferred acquisition cost	332,237	397,319	404,793	378,120
Other receivables and prepayments	1,475,347	1,683,973	1,785,794	1,284,128
Investment in associates	788,209	788,209	788,209	695,375
Investment in subsidiaries	541,258	541,258	541,258	342,946
Investment properties	4,550,000	2,215,000	2,107,421	2,283,421
Deferred tax asset	-	-	-	-
Intangible assets	172,033	118,060	108,678	162,790
Property and equipment	3,154,172	4,141,563	3,536,467	2,563,259
Statutory deposit	500,000	520,000	520,000	520,000
Total assets	**97,161,751**	**66,324,688**	**42,099,403**	38,396,384
Liabilities				
Insurance contract liabilities	49,665,623	35,557,630	17,530,493	11,901,833
Investment contract liabilities	11,106,336	10,293,658	8,925,288	7,562,545
Trade payables	16,437,487	5,466,790	3,398,878	4,239,095
Other liabilities	3,129,775	2,305,321	1,171,727	1,737,746
Borrowings	-	-	-	-
Current tax liabilities	750,533	242,534	616,177	808,464
Deferred tax liabilities	604,826	472,229	489,190	357,222
Total liabilities	**81,694,580**	**54,338,162**	**32,131,753**	26,606,905
Capital and reserves				
Issued and paid share capital	4,389,798	4,389,798	4,389,798	4,115,436
Share premium	387,826	387,826	387,826	387,826
Contingency reserve	4,779,161	3,860,340	2,943,723	2,310,857
Retained earnings	1,345,421	943,741	1,686,791	1,845,832
Assets revaluation reserves	584,120	341,320	308,799	308,799
Fair value reserves	3,980,845	2,063,501	250,714	2,546,367
Other reserves	-	-	-	274,362
Shareholders funds:	15,467,171	11,986,526	9,967,651	11,789,479
Total equity and liabilities	**97,161,751**	**66,324,687**	**42,099,404**	38,396,384

	NGAAP
	2009
Assets	
Cash and bank balances	2,892,338
Short term investments	5,969,800
Premium debtors	2,504,409
Reinsurance recoverable, other assets and loans	6,812,263
Investments in finance leases	
Deferred acquisition costs	390,750
Long term investments	11,307,022
Investments in subsidiaries	342,946
Investments in associates	695,375
Investment properties	2,338,896
Statutory deposits	520,000
Fixed assets	1,863,952
Total assets	**35,637,751**
Liabilities	
Creditors and accruals	3,727,229
Dividend payable	-
Borrowings	-
Provision for outstanding claims	4,642,537
Insurance funds	8,284,042
Liability for administered deposits	6,491,997
Taxation payable	485,822
Deferred taxation	351,982
Total liabilities	**23,983,609**
Capital and reserves	
Share capital	2,743,624
Share premium	387,826
Statutory contingency reserve	1,858,984
Asset revaluation reserve	1,457,828
Equities revaluation reserve	2,527,889
Asset replacement reserve	-
Bonus issue reserve	1,371,812
General reserve	1,306,179
Shareholders funds:	11,654,142
Total equity and liabilities	**35,637,751**

FIVE YEAR FINANCIAL SUMMARY (CONT'D)

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

GROUP	2013	2012	2011
Gross premium written	41,751,459	36,920,537	24,085,772
Premium earned	14,176,000	13,036,325	13,147,758
Profit before taxation	4,199,486	1,431,677	1,878,265
Taxation	(1,164,308)	(275,956)	(610,699)
Profit for the year	3,035,178	1,155,721	1,267,566
Transfer to contingency reserve	(918,820)	(916,618)	(632,866)
Earnings per share (kobo)	36	13	14

COMPANY	2013	2012	2011
Gross premium written	41,752,673	36,920,537	24,085,772
Premium earned	14,177,214	13,036,325	13,147,758
Profit before taxation	2,732,306	826,489	1,492,946
Taxation	(1,014,227)	(152,920)	(519,122)
Profit after taxation	1,718,079	673,569	973,824
Transfer to contingency reserve	(918,820)	(916,618)	(632,866)
Earnings per share (kobo)	20	8	11

The summarized statement of financial position of 31 December 2009 and the statement of profit or loss and other comprehensive income for the years 2009 and 2010 were prepared on a different financial reporting framework (Nigerian GAAP).

