

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

**STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY**

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Corporate information

Country of Incorporation and domicile	- Nigeria																
Company registration number	- RC: 40590																
Nature of business and principal activities	- The principal activity of the Company and its subsidiary is general and special risk insurance and life assurance and annuity business																
Directors	<table> <tr> <td>Brig. Gen. Dominic Oneya (Rtd)</td><td>Chairman (Resigned 30/03/2016)</td></tr> <tr> <td>Johnson Chukwu</td><td>Chairman (Appointed 31/03/2016)</td></tr> <tr> <td>Bode Akinboye</td><td>Chief Executive Officer</td></tr> <tr> <td>Orerhime Emerhor-Iwuagwu</td><td>Executive Director (Resigned 29/11/2016)</td></tr> <tr> <td>Omolola Oshiafi</td><td>Director</td></tr> <tr> <td>Adetayo Akintunde</td><td>Director</td></tr> <tr> <td>Etigwe Uwa, SAN</td><td>Director</td></tr> <tr> <td>Austin Enajemo-Isire</td><td>Director</td></tr> </table>	Brig. Gen. Dominic Oneya (Rtd)	Chairman (Resigned 30/03/2016)	Johnson Chukwu	Chairman (Appointed 31/03/2016)	Bode Akinboye	Chief Executive Officer	Orerhime Emerhor-Iwuagwu	Executive Director (Resigned 29/11/2016)	Omolola Oshiafi	Director	Adetayo Akintunde	Director	Etigwe Uwa, SAN	Director	Austin Enajemo-Isire	Director
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Adetayo Akintunde	Director																
Etigwe Uwa, SAN	Director																
Austin Enajemo-Isire	Director																
Company Secretary	- Uruemu-esiri Oghen FRC/2016/NBA/00000014122																
Registered office	- Plot 1 Block 94, Providence Street Lekki Scheme 1, Lekki Lagos																
Registrars	- First Registrars Plot 2 Abebe Village Road, Iganmu Lagos																
Bankers	- Access Bank Plc Ecobank Plc Fidelity Bank Plc First City Monument Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc Heritage Bank Limited Keystone Bank Limited Skye Bank Plc Sterling Bank Plc Union Bank Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc																
Reinsurers	- JLT Group Plc, London African Reinsurance Corporation, Nigeria Continental Reinsurance Plc, Nigeria Nigeria Reinsurance Plc, Nigeria WAICA Reinsurance Pool, Nigeria RKH Specialty																
Reinsurance Broker	- Feybil Insurance Brokers																
Auditors	- BDO Professional Services (Chartered Accountants) ADOL House Plot 15, Central Business District, Alausa, Ikeja Lagos.																
Actuaries	- HR Nigeria Limited FRC/NAS/0000000738																

Results at a glance	Group 2016	Company 2016	Group 2015	Company 2015	Group	Company
Statement of Comprehensive income:	N'000	N'000	N'000	N'000	%	%
Gross premium written	4,378,185	2,511,965	5,235,571	2,956,271	(16)	(15)
Net premium income	3,648,407	2,008,180	4,572,789	2,467,540	(20)	(19)
Claims expenses	(1,436,046)	(851,594)	(2,077,752)	(824,794)	(31)	3
Underwriting results	271,847	676,425	1,233,998	1,224,482	(78)	(45)
Investment income	288,475	222,255	313,325	197,132	(8)	13
Management expenses	(1,515,525)	(1,426,478)	(1,484,138)	(1,405,420)	2	1
(Loss)/profit before tax	(1,214,604)	(1,120,270)	819,040	713,867	(248)	(257)
Statement of Financial Position:						
Cash and cash equivalents	485,013	347,097	1,317,866	730,785	(63)	(53)
Investment in related Companies	-	277,673	-	406,728		(32)
Investment property	3,824,589	1,300,000	3,304,563	1,150,000	16	13
Insurance contract liabilities	5,022,163	2,443,530	4,404,741	2,226,847	14	10
Paid up share capital	5,996,587	5,996,587	5,996,587	5,996,587	-	-
Shareholders' funds	4,651,923	4,596,798	4,348,780	4,176,469	7	10
Total Assets	13,020,020	9,636,834	11,787,369	8,435,622	10	14
Per share data						
Basic (loss)/profit per share (kobo)	(10)	(9)	7	7	(237)	(238)
Net assets per share (Adjusted)	41	38	36	35	14	9
Share price (kobo)	50	50	50	50		1
General						
Number of Shareholders	70,443	70,443	70,991	70,991		(1)
Number of Employees	239	120	246	118	(3)	2
Number of Branches	26	14	26	14	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2016.

