LEADWAY
ASSURANCE COMPANY LIMITED
RC 7588

45 YEARS
ANNIVERSARY
Insuring happiness since 1970

EVOLVING TIMES...

ANNUAL REPORT & ACCOUNTS 2014

00:03

19:70

00:07

Seeing ahead of time

THE FUTURE

OPPORTUNITIES

DIRECTION

00:08

Measuring time

SETTING THE CLOCK

SUNRISE AND SUNSET

24 TIMES ZONES

00:10

In The Cycle Of Time

CYCLIC TIME

DAILY ROUTINES

OPPORTUNITIES

5 10 15 20 25

20:15

READ ABOUT OUR OPERATING ENVIRONMENT AND BUSINESS OUTLOOK

CONTENT

READ ABOUT OUR FINANCIAL POSITION AND PERFORMANCE

Group Financial Statements

In this section:

The governance framework, including the role and effectiveness of the Board and the alignment of the interests of management with long-term value creation.

Appendix

In this section:

The statutory financial statements of both the Group and the Company and associated audit report

p00:57

p01:68

00:06

The present ticks...

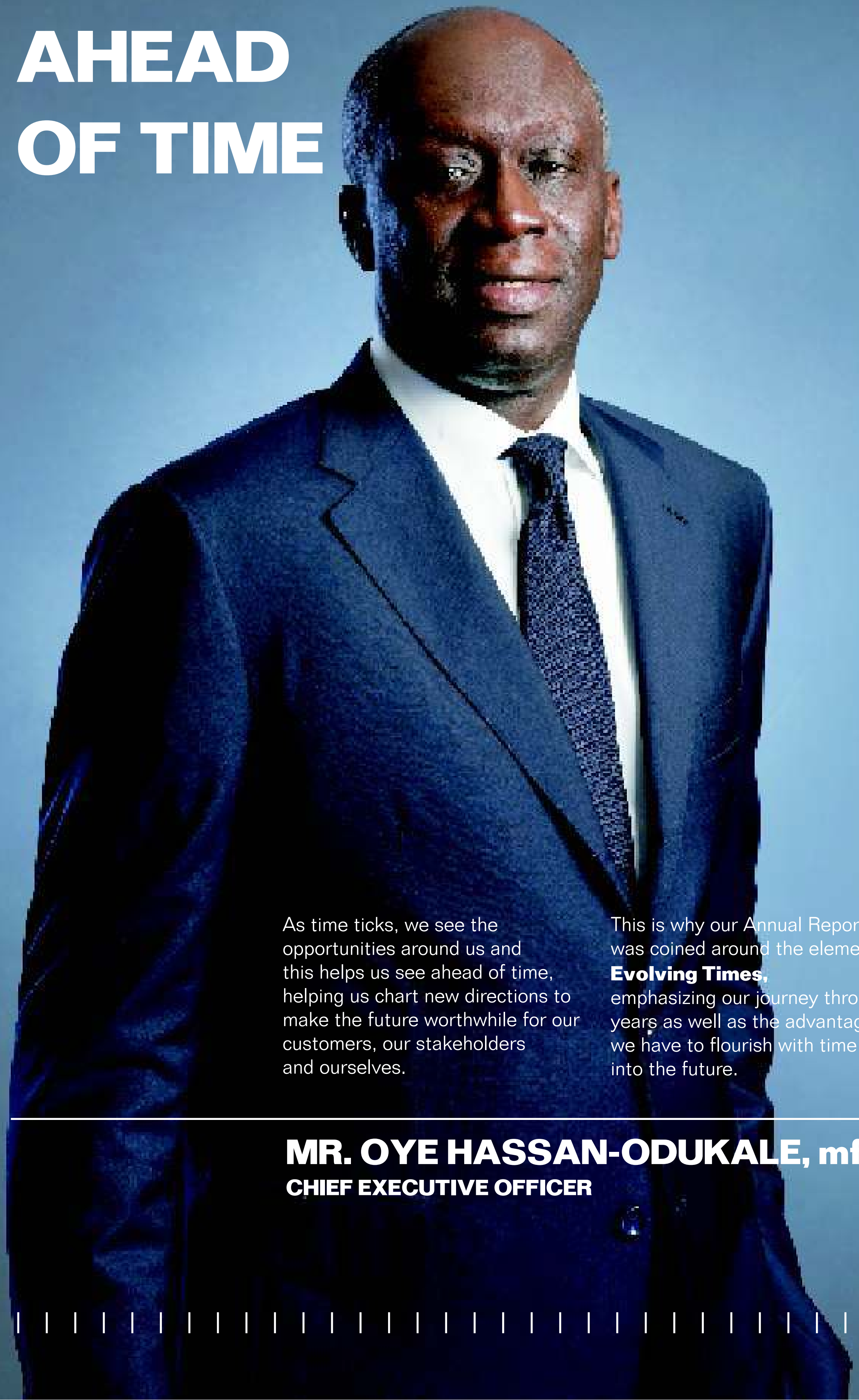
The future counts...

Life happens.

But in the eye of time...
those who have a sense
of time can never run
out of hope.

LEADWAY
ASSURANCE COMPANY LIMITED

SEEING AHEAD OF TIME



As time ticks, we see the opportunities around us and this helps us see ahead of time, helping us chart new directions to make the future worthwhile for our customers, our stakeholders and ourselves.

This is why our Annual Report was coined around the elements of **Evolving Times,** emphasizing our journey through the years as well as the advantage we have to flourish with time right into the future.

MR. OYE HASSAN-ODUKALE, mfr
CHIEF EXECUTIVE OFFICER

MEASURING TIME

In time past, people believed the world's clocks should be set to run at the same time. This was a problem as the sun shines on all parts of the world at different times. For example, if every clock in the world was set at 3 p.m., in some places it would be afternoon, in some it would be morning while in some others it would be night.

In 1884, scientists solved this problem by dividing the world into 24 time zones. Each zone is approximately 15 degrees longitude wide; equal to about 1,035 miles wide. Greenwich, England was chosen to be the location for universal time because it is located along the prime meridian.

The time in each time zone is calculated by this universal time also known as the Greenwich Mean Time (GMT).

* Source: Wikipedia

19:70

Guided by a noble vision and rooted in integrity and excellent customer service, the erstwhile Gaskia Insurance Brokers of humble beginnings as a direct motor insurance broker, led to the incorporation of Leadway Assurance.

19:75

With great leverage, Leadway Assurance started expanding and becoming well known as a reputable motor insurance company in the whole of the Northern region.

19:80

From working on just individual accounts mainly in the North, Leadway started handling corporate accounts and working with brokers; thus marking a turning point that made the company become visible throughout Nigeria.

In the life of a company

As time goes by in the life of a company, it is worthwhile to remember the invaluable contributions of its founding fathers. At Leadway, these contributions are immeasurable. The future of Leadway was moulded on profound optimism and the faith of providence driven by the diligence of persons who were determined to impact the world for better within evolving times.

1 **Sir Hassan Odukale**

2 **Alhaji Muhammed Farouk**

3 **Alhaji Hassan Hadejia**

19:85

Leadway became more influential in the south, especially Lagos, from about 1985 when the company really started selling big corporate businesses and relationships bloomed across diverse sectors of clients patronizing insurance services in Nigeria.

19:90

Leadway Assurance capitalized on regulations such as the Companies and Allied Matters Decree of 1990, Motor Vehicle (Third Party) Insurance Act and National Insurance Commission Decree of 1997 to consolidate its leading practice of Insurance in Nigeria.

19:95

As part of its growth strategy, the Leadway Group incorporated a subsidiary named Leadway Trustees Limited on 22 March 1995 to render trusteeship services to Governments' agencies, corporate entities and individuals.

IN THE CYCLE OF TIME

Time is sometimes used to express position within the cycle of history. That is, one phase leads to another. One dispensation leads to another.

For the late Sir Hassan Olusola Odukale, the days of small beginnings were the opportunity to lay solid blocks for the greatness of the future that became Leadway Assurance.

Like the late Sir Odukale's history showed, it takes just one great man of great ideas and passion to change the world. It is no wonder that visionaries and revolutionaries are found in human history. A businessman of high repute, a philanthropist of no mean order, a promoter and advocate of Yoruba culture but highly liberal, Sir Odukale founded Leadway Assurance on September 22, 1970 after being inspired by a meticulous distillation of useful advice garnered from close friends and associates.

Sir Odukale founded the famous Hassan Modern Stores in late 1952 and later established its branch in Jos. For 25 years, he was at the helm of affairs of the supermarket chain. His sharp business acumen and drive led him to becoming the first Nigerian individual agent of Royal Exchange Assurance Company Limited in the whole of Northern Nigeria.

Sir Odukale's experience in retailing business may have prepared him for the challenges ahead as founder of Leadway Assurance. In addition, his impressive business insight was an influence he got from his father who he described as a 'shrewd businessman' selling Aso Oke during his time in the early

Read anti-clockwise from the Orange line

20:00

In line with proper regulations and legal requirements, Leadway Trustees Limited was registered as Trustees with the Securities & Exchange Commission in 2000, thus transiting to a full-fledged trusteeship company.

20:05

Following the Federal Government directive in September 2005 mandating all insurance companies in Nigeria to recapitalize as part of industry consolidation program, Leadway Assurance was among the 71 insurance firms that successfully recapitalized before the February 28, 2007 deadline.

20:11

Leadway Assurance moved into its new ultra-modern, world-class corporate head office complex, firmly stamping its indelible presence on the landscape of the insurance industry in Nigeria.

20:15

Today, Leadway Assurance is the market leader in the Nigerian insurance industry, with a strong brand reputation for service efficiency and customer reliability. Leadway is a private company with a capital base of N15.9 Billion, having 42 shareholders, 14 of which are corporate investors, and 2 Trust Corporations.

1920s to the 1940s. Years later, he established the defunct Gaskiya Insurance Brokerage firm as the managing director with other partners. By 1970, Sir Odukale had garnered enough experience across various business ventures and partnerships to establish Leadway Assurance Company Limited as the Managing Director and Chief Executive. The soaring reputation that Leadway Assurance has built over the years till today stands firm on a solid capital base. Now, the company has a Capital base in excess of ₦ 15.98 billion. It also has a policy of increasing its capital steadily as the business expands. Thus, Leadway Assurance Company Limited has also enjoyed a steady growth in premium income and total assets, which currently stands at over ₦ 39 billion (thirty nine billion naira only) and ₦ 100.58 billion (one hundred billion and fifty eight million naira only) respectively as at 31st December 2014.

The founding fathers nurtured the company to an enviable position In the Nigerian Insurance industry before handing over the baton of leadership to a new generation of leaders. In 1994, Mr. Oye Hassan Odukale, MFR. was appointed Chief Executive Officer (CEO) of Leadway Assurance and since his tenure, Leadway has grown in leaps and bounds to being one of Nigeria's foremost insurance companies.

Today, Leadway has evolved into a group of companies with subsidiaries such as Leadway Capital and Trusts, Leadway Properties and Investments, Leadway Pensure PFA and Leadway **Hotels Limited.**

VISION STATEMENT

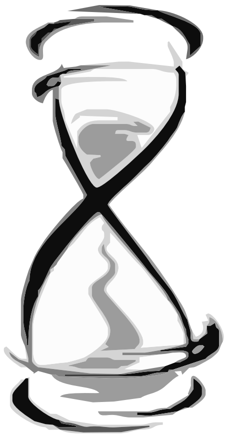
To be a leading insurance company and non- banking financial solutions provider in Nigeria, leveraging on our strategic capabilities in other selected markets.

L-R: Mr. Jeremy Rowse, Mr. Oye Hassan-Odukale,mfr, Dr. A.B.C Orjiakor, ofr, Ms. Adetola Adegbayi, Mr. Tunde Hassan-Odukale

MISSION STATEMENT

To be 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.

OVERVIEW



In this section

What we do

Leadway offers insurance services in life and general businesses (property & casualty). Leadway also offers allied financial services like bond, secured credit, miscellaneous financial losses and fund/portfolio management.

Leadway enjoys the patronage of clients spanning all the major industries including Construction & Engineering, Manufacturing, Oil and Gas, Shipping, Government Establishments, Ministries and Parastatals. Leadway increasingly attracts patronage from retail clients from a wide variety of backgrounds.

Our culture

The Leadway Group has come a long way since its establishment in 1970 to carry on business as a composite insurer.

Its Board of Directors comprises of men and women of integrity with several decades of experience in financial services and other diverse fields in between them.

The Board is collectively responsible for the success of the company and works with management to achieve company objectives.

Our responsibilities

In discharging our responsibilities, we pledge that come what may - rain or shine, dull or bright- the Company must always meet its financial obligations to all its customers, primary of which is claims. Without claims there will be no insurance business.

The conceptual basis of our Camel logo is rested on the slogan of the company being an Efficient and Reliable carrier of financial burden/obligations which in turn ensures the happiness of its customers.


Integrity
Service
Customer focus
I
C
O
R
S
E
"iSCORE"
...core values for your succes
Openness
Respect for the individual
Excellence

ADVERT

Notice of Annual General Meeting

Notice of the 43rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of **LEADWAY ASSURANCE COMPANY LIMITED** will convene at the Conference Hall of Protea Hotel Leadway, No. 1, Mogambo Close, Maryland Estate, Ikeja, Lagos on Monday 15th June, 2015 at 11am for the following purposes:

Ordinary Business

1.	To adopt the reports of the directors and auditors, including the statement of accounts for the year ended 31 December 2014.
2.	To declare a dividend.
3.	To re-elect Directors of the Company.
4.	To authorize the Directors to fix the auditor's remuneration.
5.	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 12th of June, 2015.

Business Review Governance In this section

Business Review

Governance

Chairman's Statement

"2015 marks 45 years of our existence and the long way that we have come despite socio-economic challenges within a highly competitive market. Our success can only be traced to the unflinching support and patronage of our esteemed customers, brokers, agents and other stakeholders."

Mallam Umar Yahaya
Chairman

Chairman's Statement

Dear Shareholders, I warmly welcome you to the 43rd Annual General Meeting of our company and I am pleased to lay before you our financial statements and reports for the year ended December 31, 2014.

OPERATING ENVIRONMENT

The year 2014 witnessed deepening activities of terrorists across the Northern parts of our country, which hampered economic activities, particularly within the surrounding areas.With the global decline in oil price at below $50pb (a level that was reportedly not seen in the past 6 years),coupled with dwindling foreign reserves, the Naira was depreciated.. In response, the Nigerian All Share Index closed the year with a decline of 16.1% at 34,657.15 compared with 41,329.10 recorded in 2013 with all sectors and indices closing negative due to the panic sale of equities by foreign investors arising from the fall in crude oil prices and dwindling external reserves.

Despite these challenges, real Gross Domestic Product (GDP), grew by 5.94% in 2014, though lower by 0.83% than the rates recorded in 2013. The non-oil sector remained the major driver of the economy and recorded 6.44% growth in real terms compared with the 8.78% recorded in 2013, largely attributed to activities recorded within Agriculture, and Trade sectors.

According to the National Bureau of Statistics (NBS), Nigeria maintained single digit range inflation for 24 consecutive months and peaked 8.2% at the end of June 2014 before closing at 8%, an indication of relative stability in the general domestic price level due to the tight monetary policy stance of the Central Bank.

Chairman's Statement

INSURANCE INDUSTRY

The insurance industry witnessed bursts of reformatory activities in the year 2014 hinged on the improved regulations being driven by the current leadership of the National Insurance Commission in order to boost consumer confidence. Forming part of the reforms that greeted the financial year was the release of a circular on Commissions, Rebates and Returned Premium with the sole aim of establishing standards for policy contracts and for the protection of policy holders and members of the public.

We are supportive of the ongoing reforms, which have also encouraged the entrance of foreign investors into Nigeria's Insurance Industry, given potential for growth within a more conducive operating environment.

FINANCIAL RESULTS

The company recorded a 7% decline in Gross Premium Written from ₦41.7b in 2013 to ₦39.0b in 2014, largely attributable to the significant reduction in premiums written under General Business while compensating growth was recorded in Life Business.

There was a significant increase in claims expenses in 2014 by 86% from ₦6.8b in 2013 to ₦12.7b in 2014. This was attributed to annuity payments and higher claims paid under General Business, due to risk retention levels on oil and gas and aviation risks. Overall, net underwriting expenses increased by 61% from ₦9.9b in 2013 to ₦16b in 2014, resulting in 47% decrease in underwriting profit from ₦5.6b in 2013 to ₦3b in 2014.

Notwithstanding the volatility in the macroeconomic variables, investment income increased by 31% from ₦5.7b in 2013 to ₦7.4b in 2014, translating to a significant increase in profit after tax for the year by 64% from ₦1.7b in 2013 to ₦2.8b in 2014.

Overall, the company's balance sheet size enlarged marginally by 4% from ₦97.1b in 2013 to ₦100.5b in 2014, as unearned premium reserves were released out of insurance funds..

DIVIDEND

In line with the assurance of steady returns on your investments, your board of directors proposes a dividend of ₦850million which translates to 10kobo per share subject to withholding tax at the prevailing rate.

FUTURE OUTLOOK

With the change in government on May 29 2015, there is much hopef that the myriads of socio-political, economic and infrastructural challenges facing the country will be addressed successfully.

"...investment income increased by 31% from ₦5.7b in 2013 to ₦7.4b in 2014, translating to a significant increase in profit after tax for the year by 64% from ₦1.7b in 2013 to ₦2.8b in 2014."

Chairman's Statement

As it concerns the insurance sector, we are hopeful that, with specific regulations concerning Life and Annuity insurance under the amended Pension Reform Act, 2014 and "bancassurance" under Central Bank of Nigeria Guidelines on Bancassurance Products etc., we will continue to witness growth within the retail/personal line insurance and we shall take advantage of the opportunities that may arise by positioning ourselves to cover more grounds through aggressive product innovation and marketing . We are unwavering in our quest to use various platforms to deepen market penetration and ensure that we protect and increase our market share.

CONCLUSION

2015 marks 45 years of our existence and the long way that we have come despite socio-economic challenges within a highly competitive market. Our success can only be traced to the unflinching support and patronage of our esteemed customers, brokers, agents and other stakeholders. We are sincerely grateful for their confidence and remain resolute in our passion to deliver unparalleled service to their satisfaction.

I also appreciate the team spirit and steadfastness of our management and staff in ensuring that our dear customers are pleased with our services. With one accord, we shall sustain our forte as one of Nigeria's the foremost insurance companies.
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
Mr. Oye Hassan-Odukale	Managing Director
Mr. Tunde Hassan-Odukale	Executive
Ms. Adetola Adegbayi	Executive
Mr. Jeremy Rowse	Non- Executive
Dr. Konyinsola Ajayi	Non- Executive
Dr. A B C Orjiako	Non- Executive
Mrs. Fehintola Obatusin	Non- Executive (resigned wef 6th February 2014
Mrs. Mowunmi Sotubo	Non- Executive (appointed wef 8th May 2014)
Alhaji Ibrahim Hadejia	Non- Executive

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
Citibank Nigeria Limited
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited

Reinsurers
African Reinsurance Corporation
Continental Reinsurance Plc
GIC Re South Africa Limited
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/NIES/00000001304

BOARD OF DIRECTORS

- Managing Director, Associate Haulages (Nigeria) Limited
- Former Director, First Bank of Nigeria Plc
- Former Director, New Africa Merchant Bank Ltd
- AMP Alumnus, Harvard Business School, U S A
- EMP Alumnus, Stamford Graduate School of Business, U S A
- Alumnus Ahmadu Bello university, Zaria

MALLAM UMAR YAHAYA
CHAIRMAN

- Director, FBN Holdings Plc.
- Chairman, FBN Bank (UK) Limited
- Chairman, Leadway Pensure PFA Limited
- Member, Board of Governing Council, Babcock University, Ilisan - Remo Ogun State, NG.
- Past Chairman, Nigeria Insurers Association
- Former Member, Executive Committee of the Africa Insurance Organization
- 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. OYE HASSAN-ODUKALE, mfr
CHIEF EXECUTIVE OFFICER

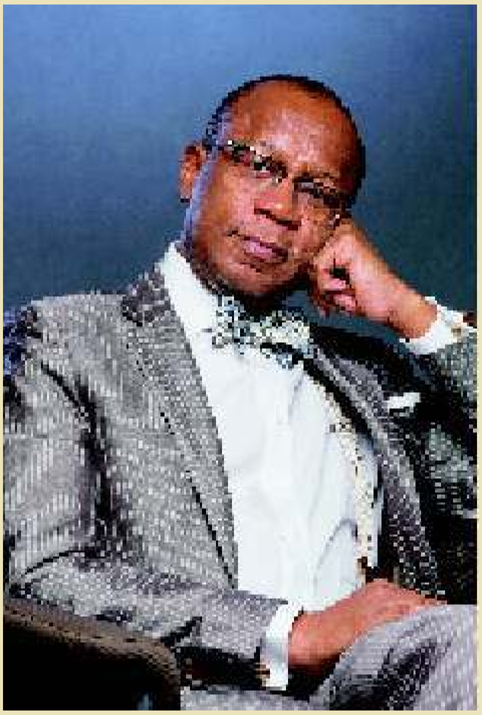
- Director, Nedgroup Life Assurance Company (South Africa), Nedgroup Insurance Company (South Africa), Nedbank Insurance Holdings (South Africa)
- Former Group Chief Executive, African Life Assurance, South Africa
- Former Member, Board of the Life Offices Association, South Africa
- Former Member, Ghana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

MR. JEREMY ROWSE
DIRECTOR

BOARD OF DIRECTORS

- Director, Leadway Properties and Investment Limited
- Managing Director, Sables Nigeria Limited
- Alumnus, Ahmadu Bello University, Zaria

MRS. MOWUNMI SOTUBO
DIRECTOR



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

DR. KONYINSOLA AJAYI, SAN
DIRECTOR

- Chairman, SEPLAT Petroleum Development Co. Plc.
- President, Shabah E&P Company Limited
- Chairman/CEO, Ordrec Group Limited
- Chairman Zebbra Energy Limited
- Chairman/ Medical Director, Rebs Memorial Specialist Hospital
- Alumnus, Harvard Business School, USA
- Fellow, West Africa College of Surgeons
- Member, Institute of Directors
- Alumnus, College of Medicine, University of Calabar, NG

DR. ABC ORJIAKOR, ofr
DIRECTOR

LEADWAY
ASSURANCE COMPANY LIMITED

BOARD OF DIRECTORS

- 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, Petrollink Nigeria Limited
- Alumnus, Ahmadu Bello University, Zaria
- Alumnus, Oxford University, UK
- Associate, Chartered Institute of Arbitrators, UK

ALHAJI IBRAHIM HADEJIA
DIRECTOR

- Chairman, Total Health Trust Ltd
- Chairman, Leadway Hotels Ltd
- Director, First Bank Nigeria Limited
- Director, Leadway Pensure PFA Limited
- 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
- Alumnus, Insead

MR. TUNDE HASSAN-ODUKALE
EXECUTIVE DIRECTOR

- Director, Leadway Hotels Ltd
- Director, Nigeria Liability Insurance Pool
- Alumnus, University of Bristol
- Alumnus, University of South Wales
- Associate, Chartered Insurance Institute, London
- Associate, Chartered Institute of Arbitrators, UK

MS. ADETOLA ADEGBAYI
EXECUTIVE DIRECTOR

ADVERT

Governance
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

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 46.18% 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 of accounting.

Operating results
The highlights of the Group and Company's operating results for the year ended 31 December 2014 are as follows:

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

	Group	Group	Company	Company
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	=N'000	=N'000	=N'000	=N'000
Gross premium written	38,969,943	41,751,459	39,008,139	41,752,673
Profit before tax	3,362,899	4,199,486	3,394,793	2,732,306
Income tax expense	(707,539)	(1,164,308)	(585,215)	(1,014,227)
Profit for the year	2,655,360	3,035,178	2,809,578	1,718,079
Other comprehensive income	(1,369,790)	2,523,832	(1,563,948)	2,160,144
Total comprehensive income	1,285,570	5,559,010	1,245,630	3,878,223
Earnings per share (kobo) - Basic/diluted	32	36	32	20
Profit attributable to:				
- Owners of the Company	2,558,020	2,904,896	2,809,578	1,718,079
- Non-controlling interest	97,340	130,282	-	-
	2,655,360	3,035,178	2,809,578	1,718,079
Appropriation of profit attributable to owners of the company				
Transfer to:				
- Contingency reserve	758,747	918,820	758,747	918,820
- Retained earnings	1,799,273	1,986,076	2,050,831	799,259
	2,558,020	2,904,896	2,809,578	1,718,079

Governance
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Dividends
The dividends paid in 2014 and 2013 were N750,000,000 (8.5 kobo per share) and N400,000,000 (N0.50 per share) respectively.A dividend in respect of the year ended 31 December 2014 of 10kobo per share, amounting to a total dividend of N850,000,000 is to be proposed at the annual general meeting. These financial statements do not reflect this dividend payable"

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-14	Indirect 31-Dec-14	Direct 31-Dec-13	Indirect 31-Dec-13
Mallam Umar Yahaya	Chairman	2,494	-	2,489	-
Mr. Oye Hassan-Odukale	Managing Director	20,580	1,199,953	20,525	1,196,255
Mr. Tunde Hassan-Odukale	Executive	-	536,314	-	532,671
Mr. Jeremy Rowse	Non -executive	-	-	-	-
Dr. Konyinsola Ajayi	Non -executive	-	14,339	-	14,248
Dr. A.B.C Orjiako	Non -executive	-	-	-	-
Mrs. Fehintola Obatusin	Non -executive (resigned effective from 6th February 2014)	347,925	-	347,925	-
Mrs. Mowunmi Sotubo	Non -executive (appointed effective from 8th May 2014)	290,066	-	288,165	-
Ms Adetola Adegbayi	Executive	12,203	-	12,203	-
Mr. Ibrahim Hadejia	Non -executive	-	346,554	-	346,554

Retirement and appointment of Directors
Following the resignation of Mrs. Fehintola Obatusin who represents the interest of Sir. Hassan Odukale Trust on the board of Leadway Assurance Company Ltd. The trustees of Sir. Hassan Odukale Trust nominated Mrs. Mowunmi Sotubo to continue to represent its interest. The appointment took effect from 8 May 2014.