	2010	2009
Gross premium written	14,207,700	24,817,360
Premium earned	8,698,205	8,963,306
Profit before taxation	2,375,400	1,774,111
Taxation	(721,020)	(551,294)
Profit after taxation	1,654,380	1,222,817
Transfer to contingency reserve	(451,873)	(765,649)
Earnings per share (kobo)	19	22

	2010	2009
Gross premium written	14,207,700	24,817,360
Premium earned	8,696,205	8,963,306
Profit before taxation	2,038,439	1,470,749
Taxation	(636,585)	(468,279)
Profit after taxation	1,401,854	1,002,470
Transfer to contingency reserve	(451,873)	(765,649)
Earnings per share (kobo)	17	18

Non-life Business
Statement of Financial Position

As at 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group and Company 31-Dec-13	Group and Company 31-Dec-12
Assets		
Cash and cash equivalents	19,342,230	8,053,435
Investment securities	14,265,136	11,269,138
Loans and advances	85,255	106,399
Trade receivables	1 038 831	741,584
Reinsurance assets	19,894,691	15,522,444
Deferred acquisition cost	332,237	397,319
Other receivables and prepayments	285,629	151,690
Investment in associates	35,000	35,000
Investment in subsidiaries	342,946	342,946
Investment properties	2,050,000	1,630,000
Intangible assets	135,010	61,893
Property and equipment	2,776,863	2,486,411
Statutory deposits	300,000	320,000
Total assets	**60,883,828**	**41,118,259**
Liabilities		
Insurance contract liabilities	27,948,024	24,679,553
Trade payables and other liabilities	18,711,783	7,042,762
Current tax liabilities	519,617	155,913
Deferred tax liabilities	508,194	379,844
Total liabilities	**47,687,618**	**32,258,072**
Capital and reserves		
Share capital	3,139,798	3,139,798
Share premium	387,826	387,826
Contingency reserve	4,282,045	3,531,432
Retained earnings	1,955,915	(198,092)
Asset revaluation reserve	562,718	336,906
Fair value reserves	2,867,908	1,662,317
Shareholders funds:	**13,196,210**	**8,860,187**
Total equity and liabilities	**60,883,828**	**41,118,259**

Non-life Business Income Statement

For The Year Ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group and Company 31-Dec-13	Group and Company 31-Dec-12
Gross premium written	25,020,447	27,370,629
Add: reduction in unearned premium	(5,649,388)	(4,928,465)
Gross insurance premium revenue	19,371,059	22,442,164
Reinsurance expense	(10,471,622)	(12,521,439)
Net insurance premium earned	8,899,437	9,920,725
Commission income	1,409,226	1,434,505
Total revenue	**10,308,663**	**11,355,230**
Claims expenses	(3,307,850)	(6,137,721)
Underwriting expenses	(1,996,987)	(2,633,986)
Net underwriting expenses	(5,304,837)	(8,771,707)
Total underwriting profit	5,003,826	2,583,523
Investment income	2,016,635	1,395,025
Net fair value gain/(loss) on assets at fair value	414,120	135,057
Other operating income	215,555	-
Employee benefit expenses and other operating expenses	(3,668,907)	(2,692,872)
Result of operating activities	(1,022,597)	(1,162,790)
Finance cost	-	-
Net impairment gains/(losses)	(423,362)	(1,123,415)
Profit before tax	**3,557,867**	**297,318**
Income taxes	(653,247)	(59,574)
Profit for the year	**2,904,620**	**237,744**
Other comprehensive income:		
Fair value changes on available for sale financial assets	1,205,592	1,477,959
Foreign exchange difference on unquoted financial assets		
Revaluation gain on land & building	225,811	85,438
Other comprehensive income for the year, net of tax	**1,431,403**	**1,563,397**
Total comprehensive income	**4,336,023**	**1,801,141**