In accordance with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's operational guidelines 2011, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Group and Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Group:

- i. implements appropriate internal controls to secure the assets of the Group and Company, prevent and detect fraud and other financial irregularities
- ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act CAP I17, LFN 2004, and NAICOM Operational Guidelines and Circulars.
- iii. has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors accept responsibility for maintaining adequate accounting records as required by:

- a. International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- b. Companies and Allied Matters Act, CAP C20, LFN 2004;
- c. Insurance Act, CAP I17, LFN 2004;
- d. NAICOM Operational Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Group and subsidiary Company and of the profit or loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Group and Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.



Mr. Ife-Olorun Ajayi
Chief Finance Officer
FRC/2013/ICAN/00000001103



Mr. Bode Akinboye
Chief Executive Officer
FRC/2013/ICAN/00000005139



Mr. Johnson Chukwu
Chairman
FRC/2013/ICAN/00000003920

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc ("the Company") and Standard Alliance Life Assurance Limited ("its subsidiary") together 'the Group' to the Shareholders along with the auditor's report for the year ended 31 December 2016. The Group financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Group's principal activity is the provision of non-life and life underwriting (under separate licenses held by the Company and its subsidiary) and special risk underwriting and related financial services. Such services include provision of general insurance and life assurance services (through its subsidiary) to both individual and corporate customers.

The following is the summary of the Group's operating results:

	Group 2016 N'000	Company 2016 N'000	Group 2015 N'000	Company 2015 N'000
Gross premium income	4,340,422	2,503,967	5,426,185	3,070,114
Claims incurred	(1,436,046)	(851,594)	(1,718,166)	(777,410)
Underwriting expenses	(3,495,376)	(1,369,095)	(1,638,071)	(517,692)
Underwriting results	271,847	676,425	1,233,998	1,224,482
Share of (loss)/profit of related Companies	-	(129,055)	-	55,627

Directors

The Directors of the Company are as follows:

Mr Johnson Egu Chukwu	-	Chairman
Mr Bode Akinboye	-	Chief Executive Officer
Mrs Orerhime Emerhor-Iwuagwu	-	Executive Director
Mrs Omolola Oshiafi	-	Director
Mrs Adetayo Akintunde	-	Director
Mr Etigwe Uwa, SAN	-	Director
Mr. Austin Enajemo-Isire	-	Director

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

REPORT OF THE DIRECTORS (continued)

Retirement of Directors

Brig. Gen. Dominic Oneya, Chairman of the Board resigned effective March 30, 2016 in compliance with S. 5.04 of the NAICOM Code of Good Corporate Governance which provides that Non-Executive directors be renominated and appointed for more that three terms of 3 years each. Brig. Gen. D. oneya spent over 11 years on the Board of the Company.

Appointment of Directors

No new Director was appointed to the Board of the Group during the year.

Directors' interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2016 is as follows:

	Number of shares held at the end of:				
	2016 Units	%	2015 Units	%	
Mr. Johnson Chukwu	-	-	-	-	
Mr Bode Akinboye	435,781,914	3.63	434,013,914	3.62	
Mrs. Orerhime Emerhor-Iwuagwu	200,000	0.00	25,200,000	0.21	
Mr. Austin Enajemo-Isire	451,000	0.00	10,441,000	0.09	
Mrs. Omolola Oshiafi	12,500,000	0.10	12,500,000	0.10	

The Directors' indirect interests in the issued share capital of the Company as recorded in the Register of members are as follows:

	2016 Units	%	2015 Units	%	
Bode Akinboye:					
Gemrock Management Company Limited	2,594,060,738	21.63	382,013,914	3.19	
Mrs. Orerhime Emerhor-Iwuagwu:					
Standard Alliance Investments Limited	1,755,064,716	14.63	2,532,111,540	21.11	
Standard Alliance Capital Limited	250,000,000	2.08	250,000,000	2.08	

Contracts

In accordance with Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, none of the Directors has notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment

Information relating to changes in tangible assets is given in Note 16 to the financial statements. The Directors are of the opinion that the market value of the Group and Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) Share range analysis