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

	31 December 2014			
	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Share range				
Above 400,000,000	5	12%	5,949,960	68%
200,000,001 - 400,000,000	6	14%	1,889,029	22%
100,000,001 - 200,000,000	2	5%	277,540	3%
50,000,001 - 100,000,000	6	14%	441,062	5%
1,000,001 - 50,000,000	23	55%	222,001	2%
Total	**42**	**100%**	**8,779,593**	**100%**

LEADWAY
ASSURANCE COMPANY LIMITED

Governance

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

	31 December 2013			
	No of shareholders	Percentage of shareholders	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%**

Property and equipment

Information relating to changes in property and equipment is given in Note 18 to the financial statements.

Donations and charitable gifts

A total sum of N9,769,525 (2013 : N23,171,383) 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-14	31-Dec-13
Committee Encouraging Corporate Philanthrophy (CECP - Nigeria)	3,000,000	-
Lagos State Security Trust Fund	2,000,000	2,000,000
Ile aanu & Modupe Cole Orphanage homes & others	1,017,400	-
Ministry of Trade, Investment and Cooperative	1,000,000	-
Petroleum Training Institute	500,000	-
Loyola Jesuit College	250,000	-
The Peculiar saints orphanage building project	250,000	-
Sebeccly Cancer Care & Support Centre	210,000	150,000
Chartered Insurance Institute of Nigeria	105,000	15,000,000
Jubril Martins Memorial Secondary School	-	994,819
St Paul's Anglican Church, Isolo	-	250,000
American University of Nigeria	-	250,000
St John School, Ikorodu	-	200,000
Child Life Line	-	150,000
Others	1,437,125	4,176,564
	9,769,525	**23,171,383**

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 1 person in 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.

Employee involvement and training

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Thus, the Group provides opportunities for employees to deliberate on issues affecting them, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, employees are sponsored for various training courses both locally and internationally.

Governance

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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 (2013: Nil).

Treasury shares

During the year, 1,900,940 units out of 716,226,775 units of shares of Leadway Assurance Company Ltd held by Leadway Capital and trust (Treasury shares) was sold to one of the company's directors. The movement in treasury shares, N214,968 (2013: Nil) is included in the statement of changes in equity in these financial statements.

Auditors

Messrs PricewaterhouseCoopers 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

23 April 2015

Governance
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2014

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 affairs 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 safe-guard 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 financial 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 23 April 2015	FRC/2013/IODN/00000001963 23 April 2015

Governance
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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	**6th February, 2014**	**8th May, 2014**	**6th August, 2014**	**20th November, 2014**
Mr. Oye Hassan-Odukale	✓	✓	✓	✓
Mr. Tunde Hassan-Odukale	✓	✓	✓	✓
Mallam Umar Yahaya	✓	✓	✓	✓
Dr. Konyinsola Ajayi	✓	✓	✓	×
Mr. Jeremy Rowse	✓	✓	✓	✓
Mrs. Fehintola Obatusin	✓	NLD	NLD	NLD
Mrs. Mowunmi Sotubo	NYA	✓	✓	✓
Ms. Adetola Adegbayi	✓	✓	✓	✓
Dr. A.B.C. Orjiakor	×	✓	×	✓
Mr. Ibrahim Hadejia	✓	✓	✓	✓

Key:

✓ Present × Apology NYA - Not yet Appointed NLD - No Longer a Director

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 non-executive director is for a fixed period of three years. A non-executive 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.

Governance
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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:

a. 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. The committee had four meetings in 2014- 5 February, 2014, 7 May 2014 and 5 August, 2014 and 18 November 2014.

b. 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 2014 was 80% .The Committee had four meetings in 2014- 6 February 2014, 6 May 2014, 5 August, 2014 and 19 November 2014.

c. 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 Committee had two meetings in 2014. The meeting was held on 6 May, 2014 and 19 November 2014.

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.

Governance
COMPLAINTS CHANNELS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 front desks, corporate office and designated branches for walk in cutomers
- Complaint e-mail channel; insure@leadway.com
- Our Leadway Assurance Company Limited line; 01 - 2700700; 01 - 2800700
- Our website platform; www.leadway.com
- Correspondence from customers; Lcs@leadway.com
- Social media

- Facebook - www.facebook.com/Leadway Assurance
- Twitter - @LeadwayInsure
- Google Plus - Plus.google.com/+LeadwayAssurance
- Linkedin - www.linkedin.com/company/leadway-assurance-co.-ltd

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 Department (CSD) which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The Customer Service Department 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 Microsoft Dynamics CRM (Customer Relationship Management) 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.
- Upon resolution, the customer is contacted and the resolution is explained to the customer.
- The case is closed and marked as resolved.In addition to our present process, we are currently upgrading to newer version CRM to adequately manage all complaints and to give the best response time in this area of our services.

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.

Governance

COMPLAINTS CHANNELS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 delivery or improve upon the process, service or product.

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.

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

Report of complaints received and resolved by the organization between January-December 2014

Month	Complaints received during the year	Number of complaints resolved	Number complaints unresolved	Number of unresolved complaints with SLA*
January	64	64	-	-
February	71	71	-	-
March	9	9	-	-
April	26	26	-	-
May	32	32	-	-
June	53	53	-	-
July	91	91	-	-
August	76	76	-	-
September	89	89	-	-
October	96	96	-	-
November	23	23	-	-
December	14	14	-	-
	644	**644**	**-**	**-**

** Service Level Agreements*

Complaints not resolved within the turnaround time, can be attributed mainly to the unavailability of these customers either via mail or phone call after resolution of their complaint but all complaints are usually treated within 24hrs (depending on the source of the error)

Governance
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2014

Management Discussion and Analysis
Leadway Group is made up of Leadway Assurance Company Limited, (parent company) and 3 subsidiaries and 2 associate companies. The Group's major business activities are Insurance, Asset Management; Hospitality and property business.
The Group is registered and incorporated in Nigeria and is engaged in providing Insurance, Hospitality, Asset Management as well as Trusteeship services to corporate, retail sector and individuals in Nigeria. The Group is also established and run in such a way that it is the biggest insurance company in Nigeria with future outlook to expand to other part of African countries.

Part of the Group's strategy is also to use technology and international best practice to provide its customers with tailor made solutions, superior services and specially designed programs to assist its patrons through a network of regional and agency offices spread all over Nigeria.

This 'Management Discussion and Analysis'" (MD&A) has been prepared as at December 31, 2014 and should be read in conjunction with the consolidated financial statement account of Leadway Assurance Company Limited and subsidiary companies.

Forward Looking Statements
The MD&A contains factual statements relating to Leadway Assurance Company Limited Group's financial and other projections, expected future plans, event, financial and operating results, objectives and performance as well as underlying assumptions all of which involve risk and uncertainties.
These statement reflect management's current belief and are based on information available to Leadway Assurance Company Limited and are subject to certain risk, uncertainties and assumptions.

Business Strategy of the Company and Overall Performance
The Strategy of the Company has not changed in 2014. It remains a series of measures, initiatives and target aimed at profitable growth and market leadership across our businesses. We aspire to maintain market leadership in corporate businesses while aggressively investing to take advantage of emerging opportunities in retail, as the future of insurance in Nigeria.

Our focus for 2015 - 2016 will be to continue to deliver on the series of initiatives and actions - that we have identified in 2013 and to which we continue to tweak for relevance - that we anticipate will take us to the goals we have set.

Governance
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2014

Financial Performance

	Group			Company		
	31-Dec-14	31-Dec-13	% change	31-Dec-14	31-Dec-13	% change
Gross Premium	38,969,943	41,751,459	-7%	39,008,139	41,752,673	-7%
Net Premium	17,787,162	14,176,000	25%	17,825,358	14,177,214	26%
Total underwriting Income	2,980,854	5,663,657	-47%	3,016,615	5,648,096	-47%
Investment income	7,485,093	5,837,769	28%	7,493,484	5,736,563	31%
Claims expenses	12,729,529	6,843,836	86%	12,731,964	6,844,690	86%
Underwriting expenses	3,356,085	3,118,900	8%	3,356,085	3,134,821	7%
Operating expenses	5,864,209	4,880,030	20%	5,297,835	4,595,817	15%
Profit before tax	3,695,597	4,199,486	-12%	3,394,208	2,732,306	24%
Earnings per share	37 kobo	36 kobo		32 kobo	20 kobo	

Performance ratios

	%	%		%	%	
Underwriting ratio	9	7		9	8	
Claims ratio	33	16		33	16	
Operating expenses ratio	15	12		14	11	
Combined ratio	56	36		55	35	
Underwriting profit ratio	8	14		8	14	
Profitability ratio	9	10		9	7	

The Group experienced a decline of 7% in Gross written premium but recorded a growth of 25% in net premium when compared to prior year result. The decline recorded in gross written premium was mainly attributable to a loss of major client in oil and gas line, while compensating growth was recorded in the annuity line under Life Business. Premium generated from motor, fire, general accident, marine, engineering, oil and energy (non-life) and individual life, group life and annuity business segment (life contracts) witnessed increased growth in revenue.

Revenue and Underwriting Result
The increase recorded in the Group's earned income for the year positively impacted the net premium performance with the line posting 25% growth when compared with prior year performance. The Group paid out N12.7 billion in claims and insurance benefits, an increase of 86% over previous year's payout. The claims ratio was particularly high for the period under review at 33% of Gross premium compared with 16% in prior year. The increase came largely from annuity payments to annuitants as well as higher claims paid on some oil and gas business.The underwriting result at the end of the year amounted to N2.90 billion compared to N5.66 billion earned during the year ended December 2013. The huge claim payout negatively impacted the underwriting result.

Investment Income
Investment income for the year amounted to N7.48 billion, while prior year stood at N5.883 billion; an increase of 28% when compared with prior year. Investment Income continues to play an important part in our income strategy.

Operating Expenses
The Group total Operating expenses for the year stood at N5.84 billion as against N4.88 billion in prior year. This represent an increase of 20%. This increase recorded came from recurring and branch development expenses within the group. The operating expenses ratio went up slightly owing to additional developmental cost incurred for some of the entities under the group while the Group also allowed for impairments of some of its unquoted investments.

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 separate and consolidated financial statements of Leadway Assurance Company Limited ("the company") and its subsidiaries (together, "the group"). These financial statements comprise the statement of financial position as at 31 December 2014 and the 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 Nigeria 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 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 statements 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 2014 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.

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

INDEPENDENT AUDITORS' REPORT

pwc

Report on other legal requirements

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

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

11 May, 2015

Governance
COMPANY INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2014

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 46.18% shareholding in Leadway Pensure PFA Limited and 25% in Total Health Trust Limited which are associated companies.The consolidated financial statements of the Group for the year ended 31 December 2014 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 authorised for issue by the directors on the 23 April 2015.

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 Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. 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 assets
iii. Investment properties
iv. Revaluation of land and buildings
v. Insurance liabilities measured

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

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 2014:

i. Amendment to IAS 32, 'Financial instruments: Presentation' on asset and liability offsetting
The amendments clarify that the right of set off must be available today, that is, it is not contingent on future event. It also must be legally enforceable for all counterparties in the normal course of business as well as the event of default, insolvency or bankruptcy. The amended disclosures will require more extensive disclosures than are currently required under IFRS. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position as well as those recognised financial statements that are subject to master netting arrangements irrespective of whether they are offset. The amendment did not have a significant effect on the group financial statements.

ii. Amendments to IAS 36, 'Impairment of assets'
The standard has been amended as follows: (a) to remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment; (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised; (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. The implementation of this amendment has not resulted in additional disclosures to be made in these financial statements.

iii. Amendments to IAS 39, 'Financial Instruments: Recognition and measurement'
IAS 39 has been amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a Central Counterparty (CCP) meets specified criteria. According to the amendments, there will be no expiration or termination of the hedging instrument if: (1) as a consequence of laws or regulations, the parties to the hedging instrument agree that a CCP, or an entity (or entities) acting as a counterparty in order to effect clearing by a CCP ("the clearing counterparty), replaces their original counterparty; and (2) other changes, if any, to the hedging instrument are limited to those that are necessary to effect such replacement of the counterparty. These changes include changes in the contractual collateral requirements, rights to offset receivables and payables balances and charges levied. This amendment does not have a significant effect on the group financial statement.

iv. IFRIC 21, 'Levies
This interpretation sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. This does not have any significant impact on the Group.

2.2.2 New standards and interpretations not yet adopted
As at 31 December 2014, 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:

Governance

COMPANY INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2014

IFRS	Effective Date	Key Requirements
Amendment to IAS 27, 'Separate financial statements' regarding the equity method	1 January 2016	The amendment allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements
IFRS 15, 'Revenue from contracts with customers'	1 January 2017	This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue', and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: i) Step 1: Identify the contract(s) with a customer ii) Step 2: Identify the performance obligations in the contract iii) Step 3: Determine the transaction price iv) Step 4: Allocate the transaction price to the performance obligations in the contract v) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
"IFRS 9, 'Financial instruments'"	1 January 2018 Earlier application is permitted. If an entity elects to early apply it must apply all of the requirements at the same time with the following exception: Entities with a date of initial application before 1 February 2015 continue to have the option to apply the standard in phases	The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39

Governance
COMPANY INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2014

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 recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in income statement or as a change to other comprehensive income. If the contingent consideration is outside the scope of IAS 39, it is accounted for in accordance with IAS 37 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 recognised 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 recognised directly in the income statement .

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

(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.

(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 recognised 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 recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to 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 recognised at cost and the carrying amount is increased or decreased to recognise 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 recognised in other comprehensive income is reclassified to income statement where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised 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 recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the

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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 recognises 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.

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 recognised 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 analysed 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 amortised cost are recognised in income statement; other changes in carrying amount are recognised in 'other comprehensive income'.

Translation differences on non-monetary financial assets and liabilities held at fair value through income statement 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'.

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2.6 Financial assets and liabilities

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

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	Listed Debt Securities	Treasury Bills
				Federal Government of Nigeria Bonds
		Pledged Assets	Listed Equity securities	Treasury Bills
	Loans and receivables	Cash and cash equivalents		Cash in hand and bank
				Tenored deposits
		Loans and advances to Banks		Commercial Loans
				Loans to Policyholders
				Agency Loans
		Trade Receivables	Insurance Receivables	Due from Contract holders, brokers, agents and insurance companies
		Reinsurance Assets		Due from reinsurers
				Prepaid reinsurance
				Reinsurance Recoverable
		Other Receivables		Prepayment
				Advances under finance leases
				Others
	Available for sale	Investment Securitas	Unlisted Debt	Federal Government of Nigeria Bonds
			Listed Equity	Shares
			Unlisted Equity	Shares
	Held to maturity	Held to maturity financial assets	Listed 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
				Accrued expenses
		Borrowings		Term Loans
				Others

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2.6.1 Financial Assets:

Initial recognition

Regular purchases and sales of financial assets are recognised on the settlement 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 income statement. 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 amortised cost, depending on their classification:

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

Financial assets at fair value through profit or losss 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 recognised 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 Net fair value gains/(losses) 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.Financial assets at fair value through profit orloss are presented within ""Operating activities"" as part of changes in working capital in the statement of cash flows.

(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 income statement;

- 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 recognised initially at fair value plus any directly attributable transaction costs and are subsequently carried at amortised cost, using the 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 income statement. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised 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 income statement 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 amortised 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 recognised at amortised cost.

- Reinsurance and Co-insurance recoverables

The group cedes business to reinsurers 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 policy holders.

- Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses

- Finance Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessee are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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 recognised 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 amortised 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 reorganisation;

- 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 cashflow 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 amortised 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 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 amortised 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 recognised 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 cashflows 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 recognised (such as improved credit rating), the previously recognised impairment loss is reversed by

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adjusting the allowance account. The amount of the reversal is recognised 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.

(iii) Trade receivables

Trade receivables, are a significant part of loans and receivables, are initially recognised at fair value and subsequently measured at amortised 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 derecognised 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 recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In respect of other receivables, impairment losses recognised 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 amortisation, if no impairment loss had been recognised.

2.6.2 Financial liabilities

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

Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised 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.

2.6.3 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 realise 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 derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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 amortised 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 recognised 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.

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 recognised 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 amortisation 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 capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised 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

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 recognised 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 recognised as an expense in the statement of income statement.

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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.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

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

Capital work in progress is not depreciated. The Group's capital work in progress relates to capital expenditure on properties to be for the company's activities. 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 recognised 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 recognised 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 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 IFRS 4.

(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 insurance contracts as follows:

	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.

-Individual life contracts are usuallly long term insurance contracts

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and span over one year while the group life insurance contracts usually cover a period of 12 months. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

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

(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 recognised 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.

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 recognised at cost.

Reinsurance recoverables 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.

(vi) Claims incurred
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 recoverables 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 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 recognised 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.

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 recognised 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 cashflows 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.

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).

Governance

COMPANY INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2014

(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 recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

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

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the 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 recognised initially at fair value and subsequently measured at amortised 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.

A provision is recognised 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 2014. 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.

Terminal Benefits

Terminal 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 terminal 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 terminal 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 recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised 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.

(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 recognised 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 realised.

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

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 recognised 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.

(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.

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 realised and unrealised 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 income is recognised when the right to receive payment is established

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 recognised on an accrual basis.

FINANCIALS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

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

	Notes	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
ASSETS					
Cash and cash equivalent	6	13,681,394	21,741,885	13,046,165	21,119,684
Investment securities	7				
- Financial assets designated at fair value through profit or loss	7.1	32,611,259	20,049,909	32,481,495	19,942,317
- Available for sale	7.2	10,175,445	11,150,818	10,170,690	11,137,974
- Held to maturity	7.3	13,542,479	11,877,320	13,482,180	11,819,354
Trade receivables	8	63,665	1,060,362	63,665	1,060,362
Loans and advances	9	1,220,651	1,725,164	1,129,468	1,283,430
Reinsurance assets	10	15,883,296	20,568,804	15,883,296	20,568,804
Deferred acquisition cost	11	428,964	332,237	428,964	332,237
Other receivables and prepayments	12	1,191,812	765,735	661,101	191,917
Investment in associates	13	1,516,753	1,196,124	788,209	788,209
Investment in subsidiaries	14	-	-	541,258	541,258
Investment properties	15	7,800,000	5,400,000	7,450,000	4,550,000
Statutory deposits	16	500,000	500,000	500,000	500,000
Intangible assets	17	145,898	181,746	130,285	172,033
Property and equipment	18	5,693,635	4,651,753	3,627,637	3,154,172
Deferred tax assets	25	200,235	602	200,235	-
TOTAL ASSETS		**104,655,486**	**101,202,459**	**100,584,648**	**97,161,751**
LIABILITIES					
Insurance contract liabilities	19	62,024,023	49,665,623	62,024,023	49,665,623
Investment contract liabilities	20	12,665,763	11,106,336	12,665,763	11,106,336
Trade payables	21	5,761,236	17,486,929	5,761,236	17,486,929
Other liabilities	22	3,525,484	2,960,843	2,552,426	2,080,333
Borrowings	23	60,000	115,831	-	-
Current tax liabilities	24	746,198	863,865	672,859	750,533
Deferred tax liabilities	25	1,153,404	833,214	945,541	604,826
TOTAL LIABILITIES		**85,936,108**	**83,032,641**	**84,621,848**	**81,694,580**
EQUITY					
Issued and paid up share capital	26	4,389,798	4,389,798	4,389,798	4,389,798
Share premium	26	387,826	387,826	387,826	387,826
Retained earnings	26	4,092,358	2,988,579	2,646,251	1,345,421
Other reserves	26	8,738,908	9,440,867	8,538,925	9,344,126
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**17,608,890**	**17,207,070**	**15,962,800**	**15,467,171**
Non controlling interest	27	1,110,488	962,748	-	-
TOTAL EQUITY		**18,719,378**	**18,169,818**	**15,962,800**	**15,467,171**
TOTAL EQUITY AND LIABILITIES		**104,655,486**	**101,202,459**	**100,584,648**	**97,161,751**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 23 APRIL 2015 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 65 to 160 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross premium written	**28**	**38,969,943**	**41,751,459**	**39,008,139**	**41,752,673**
Gross premium income	28	29,997,053	24,800,230	30,035,249	24,801,444
Reinsurance expenses	29	(12,209,891)	(10,624,230)	(12,209,891)	(10,624,230)
Net premium income		17,787,162	14,176,000	17,825,358	14,177,214
Fees and commission income:					
Insurance contracts	30	1,279,306	1,450,393	1,279,306	1,450,393
Net underwriting income		19,066,468	15,626,393	19,104,664	15,627,607
Claims expenses	31	(12,729,529)	(6,843,836)	(12,731,964)	(6,844,690)
Underwriting expenses	32	(3,356,085)	(3,118,900)	(3,356,085)	(3,134,821)
Net underwriting expenses		(16,085,614)	(9,962,736)	(16,088,049)	(9,979,511)
Total underwriting profit		**2,980,854**	**5,663,657**	**3,016,615**	**5,648,096**
Investment income	33	7,485,093	5,837,769	7,493,484	5,736,563
Net fair value (loss)/gain on assets at fair	34	(2,039,370)	(1,502,461)	(1,597,477)	(2,089,153)
Other operating income	35	2,114,497	1,134,350	1,322,272	301,999
Employee benefit expenses	36	(1,660,057)	(1,577,728)	(1,479,106)	(1,475,846)
Other operating expenses	37	(4,283,380)	(3,302,302)	(3,818,144)	(3,119,971)
Result of operating activities		4,597,637	6,253,285	4,937,644	5,001,688
Finance cost	38	(563,069)	(886,579)	(538,955)	(856,844)
Net impairment gains/(losses)	39	(1,058,468)	(1,471,359)	(1,003,896)	(1,412,538)
Share of profit of investments accounted for using the equity method	13	386,799	304,139	-	-
Profit before tax		**3,362,899**	**4,199,486**	**3,394,793**	**2,732,306**
Income tax expense	40	(707,539)	(1,164,308)	(585,215)	(1,014,227)
Profit for the year		**2,655,360**	**3,035,178**	**2,809,578**	**1,718,079**
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		(2,039,828)	1,921,284	(2,020,914)	1,917,344
Share of other comprehensive income of investments accounted for using the equity method		(23)	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		670,061	602,411	456,966	242,800
Other comprehensive income for the year		**(1,369,790)**	**2,523,832**	**(1,563,948)**	**2,160,144**
Total comprehensive income for the year		**1,285,570**	**5,559,010**	**1,245,630**	**3,878,223**
Profit attributable to:					
- Owners of the Company		2,558,020	2,904,896	2,809,578	1,718,079
- Non-controlling interest		97,340	130,282	-	-
Profit for the year		2,655,360	3,035,178	2,809,578	1,718,079
Total Comprehensive income attributable to:					
- Owners of the Company		1,097,098	5,250,589	1,245,630	3,878,223
- Non-controlling interest		198,976	308,421	-	-
Total comprehensive income for the year		**1,296,074**	**5,559,010**	**1,245,630**	**3,878,223**
Earnings per share (kobo):					
-Basic/diluted	41	32	36	32	20

The notes on pages 65 to 160 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Group 2014	**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 2014	4,389,798	387,826	2,988,579	3,975,180	4,779,160	767,522	(80,995)	17,207,071	962,748	18,169,819
Profit for the year	-	-	2,558,020	-	-	-	-	2,558,020	97,340	2,655,360
Transfer to contingency reserve	-	-	(758,747)	-	758,747	-	-	-	-	-
Other comprehensive income										
Net changes in fair value of AFS financial instruments	-	-	-	(2,029,324)	-	-	-	(2,029,324)	-	(2,029,324)
Fair value gain on Property and equipment net of tax	-	-	-	-	-	568,425	-	568,425	101,636	670,061
Change in NCI	-	-	(6,302)	-	-	-	-	(6,302)	6,302	-
Fair value changes of AFS financial instruments held by Associates	-	-	-	(23)	-	-	-	(23)	-	(23)
Total comprehensive income for the year	-	-	1,792,971	(2,029,347)	758,747	568,425	-	1,090,796	205,278	1,296,074
Transaction with owners:										
Dividend paid to equity holders	-	-	(688,977)	-	-	-	-	(688,977)	(57,538)	(746,515)
Movement in treasury shares			(215)				215	-		-
Total transactions with owners	-	-	(689,192)	-	-	-	215	(688,977)	(57,538)	(746,515)
As at 31 December 2014	4,389,798	387,826	4,092,358	1,945,833	5,537,907	1,335,947	(80,780)	17,608,890	1,110,488	18,719,378

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(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	-	-	-	-	-	426,202	-	426,201	176,209	602,410
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	-	5,250,587	308,422	5,559,009
Transaction with owners:										
Dividend paid	-	-	(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)	17,207,069	962,748	18,169,817

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

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

Company 2014	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 2014	**4,389,798**	**387,826**	**1,345,420**	**3,980,845**	**4,779,161**	**584,120**	**15,467,170**
Profit for the year	-	-	2,809,578	-	-	-	2,809,578
Transfer to contingency reserve	-	-	(758,747)	-	758,747	-	-
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	(2,020,914)	-	-	(2,020,914)
Fair value gain on property and equipment net of tax	-	-	-	-	-	456,966	456,966
Total comprehensive income for the year	-	-	2,050,831	(2,020,914)	758,747	456,966	1,245,630
Transaction with owners:							
Dividend paid	-	-	(750,000)	-	-	-	(750,000)
Total transactions with owners of equity	-	-	(750,000)	-	-	-	(750,000)
As at 31 December 2014	**4,389,798**	**387,826**	**2,646,251**	**1,959,931**	**5,537,908**	**1,041,086**	**15,962,800**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(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**

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2014

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

Cash flows from operating activities	Notes	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Operating profit before changes in working capital	43	8,516,448	19,024,945	8,178,798	18,380,820
Changes in working capital:					
Increase in trade receivables		766,646	600,225	766,646	600,225
Increase in loans and advances		(161,991)	-	(859,638)	-
Increase in re-insurance asset		4,395,087	(5,161,902)	4,395,087	(5,161,902)
Decrease in deferred acquisition cost		(96,727)	65,082	(96,727)	65,082
(Increase)/decrease in other receivables and prepayment		(377,501)	(337,058)	(431,401)	175,324
Decrease in statutory deposits		-	20,000	-	20,000
(Decrease)/Increase in notified claims		3,831,862	(2,772,251)	3,831,862	(2,772,251)
Increase in investment contract liability		1,559,427	812,678	1,559,427	812,678
Increase in trade payables		(10,676,251)	10,970,697	(10,676,251)	10,970,697
Increase in provision and other payables		(484,802)	784,985	(577,349)	824,454
Net cash from operating activities		**7,272,198**	**24,007,401**	**6,090,454**	**23,915,126**
Income tax paid		(700,125)	(561,058)	(549,609)	(434,331)
Net cash flow from operating activities		**6,572,073**	**23,446,343**	**5,540,845**	**23,480,795**
Cash flows from investing activities					
Purchases of property and equipment		(736,327)	(457,145)	(263,102)	(333,743)
Purchases of intangible assets		(58,256)	(153,617)	(47,795)	(153,618)
Proceed from the disposal of Property and equipment		79,322	25,735	7,418	25,400
Proceed from the disposal of investment property		1,606,783	-	1,606,783	-
Purchase of investment securities		(19,784,482)	(17,780,056)	(19,569,788)	(17,891,103)
Dividend received		769,537	629,423	820,321	692,456
Purchase of investment properties		(3,021,821)	(276,361)	(3,021,821)	(228,117)
Interest received on bonds		2,527,898	3,005,500	2,507,959	3,005,500
Interest received on loans		521,357	268,287	845,015	182,831
Interest received on finance lease		22,719	43,412	-	-
Interest received on statutory deposit		58,285	-	58,285	-
Rental income received from investment property		129,445	95,081	118,521	69,656
Proceed from the disposal of investment securities		4,078,680	2,225,721	4,073,840	2,225,721
Net cash used in investing activities		**(13,806,860)**	**(12,374,020)**	**(12,864,363)**	**(12,405,017)**
Cash flows from financing activities					
Dividend paid to non controlling interest		(57,538)	(53,589)		
Dividends paid		(688,977)	(364,945)	(750,000)	(397,579)
Additional borrowing		60,000	9,127		
Loan repayment		(115,831)	(220,135)		
Interest paid		(23,358)	(29,735)	-	-
Net cash used in financing activities		**(825,704)**	**(659,277)**	**(750,000)**	**(397,579)**
Net increase/decrease in cash and cash equivalent		**(8,060,490)**	**10,413,046**	**(8,073,518)**	**10,678,198**
Cash and cash equivalent at beginning of year		**21,741,885**	**11,328,839**	**21,119,683**	**10,441,485**
Cash and cash equivalent at end of year		**13,681,394**	**21,741,885**	**13,046,165**	**21,119,683**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

ENTERPRISE RISK MANAGEMENT STATEMENT

Introduction

Leadway Assurance Company Limited (Leadway) recognises that its operations are subject to some vulnerabilities and uncertainties in the business environment that may impact the achievement of its strategic objectives. The company has consistently and regularly scanned both its internal and external environments to identify, assess, manage and monitor those risks that are capable of leading to sub-optimality and threats to stakeholders' value.