Non-life Business Revenue Account

For The Year Ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	MOTOR	FIRE	GEN. ACC.	MARINE
INCOME				
Gross premium written	3,238,938	1,688,877	1,065,657	838,305
Less: Increase/ (decrease) in unearned premium	9,192	340,298	130,845	162,296
Gross premiums earned	3,248,130	2,029,175	1,196,502	1,000,601
Reinsurance cost	(173,750)	(693,650)	(54,960)	(381,917)
Net premium earned	3,074,380	1,335,525	1,141,542	618,684
Commissions earned	82,743	187,003	19,898	109,122
Total underwriting income	**3,157,123**	**1,522,528**	**1,161,440**	**727,806**
EXPENSES				
Gross claims paid	(1,470,779)	(1,160,260)	(484,920)	(681,601)
Increase/(decrease) in outstanding claims provision	69,145	398,720	173,100	182,470
Gross claims incurred	(1,401,634)	(761,540)	(311,820)	(499,131)
Deduct: reinsurance claims recoveries/recoverable	224,941	27,335	62,069	49,731
Net claims incurred	**(1,176,693)**	**(734,205)**	(249,751)	**(449,400)**
Add: Underwriting expenses:				
Commission expenses	(573,770)	(311,364)	(227,495)	(211,093)
Acquisition expenses	(123,010)	(141,281)	(60,402)	(10,543)
	(696,780)	**(452,645)**	**(287,897)**	**(221,636)**
Total expenses and claims incurred	**(1,873,472)**	**(1,186,850)**	**(537,648)**	**(671,036)**
Underwriting profit/(loss)	**1,283,650**	**335,678**	**623,792**	**56,770**

BOND	ENGINEERING	SPECIAL RISK	2013 TOTAL	2012 TOTAL
619,058	599,713	16,969,898	25,020,447	27,370,629
(25,512)	87,602	(6,354,109)	(5,649,388)	(4,928,465)
593,546	687,315	10,615,789	19,371,059	22,442,164
(423,452)	(254,311)	(8,489,581)	(10,471,622)	(12,521,439)
170,094	433,004	2,126,208	8,899,437	9,920,725
85,359	89,562	835,540	1,409,226	1,434,505
255,453	**522,566**	**2,961,748**	**10,308,663**	**11,355,230**
(913,485)	(262,549)	(1,898,997)	(6,872,591)	(5,051,898)
808,235	(104,634)	853,881	2,380,917	(6,411,864)
(105,250)	(367,183)	(1,045,116)	(4,491,674)	(11,463,762)
(35,758)	93,959	761,549	1,183,824	5,326,040
(141,008)	(273,224)	(283,567)	**(3,307,850)**	**(6,137,722)**
(19,501)	(90,629)	-	(1,433,851)	(1,401,007)
(13,492)	(32,407)	(182,000)	(563,136)	(1,232,979)
(32,993)	**(123,036)**	**(182,000)**	**(1,996,987)**	**(2,633,986)**
(174,001)	**(396,260)**	**(465,567)**	**(5,304,837)**	**(8,771,708)**
81,452	**126,306**	**2,496,181**	**5,003,826**	**2,583,522**

Life Business
Statement of Financial Position

As at 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group and Company 31-Dec-13	Group and Company 31-Dec-12
Assets		
Cash and cash equivalents	1,777,455	2,388,049
Investment securities	28,634,508	16,700,320
Loans and advances	1,198,176	1,046,413
Trade receivables	21,531	80,780
Reinsurance assets	674,113	1,163,555
Deferred Acquisition Cost	-	-
Other receivables and prepayments	86,070	379,470
Investment in associates	753,209	753,209
Investment in subsidiaries	198,312	198,312
Investment properties	2,500,000	585,000
Intangible assets	37,023	56,167
Property and equipment	377,309	1,655,152
Statutory deposits	200,000	200,000
Total assets	**36,457,706**	**25,206,427**
Liabilities		
Insurance contract liabilities	21,717,600	10,878,076
Investment contract liabilities	11,106,337	10,293,658
Trade payables and other liabilities	1,035,260	729,348
Retirement benefit obligation	-	-
Current tax liabilities	230,917	86,621
Deferred tax liabilities	96,632	92,385
Total liabilities	**34,186,746**	**22,080,088**
Capital and reserves		
Share capital	1,250,000	1,250,000
Share premium	-	-
Contingency reserve	497,116	328,99
Retained earnings	(610,491)	1,141,833
Asset revaluation reserve	21,401	4,413
Fair value reserves	1,112,936	401,184
Shareholders funds	**2,270,962**	**3,126,339**
Total equity and liabilities	**36,457,708**	**25,206,427**