Range of shares	Number of Shareholders	Share Units	% Total
1 - 1,000	15,099	14,492,729	0.12
1,001 - 5,000	27,701	86,632,542	0.72
5,001 - 10,000	11,729	103,730,460	0.86
10,001 - 50,000	11,848	283,017,445	2.36
50,001 - 100,000	2,020	164,967,691	1.38
100,001 - 500,000	1,532	340,252,213	2.84
500,001 - 1,000,000	238	197,472,008	1.65
1,000,001 - 5,000,000	153	310,761,701	2.59
5,000,001 - 10,000,000	55	385,668,609	3.22
10,000,001 - 50,000,000	36	743,267,473	6.20
50,000,001 and above	32	9,362,910,579	78.07
Total	70,443	11,993,173,450	100

**STANDARD ALLIANCE INSURANCE PLC
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REPORT OF THE DIRECTORS (continued)**

b) Substantial interests in shares

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which hold 2,594,060,738 units (21.63%), 1,755,064,716 units (14.63%) and 1,120,000,000 units (9.34%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2016.

Corporate Social Responsibilities

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward the Company progress.

During the year, a total sum of N950,000 (December 2015: N1,150,000) was given out as donations and charitable contributions during the year. Details of the donations and charitable gifts are as stated below:

	Amount
	N
i. Fair Life Africa Foundation	950,000

Human resources

a) 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 applicants state of origin, ethnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) Health, safety and welfare of Employees

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) Employee involvement and training

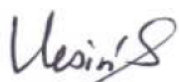
The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

BDO Professional Services, have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board



Uruemu-esiri Oghen
Company Secretary
FRC/2016/NBA/00000014122

31 March 2017

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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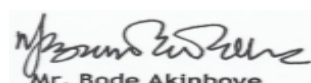
**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2016 that:

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



Mr. Ife-Olorun Ajayi
Chief Finance Officer
FRC/2013/ICAN/00000001103



Mr. Bode Akinboye
Chief Executive Officer
FRC/2013/ICAN/00000005139

**REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20 of the Laws of the Federation of Nigeria, 2004, we the Members of the Audit Committee of Standard Alliance Insurance Plc having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December, 2016 and we confirm that they were adequate.
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2016.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.



Mr. Austin Enajemo-Isire
FRC/2013/ICAN/00000002496
Chairman of the Audit Committee

Date: 31 March 2017.

Members of the Audit Committee

Mr. Austin Enajemo-Isire	-	Chairman
Mr. Etigwe Uwa (SAN)	-	Director
Mrs. Adetayo Akintunde	-	Director
Mr. Matthew Esonanjor	-	Member
Mr. Godwin Anono	-	Member
Mr. Erinfolami Gafar	-	Member

Reporting entity

Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki - Epe Express way, Lekki, Lagos. The Company underwrites life(through its subsidiary under seperate license) and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

These financial statements of the Group as at and for the year ended 31 December 2016 comprise that of the Company and its subsidiary (together referred to as the 'the Group' and individually as 'Company'). The Group primarily operates in the insurance and other financial services sector but also in property development through one of its associates.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Group's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Group was founded. The code of Corporate Governance is designed to ensure that the Group's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure

The Group is committed to high standards of corporate governance. Corporate governance practice in the Group is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Group upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

Presently, the Group has a seven man Board led by a Chairman who is a non-executive Director. There are two Executive Directors, one of whom is the Chief Executive Officer, all other four directors are non-executive.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Group's strategy.

The ultimate responsibility for the governance of the Group resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Group's business. The Board is also responsible for the management of the Group's relationship with its various stakeholders. The day to day running of the Group is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

CORPORATE GOVERNANCE REPORT (Continued)

- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Group. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Group to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews group performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a representative of the shareholders. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) The Finance, Investment and General purpose Committee

This is a standing Committee of the Board with the responsibility for investment. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Humna Capital Management Operations
- Review of Marketing activities

CORPORATE GOVERNANCE REPORT (Continued)

The Board Investment and Finance Committee has the following members during the period under review:

Mrs. Omolola Oshiafi	-	Chairman
Mr. Bode Akinboye	-	Member
Mr. Etigwe Uwa (SAN)	-	Member
Mrs. Oerhime Emerhor-Iwuagwu	-	Member
Mr. Austin Enajemo-Isire	-	Member
Mrs. Adetayo Akintunde	-	Member

2) The Enterprise Risk Management and Governance Committee

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Group in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Group's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Group's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Group and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Group's compliance level with applicable laws and regulatory requirements which may impact the Group's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Group's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee is made up of the following members:

Mrs. Adetayo Akintunde	-	Chairman
Mr. Etigwe Uwa (SAN)	-	Member
Mrs. Omolola Oshiafi	-	Member
Mr. Austin Enajemo-Isire	-	Member