Our risk philosophy is underscored by the continued promotion of risk awareness across the entire organisation that has helped in value creation/enhancement and brand protection. The emergence of ERM has also enabled us to exploit the up side of risk management process and to optimise resource allocation.

Compliance with NAICOM's ERM Guidelines

- The implementation of the NAICOM Guidelines on Enterprise Risk Management has assisted the company to formulate operational policies that recognise the risks inherent in its operations and set appetites and tolerance levels to guide their assumption and management.
- We have put in place appropriate structure for the implementation of our ERM Policy Framework and have been practicing the risk management principles embedded in the policy.
- The existing structure surpasses the basic requirements spelt out in the NAICOM's Guidelines on ERM and recognises the peculiarities of our risk environment and philosophy.
- The company has a Board-approved ERM Policy Framework that outlines its strategy for risk identification, assessment, mitigation and reporting.
- Risk Registers are maintained at each strategic business units and risk champions appointed for their review and escalation of exceptions to the Chief Risk Officer.
- Included in our ERM Framework are the specific obligations for Board, Management and staff of the company aimed at ensuring enterprise-wide implementation of our risk management programmes and to take individual and collective ownership of the ERM responsibilities.
- Internal policies and procedures are in place and are regularly reviewed to reflect changes in ERM regulation and global risk management practice/demands.
- The ERM Department is headed by a suitably qualified, management staff with appropriate experience in Governance, Risk and Compliance. The Chief Risk Officer reports to the Board's Risk & Technical Committee through the Executive Management.

Financial Accounting and Reporting System

The company's accounting processes are automated and we have continued to invest in technology that guarantees the accuracy, validity and completeness of records underlying the preparation of our financial statements. The Internal Audit and External Audit constitute the third line of defence responsible for assessing the company's risk management, risk governance and internal control practices; and providing independent assurance to the management and Board of their adequacy, effectiveness and appropriateness. As one of the few early adopters of the International Financial Reporting Standards (IFRS) templates for insurance operation reporting, Leadway has primed itself as a global-best-practice-compliant institution. Our statutory audits are rotated among the renowned accounting firms in Nigeria within five year intervals and we continue to be in the top 10 companies for early approval of our financials by the National Insurance Commission (NAICOM).

Risk Management Strategy

The company's management takes a portfolio view of risks and adopt mitigation measures that drastically reduce both the impact and probability of risk occurrence. We identify and manage significant risks capable of threatening the achievement of our goals. Risks are regularly reported to the Board and the effectiveness of control activities is tested against the impact that risk crystalisation may have on value created.

The company deploys other tools like sensitivity analysis and scenario testing to adjudge the responsiveness of key indices to differing levels of risk variables. This has helped us in setting limits to risk taking to ensure preservation and optimisation of stakeholder's value. The company develops strong policies around its investment function and will not pursue unfamiliar opportunities that portend risks of investment mismatch.

The Risk Management Committee reviews investment portfolio on regular basis and effect portfolio re-balancing by applying appropriate assets and liability assessment models to edge against systemic threats.

Adequacy of Risk Monitoring Process

The company has continued with the use of the three-line of defence in monitoring risk behaviour and control of risk management function across the enterprise. . Besides target inspection by the regulators, the Risk and Technical Committee of the Board, The Risk Management Committee, the Finance and Investment Committee have continued their oversight function on the company's risk profile while the external and internal audits have been testing the adequacy,

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014
(All amounts in thousands of Nigerian Naira unless otherwise stated)

effectiveness and completeness of our Enterprise Risk Management Policy and its implementation.

We give adequate consideration to regulatory and prudential requirements in decision making and our monitoring process allows for informed critique of the judgements underlying management decisions.

Risk Governance Structure

We control and manage our risk management process by spelling out the responsibilities for risk management across the enterprise. We deliberately develop a control environment where the tune for risk management is set at the top and permeates through the business units to bring to the consciousness of every employee that he is a risk manager.

Along the risk governance structure, the company's ERM Policy Framework spells out, the responsibility of the Board, the Board's Risk & Technical Committee, the Risk Management Committee, the ERM Department and the Business Units.

The Board

The board has the ultimate accountability 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 judgements underlying the setting of the company's risk tolerance/limits.

Risk Management Committee

- To establish appropriate structure that recognises 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 are responsible 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 Department in the escalation of major risks to Risk Management Committee.
- 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 unit/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 ERM Department to prepare appropriate risk mitigations plans for the unit.

Enterprise Risk Management Department

- Responsible for facilitation and co-ordination of risk management activities across the company.
- Provision of technical assistance and guidance to business units. It is 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 mitigation factors put in place.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

- 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 assess the impact regulatory requirements may have on the company's operations.

3.1 Capital Management Policies, Objectives and Approach

Approach to capital management

Leadway seeks to optimise the structure and sources of capital to ensure that it consistently maximises 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 source of capital used by is 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.

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory 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 summarises the maximum authorized capital across the group and the paid up capital held as follows:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Maximum authorized capital	10,000,000	10,000,000	10,000,000	10,000,000
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 2014 is as follows:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

TEST OF SOLVENCY :			As at 31 December 2014		As at 31 December 2013
Admissible assets					
Cash and cash equivalent			9,892,353		19,342,230
Quoted investment at market value			12,357,971		12,260,601
Unquoted investment			2,774,776		1,542,066
Land and buildings			3,164,568		1,141,546
Investment property			2,900,000		1,000,000
Statutory deposits			300,000		300,000
Deferred acquisition cost			428,964		332,237
Amount due from retrocession			15,462,279		19,894,691
Staff loans and advances			205,646		85,255
Investment in subsidiaries			342,946		342,946
Trade receivables			24,155		1,038,831
Investment in associates			35,000		35,000
Total admissible assets			**47,888,658**		**57,315,403**
Less admissible assets outside Nigeria					
Cash and cash equivalents			(357,970)		-
Unquoted investments			-		-
Total admissible assets in Nigeria			**47,530,688**		**57,315,403**
Liabilities					
Provisions for unexpired risks			(13,048,045)		(16,599,579)
Provisions for claims reported and IBNR			(14,316,090)		(11,348,445)
Funds to meet other liabilities.			(7,586,580)		(19,231,400)
Total liabilities			**(34,950,715)**		**(47,179,424)**
Excess of admissible assets over liabilities			**12,579,973**		**10,135,979**
TEST I	Gross premium	17,838,271		25,020,447	
	Less: Reinsurances	(8,221,549)		(16,667,450)	
	Net premium	9,616,722		8,352,997	
	15% there of	1,442,508		1,252,950	
Test II	Minimum paid up capital	3,000,000		3,000,000	
	The higher thereof:		3,000,000		3,000,000
	SURPLUS OF SOLVENCY		9,579,973		7,135,979
	Solvency Ratio		419%		338%

The solvency margin for life business as at 31 December 2014 is as follows:

The excess of admissible assets over the liabilities of NGN 2.99billion exceeds the minimum statutory solvency requirement of NGN 2 billion, representing a Capital Adequacy Cover of 1.5 times.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

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.

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
AS AT 31 DECEMBER 2014
(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.2 HYPOTHECATION OF ASSETS

(a) As at 31 December 2014

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

COMPANY

	Non Life		
	Shareholder's fund	Policy holder's Fund	Others
TOTAL	12,958,698	27,364,135	8,423,804
INVESTMENTS:			
Fixed Assets:			
Investment property	2,689,072	2,900,000	-
Office Equipments	200,212	-	-
Motor Vehicles	151,800	-	-
Furniture and Fittings	113,316	-	-
Intangible Assets	101,695	-	-
Others Investments:	-	-	-
Commercial loans	141,795	-	-
Loans to Policy holders	-	-	-
Statutory Deposit	300,000	-	-
Government Bonds	-	-	-
Corporate bonds	-	7,831,772	-
Quoted Securities	5,258,517	-	-
Unquoted Securities	2,042,458	-	-
Bank Placements	-	9,002,594	-
Bank and Cash Balances	-	889,759	-
Related Companies Securities	377,946	-	-
Related Companies Loans	-	-	-
Other assets (see A)	1,581,887	6,740,010	8,423,804
TOTAL	12,958,698	27,364,135	8,423,804

OTHER DETAILS (A)

Intangible assets	NON LIFE BUSINESS	LIFE BUSINESS
Prepaid Reinsurance & Recoverables	15,462,279	421,016
Deferred Acquisition Expenses	428,964	-
Premium Debtors	24,155	39,511
Deferred Tax Assets	55,494	144,741
Other assets: (Staff loans , prepayments, commercial loan and sundry debtors)	774,809	400,592
TOTAL	16,745,701	1,005,860

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

LIFE					
Shareholder's fund	Deposit Admin. Fund	Annuity Fund	Policy holder's Fund (LIFE)	Others	TOTAL
2,999,789	**12,665,764**	**29,592,801**	**5,067,087**	**1,931,118**	**101,003,195**
1,028,694	1,403,702	259,379	1,097,319	1,093,228	10,471,395
56,182	-		-	-	256,394
47,877	-		-	-	199,677
26,688	-		-	-	140,004
28,589	-		-	-	130,284
-	-		-	-	-
87,572	208,755	98,076	190,000	95,000	821,198
-	222,688		-	-	222,688
200,000	-		-	-	500,000
101,549	5,011,626	28,153,721	1,040,669	-	34,307,565
103,513	811,241	742,123	347,450	-	9,836,099
109,596	2,421,307	208,717	803,368	150,235	8,951,740
293,729	478,959	-	223,812		3,038,957
114,943	775,965	50,479	1,096,376	-	11,040,357
100,010	667,640	80,306	268,093	-	2,005,807
378,098	573,424		-	-	1,329,468
-	-		-	-	-
322,748.81	90,457		-	592,655	17,751,561
2,999,789	**12,665,764**	**29,592,801**	**5,067,087**	**1,931,118**	**101,003,195**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

3.2 HYPOTHECATION OF ASSETS

(b) 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 Equipments	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	-
Quoted Securities	-	3,456,276	-
Unquoted Securities	6,166,933	549,318	-
Bank Placements	1,536,352	-	-
Bank and Cash Balances	-	17,265,386	-
Related Companies Securities	-	2,076,846	-
Related Companies Loans	377,946	-	-
Other Investments	-	-	-
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 & Recoverables	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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

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

AS AT 31 DECEMBER 2014

(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 fulfil 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 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 creditworthiness 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.

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Maximum exposure to credit risk	Note	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Cash and cash equivalents (excl. cash on hand)	6	13,677,723	21,740,800	13,044,862	21,119,082
Investment securities:					
- Fair value through profit or loss	7.1	30,661,486	17,688,505	30,661,486	17,688,505
- Available for sale	7.2	-	-	-	-
- Held to maturity	7.3	13,542,479	11,877,320	13,482,180	11,819,354
Trade receivables	8	63,665	1,060,362	63,665	1,060,362
Loans and advances	9	1,220,651	1,868,379	1,129,468	1,430,649
Reinsurance receivable	10	1,973,777	2,504,125	1,973,777	2,504,125
Other receivables	12	1,191,812	443,385	661,101	76,365
Statutory deposits	25	500,000	500,000	500,000	500,000
Total assets exposed to credit risk		**62,331,593**	**57,182,876**	**61,016,539**	**55,698,442**

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 equivalent is represented below:

Counterparty	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
National banks	11,328,508	21,415,860	10,847,439	20,794,140
Discount houses	2,234,803	120,472	2,083,011	120,472
Investment house	114,248	204,468	114,248	204,468
	13,677,559	**21,740,800**	**13,044,697**	**21,119,080**

Counterparty	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
National banks	83%	98%	83%	98%
Discount houses	16%	1%	16%	1%
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.

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.

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(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
2014

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Cash and cash equivalents (excl. cash on hand)	3,939,714	7,229,490	2,109,985	398,371	13,677,559
Investment securities - FVTPL	751,150	427,640	561,595	28,921,100	30,661,486
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	405,416	774,957	6,613,673	5,748,434	13,542,479
Trade receivables	-	-	-	63,665	63,665
Loans and advances	-	-	-	1,220,651	1,220,651
Other receivables	-	-	-	1,191,812	1,191,812
Statutory deposits	-	-	-	500,000	500,000
Reinsurance assets - due from reinsurers	-	-	-	876,168	876,168
	5,096,280	8,432,087	9,285,253	38,920,201	61,733,820

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	17,688,504
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

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Company
2014

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Cash and cash equivalents (excl. cash on hand)	3,642,797	6,943,563	2,109,967	348,371	13,044,698
Investment securities - FVTPL	751,150	427,640	561,595	28,921,100	30,661,486
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	405,416	774,957	6,594,161	5,627,834	13,402,367
Trade receivables	-	-	-	63,665	63,665
Loans and advances	-	-	-	1,502,085	
Other receivables	-	-	-	1,040,718	1,040,718
Statutory deposits	-	-	-	500,000	500,000
Reinsurance assets - due from reinsurers	-	-	-	876,168	876,168
	4,799,363	8,146,161	9,265,723	38,879,941	59,589,102

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	17,688,505
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	508,197	967,075	5,634,752	4,709,329	11,819,353
Trade receivables	-	-	-	1,060,362	1,060,362
Loans and advances	-	-	-	1,430,649	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
	1,275,133	1,304,833	5,687,303	47,931,171	56,198,442

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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 future.
B+ B B-	Possessing substantial risk that obligations will not be paid when due. Judged to be speculative to a high degree.

Other receivables

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Neither past due nor impaired	1,045,321	1,645,144	528,722	851,188
Past due not impaired	-	508,607	-	508,607
Past due and impaired	265,439	158,013	203,855	147,219
Gross total	1,310,760	2,311,764	732,577	1,507,014
Impairment allowance	(265,439)	(158,013)	(203,855)	(147,219)
Carrying amount	**1,045,321**	**2,153,751**	**528,722**	**1,359,795**
Past due and impaired				
0 - 90 days	265,439	89,120	203,855	89,120
90 - 180 days	-	87,001	-	87,001
181 days and above	-	332,486	-	332,486
	265,439	**508,607**	**203,855**	**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 2014	Financial institution	Manufacturing/telecom	Public sector	Others	Total
Cash and cash equivalents	13,677,559	-	-	-	13,677,559
Investment securities - FVTPL	742,155	-	29,919,330	-	30,661,485
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	6,930,777	-	6,611,702		13,542,479
Trade receivable				63,665	63,665
Loans and advances				1,220,651	1,220,651
Other receivables	-	-	-	1,191,811	1,191,811
Statutory deposits	500,000	-	-	-	500,000
Reinsurance assets - due from reinsurers	876,168	-	-	-	876,168
Total	**22,726,660**	**-**	**36,531,032**	**2,476,127**	**61,733,818**

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Group 2013	Financial institution	Manufacturing/telecom	Public Sector	Other	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		11,877,320
Loans and advances	122,223	-	-	443,385	565,608
Other receivables	797,947	-	-	-	797,947
Statutory deposits	500,000	-	-	-	500,000
Reinsurance assets - due from reinsurers	2,504,125	-	-	-	2,504,125
Total	**29,660,014**	**335,865**	**25,235,040**	**443,386**	**55,674,305**

Company 2014	Financial institution	Manufacturing/telecom	Public sector	Others	Total
Cash and cash equivalents	13,044,698	-	-	-	13,044,698
Investment securities - FVTPL	742,155	-	29,919,330	-	30,661,485
Investment securities - HTM	6,930,777	-	6,551,403	-	13,482,180
Trade receivable	-	-	-	63,665	63,665
Loans and advances	-	-	-	1,129,468	1,129,468
Other receivables	-	-	-	661,100	661,100
Statutory deposits	500,000	-	-	-	500,000
Reinsurance assets - due from reinsurers	876,168	-	-	-	876,168
Total	**22,093,799**	**-**	**36,470,733**	**1,854,233**	**60,418,764**

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	-	17,688,506
Investment securities - AFS	-	-	-	-	-
Investment securities - HTM	3,884,403	335,865	7,599,086	-	11,819,354
Loans and 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	**28,175,448**	**335,865**	**25,235,041**	**1,391,725**	**55,138,080**

Collateral held and other credit enhancements and their financials effect

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

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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 recognised 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.

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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 2014	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	13,681,394	13,681,813	10,098,548	3,583,265	-	-	-
Investment securities - FVTPL	7.1	32,611,259	104,622,127	1,943,174			1,447,938	101,231,015
Investment securities - Available for sale	7.2	10,175,445	10,242,970	9,569,251	-	-	-	673,719
Investment securities - Held to maturity	7.3	13,542,479	20,717,168	-	-	-	10,657,602	10,059,567
Trade receivables	8	63,665	63,665	63,665	-	-	-	-
Loans and Advances	9	1,220,651	1,219,183	299,888	919,295			
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	876,168	876,168	876,168	-	-	-	-
Other receivables - financial assets	12	340,657	1,045,321	1,045,321				
Statutory deposit	16	500,000	500,000	-	-	-	-	500,000
Total financial assets		**73,011,718**	**152,968,416**	**23,896,015**	**4,502,560**	**-**	**12,105,540**	**111,964,301**
Liabilities								
Investment contract liabilities	19	12,665,763	15,313,456	427,764	385,454	697,166	4,668,707	9,134,365
Trade payables	21	3,485,400	5,543,349	5,543,349	-	-	-	-
Other liabilities - financial liabilities	22	1,697,394	1,713,117	1,395,973	-	317,144	-	-
Borrowings	23	60,000	69,600	-	-	69,600		-
Total financial liabilities		**17,908,557**	**22,639,523**	**7,367,086**	**385,454**	**1,083,910**	**4,668,707**	**9,134,365**
Net financial assets/(liabilities)		**55,103,160**	**130,328,892**	**16,528,929**	**4,117,106**	**(1,083,910)**	**7,436,833**	**102,829,935**
Reinsurance asset (prepaid and recoverable)	10	15,455,676	15,989,287	4,126,678	234,749	812,617	10,815,243	-
Less: Insurance contract liabilities	19	62,024,023	64,165,418	16,560,464	942,055	3,261,052	43,401,847	-
Net policyholders' assets/(liabilities)		8,534,813	82,152,762	4,095,143	3,409,803	(3,532,345)	(25,149,771)	102,829,935

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Group — **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	21,741,885	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	17,335,910	2,113,251	247,324	639,233	9,034,188	5,301,915
Trade receivables	8	1,060,362	1,060,362	1,060,362	-	-	-	-
Loans and Advances	9	1,725,164	2,003,331	1,191,409	115,422	136,500	560,000	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	1,696,937	1,696,937	1,696,937	-	-	-	-
Other receivables - financial assets	12	428,587	428,587	428,587	-	-	-	-
Statutory deposits	16	500,000	500,000	-	-	-	-	500,000
Total		**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	11,667,796	475,286	699,304	1,270,991	5,413,718	3,808,496
Trade payables	21	15,505,530	15,703,836	15,703,836	-	-	-	-
Other liabilities - financial liabilities	22	1,488,458	1,488,458	1,488,458	-	-	-	-
Borrowings	23	115,831	115,831	-	-	115,831		-
Total		**28,216,155**	**28,975,919**	**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)	528,594	20,404,655	44,192,469
Reinsurance asset (prepaid and recoverable)		19,320,415	19,320,415	5,125,187	366,469	1,268,581	12,560,178	-
Less: Insurance contract liabilities		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	(792,352)	(1,463,876)	677,273	44,192,469

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

31 December 2014	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	13,046,165	13,048,952	9,465,687	3,583,265	-	-	-
Investment securities - FVTPL	7.1	32,481,495	104,492,362	1,813,409	-	-	1,447,938	101,231,015
Investment securities - Available for sale	7.2	10,170,690	10,238,213	10,148,552	-	-	-	89,661
Investment securities - Held to maturity	7.3	13,482,180	20,656,866	-	-	-	10,657,602	9,999,266
Trade receivables	8	63,665	63,665	63,665	-	-	-	-
Loans and advances	9	1,129,468	1,214,512	295,217	919,295	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	876,168	876,168	876,168	-	-	-	-
Other receivables - financial assets	12	74,747	517,595	517,594	-	-	-	-
Statutory deposit	16	500,000	500,000	-	-	-	-	500,000
Total		**71,824,578**	**151,608,332**	**23,180,292**	**4,502,560**	**-**	**12,105,540**	**111,819,942**
Liabilities								
Investment contract liabilities	19	12,665,763	15,313,455	427,764	385,454	697,166	4,668,707	9,134,365
Trade payables	21	3,485,400	4,108,229	4,108,229	-	-	-	-
Other liabilities - financial liabilities	22	1,210,589	367,724	367,724	-	-	-	-
	23							
Total		**17,361,752**	**19,789,409**	**4,903,717**	**385,454**	**697,166**	**4,668,707**	**9,134,365**
Net financial assets/(liabilities)		54,462,826	131,818,924	18,276,575	4,117,106	(697,166)	7,436,833	102,685,576
Reinsurance asset (prepaid and recoverable)		15,455,676	15,989,287	4,109,763	228,285	790,241	10,859,155	-
Less: Insurance contract liabilities		62,024,023	64,165,418	16,959,573	942,055	3,261,052	43,401,847	-
Net policyholders' assets/(liabilities)		7,894,479	83,642,793	5,426,765	3,403,337	(3,167,977)	(25,105,859)	102,685,576

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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	21,169,052	21,169,052	-	-	-	-
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
Trade receivables	8	1,060,362	1,060,362	1,060,362	-	-	-	-
Loans and advances	9	1,283,430	1,521,878	1,060,362	66,391	151,837	241,732	
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	1,696,937	1,871,882	1,871,882	-	-	-	-
Other receivables - financial assets	12	76,365	76,365	76,365	-	-	-	-
Statutory deposits	16	500,000	500,000	-	-	-	-	500,000
Total		**68,636,423**	**112,741,401**	**44,438,540**	**354,073**	**1,927,853**	**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	21	15,505,530	15,703,836	15,703,836	-	-	-	-
Other liabilities - financial liabilities	22	1,080,614	1,080,614	1,080,614	-	-	-	-
	23							
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**	**84,289,156**	**27,178,804**	**(345,231)**	**656,862**	**19,912,133**	**44,187,713**
Reinsurance asset (prepaid and recoverable)		19,320,415	19,320,415	5,125,187	366,469	1,268,581	12,560,178	-
Less: Insurance contract liabilities		49,665,623	49,665,623	13,174,956	942,055	3,261,052	32,287,560	-
Net policyholders' assets/(liabilities)		10,598,735	53,943,948	19,129,035	(920,817)	(1,335,608)	184,751	44,187,713

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

STATEMENT OF COMPREHENSIVE INCOME

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(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).