Life business Income Statement

For The Year Ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group and Company 31-Dec-13	Group and Company 31-Dec-12
Gross premium written	16,732,227	9,549,908
Add: reduction in unearned premium	(11,301,843)	(6,067,889)
Gross insurance premium revenue	5,430,384	3,482,019
Reinsurance expense	(152,607)	(366,419)
Net insurance premium earned	5,277,777	3,115,600
Commission income	41,167	94,352
Total revenue	**5,318,944**	**3,209,952**
Gross benefits and claims paid	(4,118,113)	(2,188,629)
Claims ceded to reinsurance	118,952	597,379
Gross change in contract liabilities	462,319	(618,841)
Underwriting expenses	(1,137,834)	(1,286,657)
Net underwriting expenses	**(4,674,674)**	**(3,496,748)**
Total underwriting profit	**644,270**	**(286,796)**
Investment income	3,719,928	1,844,445
Net fair value gain/(loss) on assets at fair value	(2,503,273)	1,334,190
Other operating income	86,444	-
Employee benefit expenses and other operating expenses	(926,906)	(656,424)
Result of operating activities	376,193	2,522,211
Finance cost	(856,844)	(853,386)
Net impairment gains/(losses)	(989,176)	
Profit/(loss) before tax	**(825,557)**	1,382,029
Income taxes	(360,981)	(93,346)
Profit/(loss) for the year	(1,186,538)	1,288,683
Other comprehensive income:		
Fair value changes on available for sale financial assets	711,752	334,828
Foreign exchange difference on unquoted financial assets		
Revaluation gain on land & building	16,988	(77,488)
Other comprehensive income for the year, net of tax	**728,740**	**257,340**
Total comprehensive income	**(457,798)**	**1,546,023**

Life Business Revenue Accounts

For The Year Ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Individual Life	Group Life	Annuity	2013 Total	2012 Total
Income					
Gross premium written	1,345,272	2,359,633	13,027,322	16,732,227	9,549,908
Provision for unexpired risk	(844,506)	(294,085)	(10,163,252)	(11,301,843)	(6,067,889)
Gross premium	**500,766**	**2,065,548**	**2,864,070**	**5,430,384**	**3,482,019**
Reinsurance expenses	(21,501)	(131,106)	-	(152,607)	(366,419)
Premium retained	**479,265**	**1,934,442**	**2,864,070**	5,277,777	3,115,600
Commissions earned	54	41,113	-	41,167	94,352
Investment income	340,086	596,518	1,979,636	2,916,240	2,300,416
Other income	740	1,299	74,892	76,931	248,133
Total income	**820,145**	**2,537,371**	**4,918,598**	**8,312,115**	**5,758,501**
Direct claims paid	(328,056)	(1,906,688)	(38,047)	(2,272,791)	(1,473,520)
Annuity payments	-	-	(1,845,321)	(1,845,321)	(715,110)
Increase/(decrease) in outstanding claims	-	462,319	-	462,319	(618,841)
Gross claims incurred	**(328,056)**	**(1,444,369)**	**(1,883,368)**	**(3,655,793)**	**(2,807,471)**
Deduct:					
Reinsurance claims recoveries/recoverable	285	118,667	-	118,952	597,379
Net claims incurred	**(327,771)**	**(1,325,702)**	**(1,883,368)**	**(3,536,841)**	**(2,210,092)**
Underwriting expenses	(127,277)	(236,248)	(622,798)	(986,323)	(1,154,718)
Employee benefit expenses and other operating expenses	(228,161)	(418,296)	(95,067)	(741,524)	(438,715)
Total expenses	**(683,209)**	**(1,980,246)**	**(2,601,234)**	**(5,264,689)**	**(3,803,525)**
Underwriting (loss)/profit	**136,937**	**593,125**	**2,317,364**	**3,047,427**	**1,954,976**

Deposit Administration Revenue Accounts

For the year ended 31 December 2013

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Deposit Administration	2013 Total	2012 Total
Investment income	803,688	803,688	1,317,952
Other income	9,513	9,513	46,098
Total income	**813,201**	**813,201**	**1,364,050**
Underwriting expenses	(151,511)	(151,511)	(201,294)
Employee benefit expenses and other operating expenses	(185,381)	(185,381)	
Finance cost	(856,844)	(856,844)	(114,198)
			(853,386)
Total expenses	**(1,193,736)**	**(1,193,736)**	**(1,168,878)**
Underwriting (loss)/profit	**(380,534)**	**(380,534)**	**195,172**