CORPORATE GOVERNANCE REPORT (Continued)

3) The Audit and Compliance Committee

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are reserved to it by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statement of accounts of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee is made up of the following members:

Mr. Austin Enajemo-Isire	-	Chairman
Mr. Etigwe Uwa (SAN)	-	Director
Mrs. Adetayo Akintunde	-	Director
Mr. Matthew Esonanor	-	Member
Mr. Godwin Anono	-	Member
Mr. Erinfolami Gafar	-	Member

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AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
CORPORATE GOVERNANCE REPORT (Continued)**

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Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

BDO Professional Services acted as external auditors to the Company for the 2016 financial year. Their report for the year under review is contained on pages 22 and 23 of these financial statements.

Attendance of Board and Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members attendance for the financial year ended 31 December 2016.

Board Meetings

	10/02/2016	30/03/2016	08/08/2016	29/11/2016	Total
Brig. Gen. Dominic Oneya (Rtd) (Chairman) Resigned 30/03/2016)	1	1	-	-	2
Mr. Johnson Chukwu (Chairman, appointed 31/03/2016)	1	1	1	1	4
Bode Akinboye (CEO)	1	1	1	1	4
Mrs. Oerhime Emerhor-Iwuagwu (Executive Director)	1	-	1	1	3
Mr. Austin Enajemo-Isire (Director)	1	1	1	1	4
Mr. Etigwe Uwa (SAN) (Director)	1	1	1	1	4
Mrs. Adetayo Akintunde (Director)	-	1	1	-	2
Mrs. Omolola Oshiafi (Director)	1	1	1	1	4

Audit Committee Meetings

	04/02/16	24/03/16	28/09/16	Total
Mr. Johnson Chukwu (Chairman) exited committee 31/03/2016	1	1	-	2
Mr. Austin Enajemo-Isire (Chairman, effective 28/09/2016)	1	-	1	2
Mr. Matthew Esonanor	1	1	1	3
Mr. Godwin Anono	1	1	1	3
Mr. Erinfolami Gafar	1	1	1	3
Mr. Etigwe Uwa (SAN) (Joined committee 28/09/2016)	-	-	1	1
Mrs. Adetayo Akintunde (Joined committee 28/09/2016)	-	-	1	1

Finance and Investment Committee Meetings

	02/02/16	25/10/16	Total
Mrs. Omolola Oshiafi (Chairman)	1	1	2
Mr. Bode Akinboye	1	1	2
Mrs. Oerhime Emerhor-Iwuagwu	1	1	2
Mr. Etigwe Uwa (SAN)	0	1	1
Mr. Austin Enajemo-Isire	1	1	2

Strategy and Establishment Committee Meetings

	04/02/16	Total
Mr. Johnson Chukwu (Chairman)	1	1
Mrs. Omolola Oshiafi	1	1
Mr. Bode Akinboye	1	1
Mrs. Oerhime Emerhor-Iwuagwu	-	-
Mrs. Adetayo Akintunde	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
CORPORATE GOVERNANCE REPORT (Continued)

*** This committee ceased to exist from August 2016 as it was merged with the Finance & Investment committee to form the Finance, Strategy & General Purpose Committee, in compliance with NAICOM's code of Good Corporate Governance.

Enterprise Risk Management Committee

	17/05/16	Total
Mrs. Adetayo Akintunde (Chairman)	1	1
Mr. Bode Akinboye	1	1
Mrs. Oerhime Emerhor-Iwuagwu	1	1
Mr. Austin Enajemo-Isire	-	-

*** This committee ceased to exist from August 2016 as it was merged with the Governance & Remuneration committee to form the Enterprise Risk Management & Governance Committee, in compliance with NAICOM's code of Good Corporate Governance.

Governance & remuneration committee

	08/02/16	30/08/16	Total
Mr. Etigwe Uwa (SAN)	-	1	1
Mrs. Adetayo Akintunde	-	1	1
Mrs. Omolola Oshiafi	1	-	1
Mr. Johnson Chukwu (exited 30/08/16)	1	-	1

*** This committee ceased to exist from August 2016 as it was merged with the Enterprise Risk Management Committee to form the Enterprise Risk Management & Governance Committee, in compliance with NAICOM's code of Good Corporate Governance.