- 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 recognised 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
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The table below summarises the Group's financial assets and liabilities by major currencies:

Group

31 December 2014	Notes	Naira (₦)	US Dollars	UK Pound Sterling	Euro	Rand	Total
Assets							
Cash and cash equivalents	6	4,977,321	8,506,520	75,770	121,440	179	13,681,230
Investment securities - FVTPL	7.1	32,560,513	50,745	-	-	-	32,611,258
Investment securities - Available for sale	7.2	7,542,781	2,700,189				10,242,970
Investment securities - Held to maturity	7.3	5,341,436	8,140,744	-	-	-	13,482,180
Trade receivables	8	63,665	-	-	-	-	63,665
Loans and advances	9	-	-	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	544,392	331,776	-	-	-	876,168
Other receivables - financial assets	12	401,095	-	-	-	-	401,095
Statutory deposits	16	500,000	-	-	-	-	500,000
Total		**51,931,204**	**19,729,972**	**75,770**	**121,440**	**179**	**71,858,565**
Liabilities							
Investment contract liabilities	20	12,665,764	-	-	-	-	12,665,764
Trade payables	21	4,217,095	-	1,026,117	-	300,137	5,543,349
Other liabilities - financial liabilities	22	1,697,394	-	-	-	-	1,697,394
Borrowings	23	60,000	-	-	-	-	60,000
Total		**18,640,253**	**-**	**1,026,117**	**-**	**300,137**	**19,966,507**

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Group

31 December 2013	Note	Naira (₦)	US Dollars	UK Pound Sterling	Euro	Rand	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
Trade receivables	8	1,060,362	-	-	-	-	1,060,362
Loans and advances	9	1,725,164					1,725,164
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	1,084,589	612,348	-	-	-	1,696,937
Other receivables - financial assets	12	428,587	-	-	-	-	428,587
Statutory deposits	16	500,000	-	-	-	-	500,000
Total		**44,412,212**	**25,644,133**	**100,080**	**74,378**	**179**	**70,230,982**
Liabilities							
Investment contract liabilities	20	49,665,623	-	-	-	-	49,665,623
Trade payables	21	3,320,919	12,184,611				15,505,530
Other liabilities - financial liabilities	22	1,488,458	-	-	-	-	1,488,458
Borrowings	23	115,831	-	-	-	-	115,831
Total		**54,590,831**	**12,184,611**	**-**	**-**	**-**	**66,775,442**

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Company 31 December 2014	Note	Naira (₦)	US Dollars	UK Pound Sterling	Euro	Rand	Total
Assets							
Cash and cash equivalents	6	4,371,851	8,487,081	66,019	120,871	179	13,046,001
Investment securities - FVTPL	7.1	32,430,748	50,745	-	-	-	32,481,493
Investment securities - Available for sale	7.2	7,538,024	2,700,189				10,238,213
Investment securities - Held to maturity	7.3	5,341,436	8,140,744	-	-	-	13,482,180
Trade receivables	8	63,665	-	-	-	-	63,665
Loans and advances	9	1,436,020	155,560	-	-	-	1,591,580
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	544,392	331,776	-	-	-	876,168
Other receivables - financial assets	12	528,722	-	-	-	-	528,722
Statutory deposits	16	500,000	-	-	-	-	500,000
Total		**52,754,858**	**19,866,094**	**66,019**	**120,871**	**179**	**72,808,021**
Liabilities							
Investment contract liabilities	20	12,665,764	-	-	-	-	12,665,764
Trade payables	21	4,217,095		1,026,117	-	300,137	5,543,350
Other liabilities - financial liabilities	22	1,226,312	-	-	-	-	1,226,312
Total		**18,109,172**	**-**	**1,026,117**	**-**	**300,137**	**19,435,426**

Company 31 December 2013	Note	Naira (₦)	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	21,119,684
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
Trade receivables	8	1,060,362		-	-	-	1,060,362
Loans and advances	9	1,283,430					1,283,430
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	1,084,589	612,348	-	-	-	1,696,937
Other receivables - financial assets	12	76,365	-	-	-	-	76,365
Statutory deposits	16	500,000	-	-	-	-	500,000
Total		**42,909,678**	**25,558,049**	**94,350**	**74,164**	**179**	**68,636,422**
Liabilities							
Investment contract liabilities	20	11,106,336	-	-	-	-	11,106,336
Trade payables	21	3,320,920	12,184,611	-	-	-	15,505,531
Other liabilities - financial liabilities	22	1,080,614	-	-	-	-	1,080,614
Total		**15,507,870**	**12,184,611**	**-**	**-**	**-**	**27,692,481**

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Foreign currency sensitivity	Group 31-Dec-14 Increase/(Decrease by 100Bp	Group 31-Dec-13 Increase/(Decrease by 100Bp	Company 31-Dec-14 Increase/(Decrease by 100Bp	Company 31-Dec-13 Increase/(Decrease by 100Bp
Assets				
Cash and cash equivalents	870,391	1,814,463	867,415	1,812,263
Investment securities - FVTPL	5,075	6,461	5,075	5,255
Investment securities - AFS	270,019	202,046	270,019	202,046
Investment securities - HTM	807,450	497,638	807,450	491,841
Trade receivables	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	33,178	61,235	33,178	61,235
Liabilities				
Investment contract liabilities	-	-	-	-
Trade payables	(132,625)	(1,218,461)	(132,625)	(1,218,461)
Impact on profit before tax	1,853,487	1,363,382	1,850,511	1,354,179
Tax charge of 30%	(556,046)	(409,014)	(555,153)	(406,254)
Impact on profit after tax	**1,297,441**	**954,367**	**1,295,358**	**947,925**

(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 repricing 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 31 December 2014 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.

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	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Interest bearing assets:	Increase/(Decrease by 100Bp	Increase/(Decrease by 100Bp	Increase/(Decrease by 100Bp	Increase/(Decrease by 100Bp
Cash and cash equivalents	1,154,788	3,791	1,104,014	1,908
Investment securities - FVTPL	3,066,149		3,066,149	
Investment securities - Held to maturity	1,341,594	34,542	1,335,564	30,200
Loans and advances	122,065	-	112,947	-
Other receivables	104,532	9,555	52,872	9,555
Statutory deposits	50,000	16,728	50,000	3,040
Total interest bearing	**5,839,129**	**64,616**	**5,721,546**	**44,703**
Interest bearing liabilities				
Investment contract liabilities	1,266,576	85,684	1,266,576	85,684
Borrowing	6,000	2,974	-	-
Total interest bearing liabilities	**1,272,576**	**88,658**	**1,266,576**	**85,684**
Gap	**4,566,553**	**(24,042)**	**4,454,969**	**(40,981)**
Cumulative gap	**4,566,553**	**(24,042)**	**4,454,969**	**(40,981)**
Impact on profit before tax	4,566,553	(24,042)	4,454,969	(40,981)
Taxation at 30%	1,369,966	(7,212)	1,336,491	(12,294)
Impact on profit after tax	3,196,587	(16,829)	3,118,479	(28,687)
Impact on equity	3,196,587	(16,829)	3,118,479	(28,687)

(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 Committee1. 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 Committee 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.

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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%

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.

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Financial assets	**Increase/(Decrease by 100Bp**	**Increase/(Decrease by 100Bp**	**Increase/(Decrease by 100Bp**	**Increase/(Decrease by 100Bp**
Listed equities (FVTPL)	194,977	236,112	182,001	228,542
Listed equities(AFS)	719,926	876,955	719,926	876,955
Unlisted equities (AFS)	304,371	405,372	303,896	404,564
Impact on profit before tax	194,977	236,112	182,001	228,542
Tax charge of 30%	(58,493)	(70,834)	(54,600)	(68,563)
Impact on profit after tax	**136,484**	**165,278**	**127,401**	**159,980**
Impact on equity	**1,160,781**	**1,447,606**	**1,151,222**	**1,441,499**

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014

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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 2014	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial instruments amortised cost	Total carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	13,681,394	-	-	13,681,394	13,681,394
Investment securities - FVTPL	7.1	32,611,259	-	-	-	-	32,611,259	32,611,259
Investment securities - Available for sale	7.2	-	-	-	10,175,445	-	10,175,445	10,175,445
Investment securities - Held to maturity	7.3	-	13,542,479	-	-	-	13,542,479	11,524,616
Trade receivables	8	-	-	63,665	-	-	63,665	63,665
Loans and advances	9			1,220,651			1,220,651	1,220,651
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	-	-	876,168	-	-	876,168	876,168
Other receivables	12	-	-	340,657	-	-	340,657	340,657
Statutory deposits	16	-	-	-	-	500,000	500,000	500,000
Total		**32,611,259**	**13,542,479**	**16,182,535**	**10,175,445**	**500,000**	**73,011,718**	**70,993,855**
Liabilities								
Investment contract liabilities	19	-	-	-	-	12,665,763	12,665,763	12,665,763
Trade payables	21	-	-	-	-	3,485,400	3,485,400	3,485,400
Other liabilities	22	-	-	-	-	1,697,394	1,697,394	1,697,394
Borrowings	23	-	-	-	-	60,000	60,000	60,000
Total		**-**	**-**	**-**	**-**	**17,908,557**	**17,908,557**	**17,908,557**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

Group

31 December 2013	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial instruments amortised 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	10,053,256
Trade receivables	8	-	-	1,060,362	-	-	1,060,362	1,060,362
Loans and advances	9			1,725,164				
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	-	-	1,696,937	-	-	1,696,937	1,696,937
Other receivables	12	-	-	428,587	-	-	428,587	428,587
Statutory deposits	16	-	-	-	-	500,000	500,000	500,000
Total		**20,049,909**	**11,877,320**	**26,652,935**	**11,150,818**	**500,000**	**68,505,818**	**66,681,754**
Liabilities								
Investment contract liabilities	19	-	-	-	-	11,106,336	11,106,336	11,106,336
Trade payables	21	-	-	-	-	15,505,530	15,505,530	15,505,530
Other liabilities	22	-	-	-	-	1,488,458	1,488,458	1,488,458
Borrowings	23	-	-	-	-	115,831	115,831	115,831
Total		**-**	**-**	**-**	**-**	**28,216,155**	**28,216,155**	**28,216,155**

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Company

31 December 2014	Notes	At Fair Value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	13,046,165	-	-	13,046,165	13,046,165
Investment securities - FVTPL	7.1	32,481,495	-	-	-	-	32,481,495	32,481,495
Investment securities - Available for sale	7.2	-	-	-	10,170,690	-	10,170,690	10,170,690
Investment securities - Held to maturity	7.3	-	13,482,180	-	-	-	13,482,180	11,464,060
Trade receivables	8	-	-	63,665	-	-	63,665	63,665
Loans and advances	9	-	-	1,220,651	-	-	1,220,651	1,220,651
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	-	-	876,168	-	-	876,168	876,168
Other receivables	12	-	-	74,747	-	-	74,747	74,747
Statutory deposits	16	-	-	-	-	200,235	200,235	200,235
Total		**32,481,495**	**13,482,180**	**15,281,396**	**10,170,690**	**200,235**	**71,615,996**	**69,597,876**
Liabilities								
Investment contract liabilities	19	-	-	-	-	12,665,763	12,665,763	12,665,763
Trade payables	21	-	-	-	-	3,485,400	3,485,400	3,485,400
Other liabilities	22	-	-	-	-	1,210,589	1,210,589	1,210,589
	23							
Total		**-**	**-**	**-**	**-**	**17,361,752**	**17,361,752**	**17,361,752**

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(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 amortised cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	21,119,684	-	-	21,119,684	21,119,684
Investment securities - FVTPL	7.1	19,942,317	-	-	-	-	19,942,317	19,942,317
Investment securities - Available for sale	7.2	-	-	-	11,137,974	-	11,137,974	11,137,974
Investment securities - Held to maturity	7.3	-	11,819,354	-	-	-	11,819,354	11,464,060
Trade receivables	8	-	-	1,060,362	-	-	1,060,362	1,060,362
Loans and advances	9			1,283,430			1,283,430	1,283,430
Reinsurance assets (Excl. prepaid reinsurance & reinsurance recoverable)	10	-	-	1,696,937	-	-	1,696,937	1,696,937
Other receivables	12	-	-	76,365	-	-	76,365	76,365
Statutory deposits	16	-	-	-	-	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	21	-	-	-	-	15,505,530	15,505,530	15,505,530
Other liabilities	22	-	-	-	-	1,080,614	1,080,614	1,080,614
Total	**23**	**-**	**-**	**-**	**-**	**27,692,480**	**27,692,480**	**27,692,480**

NOTES TO THE FINANCIAL STATEMENTS

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

3.3.1 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 2014. See note 4.1b for non-financial assets that are measured at fair value.

Group
31 December 2014

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	1,949,773	-	-	1,949,773
- Federal government bond	28,967,266	-	-	28,967,266
- State government	952,065	-	-	952,065
- Corporate bonds	231,305	510,850	-	742,155
Available for sale				
- Listed equity securities	7,199,256	-	-	7,199,256
- Unlisted equity securities	-	2,440,772	325,438	2,766,211
Total	39,299,666	2,951,622	325,438	42,576,726

Group
31 December 2013

Asset Type	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,361,404	-	-	2,361,404
	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	2,085,273
Total	27,491,645	2,741,628	642,743	30,876,015

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AS AT 31 DECEMBER 2014

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Company
31 December 2014

Asset Type	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	1,820,009	-	-	1,820,009
- Federal government bond	28,967,266	-	-	28,967,266
- State government	952,065	-	-	952,065
- Corporate bonds	231,305	510,850	-	742,155
Available for sale				
- Listed equity securities	7,199,197	-	-	7,199,197
- Unlisted equity securities	-	2,440,772	325,438	2,766,211
Total	39,169,843	2,951,622	325,438	42,446,903

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	2,085,273
				-
Total	27,375,966	2,741,628	642,743	30,760,337

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.

(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 maximise 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.The fair value of level 2 items were obtained from an inactive market at the measurement date.

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AS AT 31 DECEMBER 2014

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(iii) Financial instruments in level 3

The following table presents the changes in Level 3 instruments for the year ended 31 December 2014

Equity securities - Available for sale	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Opening balance	642,743	-	642,743	-
Reclassification from investments at cost less impairment (see note 7.2.1a)	147,209	319,000	147,209	319,000
Changes in fair value recognised in other comprehensive income	(464,514)	323,743	(464,514)	323,743
Balance, end of year	**325,438**	**642,743**	**651,197**	**642,743**

Varying valuation techniques in determining the fair value of Level 3 item, investments in AFC, Capital Bancorp, Lekky Budget Limited, Mainstreet Technologies, Oakwood Park Limited, 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 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.A reasonable change in the illiquidity discount will not result in a material change to the fair value of the investment.

(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 categorised.

Group
31 December 2014

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	3,250,000	-	3,250,000
- Residential property	-	4,550,000	-	4,550,000
Property and equipment				
- Land	-	2,216,250	-	2,216,250
- Building	-	2,453,467	-	2,453,467
Total	**-**	**12,469,717**	**-**	**12,469,717**

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Group
31 December 2013

Assets Type	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

Company
31 December 2014

Assets Type	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	3,250,000	-	3,250,000
- Residential property	-	4,200,000	-	4,200,000
Property and equipment				
- Land	-	1,165,000	-	1,165,000
- Building	-	1,866,564	-	1,866,564
Total	-	10,481,564	-	10,481,564

Company
31 December 2013

Assets Type	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

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 categorised

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Group
31 December 2014

Assets Type	Level 1	Level 2	Level 3	Total
Held to maturity investment securities:				
State bonds	-	1,137,581	-	1,137,581
Corporate bonds	-	8,933,339	-	8,933,339
Federal government bonds	3,176,128	-	-	3,176,128
Federal government treasury bills	79,812	-	-	79,812
Total	3,255,940	10,070,920	-	13,326,861

Group
31 December 2013

Assets 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 2014

Assets Type	Level 1	Level 2	Level 3	Total
Held to maturity investment securities:				
State bonds	-	1,137,581	-	1,137,581
Corporate bonds	-	8,867,329	-	8,867,329
Federal government bonds	3,176,128	-	-	3,176,128
Federal government treasury bills	79,812	-	-	79,812
Total	3,255,940	10,004,909	-	13,260,849

Company
31 December 2013

Assets 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

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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.Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

Insurance risk concentration per class of business showing the type of risk, carrying amount of the reinsurance liabilities

The table below shows the Group life risk exposure by industry or sector in 2014. 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

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

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Industry/Sector	Before Reinsurance	Share of Gross	After Reinsurance	Share of net SA
Estate Management/Insurance, banking & Financial Institutions	216,066	7%	193,686	7%
Oil & Gas	1,020,864	35%	967,787	36%
Civil Service/Government Agency	630,120	22%	617,118	23%
Engineering & Construction	135,493	5%	131,985	5%
Marketing & Consulting/Supplies & Trading/Courier Services	53,884	2%	48,402	2%
Manufacturing	68,689	2%	66,705	2%
Radio & Television/ Electronics & Telecommunications	245,720	9%	162,320	6%
Marine & Aviation	79,628	3%	73,381	3%
Education, Research & Professional Institutions	82,870	3%	81,876	3%
Foods & Beverages/Agro-allied	41,219	1%	38,168	1%
Health Service provider	29,314	1%	24,666	1%
Religious institutions/NGO/Clubs& Associations	25,542	1%	23,919	1%
Hotels and Resorts/catering services	12,688	0%	12,502	0%
Miscellaneous/Others	35,224	1%	31,767	1%
Security Personnel	202,926	7%	202,916	8%
	2,880,246		**2,677,197**	

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(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 flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The 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 final 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 claim.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:

Year	Inflation index
2007	6.6%
2008	15.1%
2009	13.9%
2010	11.8%
2011	10.3%
2012	12.0%
2013	8.0%
2014	8.3%
2015	11.0%

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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 into 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 cashflow projection approach, taking into account future office premium, expenses and benefit payments, including payments on surrender where applicable. Future cashflows 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 cashflow 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.

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(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:

	Base	Interest rate +1%	Interest rate -1%"	Expenses +10%	Expenses -10%
Individual Traditional (excluding annuity)	2,224,039	1,995,863	2,466,472	2,257,254	2,190,913
Annuity	29,592,801	27,998,858	31,395,003	29,668,454	29,517,149
Individual Investment Linked	4,848,703	4,848,703	4,848,703	4,848,703	4,848,703
Group DA	7,817,060	7,817,060	7,817,060	7,817,060	7,817,060
Group Life – UPR	794,694	794,694	794,694	794,694	794,694
Group Life – IBNR	602,758	602,758	602,758	602,758	602,758
Other Group Risk	12,687	12,579	12,810	13,320	11,964
Additional reserves	58,913	58,585	59,246	60,089	57,737
Reinsurance	(138,077)	(138,077)	(138,077)	(138,077)	(138,077)
Net liability	**45,813,579**	**43,991,023**	**47,858,670**	**45,924,255**	**45,702,901**
% change in liability		**-3.98%**	**4.46%**	**0.24%**	**-0.24%**
Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%
Individual	36,724,457	34,902,009	38,769,424	36,834,500	36,614,503
Group	9,089,122	9,089,014	9,089,245	9,089,755	9,088,398
Net liability	**45,813,579**	**43,991,023**	**47,858,670**	**45,924,255**	**45,702,901**
% change in liability	**-**	**-3.98%**	**4.46%**	**0.24%**	**-0.24%**

- 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 stresses were not applied to the reinsurance asset on individual business as the impact would not be significant and would not affect the shape of the results.

- 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 2014 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	575,958	712,737	458,419	583,249	568,772	569,123	582,995
Fire	1,525,310	1,810,339	1,327,623	1,537,958	1,512,765	1,512,622	1,538,290
Marine	886,723	1,035,092	756,103	895,085	878,494	875,763	898,017
Motor	761,831	1,177,169	564,624	770,222	753,481	757,090	766,666
Engineering	577,473	663,586	506,513	582,360	572,630	572,376	582,692
Bond	296,705	430,998	242,876	296,705	296,705	296,705	296,705
Special risks	9,692,090	10,327,819	9,056,362	9,692,090	9,692,090	9,692,090	9,692,090
Total	14,316,090	16,157,739	12,912,519	14,357,668	14,274,937	14,275,769	14,357,456
Account outstanding	10,635,477	10,635,477	10,635,477	10,635,477	10,635,477	10,635,477	10,635,477
Difference	3,680,613	5,522,262	2,277,042	3,722,191	3,639,459	3,640,291	3,721,979
Percentage change		12.9%	-9.8%	0.3%	-0.3%	-0.3%	0.3%

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Expense Inflation+2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
2,238,377	2,209,724	2,277,804	2,172,894	2,258,565	2,189,399
29,714,213	29,483,308	29,592,801	29,592,801	29,732,995	29,457,272
4,848,703	4,848,703	4,848,703	4,848,703	4,848,703	4,848,703
7,817,060	7,817,060	7,817,060	7,817,060	7,817,060	7,817,060
794,694	794,694	794,694	794,694	794,694	794,694
602,758	602,758	602,758	602,758	602,758	602,758
12,798	12,577	12,687	12,687	13,335	12,039
59,033	58,794	58,910	58,916	60,719	57,107
(138,077)	(138,077)	(138,077)	(138,077)	(138,077)	(138,077)
45,949,560	**45,689,541**	**45,867,342**	**45,762,437**	**45,990,753**	**45,640,955**
0.30%	**-0.27%**	**0.12%**	**-0.11%**	**0.39%**	**-0.38%**
Expense Inflation +2%	**Expense Inflation -2%**	**Lapses+10%**	**Lapses -10%**	**Mortality +5%**	**Mortality -5%**
36,860,327	36,600,529	36,778,219	36,673,315	36,900,983	36,552,481
9,089,233	9,089,012	9,089,122	9,089,122	9,089,770	9,088,474
45,949,560	**45,689,541**	**45,867,342**	**45,762,437**	**45,990,753**	**45,640,955**
0.30%	**-0.27%**	**0.12%**	**-0.11%**	**0.39%**	**-0.38%**

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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 by the same magnitude.

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.

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	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 crystallises, 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.

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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 instalment 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 from 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.

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4 Critical accounting estimates and judgement.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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 judgements 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 analysed 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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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 organised into five operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes. 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.

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The consolidated financial data for the reporting segments for the year ended 31 December 2014 is as follows:

SEGMENT INCOME STATEMENT

31-Dec-14	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment income	Inter-segment income & consolidation adjustments	Total
Revenue from external customers								
Gross premium written	**17,838,271**	**21,169,868**	**-**	**-**	**-**	**39,008,139**	**(38,196)**	**38,969,943**
Gross premium income	21,389,805	8,645,443	-	-	-	30,035,248	(38,195)	29,997,053
Reinsurance expenses	(11,812,460)	(397,430)	-	-	-	(12,209,890)	(1)	(12,209,891)
Commission income from insurance contracts	1,187,884	91,422	-	-	-	1,279,307	(1)	1,279,306
Net fair value gain/(loss) on assets at fair value	748,828	(2,346,305)	-		-	(1,597,477)	(441,893)	(2,039,370)
Investment income	2,347,439	5,146,045				7,493,484	(8,391)	7,485,093
Other operating income	1,258,152	64,119	322,370	688,619	30,408	2,363,669	(249,172)	2,114,497
Share of profit of investments accounted for using the equity method	-	-	-	-	-	-	386,799	386,799
Net income	**15,119,649**	**11,203,294**	**322,370**	**688,619**	**30,408**	**27,364,340**	**(350,853)**	**27,013,487**
Claims expenses	(6,984,467)	(5,747,497)	-	-	-	(12,731,966)	2,437	(12,729,529)
Underwriting expenses	(1,828,160)	(1,527,926)	-	-	-	(3,356,086)	1	(3,356,085)
Employee benefit and other operating expenses	(3,862,968)	(1,434,282)	(80,093)	(529,619)	(20,162)	(5,927,123)	(16,314)	(5,943,437)
Interest expense - finance cost	-	(538,955)	(37,927)	-	-	(576,882)	13,813	(563,069)
Net impairment (losses)/gains	(654,970)	(348,925)	(38,616)	(15,957)	-	(1,058,466)	(2)	(1,058,468)
Income tax charge	(659,449)	74,234	(12,307)	(83,384)	(7,731)	(688,637)	(18,902)	(707,539)
Net expense	**(13,990,014)**	**(9,523,351)**	**(168,941)**	**(628,960)**	**(27,894)**	**(24,339,159)**	**(18,968)**	**(24,358,127)**
Reportable segment profit	**1,129,635**	**1,679,942**	**153,429**	**59,659**	**2,514**	**3,025,180**	**(369,821)**	**2,655,360**
Depreciation and amortization expense	**(292,022)**	**(64,926)**	**(4,408)**	**(30,617)**	**(1,969)**	**(393,943)**	**(3,055)**	**(396,998)**

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SEGMENT ASSETS AND LIABILITIES

31-Dec-14	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment balances	Consolidation/ Inter-segment balances	Total
Reportable segment assets								
Cash and cash equivalent	9,892,353	3,153,811	458,671	151,603	126,744	13,783,184	(101,790)	13,681,394
Investment securities	15,132,747	41,001,615	207,489	60,301	8,027	56,410,179	(56,410,179)	-
Trade receivables	24,155	39,511	-	-	-	63,666	(1)	63,665
Reinsurance assets	15,462,279	421,016	-	-	-	15,883,296	0	15,883,296
Deferred acquisition cost	428,964	-	-	-	-	428,964	0	428,964
Other receivables and prepayments	916,606	1,302,683	749,044	142,397	124,461	3,235,192	(2,043,380)	1,191,812
Investments in associate	35,000	753,210	-	-	-	788,210	728,543	1,516,753
Investment in subsidiaries	342,946	198,312	-	-	-	541,258	(541,258)	-
Investment properties	2,900,000	4,550,000	-	-	350,000	7,800,000	(0)	7,800,000
Deferred tax asset	-	144,741	-	-		144,741	55,494	200,235
Intangible assets	101,695	28,589	11,519	4,094	-	145,898	0	145,898
Property and equipment	3,164,568	463,069	7,617	2,056,442	938	5,692,635	1,000	5,693,635
Statutory deposits	300,000	200,000	-	-	-	500,000	-	500,000
Total reportable segment assets	**48,701,313**	**52,256,559**	**1,434,341**	**2,414,838**	**610,171**	**105,417,223**	**(58,311,571)**	**47,105,652**
Reportable segment liabilities								
Insurance contract liabilities	27,364,134	34,659,888	-	-	-	62,024,022	1	62,024,023
Investment contract liabilities	-	12,665,763	-	-	-	12,665,763	0	12,665,763
Trade payables and other liabilities	7,173,415	1,568,966	575,042	333,621	206,951	9,857,995	(571,275)	9,286,720
Borrowings	-	-	115,103	320,000	220,000	655,103	(595,103)	60,000
Current tax liabilities	413,166	259,694	35,323	25,252	12,762	746,197	1	746,198
Deferred tax liabilities	843,083	102,458	1,726	148,905	-	1,096,172	57,232	1,153,404
Total reportable segment liabilities	**35,793,796**	**49,256,771**	**727,195**	**827,778**	**439,714**	**87,045,252**	**(1,109,144)**	**85,936,108**
NET ASSETS	**12,907,516**	**2,999,788**	**707,147**	**1,587,061**	**170,458**	**18,371,971**	**(57,202,427)**	**(38,830,456)**
Additions to property and equipment	**266,065**	**67,737**	**1,412**	**121,826**	**105**	**457,145**	**279,182**	**736,327**

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STATEMENT OF COMPREHENSIVE INCOME

31 December 2013	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment income	Inter-segment income & consolidation	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)	-	-	-	(6,844,691)	855	(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)
Finance cost	-	(856,844)	(37,752)	-	-	(894,596)	8,017	(886,579)
Net impairment	(423,362)	(989,176)	(12,617)	(46,204)	-	(1,471,359)	0	(1,471,359)
Income taxes	(653,247)	(360,981)	(46,760)	(91,068)	(8,990)	(1,161,046)	(3,262)	(1,164,308)
Net expense	**(10,050,354)**	**(7,808,583)**	**(179,521)**	**(597,941)**	**(26,628)**	**(18,663,026)**	**298,014**	**(18,365,012)**
Reportable segment profit	**2,904,620**	**(1,186,539)**	**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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SEGMENT ASSETS AND LIABILITIES

31-Dec-13	Non-life	Life	Trusteeship	Hospitality	Property management	Total segment balances	Consolidation/ Inter-segment balances	Total
Reportable segment assets								
Cash and cash equivalent	19,342,230	1,777,455	656,505	222,664	8,186	22,007,040	(265,155)	21,741,885
Investment securities	14,265,136	28,634,508	179,161	62,113	7,126	43,148,044	(43,148,044)	-
Trade receivables	1,038,831	21,531	-	-	-	1,060,362	-	1,060,362
Loans and advances	85,255	1,198,176						1,725,164
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 prepayments	285,629	86,070	38,108	150,193	65,200	625,200	140,536	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	-	602
Intangible assets	135,010	37,023	13,598	-	-	185,631	(3,885)	181,746
Property and equipment	2,776,863	377,309	1,041	952,850	4,589	4,112,652	539,101	4,651,753
Statutory deposits	300,000	200,000	-	-	-	500,000	(499,398)	602
Total reportable segment assets	**60,883,828**	**36,457,704**	**889,015**	**1,387,820**	**353,345**	**99,971,713**	**(42,788,431)**	**57,625,015**
Reportable segment liabilities								
Insurance contract liabilities	27,948,025	21,717,600	-	-	-	49,665,625	(2)	49,665,623
Investment contract liabilities	-	11,106,337	-	-	-	11,106,337	(1)	11,106,336
Trade payables and other liabilities	18,711,783	1,035,260	599,162	225,825	56,829	20,628,859	(181,087)	20,447,772
Borrowings	-	-	441,545	136,284	220,000	797,829	(681,998)	115,831
Current tax liabilities	519,617	230,917	50,905	76,306	2,999	880,743	(16,878)	863,865
Deferred tax liabilities	508,194	96,632	-	-	-	604,826	228,388	833,214
Total reportable segment liabilities	**47,687,620**	**34,186,744**	**1,091,612**	**438,415**	**279,828**	**83,684,219**	**(651,579)**	**83,032,641**
NET ASSETS	**13,196,209**	**2,270,960**	**(202,597)**	**949,405**	**73,517**	**16,287,494**	**(42,136,853)**	**(25,407,626)**
Additions to property and equipment	**594,803**	**151,429**	**3,157**	**272,347**	**234**	**1,021,970**	**(564,825)**	**457,145**

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 5% of the Group's revenue in the year (2013: Nil).