Leadway at a Glance

YEAR OF INCORPORATION	1970
COMMENCEMENT OF OPERATIONS	1971
FINANCIAL YEAR END	31st December
SHAREHOLDERS' FUNDS	₦ 15.47 Billion (as at 31 December 2013)
TOTAL ASSET BASE	₦ 97.1 Billion (as at 31 December 2013)
CLASSIFICATION	All classes of Insurance, Managed Funds & Trusteeship
NUMBER OF BRANCHES	22 (excluding Registered office & Corporate office)
SUBSIDIARIES	Leadway Capital & Trusts Limited Leadway Properties & Investments Ltd. Leadway Hotels Limited
ASSOCIATE	Leadway Pensure PFA Limited
NUMBER OF EMPLOYEES	352 (as at December 31, 2013)
FOUNDER	Sir Hassan O. Odukale (1926-1999)
DIRECTORS	Mallam Umar Yahaya (Chairman) Mr. Oye Hassan-Odukale, mfr (MD/CEO) Mr. Tunde Hassan-Odukale (Exec. Director) - Financial Services & IT Systems Ms. Adetola Adegbayi (Exec. Director) - General Business Mr. Jeremy Rowse (Director) Dr. Konyinsola Ajayi (Director) Dr. A. B. C. Orjiako (Director) Mrs. Fehintola Obatusin (Director) Mr. Ibrahim Hadejia (Director)
SECRETARY	Mr. Sunday Oroleke
MANAGEMENT	Mr. Oye Hassan-Odukale, mfr (MD/CEO) Mr. Tunde Hassan-Odukale, (ED) - Financial Services & IT Systems Ms. Adetola Adegbayi (ED) - General Business Mr. Shadrach Sivhugwana - Head of Life Business Mr. Adebayo O. Okuwobi - Divisional Director/Head, Life Commercial Mr. David Onilado - Divisional Director/Chief Finance Officer Mr. Adetayo Adekunle - Divisional Director/Head of Technical Deacon Clement O. Atere - Divisional Director/Head, General Business Commercial Mr. Okegbemi Owoseje - Divisional Director/Head, Claims Mr. Temilolu Aduloju - Divisional Director/Chief Compliance Officer

Branch Diretory

Abuja	Abeokuta	Akure	Benin
Leadway House (4th Floor) Plot 1061, Cadastral Avenue Maitama P.M.B 275 Abuja. CBD, Abuja FCT 08129997114, 0819997115	13, Lalubu Street, Oke'lewo, Abeokuta. 08129997096, 0819997097	NACRDB Building Ado Owo Road, Alagbaka Akure 08129997096 08129997159	84 Akpakpava Street Benin City 08129997103 08129997158
Calabar	**Enugu**	**Ilorin**	**Ibadan**
141 Ndidem Usang Iso Road/Marian Road, Calabar. 08129997098 08129997099	Akalaka House(2nd floor) 127/129 Chime Avenue New Haven, Enugu 08129997106 08129997161	163 Ajase-Ipo Rd Gaa-Akanbi Junction Road Anu Oluwapo Complex Ilorin, Kwara State 08129997102, 08129997162	25 Mogaji Are Rd Iyaganku GRA Off Moshood Abiola Way Ibadan 08129997122 08129997123
Jos	**Kano**	**Makurdi**	**Osogbo**
2A Ibrahim Taiwo Rd GRA, Jos 08129997122 08129997123	Fustan House 25 Zaria Road Gyadi-Gyadi Round About Kano 08129997112 08129997168	Last Floor, 8 Railway bye pass, High Level, near Zenith Bank Makurdi 08129997113	2nd Floor, Moye House Km2, Gbogan/Ibadan Rd. Osogbo. 08129997108 08129997163
Port Harcourt	**Sagamu**	**Sokoto**	**Uyo**
8 Igbodo Street, Old GRA Port Harcourt 08129997110 08129997109	136 Akarigbo Street Opposite Mobil Filling Station Ijokun, Sagamu 08129997101 08129997156	15A Kano Road (Not far from Central Bank of Nigeria) Sokoto 08129997124	164 Ikot Ekpene Road (3rd Floor), Uyo 08129997100 08129997155
Warri	**Yenagoa**	**Zaria**	**Agency Offices**
Ecobank Building 60 Effurun/Sapele Road Warri 08129997111 08129997166	Imgbi Road Opp. Spring Bank, Amarata 08129997105 08129997160	Last floor, UBA building By PZ Kaduna Road Zaria. 08129997125	Bida, Gboko, Gombe, Kafanchan, Yola, Katsina, Maiduguri, Minna, Okene, Ikare, Ado-Ekiti

Leadway Subsidiaries

Protea Hotel Leadway

Ikeja

Protea Hotel Leadway Ikeja is conveniently located in Maryland, Ikeja, Lagos, approximately 15 minutes drive from Muritala Muhammed International Airport.