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6 Cash and cash equivalents

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Cash on hand	3,671	1,085	1,303	602
Cash at bank	2,129,680	2,823,279	2,004,561	2,551,714
Tenored deposits	11,548,043	18,917,521	11,040,301	18,567,368
	13,681,394	**21,741,885**	**13,046,165**	**21,119,684**

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 summarised below by measurement category in the table below:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Financial assets designated at fair value through profit or loss (see note 7.1 below)	32,611,259	20,049,909	32,481,495	19,942,317
Available for sale (see note 7.2 below)	10,175,445	11,150,818	10,170,690	11,137,974
Held to maturity (see note 7.3 below)	13,542,479	11,877,320	13,482,180	11,819,354
	56,329,183	**43,078,047**	**56,134,365**	**42,899,645**
Current	39,834,867	31,333,291	39,834,867	31,217,612
Non Current	16,494,316	11,744,756	16,299,498	11,682,033
	56,329,183	**43,078,047**	**56,134,365**	**42,899,645**

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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Debt securities:				
- Listed	30,661,486	17,688,505	30,661,486	17,688,505
Equity securities:				
- Listed	1,949,773	2,361,404	1,820,009	2,253,812
	32,611,259	**20,049,909**	**32,481,495**	**19,942,317**
Current	32,611,259	20,049,909	32,481,495	19,942,317
Non Current	-	-	-	-
	32,611,259	**20,049,909**	**32,481,495**	**19,942,317**

Movement in Financial assets designated at fair value through profit or loss

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Opening balance	20,049,909	9,348,694	19,942,317	9,244,012
Additions	15,295,685	12,644,467	15,295,685	12,644,467
Disposals	(2,340,965)	(732,551)	(2,340,965)	(732,551)
Accrued Interest	2,586,585	-	2,586,585	-
Fair value changes	(2,979,956)	(1,210,701)	(3,002,128)	(1,213,611)
Closing balance	32,611,259	20,049,909	32,481,495	19,942,317

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7.2 Available for sale financial assets

Certain unquoted investment securities listed 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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Equity securities at fair value				
- Listed	7,131,731	8,740,832	7,131,732	8,732,745
- Unlisted (see note (a) below)	2,912,298	2,085,276	2,911,674	2,085,276
Equity securities at cost				
- Unlisted (see note (a) below)	380,423	673,718	376,291	668,961
Debt securities				
- Unlisted	-	-	-	-
	10,424,452	**11,499,826**	**10,419,697**	**11,486,982**
Less: allowance for impairment loss (see note (b) below)	(249,007)	(349,008)	(249,007)	(349,008)
Total available for sale financial assets	10,175,445	11,150,818	10,170,690	11,137,974
Current	7,131,731	8,740,832	7,131,732	8,732,745
Non Current	3,043,714	2,409,986	3,038,958	2,405,229
	10,175,445	11,150,818	10,170,690	11,137,974

The group removed losses of N96m (2013; Nil). The Losses were due to the impairment equity investment in starcomms

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
At fair value				
Africa Finance Corporation (see note 7a(i) below)	695,946	642,743	695,946	642,743
African Reinsurance Company Limited (see note 7a(i) below)	651,197	501,172	651,197	501,172
Capital Bancorp	98,171	-	98,171	-
Food Concept Limited	6,000	12,000	6,000	12,000
Lekky Budget Limited	55,062	-	55,062	-
Mainstreet Technologies	105,491	-	105,491	-
MTN	1,090,904	876,548	1,090,904	876,548
Oakwood Park Limited	66,714	-	66,714	-
West African Milk Company Limited	142,189	52,813	142,189	52,813
	2,911,674	**2,085,276**	**2,911,674**	**2,085,276**

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At cost

Afrinvest West Africa Limited	25,000	25,000	25,000	25,000
Capital Bancorp	-	19,064	-	19,063
Citrans Global Ltd Shares	30,000	30,000	30,000	30,000
Globe Reinsurance Company Limited	54,090	54,090	54,090	54,090
Indemnity Finance Limited	27,716	27,716	27,716	27,716
JDI	25,500	25,500	25,500	25,500
Lagos Building Investment Company Ltd	49,920	49,920	49,920	49,920
Lekky Budget Limited	-	21,687	-	21,687
Mainstreet Technologies	-	173,360	-	173,360
MP Budget Limited	35,120	35,120	35,120	35,120
Oakwood Park Limited	-	78,561	-	78,561
Others	57,470	57,470	53,338	53,337
Port Hotels Ltd	34,607	34,607	34,607	34,607
Union Assurance	41,000	41,000	41,000	41,000
	380,423	**673,095**	**376,291**	**668,961**
Less: Specific allowance for impairment (unquoted equity securities)	(249,007)	(349,008)	(249,007)	(349,008)
	3,043,090	**324,087**	**127,284**	**319,953**

(i) Investments in Capital Bancorp, Mainstreet Technologies, Lekky Budget, and Oakwood Park were carried at cost as at 31 December 2013 as there was no information to reliably measure their fair value. During the year, the Group was able to reliably determine the fair values of these investments and the fair values have been disclosed.

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	349,008	1,256,128	349,008	1,256,128
Charge for the year (see note 39)	145,462	922,130	145,462	922,130
Write off (see note 7bi below)	(245,463)	(1,829,250)	(245,463)	(1,829,250)
Balance, end of year	**249,007**	**349,008**	**249,007**	**349,008**

(i) This represents write off of the Company's equity investment in starcomms. The directors are of the view that there is a permanent dimunition in the value of the investments.

Movement in Financial assets designated at fair value through profit or loss

Opening balance	11,150,818	10,459,031	11,137,974	10,454,275
Additions	1,443,317	366,412	1,443,318	362,266
Disposals	(474,026)	(874,728)	(465,938)	(874,728)
Fair value changes	(1,695,658)	1,549,111	(1,695,658)	1,545,170
Impairment	(249,007)	(349,008)	(249,007)	(349,008)
Closing balance	10,175,445	11,150,818	10,170,690	11,137,974

7.3 Held to maturity financial assets

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Debt securities:				
- Listed	13,542,479	11,877,320	13,482,180	11,819,354
- Unlisted	-	-	-	-
	13,542,479	11,877,320	13,482,180	11,819,354
Current	221,640	2,542,550	221,640	2,542,550
Non-current	13,320,839	9,334,770	13,260,540	9,276,804
	13,542,479	11,877,320	13,482,180	11,819,354

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

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Analysis of held to maturity financial assets are as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Federal Government Debt Securities				
10.70% FGN May 2018	638,196	640,837	638,196	640,837
7.00% FGN Oct 2019	211,815	201,398	211,815	201,398
10.00% FGN Jul 2030	1,206,278	1,253,256	1,206,278	1,253,256
10.50% FGN Mar 2014	-	409,764	-	409,764
15.10% FGN Apr 2017	463,983	154,148	463,983	154,148
16.00% FGN Jun 2019	120,107	120,105	120,107	120,105
13.05% FGN AUG 2016	721,976	-	721,976	-
FGN treasury bill	79,812	1,833,527	79,812	1,833,527
	3,442,167	4,613,035	3,442,167	4,613,035
State Government Bonds				
Lagos State bonds	551,474	677,710	551,474	677,710
Bayelsa State bonds	77,177	101,628	77,177	101,628
Benue State bonds	15,000	25,000	15,000	25,000
Delta State bonds	141,376	166,298	141,376	166,298
Ekiti State bonds	17,289	20,323	17,289	20,323
Osun State bonds	223,564	251,920	223,564	251,920
	1,025,880	1,242,879	1,025,880	1,242,879
Corporate bonds				
Federal Mortgage of Nigeria Bond	44,612	70,749	44,612	70,749
Lafarge WAPCO bond	-	102,679	-	102,679
Local Contractor Bond Series III	558,400	483,153	558,400	483,153
United Bank for Africa Plc Bond	154,829	154,915	154,829	154,915
Dana Group of Companies Bond	181,788	233,186	181,788	233,186
	939,629	1,044,682	939,629	1,044,682
Eurobonds				
GTB Finance BV, 7.50%, 2016	2,855,213	2,433,430	2,794,912	2,375,464
Access Bank Eurobond 7.25%, 2017	1,416,533	886,058	1,416,533	886,058
FBN Finance Company 8.25%, 2020	476,445	397,219	476,445	397,219
FGN 6.75% Eurobond, 2021	1,480,343	1,260,018	1,480,343	1,260,018
ETI 8.75% AUG 2021	952,230	-	952,230	-
Others	954,039	-	954,042	-
	8,134,802	4,976,725	8,074,504	4,918,759
Grand Total	**13,542,479**	**11,877,320**	**13,482,180**	**11,819,354**

The debt securities are interest bearing and have stated interest rates of 6 to 16 per cent for government bonds and 7.5 to 17.25 per cent for the corporate bonds. The contractual maturity dates are 5 to 18 years for the government bonds and 2 to 5 years for the corporate bonds.

Movement in Financial assets designated at fair value through profit or loss

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Opening balance	11,877,320	8,329,137	11,819,354	8,271,171
Additions	2,929,550	3,463,907	2,929,550	3,463,907
Disposals	(3,171,193)	(291,046)	(3,171,193)	(291,046)
Accrued interest and amortised cost changes	1,906,802	375,322	1,904,468	375,322
Closing balance	13,542,479	11,877,320	13,482,180	11,819,354

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8 Trade receivables

(a) Trade receivable comprises the following:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Insurance receivables	294,498	1,060,362	294,498	1,060,362
Less specific provision for impairment	(230,833)	-	(230,833)	-
	63,665	**1,060,362**	**63,665**	**1,060,362**
Insurance receivable is analysed as follows:				
Due from Brokers	294,498	1,060,362	294,498	1,060,362
	294,498	1,060,362	294,498	1,060,362
Current	294,498	1,060,362	294,498	1,060,362
Non-current	-	-	-	-
	294,498	1,060,362	294,498	1,060,362

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Analysis of premium debtors in days				
0 - 90 days	63,665	1,060,362	63,665	1,060,362
91 - 180 days	230,833	-	230,833	-
181 days and above	-	-	-	-
	294,498	1,060,362	294,498	1,060,362

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	-	6,329,007	-	6,329,007
Addition during the year (see note 39)	230,833	610,630	230,833	610,630
Allowance no longer required (see note 39)	-	(1,448,853)	-	(1,448,853)
Write-off during the year	-	(5,490,784)	-	(5,490,784)
Balance, end of year	230,833	-	230,833	-

9 Loans and Advances

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross				
Commercial loans	1,236,598	1,404,747	1,127,757	973,951
Staff loans	78,432	76,801	70,893	69,867
Agency loan	41,483	45,422	41,483	45,422
Loan to policy holders	351,446	341,409	351,447	341,409
Gross Total	**1,707,959**	**1,868,379**	**1,591,580**	**1,430,649**
Specific Impairment allowance on:				
- Commercial loans	(304,706)	(128,286)	(282,378)	(136,091)
- Staff Loans	(5,647)	(997)	(5,481)	(997)
- Agency loans	(5,481)	(10,131)	(5,647)	(10,131)
- Policy holders loans	(117,206)	-	(117,206)	-
Collective Impairment allowance	(54,268)	(3,801)	(51,400)	-
Impairment Total	**(487,308)**	**(143,215)**	**(462,112)**	**(147,219)**
Net Loans and Advances	**1,220,651**	**1,725,164**	**1,129,468**	**1,283,430**

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	143,215	180,011	147,219	135,855
Charge for the year (see note 39)	344,093	17,769	314,893	11,364
Write off	-	(54,565)	-	-
Balance, end of year	**487,308**	**143,215**	**462,112**	**147,219**
Current	1,059,273	76,801	942,894	69,867
Non Current	648,686	1,791,578	648,686	1,360,782
	1,707,959	1,868,379	1,591,580	1,430,649

10 Reinsurance assets

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Prepaid reinsurance (see note (a) below)	10,384,865	13,966,007	10,384,865	13,966,007
Reinsurance recoverable (see note (b) below)	5,070,811	5,354,408	5,070,811	5,354,408
Due from reinsurers	1,973,777	2,504,125	1,973,777	2,504,125
	17,429,453	21,824,540	17,429,453	21,824,540
Less allowance for impairment (see note (c) below):				
Reinsurance recoverable	(448,548)	(448,548)	(448,548)	(448,548)
Due from reinsurers	(1,097,609)	(807,188)	(1,097,609)	(807,188)
	15,883,296	20,568,804	15,883,296	20,568,804
Current	12,878,816	21,824,540	12,878,816	21,824,540
Non-current	4,550,637	-	4,550,637	-
	17,429,453	21,824,540	17,429,453	21,824,540

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of the year	13,966,007	7,751,260	13,966,007	7,751,260
Additions in the year	8,628,749	16,838,977	8,628,749	16,838,977
Released in the year (see note 29)	(12,209,891)	(10,624,230)	(12,209,891)	(10,624,230)
Balance, end of year	10,384,865	13,966,007	10,384,865	13,966,007

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of the year	5,354,408	5,354,408	5,354,408	5,354,408
(Decrease)/increase during the year	(283,597)	-	(283,597)	-
Balance, end of year	5,070,811	5,354,408	5,070,811	5,354,408

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	1,255,736	-	1,255,736	-
Addition during the year (see note 39)	290,421	1,279,097	290,421	1,279,097
Write-off during the year	-	(23,361)	-	(23,361)
Balance, end of year	1,546,157	1,255,736	1,546,157	1,255,736

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11 Deferred acquisition costs

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Motor	122,299	117,292	122,299	117,292
Fire	109,180	54,753	109,180	54,753
General accident	31,747	25,536	31,747	25,536
Marine	118,919	102,784	118,919	102,784
Bond	9,969	8,228	9,969	8,228
Engineering	36,850	23,644	36,850	23,644
Oil and gas				
	428,964	332,237	428,964	332,237

The movement in the deferred acquisition costs is as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	332,237	397,319	332,237	397,319
Increase/(Decrease) during the year	96,727	(65,082)	96,727	(65,082)
Balance, end of year	428,964	332,237	428,964	332,237
Current	428,964	332,237	428,964	332,237
Non-current	-	-	-	-
	428,964	332,237	428,964	332,237

12 Other receivables and prepayments

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Finance lease receivable (see note (i) below)	242,708	318,117	-	-
Prepayment	144,242	110,317	130,130	98,166
Other receivables (see note (ii) below)	1,068,052	657,137	732,578	288,925
	1,455,002	1,085,571	862,708	387,091
Less: Impairment allowance on:				
Finance lease receivables	(8,381)	(14,798)	-	-
Other receivables	(254,809)	(305,038)	(201,607)	(195,174)
	1,191,812	765,735	661,101	191,917
Current	1,213,737	802,822	732,578	288,925
Non Current	241,265	282,749	130,130	98,166
	1,455,002	1,085,571	862,708	387,091

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(i) Finance lease receivable

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross investment in finance lease	253,490	328,899	-	-
Unearned finance income	(10,782)	(10,782)	-	-
Net investment in finance lease	242,708	318,117	-	-
Specific Impairment allowance	(5,384)	(11,464)	-	-
Collective impairment Allowance	(2,997)	(3,334)	-	-
	234,327	303,319	-	-
Current	145,685	145,685	-	-
Non-current	97,023	172,432	-	-
	242,708	318,117	-	-

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	14,798	15,052	-	-
Addition during the year (see note 39)			-	-
- Specific impairment		1,574	-	-
- Collective impairment	545	3,334	-	-
Write back	(6,962)	(5,162)		
	8,381	14,798	-	-

(ii) Other receivables

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Financial assets:				
Accrued interest on statutory deposits	25,079	29,134	25,079	29,134
Trusteeship fee receivable	38,262	44,888	-	-
Dividend receivables	36,951	30,846	30,768	20,795
Receivable from related parties	58,095	20,400	18,900	26,436
	158,387	125,268	74,747	76,365
Non financial assets:				
Deposit for shares	362,500	22,000	362,500	22,000
Inventory and other consumables	171,863	14,168	-	-
Accrued rental income	87,047	60,380	87,047	60,380
Others	288,255	435,321	208,284	130,180
	909,665	531,869	657,831	212,560
Total other receivables - gross	**1,068,052**	**657,137**	**732,578**	**288,925**
Allowance for impairment losses - financial asset	(52,057)	-	-	-
Allowance for impairment losses - non financial asset	(202,752)	(305,038)	(201,607)	(195,174)
	813,243	352,099	530,971	93,751

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	305,038	219,360	195,174	157,004
Charge for the year (see note 39)	29,104	85,678	6,432	38,170
Allowance no longer required	(79,333)	-		-
Balance, end of year	254,809	305,038	201,607	195,174

13 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 2014 and 2013 for both company and group

Name of entity	Nature of business	Place of incorporation	% of ownership interest
Leadway Pensure PFA Limited	Note i	Nigeria	46.18%
Total Health Trust Limited	Note ii	Nigeria	25%

(i) Leadway Pensure PFA Limited was incorporated as Pensure PFA Limited (a limited liability company) on 25August 2004. It was granted an operating license by PENCOM on 7 December, 2005 and commencedoperations in the same month. The Company's name was changed to Leadway Pensure PFA Limited in August2006 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.Leadway Pensure PFA is a pension fund administrator and its principal activities is the provision of a range of retirement support services to its numerous customers in every part of Nigeria. The Company is licensed by the National Pension Commission (PenCom)

(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. THT provides health care to individuals and corporate organizations.

Leadway Pensure PFA and Total Health Trust Limited are private companies 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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Leadway Pensure PFA Limited	1,233,960	934,110	753,209	753,209
Total Health Trust Limited	282,793	262,014	35,000	35,000
	1,516,753	1,196,124	788,209	788,209
Current	-	-	-	-
Non Current	1,516,753	1,196,124	788,209	788,209
	1,516,753	1,196,124	788,209	788,209

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(b) **Reconciliation of summarised financial information**

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in associates is as follows:

Group 2014	Leadway Pensure PFA	Total Health Trust	Total
Summarised financial information			
Opening net assets 1 January	2,051,019	938,133	2,989,152
Profit for the year	736,972	224,718	961,690
Other comprehensive income	(50)	-	(50)
Dividend paid	(127,151)	(31,680)	(158,831)
Issue of new shares	11,056	-	11,056
Closing net assets	2,671,846	1,131,171	3,803,017
Interest in associates (46.18%, 25%)	1,233,960	282,793	1,516,753
Carrying value	1,233,960	282,793	1,516,753
	0	(0)	

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**

(ii) There was no movement in the company's carrying amount of investment in associate in 2014 and 2013.

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

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

Year ended 2014	Leadway Pensure PFA	Total Health Trust	Total
Cash and cash equivalent	1,795,984	2,042,554	3,838,538
Investment securities	330	11,012	11,342
Property, plant and equipment	236,313	179,269	415,582
Intangible assets	14,422	14,310	28,732
Other assets and prepayments	817,497	710,375	1,527,872
Investment Property	537,836	301,902	839,738
Total assets	**3,402,382**	**3,259,422**	**6,661,804**
Other liabilities	315,565	1,942,940	2,258,505
Current tax payable	317,710	166,273	483,983
Deferred tax payable	35,205	19,039	54,244
Total liabilities	**668,480**	**2,128,252**	**2,796,732**
Net assets	**2,733,902**	**1,131,170**	**3,865,072**

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Year ended 2013	Leadway Pensure PFA	Total Health Trust	Total
Cash and cash equivalent	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**

Summarized statement of comprehensive income (extract)

Year ended 2014	Leadway Pensure PFA	Total Health Trust	Total
Revenue	2,845,354	5,724,095	8,569,449
Depreciation and amortisation	(104,665)	(66,000)	(170,665)
Interest income	-	124,980	124,980
Interest expense	-	(8,054)	(8,054)
Profit before tax	**1,046,943**	**350,023**	**1,396,966**
Income tax expense	(309,971)	(125,305)	(435,276)
Profit after tax	**736,972**	**224,718**	**961,690**
Other comprehensive income	(50)	-	(50)
Total comprehensive income	**736,922**	**224,718**	**961,640**
Dividends received from associates	**59,019**	**7,920**	**66,939**

Year ended 2013	Leadway Pensure PFA	Total Health Trust	Total
Revenue	2,232,835	5,615,815	7,848,650
Depreciation and amortisation	(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	-	
Total comprehensive income	**575,389**	**158,387**	**733,479**
Dividends received from associates	**36,556**	**14,250**	**50,806**

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14 **Investment in subsidiaries**

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

	Company 31-Dec-14	Company 31-Dec-13
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 2014 and 2013

Name of entity	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent/group (%)	Proportion of ordinary shares directly 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	-

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 N1.110Billion of which N333Million is for Leadway Capital and Trust Limited and N777Million 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 summarises 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 summarised financial information of all the subsidiaries.

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	Leadway Hotel Limited		Leadway Capital & Trust Limited	
	31 December		31 December	
	2014	2013	2014	2013
Assets				
Cash and cash equivalent	151,603	242,500	458,671	373,594
Other receivables and prepayments	142,397	150,423	749,044	931,248
Investment securities	60,301	66,053	207,489	181,282
Deferred tax asset	-	-	-	602
Property and equipment	2,056,442	1,409,198	7,617	1,172
Intangible assets	4,094	-	11,519	9,713
Total Assets	**2,414,837**	**1,868,174**	**1,434,340**	**1,497,611**
Liabilities				
Other liabilities	333,621	275,239	575,042	584,770
Borrowings	320,000	-	115,103	255,215
Current tax liability	25,252	53,990	35,323	54,507
Deferred tax liability	148,905	-	1,726	-
Total liabilities	**827,778**	**329,229**	**727,194**	**894,492**
Capital and reserves				
Share capital	75,000	75,000	440,000	440,000
Retained earnings	433,902	594,043	268,146	163,119
Share premium	500,000	500,000	-	-
Other reserves	578,157	369,902	-	-
Total equity	**1,587,059**	**1,538,945**	**708,146**	**603,119**
Total Liabilities and Equity	**2,414,837**	**1,868,174**	**1,435,340**	**1,497,611**

	Leadway Hotel Limited		Leadway Capital & Trust Limited	
	31 December		31 December	
	2014	2013	2014	2013
Revenue	687,708	773,326	322,370	272,471
Profit before income tax	108,584	266,453	165,734	139,710
Income tax expense/income	(57,096)	(91,068)	(12,307)	(46,760)
Profit after tax	**51,488**	**175,385**	**153,427**	**92,950**
Other comprehensive income	208,256	369,002	-	-
Total comprehensive income	**259,744**	**544,387**	**153,427**	**92,950**
Profit allocated to NCI	**25,229**	**85,938**	**72,111**	**43,687**
Cashflows from operating activities	91,149	224,655	225,448	(186,716)
Cashflows from investing activities	(447,191)	(105,167)	86,455	174,581
Cashflows from financing activities	218,648	(99,652)	(226,825)	(270,776)
Net increase/(decrease) in cash and cash	**(137,394)**	**19,836**	**85,078**	**(282,911)**
Dividends received from subsidiaries	**36,210**	**36,210**	**61,022**	**32,632**

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15 Investment properties

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Office property	3,250,000	3,000,000	3,250,000	3,000,000
Residential property	4,550,000	2,400,000	4,200,000	1,550,000
	7,800,000	5,400,000	7,450,000	4,550,000
Current	-	-	-	-
Non Current	7,800,000	5,400,000	7,450,000	4,550,000
	7,800,000	5,400,000	7,450,000	4,550,000

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of the year	5,400,000	2,435,000	4,550,000	2,215,000
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	3,021,821	276,361	3,021,821	228,117
Disposal during the year	(1,506,783)	-	(1,506,783)	-
Fair value gain	884,962	1,368,434	1,384,962	786,678
As at end of the year	7,800,000	5,400,000	7,450,000	4,550,000

The analysis of investment properties is as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Cadastral Property, Abuja	2,050,000	1,900,000	2,050,000	1,900,000
Thomas Wyatt House	1,200,000	1,100,000	1,200,000	1,100,000
Thomson Avenue, Ikoyi	-	950,000	-	950,000
GRA Ikeja Property	-	600,000	-	600,000
The Mews, Gerard Road, Ikoyi	350,000	850,000	-	-
Ozumba Mbadiwe Property	1,300,000	-	1,300,000	-
George Street property	1,200,000	-	1,200,000	-
Bedwell, Ikoyi	1,700,000	-	1,700,000	-
	7,800,000	5,400,000	7,450,000	4,550,000

(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 surveyor, on 31 December 2014 using the Comparative approach method of valuation to arrive at the open market value as at 31 December 2014. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40. Rental income on investment property included in the statement of comprehensive income for the year is N173 million (2013: N95 million).

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16 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2014, 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 therefore excluded from cash and cash equivalents. Analysis of statutory deposits is as shown below:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Non-life Business	300,000	300,000	300,000	300,000
Life Business	200,000	200,000	200,000	200,000
	500,000	500,000	500,000	500,000
Current	-	-	-	-
Non Current	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000

17 Intangible assets

In thousands of Naira

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Cost				
Balance, beginning of year	528,748	375,131	509,323	355,705
Additions	58,256	153,617	47,795	153,618
Balance, end of year	587,004	528,748	557,118	509,323
Accumulated amortization				
Balance, beginning of year	347,002	243,473	337,290	237,645
Amortization	94,104	103,529	89,543	99,645
Balance, end of year	441,106	347,002	426,833	337,290
Carrying amount				
As at end of year	145,898	181,746	130,285	172,033
As at beginning of year	181,746	131,658	172,033	118,060

The Group intangible assets comprise of purchased computer software. The computer softwares are accounted for using cost model of IAS 38, 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.

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18 Property and equipment

18.1 Group - 2014

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	1,463,000	2,158,903	588,335	670,867	477,332	687,403	323,012	6,368,852
Additions	401,250	1,835	49,537	110,414	41,644	78,377	53,270	736,327
Revaluation surplus/(deficit)	352,000	332,166	-	-	-	-	-	684,166
Transfer from/(to) investment property (see note 14a i &ii)	-	-	-	-	-	-	-	-
Write off	-	-	(77,878)	-	(1,188)	(4,639)		(83,705)
Transfer from work in progress	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(342)	(15,523)	-	(15,865)
Reversal of accumulated depreciation due to revaluation	-	(39,437)	-	-	-	-	-	(39,437)
Balance, end of year	2,216,250	2,453,467	559,994	781,281	517,446	745,618	376,282	7,650,338
Accumulated depreciation								
Balance, beginning of year	-	-	324,763	621,263	292,961	478,112	-	1,717,099
Charge for the year	-	51,437	60,879	48,917	74,751	64,359	-	300,343
Reversal of accumulated depreciation due to revaluation	-	(51,437)	-	-	-	-	-	(51,437)
Write off	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	(9,303)	-	(9,303)
Transfers								-
Balance, end of year	-	-	385,642	670,180	367,712	533,168	-	1,956,702
Net book value								
End of year	**2,216,250**	**2,453,467**	**174,352**	**111,101**	**149,733**	**212,450**	**376,282**	**5,693,636**
Beginning of year	**1,463,000**	**2,158,903**	**263,572**	**49,604**	**184,371**	**209,291**	**323,012**	**4,651,753**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

(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 31 December 2014, 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 26). 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 2014, 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 2013: Nil).

(iii) No leased assets are included in property and equipment (31 December 2013: Nil)

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

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18.2 Company - 2014

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	963,000	1,622,000	456,991	669,181	452,672	674,491	-	4,838,335
Additions	-	1,835	49,081	109,911	31,398	70,877	-	263,102
Revaluation surplus/(deficit)	202,000	282,166	-	-	-	-	-	484,166
Disposals	-	-	-	-	-	(20,150)	-	(20,150)
Reversal of accumulated depreciation due to revaluation	-	(39,437)	-	-	-	-	-	(39,437)
Balance, end of year	1,165,000	1,866,564	506,072	779,092	484,070	725,218	-	5,526,016
Accumulated depreciation								
Balance, beginning of year	-	(0)	301,219	619,860	285,923	477,161	-	1,684,163
Charge for the year	-	39,437	58,996	48,696	58,142	62,134	-	267,405
Reversal of accumulated depreciation due to revaluation	-	(39,437)	-	-	-	-	-	(39,437)
Disposals	-	-	-	-	-	(13,753)	-	(13,753)
Balance, end of year	-	(0)	360,215	668,556	344,065	525,542	-	1,898,378
Net book value								
End of year	**1,165,000**	**1,866,564**	**145,857**	**110,535**	**140,005**	**199,676**	**-**	**3,627,638**
Beginning of year	**963,000**	**1,622,000**	**155,772**	**49,321**	**166,749**	**197,330**	**-**	**3,154,172**

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

18.3 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)
Write off	-	-	(110,697)	-	(235,513)	(16,627)	-	(362,837)
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	588,335	670,867	477,332	687,403	323,012	6,368,852
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)
Write off	-	-	(110,697)	-	(235,513)	(16,627)	-	(362,837)
Disposals	-	(29)	-	(77)	-	(63,905)	-	(64,011)
Transfers								
Balance, end of year	-	-	324,763	621,263	292,961	478,112	-	1,717,099
Net book value								
End of year	**1,463,000**	**2,158,903**	**263,572**	**49,604**	**184,371**			**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**

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18.4 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	-	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	-	(0)	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**	**-**	**3,154,172**
Beginning of year	**755,000**	**1,423,000**	**166,455**	**87,188**	**188,219**	**106,497**	**1,415,205**	**4,141,563**

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19 Insurance contract liabilities

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross				
Claims reported and loss adjustment payable (see note 19.1 below)	11,972,542	8,140,680	11,972,542	8,140,680
Claims incurred but not reported - IBNR (see note 19.1 below)	3,717,544	4,163,898	3,717,544	4,163,898
Unearned premium (see note 19.2 below)	14,458,184	17,561,656	14,458,184	17,561,656
Life fund (see note 19.3 below)	31,875,753	19,799,389	31,875,753	19,799,389
	62,024,023	49,665,623	62,024,023	49,665,623
Reinsurance receivables				
Prepaid reinsurance (see note 10a)	10,384,865	13,966,007	10,384,865	13,966,007
Claims reported & loss adjustment payable and IBNR (see note 10b)	5,070,811	5,354,408	5,070,811	5,354,408
Total reinsurers' share of insurance liabilities	15,455,676	19,320,415	15,455,676	19,320,415
Net insurance contract liability	46,568,347	30,345,208	46,568,347	30,345,208
Current	18,527,327	17,995,836	18,527,327	17,995,836
Non-current	43,496,696	31,669,787	43,496,696	31,669,787
	62,024,023	49,665,623	62,024,023	49,665,623

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 2014 and the comparative periods were done by HR Nigeria Limited (FRC/NAS/00000000738).

19.1 Claims reported and loss adjustment payable

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Non-life (see note 19.1a)	10,598,546	7,184,547	10,598,546	7,184,547
Life (see note 19.1b)	1,373,996	956,133	1,373,996	956,133
	11,972,542	8,140,680	11,972,542	8,140,680

Claims incurred but not reported

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Non-life	3,717,544	4,163,898	3,717,544	4,163,898
Life	-	-	-	-
	3,717,544	4,163,898	3,717,544	4,163,898

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Days				
0 - 90	*1,455,122*	*680,149*	*1,455,122*	*680,149*
91- 180	*788,852*	*462,331*	*788,852*	*462,331*
181 - 365	*1,105,650*	*549,418*	*1,105,650*	*549,418*
366 and above	*7,248,922*	*5,492,649*	*7,248,922*	*5,492,649*
	10,598,546	*7,184,547*	*10,598,546*	*7,184,547*

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Days				
0 - 90	337,277	189,526	337,277	189,526
91- 180	267,552	64,250	267,552	64,250
181 - 365	114,690	63,579	114,690	63,579
366 and above	654,477	638,778	654,477	638,778
	1,373,996	956,133	1,373,996	956,133

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	**12,304,578**	**15,147,814**	**12,304,578**	**15,147,814**
Less movement:				
- Claims incurred during the year	15,070,909	8,146,613	15,073,344	8,147,467
- Claims paid during the year (see note 31)	(11,286,292)	(10,989,849)	(11,288,727)	(10,990,703)
Net movement in the year	**3,784,617**	**(2,843,236)**	**3,784,617**	**(2,843,236)**
Balance, end of year	**16,089,195**	**12,304,578**	**16,089,195**	**12,304,578**

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

	Claims reported	31-Dec-14 IBNR	Total
Non-life			
Motor	502,354	259,477	761,831
Fire	1,326,634	198,676	1,525,310
General accident	478,045	97,913	575,958
Marine	815,564	71,159	886,723
Bond	184,523	112,182	296,705
Engineering	454,984	122,489	577,473
Special risk	6,836,442	2,855,648	9,692,090
	10,598,546	3,717,544	14,316,090
Life			
Group life	1,373,996	-	1,373,996
Individual life	-	-	-
	1,373,996	-	1,373,996
Total claims	**11,972,542**	**3,717,544**	**15,690,086**

Group and Company

	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	-	956133
Total claims	**8,140,680**	**4,163,898**	**12,304,578**

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19.2 Unearned premium

Group and Company analysis of unearned premium by class:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Non-life				
Motor	982,550	946,114	982,550	946,114
Fire	533,621	376,799	533,621	376,799
General accident	163,665	143,987	163,665	143,987
Marine	595,433	419,153	595,433	419,153
Bond	49,678	38,566	49,678	38,566
Engineering	259,431	176,123	259,431	176,123
Special risk	10,463,667	14,498,837	10,463,667	14,498,837
Life				
Group life	1,410,139	962,077	1,410,139	962,077
	14,458,184	17,561,656	14,458,184	17,561,656

Movement in unearned premium is as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of the year	17,561,656	11,618,185	17,561,656	11,618,185
Increase during the year (see note 28)	(3,103,472)	5,943,471	(3,103,472)	5,943,471
Balance, end of year	14,458,184	17,561,656	14,458,184	17,561,656

19.3 Analysis of life fund is as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Individual life	2,282,952	2,015,009	2,282,952	2,015,009
Annuity	29,592,801	17,784,380	29,592,801	17,784,380
	31,875,753	19,799,389	31,875,753	19,799,389

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

Group and company - 2014

	Individual life	Annuity	Total
Balance, beginning of year	2,015,009	17,784,380	19,799,389
Movement during the year (see note 28)	267,943	11,808,421	12,076,364
Balance, end of year	2,282,952	29,592,801	31,875,753

Group and company - 2013

	Individual life	Annuity	Total
Balance, beginning of year	2,015,009	17,784,380	19,799,389
Movement during the year (see note 28)	-	-	-
Balance, end of year	2,015,009	17,784,380	19,799,389

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19.4 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.

MOTOR — Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7
2008	829,929	376,088	55,540	6,997	5,934	4,180	-
2009	710,800	453,924	49,959	8,449	1,626	2,709	-
2010	724,215	452,788	58,113	11,042	6,279.45	-	-
2011	799,496	378,773	39,577	13,725	-	-	-
2012	851,794	488,923	24,724	3,506	-	-	-
2013	863,447	368,611	-	-	-	-	-
2014	1,083,925	-	-	-	-	-	-

MOTOR — Cumulative table for Attritional losses

Accident Year	1	2	3	4	5	6	7
2008	829,929	1,206,018	1,261,558	1,270,007	1,275,941	1,280,121	1,280,121
2009	710,800	1,164,724	1,214,683	1,225,725	1,227,351	1,230,059	1,230,059
2010	724,215	1,177,004	1,235,117	1,248,842	1,255,121	1,258,562	1,258,562
2011	799,496	1,178,269	1,217,846	1,221,352	1,225,841	1,229,202	1,229,202
2012	851,794	1,340,717	1,365,441	1,375,606	1,380,662	1,384,447	1,384,447
2013	863,447	1,232,058	1,278,963	1,288,484	1,293,220	1,296,765	1,296,765
2014	1,083,925	1,677,587	1,741,453	1,754,417	1,760,866	1,765,693	1,765,693

MOTOR — Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2008	1,280,121	182,679	1,462,799	-	-	-
2009	1,230,059	153,465	1,383,524	-	3,459,782	40%
2010	1,255,121	120,593	1,379,155	3,441	3,669,686	38%
2011	1,221,352	103,795	1,332,997	7,850	4,005,126	33%
2012	1,365,441	99,876	1,484,323	19,007	3,961,399	37%
2013	1,232,058	155,651	1,452,416	64,707	3,248,131	45%
2014	1,083,925	213,949	1,979,643	681,768	3,465,694	57%
TOTAL				776,773		

MARINE — Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7
2008	183,671	72,873	23,692	3,905	6,569	30	3,865
2009	90,957	107,709	37,589	4,329	929	58	-
2010	69,958	71,656	10,320	234	2,848	-	-
2011	89,427	83,735	9,788	3,004	-	-	-
2012	143,326	114,430	6,403	-	-	-	-
2013	122,320	86,264	-	-	-	-	-
2014	175,366	-	-	-	-	-	-

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MARINE — Cumulative table for Attritional losses

Accident Year	1	2	3	4	5	6	7
2008	183,671	256,544	280,235	284,141	290,710	290,739	294,604
2009	90,957	198,666	227,352	231,681	232,610	232,668	235,761
2010	69,958	141,613	151,933	152,168	155,016	158,311	160,416
2011	89,427	173,162	182,950	185,954	191,388	195,457	198,055
2012	143,495	257,756	264,159	305,960	314,902	321,596	325,871
2013	122,320	208,584	268,502	310,990	320,079	326,883	331,229
2014	175,366	263,189	338,792	392,403	403,871	412,457	417,940

MARINE — Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2008	315,735	0.994	317,693	1,958	-	36%
2009	305,394	0.985	310,054	4,660	862,220	16%
2010	155,016	0.960	161,482	6,466	1,005,603	19%
2011	185,954	0.933	199,371	13,418	1,026,446	56%
2012	535,297	0.879	609,175	73,878	1,083,007	57%
2013	437,280	0.764	572,475	135,195	1,000,001	77%
2014	295,647	0.303	975,542	679,895	1,262,545	
TOTAL				**915,469**		

GENERAL ACCIDENT — Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7
2008	83,765	115,978	58,285	88,778	4,000	8,545	3,285
2009	62,974	98,556	47,384	33,570	6,790	2,424	-
2010	80,873	80,915	40,296	23,772	20,746	-	-
2011	99,785	129,214	58,716	18,214	-	-	-
2012	116,947	115,763	38,016	-	-	-	-
2013	67,883	66,632	-	-	-	-	-
2014	66,009	-	-	-	-	-	-

GENERAL ACCIDENT — Cumulative table for Attritional losses

Accident Year	1	2	3	4	5	6	7
2008	83,765	199,744	258,029	346,807	350,807	359,352	362,638
2009	62,974	161,530	208,914	242,484	249,274	251,698	255,449
2010	80,873	161,788	202,083	225,855	246,601	251,316	255,061
2011	99,785	228,999	287,715	305,929	323,345	329,527	334,438
2012	116,947	232,709	270,725	326,890	345,500	352,105	357,353
2013	67,883	134,514	171,895	207,556	219,372	223,566	226,898
2014	66,009	147,884	188,981	228,187	241,177	245,788	249,451

GENERAL ACCIDENT — Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2008	362,638	221,033	586,208	2,537	2,322,854	25%
2009	251,698	175,847	433,083	5,538	2,322,854	19%
2010	246,601	375,106	631,952	10,244	1,824,950	35%
2011	305,929	201,389	538,167	30,849	2,021,176	27%
2012	270,725	218,812	602,985	113,427	1,367,701	44%
2013	134,514	114,636	364,414	115,264	1,196,502	30%
2014	66,009	11,943	381,064	303,112	1,143,149	33%
TOTAL				**580,972**		

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FIRE — Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7
2008	302,101	302,531	107,940	19,373	1,583	310	288
2009	138,680	163,929	36,520	7,903	619	-	-
2010	175,303	127,912	34,528	46,782	10,745	-	-
2011	237,670	439,609	112,765	1,627	-	-	-
2012	141,267	278,907	18,893	-	-	-	-
2013	304,906	118,671	-	-	-	-	-
2014	427,225	-	-	-	-	-	-

FIRE — Cumulative table for Attritional loses

Accident Year	1	2	3	4	5	6	7
2008	302,101	604,631	712,572	731,945	733,528	733,839	734,127
2009	138,680	302,610	339,129	347,033	347,651	347,651	347,960
2010	175,303	303,215	337,743	384,525	395,269	396,563	396,915
2011	237,670	677,279	790,044	791,672	803,438	806,067	806,783
2012	141,267	420,175	439,068	474,140	481,187	482,762	483,190
2013	304,906	423,577	484,950	523,687	531,471	533,210	533,684
2014	427,225	1,002,880	1,148,191	1,239,907	1,258,335	1,262,453	1,263,574

FIRE — Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2008	734,127	1,840,810	2,574,937	-	-	-
2009	347,651	89,484	437,444	309	1,203,372	36%
2010	395,269	127,207	524,122	1,646	1,644,687	32%
2011	791,672	560,752	1,367,535	15,111	1,878,292	73%
2012	439,068	396,060	879,250	44,122	1,967,539	45%
2013	423,577	310,318	1,024,001	290,107	2,029,174	50%
2014	427,225	123,389	1,820,970	1,270,356	2,021,096	90%
TOTAL				**1,621,651**		

ENGINEERING — Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7
2008	-	35,216	20,787	378	6,761	206	72
2009	40,790	55,128	17,683	285	575	116	-
2010	23,720	38,788	2,791	3,885	1,188	-	-
2011	20,311	56,873	43,413	7,612	-	-	-
2012	31,107	47,004	8,616	-	-	-	-
2013	40,346	102,085	-	-	-	-	-
2014	87,328	-	-	-	-	-	-

ENGINEERING — Cumulative table for Attritional loses

Accident Year	1	2	3	4	5	6	7
2008	-	35,216	56,004	56,382	63,143	63,349	63,422
2009	40,790	95,918	113,601	113,885	114,460	114,576	114,706
2010	23,720	62,508	65,299	69,184	70,371	70,442	70,523
2011	20,311	77,184	120,597	128,208	134,282	134,418	134,571
2012	31,107	78,111	86,727	92,044	96,405	96,502	96,612
2013	40,346	142,431	176,491	187,311	196,185	196,383	196,607
2014	87,328	286,481	354,989	376,751	394,601	395,000	395,450

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ENGINEERING

Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2008	63,422	-	63,422	-		-
2009	114,576	32,923	147,630	131	593,884	25%
2010	70,371	112,382	182,904	151	568,153	32%
2011	128,208	136,665	281,236	16,363	550,249	51%
2012	86,727	77,692	174,305	9,885	716,219	24%
2013	142,431	107,843	324,152	73,878	687,315	47%
2014	87,328	103,751	710,415	519,335	980,992	72%
TOTAL				**619,743**		

Expected Loss Ratio Method - Bond Claims

Accident Year	Gross Earned Premium	Claims Paid till date	Total O/s as at 31 Dec 2014	Current Incurred	Current Loss Ratio	Ultimate Loss ratio	Ultimate Losses
2009	272,411	181,383	22,608	203,992	0%	0%	-
2010	427,458	214,013	2,000	216,013	51%	51%	216,013
2011	599,336	566,068	65,507	631,575	105%	105%	631,575
2012	761,353	1,094,046	-	1,094,046	144%	144%	1,094,046
2013	593,545	358,228	1,000	359,228	61%	61%	359,228
2014	761,845	179,905	92,907	272,812	36%	36%	384,994
TOTAL		**2,593,643**	**184,022**	**2,777,666**			**2,685,856**

Expected Loss Ratio Method - Oil and Gas claims

Accident Year	Gross Earned Premium	Claims Paid till date	Total O/s as at 31 Dec 2014	Current Incurred	Current Loss Ratio	Ultimate Loss ratio	Ultimate Losses
2008	11,687,862	13,269	1,136,346	1,149,615	9.84%	9.84%	1,149,615
2009	11,515,695	237,137	102,728	339,865	2.95%	2.95%	339,865
2010	6,616,535	585,132	33,774	618,905	9.35%	9.35%	618,905
2011	6,290,318	967,616	911,954	1,879,569	29.88%	29.88%	1,879,569
2012	12,863,770	2,187,696	3,092,653	5,280,349	41.05%	41.05%	5,280,349
2013	10,615,790	377,035	793,832	1,170,867	11.03%	26.00%	2,760,105
2014	11,748,608	72,022	709,839	781,861	6.65%	26.00%	3,054,638
TOTAL		**4,439,907**	**6,781,126**	**11,221,031**			**15,083,046**

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20 Investment contract liabilities

Movement in investment contract liabilities is as shown below

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	11,106,336	10,293,657	11,106,336	10,293,657
Deposits received	3,258,623	2,229,824	3,258,623	2,229,824
Withdrawals	(2,238,151)	(2,275,692)	(2,238,151)	(2,275,692)
Guaranteed interest charged during the year	538,955	858,547	538,955	858,547
Balance, end of year	12,665,763	11,106,336	12,665,763	11,106,336
Current	1,475,745	2,995,428	1,475,745	2,995,428
Non Current	11,190,018	8,110,908	11,190,018	8,110,908
	12,665,763	11,106,336	12,665,763	11,106,336

21 Trade payables

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Reinsurance payable	2,007,545	13,766,382	2,007,545	13,766,382
Insurance payable	1,477,855	1,739,148	1,477,855	1,739,148
Premium deposits	622,829	798,231	622,829	798,231
Unearned income	217,887	133,726	217,887	133,726
Deposit for claims	1,435,120	1,049,442	1,435,120	1,049,442
	5,761,236	17,486,929	5,761,236	17,486,929
Current	5,761,236	17,486,929	5,761,236	17,486,929
Non Current	-	-	-	-
	5,761,236	17,486,929	5,761,236	17,486,929

In 2013, Deposit for claim payment was classified as part of Other Liabilities.This has now been classified as part of Trade payables in these financial statements. Consequently, the balance of Deposit for cliams payment of N1.049bn in 2013 was re-classified from Other Liabilities to Trade payables in these financial statement.
Deposit for claims payments relates to claim amounts received fron other insurance companies for payments to the insured.

22 Other liabilities

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Financial liabilities				
Commission payable	52,833	80,562	52,833	80,562
Sundry creditors	733,546	632,328	733,546	632,328
Due to employees (see note (a) below)	317,144	367,724	317,144	367,724
Accruals	185,150	146,789	107,066	70,484
Managed funds	408,721	407,844	-	-
	1,697,394	1,635,247	1,210,589	1,151,098
Non financial liabilities				
Insurance supervisory fee payable	386,315	319,426	386,315	319,426
deferred rental income	96,203	144,094	96,203	144,094
Stale cheques	107,744	84,221	107,744	84,221
Withholding tax payable	107,839	50,881	107,839	50,881
Staff profit sharing payable	280,958	190,898	280,958	190,898
Others	849,031	536,076	362,778	139,715
	1,828,090	1,325,596	1,341,837	929,235
Total other liabilities	3,525,484	2,960,843	2,552,426	2,080,332
Current	2,799,619	2,185,275	2,235,282	1,712,608
Non Current	725,865	775,568	317,144	367,724
	3,525,484	2,960,843	2,552,426	2,080,332

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(a) This amount, N317m (2013: N367.7million) represents outstanding payment from the company in resect of qualified employee whose post employment benefit was enhanced for purchase of Deferred Annuity. The board originally granted this approval for 3 years in 2011 for disbursement over 3 years and extended the disbursement time to December 31, 2015 in a meeting in 2014.

23 Borrowings

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Term loans	60,000	106,704	-	-
Other borrowings		9,127	-	-
	60,000	**115,831**	**-**	**-**
Current	60,000	9,127	-	-
Non-current	-	106,704	-	-
	60,000	**115,831**	**-**	**-**

(a) The term loan of N60m represents a loan obtained from two corporate investors. The loan has an interest rate of 16% per annum repayable within a period of one year.

Movement in term loan during the year is as follows:	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	106,704	326,839	-	-
Additions	60,000		-	-
Interest capitalised	23,358	29,735	-	-
Payment made during the year	(130,062)	(249,870)	-	-
	60,000	**106,704**	**-**	**-**

24 Current income tax liabilities

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	863,865	369,469	750,533	242,534
Charge for the year (see note (a) below)	582,458	1,055,454	471,935	942,330
Payments during the year	(700,125)	(561,058)	(549,609)	(434,331)
Balance, end of year	746,198	863,865	672,859	750,533

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
- Current year's income tax provision	498,069	812,572	432,737	702,711
- Withholding tax on dividend income	25,089	9,004	6,186	5,741
- Tax paid arising from back duty assessment	59,300	233,878	33,012	233,878
	582,458	1,055,454	471,935	942,330

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25 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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, beginning of year	602	11,775	-	-
Transfer from deferred tax liability	-	-	-	-
Credit to income statement	199,633	(11,173)	200,235	-
Tax effect of fair value changes - investment property	-	-	-	-
	200,235	**602**	**200,235**	**-**

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

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Balance, Beginning of year	833,214	580,127	604,826	472,229
Charge to asset revaluation reserve	27,200	144,232	27,200	60,700
Credit/(charge) to income statement	292,990	108,855	313,515	71,897
Charge to fair value reserve	-	-	-	-
Transfer to deferred tax asset	-	-	-	-
	1,153,404	**833,214**	**945,541**	**604,826**

Net deferred tax liability is attributable to the following:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Assets				
Employee benefits obligation	103,378	103,378	103,378	103,378
Investment securities	200,235	-	200,235	-
Deferred tax assets	**303,613**	**103,378**	**303,613**	**103,378**
Liabilities				
Property and equipment	312,078	607,892	299,964	464,300
Investment properties	276,572	137,901	276,572	137,901
Unrealised exchange gain	472,383	190,800	472,383	106,003
Deferred tax liabilities	**1,061,033**	**936,593**	**1,048,919**	**708,204**
Net	**(757,420)**	**(833,215)**	**(745,306)**	**(604,826)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of N4.39Million (2013: N1,112Million) in respect of unrecouped losses amounting to N14.65Million (2013: N3,706Million) that can be carried forward against future taxable income indefinitely. The unrecognised deferred tax and unrecouped losses are from the life business results.