Privately owned by Nigerian investors and managed and marketed by Protea Hotels, the largest Hotel operating company in Africa, the hotel offers 47 deluxe
ensuite rooms and 2 suites each equipped with DSTV, central air conditioning, in-room tea and coffee making facilities, direct internet access, a mini bar refrigerator and digital safe. Other facilities and services include a Restaurant, a 24-hour cocktail bar, fitness centre, swimming pool,
business centre and 24-hour room service. One facility that clearly separates this Hotel from the rest is an Audio/Sound Room, where guests can get away
from the hustle and bustle from Lagos and relax in a private lounge with surround sound stereo audio and video facilities or have a private meeting.

The Hotel offers State of the art conference facilities with one conference room, seating up to 50 delegates and two boardrooms seating up to 12 delegates each.

Architecturally, the Hotel is different from the other Protea-managed Hotels in Lagos. The facade, interior and layout of the rooms are refreshingly different.
Rustic oranges, reds and yellows have been used throughout as the predominant colour scheme. The furniture is a mixture of dark wood, cane and modern desk
chairs in the rooms. There is good light flow in the Hotel and it has an airy feel about it.

The management and staff pride themselves on offering hospitality and service of world class standard and living up to their 'Leading the Way' creed
under the leadership of General Manager, Ankia Geldart and Deputy General Manager, Tunde Oduyoye; while the chef brigade under the leadership of
South African Executive Chef Chris Geldart will be offering excellent local and international cuisine. The menu selection is varied enough to cater for all tastes
and can accommodate those guests that will be staying more than one day.

Protea Hotel Leadway offers superior appointments, personalised service and individuality of character.

When next in Lagos it may be well worth your while to pay this truly superb hotel a visit, whether to stay, have a conference, and enjoy a snack,
dinner or ...to simply relax.

Where Elegance And Service Is A Priority!

Address: 1 Mugambo Close, Maryland Estate, Lagos. Nigeria.
Tel: +2341 2790800/0802/0803/0806, Fax: +2341 2790801,
E-mail: reservations@leadway-protea.com, Website: www.proteahotels.com/leadway

Leadway Capital & Trusts Limited

RC268,275

Leadway Capital & Trust was incorporated as Leadway Trustees Limited in 1995 but its services became commercial in 1999. To operate within the capital market,
the company registered with the Securities and Exchange Commission in year 2000 and has maintained its registration since then.

Leadway Capital & Trusts Limited is a subsidiary of Leadway Assurance Company Limited, one of the foremost insurance service providers in Nigeria.
The reputation enjoyed by the Leadway Group has been attained and sustained by the pursuit of improvements to maintain competitive advantage.
All aspects of the business are approached with discipline - the recruitment of staff, development of products, use of advanced technology to final service delivery.

Since incorporation, the company has provided and is still providing corporate and personal trusteeship services in diverse arrangements. Specifically, Leadway Capital & Trusts Limited
provides professional services in the following areas:

» Trust of Consortium Lending
» Debenture Trusts
» Unit Trusts and Mutual Funds
» Mortgage Trusts
» Investment Trusts
» Leasing Trusts
» Management of other Trusts as Endowments, Foundations, Co-operatives
» Employee Share Ownership Trusts
» Custodian Trusteeship
» Nominee Shareholding
» Living Trusts
» Education Trusts
» Vehicle Leases to select Corporate Bodies
» Investment in varied transactions where management finds it expedient

Although a relatively young company, it is able to tap into the resources and over 40years experience of its parent company, Leadway Assurance Company Ltd.

Address: 121/123 Funso Williams Avenue, Iponri, P.O. Box 6437, Marina, Lagos
Tel: 01-2700700 Fax: 01-2700800, **E-mail:** trustees@leadway.com, **Website:** www.leadway.com

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