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25.1 Movements in temporary differences during the year ended 31 December 2014

	Group				Company			
	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December
Property and equipment	607,892	292,990	27,200	312,078	464,300	(191,536)	27,200	299,964
Investment securities	-	(200,235)	-		-	(200,235)	-	(200,235)
Investment properties	137,901	138,671	-	276,572	137,901	138,671	-	276,572
Unrealised exchange gain	190,800	366,380	-	472,383	106,003	366,380	-	472,383
Employee benefit obligation	(103,378)	-	-	(103,378)	(103,378)	-	-	(103,378)
	833,215	597,806	27,200	957,655	604,826	113,280	27,200	745,306

Movements in temporary differences during the year ended 31 December 2013

	Group				Company			
	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December	Balance at 1 January	Recognised in profit or loss	Recognised 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
Unrealised 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

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26 Capital and reserves

a Share capital

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
(a) Authorised:				
Ordinary shares of 50k each:				
10,000,000,000 units	10,000,000	10,000,000	10,000,000	10,000,000
(2013: 10,000,000,000 units)				
	10,000,000	10,000,000	10,000,000	10,000,000

(b) Issued and fully paid;

The issued and fully paid up capital of the company which is a composite insurer is N4,389bn (2013: N4,389bn)In line with regulations issued by the National Insurance Commission (NAICOM), issued and paid capital of the company is allocated as follows;

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
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	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 recognised 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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Contingency reserve (see note (i) below)	5,537,907	4,779,160	5,537,908	4,779,161
Asset Revaluation reserve (see note (ii)	1,335,947	767,522	1,041,086	584,120
Fair value reserves (see note (iii) below	1,945,833	3,975,180	1,959,931	3,980,845
Treasury shares (see note (iv) below)	(80,780)	(80,995)	-	-
	8,738,907	**9,440,867**	**8,538,925**	**9,344,126**

(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.

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(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 parent held by its subsidiary, Leadway Capital and Trust Limited. During the year, 1,900,940 units out of 716,226,775 units of shares of Leadway Assurance Company Ltd held by Leadway Capital and trust (Treasury shares) was sold to one of the company's directors. The movement in treasury shares is included in the statement of changes in equity in these financial statements.

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Treasury shares	80,780	80,995	-	-
	80,780	80,995	-	-

27 Non controlling interest

Non controlling interest comprises:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Leadway Capital and Trust Limited	332,829	283,466	-	-
Leadway Hotels Limited	777,659	679,282	-	-
	1,110,488	962,748	-	-

See statement of changes in equities for movement in non controlling interest

28 Gross premium written

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Gross premium written:				
- Non-life business	17,800,076	25,019,232	17,838,272	25,020,446
- Life business	21,169,867	16,732,227	21,169,867	16,732,227
	38,969,943	41,751,459	39,008,139	41,752,673
(Increase)/decrease				
- Unearned premium (see note (a) i below)	3,103,473	(5,943,473)	3,103,473	(5,943,473)
- Life fund (see (a) ii below)	(12,076,363)	(11,007,756)	(12,076,363)	(11,007,756)
Gross premium income	29,997,053	24,800,230	30,035,249	24,801,444

Gross premium written from subsidiaries of N4.5Million (2013: N1.2million) has been eliminated in the group gross written premium

(a) The movement in unearned premium is analysed as follows:

(i) Non-life business

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Motor	(36,436)	9,192	(36,436)	9,192
Fire	(156,821)	340,298	(156,821)	340,298
General Accident	(19,678)	130,845	(19,678)	130,845
Bond	(176,280)	162,296	(176,280)	162,296
Marine	(11,112)	(25,512)	(11,112)	(25,512)
Engineering	(83,307)	87,602	(83,307)	87,602
Special risk	4,035,169	(6,354,109)	4,035,169	(6,354,109)
Group life	(448,062)	(294,085)	(448,062)	(294,085)
	3,103,473	(5,943,473)	3,103,473	(5,943,473)

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(ii) Life business

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Individual life	(267,943)	(844,503)	(267,943)	(844,503)
Annuity	(11,808,420)	(10,163,253)	(11,808,420)	(10,163,253)
	(12,076,363)	(11,007,756)	(12,076,363)	(11,007,756)

29 Reinsurance expenses

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Reinsurance premium paid	8,630,199	16,838,977	8,630,199	16,838,977
Less: Increase in unexpired reinsurance cost	3,579,692	(6,214,747)	3,579,692	(6,214,747)
	12,209,891	10,624,230	12,209,891	10,624,230

30 Fees and commission income

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Commission earned on non-life insurance contracts	1,187,884	1,409,226	1,187,884	1,409,226
Commission earned on group life assurance contracts	91,422	41,167	91,422	41,167
	1,279,306	1,450,393	1,279,306	1,450,393

31 Claims expense

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
	12,729,529	6,843,836	12,731,964	6,844,690
Non-life business				
Gross benefits & claims paid	5,790,418	6,871,737	5,792,853	6,872,591
Claims ceded to reinsurers	(1,719,712)	(1,262,423)	(1,719,712)	(1,262,423)
Change in provision for outstanding claims	2,967,646	(2,380,917)	2,967,646	(2,380,917)
Proceed from salvage and subrogation	(444,618)	(674,465)	(444,618)	(674,465)
Change in recoverable on outstanding claims	388,298	753,063	388,298	753,063
	6,982,032	3,306,995	6,984,467	3,307,849
Life business				
Gross benefits & claims paid	5,495,874	4,118,112	5,495,874	4,118,112
Claims ceded to reinsurers	(77,358)	(172,459)	(77,358)	(172,459)
Change in provision for outstanding claims	417,863	(462,319)	417,863	(462,319)
Change in recoverable on outstanding claims	(88,882)	53,507	(88,882)	53,507
	5,747,497	3,536,841	5,747,497	3,536,841
Combined				
Gross benefits & claims paid (see note 19.1b)	11,286,292	10,989,849	11,288,727	10,990,703
Claims ceded to reinsurers	(1,797,070)	(1,434,882)	(1,797,070)	(1,434,882)
Change in provision for outstanding claims	3,385,509	(2,843,236)	3,385,509	(2,843,236)
Proceed from salvage and subrogation	(444,618)	(674,465)	(444,618)	(674,465)
Change in recoverable on outstanding claims	299,416	806,570	299,416	806,570
	12,729,529	6,843,836	12,731,964	6,844,690

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32 Underwriting expenses

Underwriting expenses can be sub-divided into acquisition and other maintenance expenses. Acquisition expenses relate to commission expenses incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers. Maintenance expenses are those incurred in processing costs and other incidental costs such as salaries of underwriting staff.

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Acquisition expenses	2,645,333	2,270,767	2,645,333	2,270,767
Maintenance expenses	710,752	848,133	710,752	864,054
	3,356,085	3,118,900	3,356,085	3,134,821

33 Investment income

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Rental income	190,147	95,081	173,457	69,656
Interest on loans	169,746	263,723	146,308	178,267
Interest on Finance Lease	34,078	43,412	-	-
Interest on short term deposits	570,982	466,210	528,805	466,210
Dividend income on investment securities	710,302	604,929	830,294	713,251
Profit on sale of investment securities	149,168	933,410	144,329	933,410
Interest income on debt securities	5,416,367	3,233,151	5,416,367	3,233,151
Interest income on statutory deposits	54,230	30,395	54,230	30,395
Profit on sale of Investment property	100,000	-	100,000	-
Other interest income	90,073	167,458	99,694	112,223
	7,485,093	5,837,769	7,493,484	5,736,563

34 Net fair value loss on assets at fair value

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Financial assets at fair value through profit or loss				
- Fair value gains on listed equity securities	705,496	(203,735)	763,603	(198,799)
- Fair value losses on listed debt securities	2,220,588	3,074,630	2,220,588	3,074,630
Fair value gains on investment property	(886,714)	(1,368,434)	(1,386,714)	(786,678)
	2,039,370	1,502,461	1,597,477	2,089,153

35 Other operating income

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Fee income	76,477	33,638	-	-
Hotel management income	687,708	764,949	-	-
Management fee income from related parties	23,383	21,000	23,383	21,000
Profit on sale of property and equipment	1,055	8,717	1,020	8,386
Foreign exchange gain/(loss)				
- Investment securities - held to maturity	355,207	(15,639)	355,207	(15,639)
- Cash and cash equivalents	864,743	46,969	866,058	45,278
Other income	105,924	274,716	76,604	242,974
	2,114,497	1,134,350	1,322,272	301,999

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36 Employee benefit expense

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Wages and salaries - staff and executive directors	1,235,471	1,057,590	1,065,875	966,852
Pension cost - Defined contribution plan	94,766	93,659	83,411	82,515
Termination benefits (see note (d) below)	48,862	235,581	48,862	235,581
Profit sharing expense	280,958	190,898	280,958	190,898
	1,660,057	**1,577,728**	**1,479,106**	**1,475,846**

(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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Absolute	*Number*	*Number*	*Number*	*Number*
₦ 101,001 - ₦ 500,000	21	39	-	-
₦ 500,001 - ₦ 750,000	51	44	-	-
₦ 750,000 - N1,000,000	18	29	1	17
₦ 1,000,000 - N2,000,000	59	60	53	45
₦ 2,000,000 - N3,000,000	86	86	62	86
Over N3,000,000	201	201	221	201
	436	459	337	349

(b) The average number of full time persons employed during the year was as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
	Number	*Number*	*Number*	*Number*
Executive directors	3	3	3	3
Management staff	98	92	90	85
Non-management staff	348	367	244	264
	449	462	337	352

(c) Directors' remuneration

(i) Remuneration paid to the directors and included in employee benefit expense is as follows:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Salaries and wages	83,036	76,808	83,036	70,683
Directors' fees	14,381	5,231	4,025	3,486
Termination benefits	-	-	-	-
Post-employment benefits	4,004	4,004	4,000	4,004
Other long-term benefits	-	-	-	-
	101,421	86,043	91,061	78,173

(ii) The directors' remuneration shown above includes:

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Chairmen/Chairman	10,118	8,314	7,100	5,296
Highest paid director	21,162	18,271	21,162	18,271

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(iii) The emoluments of all other directors fell within the following range:

	Group 31-Dec-14 Number	Group 31-Dec-13 Number	Company 31-Dec-14 Number	Company 31-Dec-13 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.

37 Other operating expenses

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Contract staff cost	124,851	393,568	124,851	393,568
Asset repairs and maintenance	229,266	262,907	199,378	228,675
Corporate expenses and gift items	315,716	205,945	314,803	205,945
Telecommunication	333,472	260,841	317,892	243,956
Advertisement	368,254	191,803	365,814	189,643
Agency related expenses	158,510	112,623	158,510	112,623
Property insurance expense	34,763	45,039	23,614	35,386
Insurance supervisory fund	353,781	170,177	353,781	170,177
Professional fees	102,218	182,377	65,322	131,027
Travelling and tours	93,295	78,511	89,225	74,175
Auditor's remuneration	46,387	47,440	40,000	40,000
Bank charges	39,781	75,351	38,468	74,129
Offices rates and rent	183,137	52,000	173,854	48,387
Training cost	29,495	43,635	29,195	43,635
Power and Fuel charges	240,893	87,609	171,827	27,410
Donation	69,570	26,027	69,356	25,773
Depreciation of property and equipment	299,990	309,052	267,405	287,415
Amortisation of intangible assets	97,008	103,529	89,544	99,645
Directors' fees and allowances	45,202	16,684	45,202	10,558
Hotel management expenses	145,903	167,646	-	-
Entertainment	90,792	4,326	90,792	4,326
Investment expenses	177,123	868	177,123	868
Others	703,973	464,344	612,188	672,650
	4,283,380	**3,302,302**	**3,818,144**	**3,119,971**

38 Finance cost

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Investment contracts (see note (a) below)	538,955	856,844	538,955	856,844
Borrowings	24,114	29,735	-	-
	563,069	886,579	538,955	856,844

(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 amortised cost

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39 Net impairment losses

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Specific impairment on trade receivables (see note 8c)	230,051	610,630	230,051	610,630
Allowance no longer required on trade receivables (see note 8c)	-	(1,448,853)	-	(1,448,853)
Impairment loss on other receivables (see note 11c)	29,104	85,678	6,432	38,170
Write - off	116,639	-	116,639	-
Impairment loss on reinsurance assets	290,421	1,279,097	290,421	1,279,097
Impairment loss on investment securities	177,360	922,130	45,460	922,130
Impairment loss on commercial loans (see note 11a(i))	263,493	17,769	263,493	11,364
Allowance no longer required on commercial loans (see note 11a(i))	-	-	-	-
Specific impairment loss on finance leases receivable	-	1,574	-	-
Collective impairment loss on finance leases receivable	-	3,334	-	-
Collective impairment loss on loans	51,400		51,400	
	1,158,468	1,471,359	1,003,896	1,412,538

40 Income tax expense

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Current tax on profits for the year:				
Company income tax	*456,940*	*732,607*	*398,386*	*632,127*
Education tax	*6,778*	*43,939*	*-*	*34,559*
Technology levy	*34,351*	*36,025*	*34,351*	*36,025*
Withholding tax on dividend income	*25,089*	*9,004*	*6,186*	*5,741*
Adjustments in respect of prior years: Company income tax - back duty assessment (see note (a) below)	*59,300*	*233,878*	*33,012*	*233,878*
Reversal of excessive tax provision	*-*	*-*	*-*	*-*
Total current tax	**582,458**	**1,055,453**	**471,935**	**942,330**
Deferred tax (credit)/charge	125,081	108,855	113,280	71,897
Income tax expense	**707,539**	**1,164,308**	**585,215**	**1,014,227**

(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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Profit before income tax	3,362,899	4,199,486	3,394,793	2,732,306
Tax calculated at domestic rate applicable in Nigeria at 30% (2013:	1,008,870	1,259,846	1,018,438	819,692
Effect of:				
Tax exempt income		(708,686)		(372,333)
Non-deductible expenses		749,173		678,578
Education tax		43,939		34,559
Technology levy		36,025		36,025
Prior year back duty assessment		233,878		233,878
Tax assessment based on minimum tax		(230,852)		(230,852)
WHT paid on dividend		9,004		5,741
Capital allowance		(119,163)		(119,163)
Disallowed permanent differences		(108,855)		(71,897)
Total income tax expense in comprehensive income	4,371,769	1,164,308	4,413,231	1,014,227

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Reconciliation of effective tax rate

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Tax calculated at domestic rate applicable in Nigeria at 30% (2013: 30%)	30%	30%	30%	30%
Effect of:				
Tax exempt income	-17%	-17%	-14%	-14%
Non-deductible expenses	18%	18%	25%	25%
Education tax	1%	1%	1%	1%
Technology levy	1%	1%	1%	1%
Prior year back duty assessment	6%	6%	9%	9%
Tax assessment based on minimum tax	-5%	-5%	-8%	-8%
WHT paid on dividend	0%	0%	0%	0%
Capital allowance	-3%	-3%	-4%	-4%
Disallowed permanent differences	-3%	-3%	-3%	-3%
Effective tax rate	**28%**	**28%**	**37%**	**37%**

41 Earnings Per Share

The calculation of basic earnings per share as at 31 December 2014 was based on the profit attributable to ordinary shares of N2,818Million (Company: N2,914Million) 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 2014 and 2013.

	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Profit from continuing operations attributable to owners of the parent	2,558,020	2,904,896	2,809,578	1,718,079
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	(714,326)	(716,227)	-	-
Weighted average number of shares in issue	8,065,270	8,063,369	8,779,596	8,779,596
Earnings per share - Basic and diluted (kobo)	32	36	32	20

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

42 Dividend

The dividend paid in 2014 and 2013 were N750Million (8.5Kobo per share) and N400Million (5kobo 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 2014 of 9.7 kobo per share amounting to a total dividend of N850 million is to be proposed by the directors at the annual general meeting. The dividend has not been included as liability in these financial statements.

43 Net cash flow from operating activities before changes in operating assets

	Note	Group 31-Dec-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Profit before taxation		**3,362,899**	**4,199,486**	**3,394,793**	**2,732,306**
Adjustment to reconcile profit before taxation to net cash flow from operations:					
Share of associate profit	13	(386,799)	(304,139)	-	-
Impairment on commercial loans	39	263,493	17,769	263,493	11,364
Specific impairment loss on finance leases receivable	39	-	1,574	-	-
Collective impairment loss on finance leases receivable	39	-	3,334	-	-
Impairment on Other receivable	39	29,105	85,678	6,432	38,170
Impairment of trade receivables	39	230,051	610,630	230,051	610,630
Impairment no longer required on trade receivable	39	-	(1,448,853)	-	(1,448,853)
Impairment on reinsurance assets	39	290,421	1,279,097	290,421	1,279,097
Impairment on investment securities	39	177,360	922,130	45,460	922,130
Collective impairment on loans		51,400	-	51,400	
Depreciation on property and equipment	18	300,344	309,052	267,405	287,415
Amortisation of intangible assets	17	94,104	103,529	89,544	99,645
Provision for incurred but not reported (IBNR)		(446,354)	(70,986)	(446,354)	(70,986)
Increase/ (decrease) in unearned premium on general contracts	28	(3,103,472)	5,649,388	(3,103,472)	5,649,388
Increase/ (decrease) in life insurance contract liability	28	12,076,364	11,301,842	12,076,363	11,301,842
(Profit)/loss on disposal of property and equipment	35	(1,055)	(8,717)	(1,020)	(8,386)
(Profit)/loss on disposal of investment property		(100,000)	-	(100,000)	-
Gain on disposal of investment securities	33	(149,168)	(933,410)	(144,329)	(933,410)
Interest income on debt securities	33	(5,416,367)	(3,233,151)	(5,416,367)	(3,233,151)
Interest income on loans	33	(169,746)	(263,723)	(146,308)	(178,267)
Interest income on finance lease	33	(34,078)	(43,412)	-	-
Interest income on statutory deposits	33	(54,230)		(54,230)	-
Dividend income	33	(710,302)	(604,929)	(830,294)	(713,251)
Interest expense on borrowings	38	23,358	29,735	-	-
Rental income from investment property	33	(190,147)	(95,081)	(173,457)	(69,656)
Foreign exchange losses on held to maturity debt securities	35	-	15,639	-	15,639
Fair value gain on investment property	34	(884,962)	(1,368,434)	(1,384,962)	(786,678)
Fair value loss/(gain) on listed equity securities	34	369,282	(203,735)	369,282	(198,799)
Fair value loss on listed debt securities	34	2,632,846	3,074,630	2,632,846	3,074,630
Write off	39	262,101	-	262,101	-
Net cash flow from operating activities		**8,516,448**	**19,024,945**	**8,178,798**	**18,380,820**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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

44 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 2014. 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-14	Group 31-Dec-13	Company 31-Dec-14	Company 31-Dec-13
Salaries and other short term employee benefits	49,129	47,408	49,129	47,408
Pension cost - defined contribution	4,406	4,004	4,406	4,004
Post employment benefits	-	-	-	-
Sitting allowances and other fees	1,200	1,475	1,200	1,475
	54,735	**52,887**	**54,735**	**52,887**

The following transactions were carried out with related parties. All transactions and balances with subsidiaries have been eliminated on consolidation.

		31-Dec-14	31-Dec-13
(a) Underwriting of insurance policies			
- Leadway Capital and Trust Limited	Subsidiary	688	780
- Leadway Investment and Properties Limited	Subsidiary	1,509	188
- Leadway Protea Hotel	Subsidiary	2,346	246
- Leadway Pensure PFA	Associate	11,055	1,903
- Total Health Trust Limited	Associate	22,598	9,909
		38,196	**13,026**
(b) Payment of claims			
- Leadway Protea Hotel	Subsidiary	327	853
- Leadway Capital and Trust Limited	Subsidiary	25	-
- Total Health Trust Limited	Associate	359	-
- Leadway Pensure PFA	Associate	1,724	-
		2,435	**853**
(c) Management fee income from technical services provided			
- Leadway Capital and Trust Limited	*Subsidiary*	*5,000*	*2,159*
- Leadway Protea Hotel	*Subsidiary*	*2,250*	*5,561*
- Leadway Pensure PFA	*Associate*	*18,900*	*21,000*
		26,150	**28,720**
(d) Rental income			
- Leadway Pensure PFA	*Associate*	*26,038*	*19,923*
- Leadway Capital and Trust Limited		*999*	*1,399*
		27,037	**21,322**

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014
(All amounts in thousands of Nigerian Naira unless otherwise stated)

(e)Dividend received			
- Leadway Capital and Trust Limited	Subsidiary	23,085	21,200
- Leadway Investment and Properties Limited	Subsidiary	-	-
- Leadway Protea Hotel	Subsidiary	32,589	36,210
- Leadway Pensure PFA	Associate	59,019	36,886
- Total Health Trust Limited	Associate	7,128	14,310
		121,821	**108,606**
(f) Dividend paid			
- Leadway Capital and Trust Limited	Subsidiary	**61,022**	**32,632**
(g) Interest income earned on intercompany loans			
- Leadway Capital and Trust Limited	Subsidiary	13,813	8,017
- Leadway Protea Hotel	Subsidiary	25,302	-
		39,115	**8,017**
Year end balances arising from sales and purchases of services of services are:		**31-Dec-14**	**31-Dec-13**
Receivables from related parties (note 11c)			
- Leadway Protea Hotel	Subsidiary	5,000	2,500
- Leadway Capital and Trust Limited	Subsidiary	10,228	5,035
- Leadway Pensure PFA	Associate	18,900	20,400
		34,128	**27,935**

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 (2013: nil). The receivables from subsidiaries have been eliminated on consolidation. There is no payable to related parties as at year end (2013: nil)

Loans to related parties

Loans to subsidiaries:	**Leadway protea hotel**	**Leadway Capital and Trust Limited**	**Total**
As at 1 January	-	110,018	110,018
Loans advanced during the year	260,000	100,000	360,000
Loans repayments received	(14,816)	(132,205)	(147,021)
Interest charged	25,302	13,813	39,115
Interest received	-	(2,241)	(2,242)
As at 31 December	**270,486**	**89,385**	**359,872**

No loan was advanced to key management personnel as at 31 December 2014 (2013: nil)
No provision was required in 2014 (2013: N6.3Million) for the loans made to subsidiaries.

45 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.

46 Contravention of laws and regulations
The company in 2014 was fined by NAICOM for not filing Insurance assessment levy for 2013. The company was also fined for non submission of quarterly accounts to Security & Exchange Commission (SEC). A total of N10,364,000 (Ten million, three hundred and sixty-four thousand naira) representing the applicatble fines was paid to NAICOM and SEC.

47 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

AS AT 31 DECEMBER 2014

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

	Group 2014	%	Group 2013	%	Company 2014	%	Company 2013	%
Gross premium income (Local)	38,969,943		41,751,459		39,008,139		41,752,673	
Investment income								
- Local	7,485,093		5,837,769		7,493,484		5,736,563	
Other income								
- Local	2,114,497		1,134,350		1,322,272		301,999	
Reinsurance, claims, commission & operating expenses								
- Local	(33,844,167)		(34,957,242)		(33,584,332)		(35,541,982)	
- Foreign	(9,008,715)		(7,654,041)		(9,008,715)		(7,654,041)	
Value added	**5,716,651**	**100**	**6,112,295**	**100**	**5,230,848**	**100**	**4,595,212**	**100**
Applied to pay:								
Employee benefit expense	1,660,057	29%	1,577,728	26%	1,479,106	28%	1,475,846	32%
Government as tax	707,539	12%	1,164,308	19%	585,215	11%	1,014,227	22%
To providers of finance								
To lenders	24,114	0%	29,735	0%	-	0%	-	0%
Retained in the business								
Depreciation of Property and equipment	299,990	5%	309,052	5%	267,405	5%	287,415	6%
Amortisation of intangible assets	97,008	3%	103,529	2%	89,544	3%	99,645	2%
To augment reserve	2,177,943	38%	2,177,943	36%	2,059,578	39%	968,079	21%
To pay proposed dividend	750,000	13%	750,000	12%	750,000	14%	750,000	16%
Value added	**5,716,651**	**100%**	**6,112,295**	**100%**	**5,230,848**	**100%**	**4,595,212**	**100%**

FIVE YEAR FINANCIAL SUMMARY

AS AT 31 DECEMBER 2014

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

STATEMENT OF FINANCIAL POSITION

GROUP	2014	2013	2012	2011	2010
Cash and cash equivalents	13,681,394	21,741,885	11,328,839	9,442,965	10,469,363
Investment securities	56,329,183	43,078,047	28,136,863	15,729,022	14,225,262
Trade receivables	63,665	1,060,362	822,364	2,306,665	2,054,437
Loans and advances	1,220,651	1,725,164			
Reinsurance assets	15,883,296	20,568,804	16,685,999	6,083,404	4,216,097
Deferred acquisition cost	428,964	332,237	397,319	404,793	378,120
Other receivables and prepayments	1,191,812	765,735	2,348,804	2,391,324	1,745,897
Investment in associates	1,516,753	1,196,124	942,654	639,301	301,056
Investment properties	7,800,000	5,400,000	2,435,000	2,327,421	2,327,421
Statutory deposits	500,000	500,000	520,000	520,000	520,000
Intangible assets	145,898	181,746	131,658	126,161	174,504
Property and equipment	5,693,635	4,651,753	5,087,880	4,315,975	3,368,643
Deferred tax assets	200,235	602	11,775	-	-
Total assets	**104,655,486**	**101,202,459**	**68,849,155**	**44,287,031**	**39,780,800**
Liabilities					
Insurance contract liabilities	62,024,023	49,665,623	35,557,630	17,530,494	11,901,833
Investment contract liabilities	12,665,763	11,106,336	10,293,658	8,925,288	7,562,545
Trade payables	5,761,236	17,486,929	5,466,790	3,399,900	4,246,285
Other liabilities	3,525,484	2,960,843	3,225,299	1,918,880	2,468,726
Borrowings	60,000	115,831	326,839	538,722	60,405
Current tax liabilities	746,198	863,865	369,469	681,269	856,126
Deferred tax liabilities	1,153,404	833,214	580,128	586,586	422,013
Total liabilities	**85,936,108**	**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	4,389,798	4,115,436
Share premium	387,826	387,826	387,826	387,826	387,826
Contingency reserve	5,537,908	4,779,161	3,860,340	2,943,723	2,310,857
Retained earnings	4,092,358	2,988,579	1,367,448	1,694,167	1,631,021
Assets revaluation reserves	1,335,947	767,521	341,320	324,850	324,850
Fair value reserves	1,945,833	3,975,180	2,055,690	242,902	2,546,367
Other reserves	(80,780)	(80,995)	(80,995)	112,868	351,056
Shareholders funds:	17,608,890	17,207,070	12,321,427	10,096,134	11,667,413
Non controlling interest	1,110,488	962,748	707,915	609,758	595,454
Total Equity	18,719,378	18,169,818	13,029,342	10,705,892	12,262,867
Total equity and liabilities	**104,655,486**	**101,202,459**	**68,849,155**	**44,287,031**	**39,780,800**

FIVE YEAR FINANCIAL SUMMARY

AS AT 31 DECEMBER 2014

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

COMPANY	2014	2013	2012	2011	2010
Assets					
Cash and cash equivalents	13,046,165	21,119,684	10,441,485	8,349,949	9,856,269
Investment securities	56,134,365	42,899,645	27,969,458	15,566,765	14,039,542
Trade receivables	63,665	1,060,362	822,364	2,306,665	2,054,437
Loans and advances	1,129,468	1,283,430	-	-	-
Reinsurance assets	15,883,296	20,568,804	16,685,999	6,083,404	4,216,097
Deferred acquisition cost	428,964	332,237	397,319	404,793	378,120
Other receivables and prepayment	661,101	191,917	1,683,973	1,785,794	1,284,128
Investment in associates	788,209	788,209	788,209	788,209	695,375
Investment in subsidiaries	541,258	541,258	541,258	541,258	342,946
Investment properties	7,450,000	4,550,000	2,215,000	2,107,421	2,283,421
Statutory deposits	500,000	500,000	520,000	520,000	520,000
Intangible assets	130,285	172,033	118,060	108,678	162,790
Property and equipment	3,627,637	3,154,172	4,141,563	3,536,467	2,563,259
Deferred tax assets	200,235	-	-	-	-
Total assets	**100,584,648**	**97,161,751**	**66,324,688**	**42,099,403**	**38,396,384**
Liabilities					
Insurance contract liabilities	62,024,023	49,665,623	35,557,630	17,530,493	11,901,833
Investment contract liabilities	12,665,763	11,106,336	10,293,658	8,925,288	7,562,545
Trade payables	5,761,236	17,486,929	5,466,790	3,398,878	4,239,095
Other liabilities	2,552,426	2,080,333	2,305,321	1,171,727	1,737,746
Borrowings	-	-	-	-	-
Current tax liabilities	672,859	750,533	242,534	616,177	808,464
Deferred tax liabilities	945,541	604,826	472,229	489,190	357,222
Total liabilities	**84,621,848**	**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	4,389,798	4,115,436
Share premium	387,826	387,826	387,826	387,826	387,826
Contingency reserve	5,537,908	4,779,161	3,860,340	2,943,723	2,310,857
Retained earnings	2,646,251	1,345,421	943,741	1,686,791	1,845,832
Assets revaluation reserves	1,041,086	584,120	341,320	308,799	308,799
Fair value reserves	1,959,931	3,980,845	2,063,501	250,714	2,546,367
Other reserves	-	-	-	-	274,362
Shareholders funds:	**15,962,800**	**15,467,171**	**11,986,526**	**9,967,651**	**11,789,479**
Total equity and liabilities	**100,584,648**	**97,161,751**	**66,324,687**	**42,099,404**	**38,396,384**

FIVE YEAR FINANCIAL SUMMARY

AS AT 31 DECEMBER 2014

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

STATEMENT OF COMPREHENSIVE INCOME

	IFRS				N-GAAP	
GROUP	2014	2013	2012	2011		2010
Gross premium written	38,969,943	41,751,459	36,920,537	24,085,772	Gross premium written	14,207,700
Premium earned	17,787,162	14,176,000	13,036,325	13,147,758	Premium earned	8,698,205
Profit before taxation	3,362,899	4,199,486	1,431,677	1,878,265	Profit before taxation	2,375,400
Taxation	(707,539)	(1,164,308)	(275,956)	(610,699)	Taxation	(721,020)
Profit for the year	2,655,360	3,035,178	1,155,721	1,267,566	Profit after taxation	1,654,380
Transfer to contingency reserve	(758,747)	(918,820)	(916,618)	(632,866)	Transfer to contingency reserve	(451,873)
Earnings per share (kobo)	32	36	13	14	Earnings per share (kobo)	19
COMPANY	2014	2013	2012	2011		2010
Gross premium written	39,008,139	41,752,673	36,920,537	24,085,772	Gross premium written	14,207,700
Premium earned	17,825,358	14,177,214	13,036,325	13,147,758	Premium earned	8,696,205
Profit before taxation	3,394,793	2,732,306	826,489	1,492,946	Profit before taxation	2,038,439
Taxation	(585,215)	(1,014,227)	(152,920)	(519,122)	Taxation	(636,585)
Profit after taxation	2,809,578	1,718,079	673,569	973,824	Profit after taxation	1,401,854
Transfer to contingency reserve	(758,747)	(918,820)	(916,618)	(632,866)	Transfer to contingency reserve	(451,873)
Earnings per share (kobo)	32	20	8	11	Earnings per share (kobo)	17

The summarised statement of profit or loss and other comprehensive income for the year 2010 was prepared on a different financial reporting framework (Nigerian GAAP).

GENERAL BUSINESS STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

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

	Group and Company 31-Dec-14	Group and Company 31-Dec-13
Assets		
Cash and cash equivalents	9,892,353	19,342,230
Investment securities	15,132,747	14,265,136
Trade receivables	24,155	1,038,831
Reinsurance assets	15,462,279	19,894,691
Deferred acquisition cost	428,964	332,237
Loans and other receivables	916,606	370,884
Investment in associates	35,000	35,000
Investment in subsidiaries	342,946	342,946
Investment properties	2,900,000	2,050,000
Deferred tax assets	55,494	
Intangible assets	101,695	135,010
Property and equipment	3,164,568	2,776,863
Statutory deposits	300,000	300,000
Total assets	**48,756,807**	**60,883,828**
Liabilities		
Insurance contract liabilities	27,364,135	27,948,024
Trade payables and other liabilities	7,173,415	18,711,783
Current tax liabilities	413,166	519,617
Deferred tax liabilities	843,083	508,194
Total liabilities	**35,793,799**	**47,687,619**
Capital and reserves		
Share capital	3,139,798	3,139,798
Share premium	387,826	387,826
Contingency reserve	4,829,093	4,282,045
Retained earnings	1,788,502	1,955,915
Asset revaluation reserve	975,219	562,718
Fair value reserves	1,842,572	2,867,908
Shareholders funds:	**12,963,008**	**13,196,211**
Total equity and liabilities	**48,756,807**	**60,883,829**

GENERAL BUSINESS INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Group and Company 31-Dec-14	Group and Company 31-Dec-13
Gross premium written	17,838,271	25,020,447
Add: reduction in unearned premium	3,551,534	(5,649,388)
Gross insurance premium revenue	21,389,805	19,371,059
Reinsurance expense	(11,812,460)	(10,471,622)
Net insurance premium earned	9,577,345	8,899,437
Commission income	1,187,884	1,409,226
Total revenue	**10,765,229**	**10,308,663**
Claims expenses	(6,984,467)	(3,307,850)
Underwriting expenses	(1,828,160)	(1,996,987)
Net underwriting expenses	(8,812,627)	(5,304,837)
Total underwriting profit	1,952,602	5,003,826
Investment income	2,347,439	2,016,635
Net fair value gain/(loss) on assets at fair value	748,828	414,120
Other operating income	1,258,152	215,555
Employee benefit expenses and other operating expenses	(3,862,968)	(3,668,907)
Result of operating activities	491,452	(1,022,598)
Finance cost	-	-
Net impairment gains/(losses)	(654,970)	(423,362)
Profit before tax	**1,789,084**	**3,557,866**
Income taxes	(659,449)	(653,247)
Profit for the year	**1,129,635**	**2,904,619**
Other comprehensive income:		
Fair value changes on available for sale financial assets	(1,025,336)	1,477,959
Foreign exchange difference on unquoted financial assets		
Revaluation gain on land & building	412,501	85,438
Other comprehensive income for the year, net of tax	**(612,836)**	**1,563,397**
Total comprehensive income	**516,799**	**4,468,016**

GENERAL BUSINESS REVENUE ACCOUNT

AS AT 31 DECEMBER 2014

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

	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	SPECIAL RISK	2014 TOTAL	2013 TOTAL
INCOME									
Gross premium written	3,502,130	2,178,064	1,163,005	1,438,826	773,285	1,063,249	7,719,713	17,838,271	25,020,447
Less: Increase/ (decrease) in unearned premium	(36,436)	(156,821)	(19,678)	(176,280)	(11,112)	(83,307)	4,035,169	3,551,534	(5,649,388)
Gross premiums earned	3,465,694	2,021,243	1,143,327	1,262,546	762,173	979,942	11,754,882	21,389,805	19,371,059
Reinsurance cost	(106,783)	(866,076)	(176,214)	(338,352)	(439,999)	(190,152)	(9,694,884)	(11,812,460)	(10,471,622)
Net premium earned	3,358,911	1,155,167	967,113	924,194	322,174	789,790	2,059,998	9,577,345	8,899,437
Commissions earned	36,378	217,885	36,931	51,581	99,895	59,044	686,169	1,187,884	1,409,226
Total underwriting income	3,395,289	1,373,052	1,004,044	975,775	422,069	848,834	2,746,167	10,765,229	10,308,663
EXPENSES									
Gross claims paid	(1,799,227)	(890,193)	(265,489)	(440,195)	(252,651)	(461,990)	(1,683,108)	(5,792,852)	(6,872,591)
Increase/(decrease) in outstanding claims provision	(54,413)	232,915	(84,584)	(403,828)	90,587	(167,421)	(2,580,902)	(2,967,646)	2,380,917
Gross claims incurred	(1,853,640)	(657,278)	(350,073)	(844,023)	(162,064)	(629,411)	(4,264,010)	(8,760,498)	(4,491,674)
Deduct: reinsurance claims recoveries/recoverable	443,812	525,278	11,289	383,235	393,691	123,959	(105,234)	1,776,031	1,183,824
Net claims incurred	(1,409,828)	(132,000)	(338,784)	(460,788)	231,627	(505,452)	(4,369,244)	(6,984,467)	(3,307,850)
Add: Underwriting expenses:									
Commission expenses	(456,033)	(446,289)	(209,428)	(253,611)	(15,049)	(175,580)	-	(1,555,990)	(1,433,851)
Acquisition expenses	(60,567)	(17,042)	(28,459)	(1,331)	(19,040)	(5,503)	(140,229)	(272,170)	(563,136)
	(516,600)	(463,331)	(237,887)	(254,942)	(34,089)	(181,083)	(140,229)	(1,828,160)	(1,996,987)
Total expenses and claims incurred	(1,926,428)	(595,330)	(576,671)	(715,730)	197,538	(686,535)	(4,509,473)	(8,812,627)	(5,304,837)
Underwriting profit/(loss)	1,468,861	777,722	427,373	260,045	619,607	162,299	(1,763,304)	1,952,602	5,003,826

LIFE BUSINESS STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

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

	Group and Company 31-Dec-14	Group and Company 31-Dec-13
Assets		
Cash and cash equivalents	3,153,811	1,777,455
Investment securities	41,001,615	28,634,508
Trade receivables	39,511	21,531
Reinsurance assets	421,016	674,113
Deferred Acquisition Cost	-	-
Loans and other receivables	1,302,683	1,284,246
Investment in associates	753,210	753,209
Investment in subsidiaries	198,312	198,312
Investment properties	4,550,000	2,500,000
Deferred tax assets	144,741	-
Intangible assets	28,589	37,023
Property and equipment	463,069	377,309
Statutory deposits	200,000	200,000
Total assets	**52,256,557**	**36,457,705**
Liabilities		
Insurance contract liabilities	34,659,888	21,717,600
Investment contract liabilities	12,665,764	11,106,337
Trade payables and other liabilities	1,568,966	1,035,260
Retirement benefit obligation	-	-
Current tax liabilities	259,694	230,917
Deferred tax liabilities	102,458	96,632
Total liabilities	**49,256,770**	**34,186,744**
Capital and reserves		
Share capital	1,250,000	1,250,000
Share premium	-	-
Contingency reserve	708,815	497,116
Retained earnings	857,747	(610,491)
Asset revaluation reserve	65,867	21,401
Fair value reserves	117,359	1,112,936
Shareholders funds	**2,999,785**	**2,270,962**
Total equity and liabilities	**52,256,555**	**36,457,706**

LIFE BUSINESS INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Group and Company 31-Dec-14	Group and Company 31-Dec-13
Gross premium written	21,169,868	16,732,227
Add: reduction in unearned premium	(12,524,425)	(11,301,843)
Gross insurance premium revenue	8,645,443	5,430,383
Reinsurance expense	(397,430)	(152,607)
Net insurance premium earned	8,248,013	5,277,776
Commission income	91,422	41,167
Total revenue	**8,339,435**	**5,318,943**
Gross benefits and claims paid	(5,495,874)	(4,118,113)
Claims ceded to reinsurance	166,240	118,952
Gross change in contract liabilities	(417,863)	462,319
Underwriting expenses	(1,527,926)	(1,137,834)
Net underwriting expenses	(7,275,423)	(4,674,676)
Total underwriting profit	1,064,011	644,268
Investment income	5,146,045	3,719,928
Net fair value gain/(loss) on assets at fair value	(2,346,305)	(2,503,273)
Other operating income	64,119	86,444
Employee benefit expenses and other operating expenses	(1,434,282)	(926,906)
Result of operating activities	1,429,577	376,193
Finance cost	(538,955)	(856,844)
Net impairment gains/(losses)	(348,925)	(989,176)
Profit/(loss) before tax	1,605,708	(825,559)
Income taxes	74,234	(360,981)
Profit/(loss) for the year	1,679,942	(1,186,540)
Other comprehensive income:		
Fair value changes on available for sale financial assets	(995,578)	439,385
Foreign exchange difference on unquoted financial assets Revaluation gain on land & building	44,466	(77,488)
Other comprehensive income for the year, net of tax	**(951,112)**	**361,897**
Total comprehensive income	**728,830**	**(824,643)**

LIFE BUSINESS REVENUE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Individual Life	Group Life	Annuity	2014 Total	2013 Total
Income					
Gross premium written	1,415,873	2,692,709	17,061,286	21,169,868	16,732,227
Provision for unexpired risk	(267,943)	(448,062)	(11,808,420)	(12,524,425)	(11,301,843)
Gross premium	1,147,930	2,244,647	5,252,866	8,645,443	5,430,384
Reinsurance expenses	(38,800)	(358,631)	-	(397,431)	(152,607)
Premium retained	1,109,130	1,886,016	5,252,866	8,248,012	5,277,777
Commissions earned	74	91,348	-	91,422	41,167
Investment income	139,271	264,867	3,276,890	3,681,028	2,916,240
Other income	57,383	109,131	37,142	203,656	76,931
Total income	1,305,859	2,351,362	8,566,898	12,224,118	8,312,115
Direct claims paid	(437,032)	(1,213,093)	(135,859)	(1,785,984)	(2,272,791)
Surrenders	(80,097)			(80,097)	(30,043)
Annuity payments	-	-	(3,629,794)	(3,629,794)	(1,845,321)
Increase/(decrease) in outstanding claims	-	-	-	-	462,319
Gross claims incurred	(517,128)	(1,213,093)	(3,765,652)	(5,495,875)	(3,685,836)
Deduct:					
Reinsurance claims recoveries/recoverables	-	(77,358)	-	(77,358)	118,952
Provision for Outstanding Claims		(328,981)		(328,981)	
Net claims incurred	(517,128)	(1,619,432)	(3,765,652)	(5,902,214)	(3,566,884)
Acquisition expenses	(145,230)	(276,198)	(845,400)	(1,266,827)	(828,141)
Maintenance expenses	(113,151)	(169,727)	(128,999)	(411,876)	(158,182)
Operating expenses	(225,859)	(338,789)	(188,216)	(752,864)	(741,524)
Total expenses	(1,001,368)	(2,404,146)	(4,928,267)	(8,333,781)	(5,294,731)
Underwriting result	304,491	(52,786)	3,638,631	3,890,337	3,017,384

LIFE BUSINESS REVENUE ACCOUNT ON DEPOSIT ADMINISTRATION

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014	2013
Income		
Investment Income	747,316	803,688
Other Income	233,488	9,513
	980,804	**813,201**
Expenses		
Acquisition expenses	261,099	86,901
	-	-
Maintenance cost	81,325	64,610
	-	-
Interest on Deposit Administration	538,955	856,844
	-	-
Management Expenses	188,216	185,381
	1,069,595	**1,193,736**
PROFIT/(LOSS) FROM DEPOSIT ADMINISTRATION	**(88,791)**	**(380,534)**

LIFE BUSINESS ANNUITY STATEMENT

AS AT 31 DECEMBER 2014

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

Leadway Assurance Company			
Annuities' Portfolio at 31st December 2014			
Annuity Business by nature, type and their operation.			
Title	**Number of Policies**	**Classification**	**Operations Procedure**
PRA Regulated Annuities	8,057	Risk	Quotation; Provisional Agreement; NAICOM Approval; Premium Remittance By PFC; Despatch Policy Document; Administration
Annuities Certain	70	Risk	Quotation; Premium Remittance; Despatch Policy Document; Administration
Deferred Annuity Policies	232	Investment Linked	Quotation; Premium Remittance; Despatch Policy Document; Administration

Annuity Liabilities, Investment Income and Pay Out.

Title	Liability As At 31st December 2014 (N'000)	Investment Income (N'000)	Pay Out (N'000)
PRA Regulated Annuities	29,592,801	3,334,573	3,765,652
Annuities Certain	511,619	60,356	-
Deferred Annuity Policies	193,619	14,993	12,396

Note : The information above corresponds with the report of the Actuarial Valuation as at 31st December 2014

The assets backing Annuity Funds are as follows:

S/N	ASSETS TYPE	ANNUITY AMOUNT (N'000)	%	ANNUITY CERTAIN AMOUNT (N'000)	%	DEFERRED ANNUITY AMOUNT (N'000)	%
1	Money Market	228,861	0.77	156,953	30.68	26,465	13.67
2	Quoted Shares	208,717	0.71	81,115	15.85	37,014	19.12
3	Corporate Bonds	742,123	2.51	35,082	6.86	12,401	6.4
4	FGN/State Bonds	28,153,721	95.14	105,075	20.54	76,612	39.57
5	Real Estate	259,379	0.88	110,795	21.66	21,458	11.08
6	Unquoted Securities	-	-	22,598	4.42	16,088	8.31
7	Loans to Policy Holders	-	-	-		3,581	1.85
TOTAL		**29,592,801**	**100**	**511,618**	**100**	**193,619**	**100**

Leadway at a Glance

YEAR OF INCORPORATION	1970
COMMENCEMENT OF OPERATIONS	1971
FINANCIAL YEAR END	31st December
SHAREHOLDERS' FUNDS	₦ 15.9 Billion (as at 31 December 2014)
TOTAL ASSET BASE	₦ 100.58Billion (as at 31 December 2014)
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	329 (as at December 31, 2014)
FOUNDER	Sir Hassan O. Odukale (1926-1999)
DIRECTORS	Mallam Umar Yahaya (Chairman) Mr. Oye Hassan-Odukale, mfr (MD/CEO) Mr. Tunde Hassan-Odukale (Executive Director) Ms. Adetola Adegbayi (Executive Director) Dr. A. B. C. Orjiako (Director) Dr. Konyinsola Ajayi (Director) Mr. Ibrahim Hadejia (Director) Mrs. Mowunmi Sotubo (Director) Mr. Jeremy Rowse (Director)
MANAGEMENT STAFF	Mr. Oye Hassan-Odukale, mfr - Managing Director/CEO Mr. Tunde Hassan-Odukale - ED - Financial Services & IT Systems Ms. Adetola Adegbayi - ED - General Business Mr. Shadrack Sivhugwana - Head of Life Business Mr. Adebayo O. Okuwobi - Divisional Director/Head, Life Commercial Mr. David A. Onilado - Divisional Director/Chief Financial Officer Mr. Adetayo A. Adekunle - Divisional Director/Head of Technical Mr. Temilolu Aduloju - Divisional Director/Chief Compliance Officer Mrs. Amara Robbins - Divisional Director/Head General Business Actuary
COMPANY SECRETARY	Mr. Sunday Oroleke

Branch Directory

1.	Abeokuta	13, Lalubu Street, Oke'lewo, Abeokuta	08129997096 , 08129997097
2.	Abuja	Leadway House Plot 1061, Herbert Macaulay Way Central Business District, Cadastral Zone. Abuja	08129997114 , 08129997115
3.	Akure	NACRDB Building, Ado-Owo Road AlagabakaAkure	08129997104 , 08129997159
4.	Benin	84 Akpakpava Street, Benin City	08129997103 , 08129997158
5.	Calabar	141, NdidemUsangIso Road/ Marian Road, Calabar	08129997098, 08129997099
6.	Enugu	Akalaka House (2nd floor) 127/129 Chime Avenue New Haven, Enugu	08129997106, 08129997161
7.	Festac*	Twin Place, Plot 2015 Block, 18A, Amuwo- Odofin Govt. Scheme by Apple Bus/stop Festac Link Road, Festac, Lagos	08129997005
8.	Ibadan	25, Morgaji Are Rd,Iyaganku GRA Off MoshoodAbiolaWay,Ibadan	08129997162 , 08129997102
9.	Ikeja*	40 Opebi Road, Adebola House, Lagos	08129997012
10.	Ilorin	163, Ajase-Ipo.Road,Gaa-Akanbi Junction Road.AnuOluwapa Complex Ilorin, Kwara State	08129997153 , 08129997157
11.	Jos	2A Ibrahim TaiwoRd,GRA Jos	08129997122 , 08129997123
12.	Kano	Fustan House 25 Zaria Road Gyadi-Gyadi Round About, Kano	08129997112 , 08129997168
13.	Lekki*	Garnet Building, Igbo-Efon by 2nd round-about along Lekki-EpeExpreway, Lekki, Lagos	08129997009
14.	Makurdi	Last Floor, 8 Railway bye pass, High Level, near Zenith bank, Makurdi	08129997113
15.	Osogbo	2nd floor, Moye House Km2,Gbogan /Ibadan Road Oshogbo,Osun State	08129997108 , 08129997163
16.	Port Harcourt	6 Igbodo Street, Old GRA PortHarcourt	08129997110 , 08129997109
17.	Sagamu	136, Akarigbo Street Opposite Mobil Filling Station Ijokun, Sagamu	08129997101 , 08129997156
18.	Sokoto	15A, Kano Road Not Far From Central Of Nigeria, Sokoto.	08129997124
19.	Uyo	140, AtikuAbubakar Way Uyo	08129997100 , 08129997155
20.	Warri	Ecobank Building 60 Effurun/Sapele Road Warri	08129997111 , 08129997166
21.	Yenagoa	Imgbi Road Opp.Spring Bank, Amarata	08129997105 , 08129997160
22.	Zaria	Last floor, UBA building by PZ Kaduna Road Zaria	08129997125

*Branches in Lagos, Nigeria

Leadway Subsidiaries

Leadway Hotels Limited

Leadway Hotels Limited, incorporated March 2005, is a subsidiary of Leadway Assurance Company Limited and an up-and-coming player in the hospitality industry in Nigeria. It aims to become a distinctly recognized brand in the hospitality and service industry.

Leadway Hotels Limited is dedicated to quality and services and has a reputation for service efficiency and customers' reliability.
For almost a decade, the Leadway Hotels Limited, has honoured its hospitality commitments and has earned its reputation of excellence in this regard. All aspects of the business are approached with discipline; the recruitment of staff, the advancement of technologies and the corporate/personal service offered to its growing clientele.

Under its umbrella are three notable and thriving businesses in Lagos and Abuja, namely, Leadway Hotel in Ikeja, Léola Suites and Panache Restaurant, both in Abuja.

One of the strengths of the group is its ability to effectively coordinate these businesses with innovative prowess which is helping it carve a niche within the hospitality industry in Nigeria. These are evident in the excellent local and international cuisine offered to its diverse guests. Its Restaurants boast a menu selection that is varied enough to cater to all tastes and palates.

Where Elegance And Service Is A Priority!

Operating Address:
Leadway Hotel,Ikeja
1 Mugambo Close, Maryland Estate, Lagos. Nigeria.
Tel: +2341 2790800/0802/0803/0806, Fax: +2341 2790801,
E-mail: reservations@leadway-protea.com

Leola Suites/Panache Restaurant
Leadway House (near NNPC Towers)
1061 Herbert Macaulay Way
Central Business District
Abuja,Nigeria.

Leadway Capital & Trusts Limited
RC268,275

Leadway Capital & Trusts 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
- Employee Share Ownership Trusts
- Custodian Trusteeship
- Nominee Shareholding Management of other Trusts as Endowments, Foundations, Co-operatives
- Preparation of Wills
- Living Trusts
- Education Trusts
- Public Trusts

Services also provided are Short Term Financing for pre-qualified transactions, Equipment Leasing to select Corporate Bodies, as well as Investing in varied transactions where management finds it expedient.

Leadway Capital & Trusts Limited is able to tap into the resources and 45-year 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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