SCHEDULE OF YEARLY BOARD/COMMITTEE MEETINGS & AGM

PERIOD	TYPE OF MEETING	PROPOSED AGENDA
Q1 1st & 2nd Week of February	• Finance, Investment & General Purpose Committee	• To consider and approve Audited Account for year ended 31st December of previous year • To consider and approve forecast for 2nd quarter and general company's brief • AGM deliberations
	• Audit Committee meeting	
	• Enterprise & Risk Management Committee	
	• Strategy & Establishment Committee meeting	
Q2 1st & 2nd Week of April	• Governance/Remuneration Committee meeting	• To consider and approve Q1 Accounts for the period ended 31st March, 2016 • To consider and approve forecast for Q3 and company's brief
	• Board meeting	
	• Finance, Investment & General Purpose	
	• Enterprise & Risk Management Committee meeting	
Q3 1st & 2nd Week of July	• Strategy & Establishment Committee meeting	• To consider and approve 2nd quarter Accounts for period ended 30th June, 2016 • To consider and approve forecast for Q4 and general company's brief • AGM
	• Governance/Remuneration Committee meeting	
	• Board meeting	
	• Audit Committee meeting	
Q4 1st & 2nd Week of October	• Finance, Investment & General Purpose	• To consider and approve 3rd quarter accounts for period ended 30th Sept • Consideration /approval of coming year's budget
	• Audit Committee meeting	
	• Enterprise & Risk Management Committee	
	• Board Strategy & Establishment Committee	
	• Governance/Remuneration Committee meeting	
	• Board meeting	

Support Committees

1 Executive Management Committee

The Committee is responsible for strategic/up marketing activities, review of investment portfolio and approval of establishment of new products/branches and membership includes:

- i) Chief Executive Officer
- ii) Executive Directors
- iii) Chief Finance Officer
- iv) Company Secretary

2 Senior Executive Committee

The Committee is responsible for strategic initiatives on business generation and membership includes:

- i. Chief Executive Officer
- ii. Executive Directors
- iii. All Divisional Heads
- iv. Group Head, Technical
- v. Group Head, Corporate Services
- vi. Chief Finance Officer
- vii. Head, Internal Control/Quality Assurance
- viii. Head, Information Technology (IT)

3 Weekly Activity Review Committee

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

- i. Chief Executive Officer
- ii. All Divisional Heads
- iii. Group Head, Technical
- iv. Head, Information Technology
- v. Head, Corporate Services
- vi. Head, Internal Audit/Quality Assurance
- vii. Chief Finance Officer
- viii. Head, Enterprise Risk Management
- ix. All marketing staff

4 Group Management Committee

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month. The Committee consists of:

- i. Chief Executive Officer
- ii. Executive Director
- iii. All Divisional Heads
- iv. All Regional Heads
- v. All Branch Managers
- vi. Group Head, Technical
- vii. Head, Information Technology
- viii. Chief Finance Officer
- ix. Head, Corporate Services
- x. Head, Internal Audit/Quality Assurance
- xi. Head, Enterprise Risk Management

MANAGEMENT'S DISCUSSION AND ANALYSIS

This 'Management Discussion and Analysis' as at 31 December 2016 has been prepared in line with the regulatory requirements and also the need to foster deeper understanding of our strategy, operating risk and performance.

The financial information presented in this report including the tabular amounts is in Naira and is prepared in accordance with the International Financial Reporting Standards ('IFRS')

To facilitate wholesome understanding of the position, it is advised that the content in this report be read in conjunction with the Group financial statements.

The principal activities of the Company during the year remained as general insurance and life assurance(through its subsidiary) business. The management commentary was as at 31 December 2016 and should be read in conjunction with the financial statements as at 31 December 2016.

During the year under review the activities of Boko Haram continued unabated in some states in the North. This has caused unprecedented loss of lives and properties and gradually grounding the businesses of the affected states. Despite the initiatives by policy makers to encourage low cost or micro insurance products and to expand policies to better reach low and medium income community, low level acceptance of insurance among the wider public continue to remain the biggest hurdle for the industry.

Business Objective and Strategy

Standard Alliance Insurance Plc is a public liability company registered in Nigeria to provide a range of insurance services to individuals, corporate bodies and government. Its objective is to be an Insurer of choice.

To achieve this, the Company is trying to lay down well-structured plans and corporate strategies as well as digitalization to drive its growth. It is the intention of management to continually churn out new products that will satisfy the quest of our numerous customers while deepening the existing ones.

To ensure that this goal is achieved, the Company's strategy is to broaden and align service delivery channels along customer segment, taking cognizance of the difference between policy administration product support and customer care to adequately cater for peculiar needs for each segment.

**STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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Performance Indicators

Operating results and financial position

	Consolidated Budget 2016	Group Actual 2016	Group % Achieved	Company Budget 2016	Company Actual 2016	Company % Achieved	Company ACTUAL 2015
	N'000	N'000		N'000	N'000		N'000
Gross premium	6,746,335	4,378,185	65	4,079,365	2,503,967	61	3,070,114
Net premium	6,074,421	3,648,407	60	3,785,321	2,008,180	53	2,467,540
Claims expenses (Net)	(1,465,387)	(1,436,046)	98	(807,481)	(851,594)	105	(777,410)
Investment income	546,644	288,475	53	137,696	222,255	161	197,132
Profit/(loss) before tax	1,387,641	(1,214,904)	(88)	1,224,722	(1,120,270)	(91)	713,867
Taxation	293,820	(126,765)	(43)	269,438	(104,214)	(39)	96,371
Profit/(loss) after tax	1,069,326	(1,341,669)	(125)	955,283	(1,224,484)	(128)	810,238
Property, plant and equipment	2,914,425	6,257,177	215	2,681,568	6,178,413	230	2,770,510
Net assets	7,093,748	4,859,921	69	6,913,312	4,348,780	63	4,203,421
Ordinary share capital	7,496,587	5,996,587	80	7,496,587	5,996,587	80	5,996,587
Shareholders funds	7,093,748	4,651,923	66	6,913,312	4,348,780	63	4,203,421
Insurance funds	6,245,622	5,022,163	80	2,296,181	2,443,530	106	2,226,847

The business experienced some challenges resulting from the on-going business model restructuring and transformation of the service channels. These imperatives along with other initiatives targeted at strengthening our enterprise support capabilities have started yielding results.

Performance Review

Gross premium written by the group was N4.3 billion, representing 65% of budget. The company on the other hand achieved 61% of the budgetted Gross premium of N4 billion. This decline was mainly attributable to poor economic conditions and the general downturn in the economy.

Operating expenses

Group operating Expenses which includes underwriting expenses, claims expenses, reinsurance expenses and management expenses totaled N5.7 billion for the year ended December 2016 as against N5.2 billion recorded in 2015, an decrease of N0.32 billion which was due to the decrease in gross premium income during the year, consequent upon which the underwriting expenses decreased.

Profit/(loss) before taxation

The Group recorded a loss before tax of N1.2 billion in 2016 as against a profit of N713 million in 2015.

Liquidity, Capital Resources and Risk Factors

The Company's cash investment continues to be in accordance with its investment policy and complies with regulatory requirements. The Company's investment strategy is underpinned by a focus on highly liquid financial instrument such as term deposit, equity and debt instrument. We expect our investment income to grow considerably in the coming years as we are poised to take advantage of the investment opportunities in the money market and capital markets.

Future Outlook

We expect to see a number of significant adjustments in the year 2017, especially to the realities of vastly changed government revenue profile and the Naira exchange rates against foreign currencies. The private sector may see intensification of existing and new export initiatives. There are signals that regulatory emphasis will be placed on promoting GDP-enhancing and foreign exchange earning activities. Inflation is very likely to commence an upswing and the need for cost control by both government at all levels and private sector operators is imperative.

On our own part the merger of the operations of the Company with that of its Subsidiaries, Standard Alliance Life Assurance Limited is being concluded to leverage on the synergies derivable therefrom. The emerging composite company will take advantage of the huge potentials in both the General and Life segment of the insurance market.

Government policies and economic reforms

We expect to see policy decisions and developments in the industry. The activities of States and Federal tiers of government will continue to impact positively on the business environment.

NAICOM's Risk Based Supervision will commence. The company has put in place all necessary infrastructure and has also commenced the training of staff to meet with the demands of this new supervision regime

Performance Management

The Company will continue with its monthly and quarterly nationwide performance review as a means of focusing and driving marketing activities. This will also aid in monitoring and matching actual performance with budget.

IT Support

The Company will continue to accord IT investment the deserved priority not only for its traditional investment status but also as a means of ensuring efficient and prompt service delivery.

Conclusion

Many factors and assumptions may affect the manifestation of the Company's projections, including but not limited to production rate, claims rate, employees turnover, relationships with Brokers, Agents and Suppliers, economic and political conditions, non compliance with laws or regulations by the Company's employees, brokers, agents, suppliers and/or partners and other factors that are beyond its control.

Without prejudice to the Company, such forward looking-statement reflects Management's current belief and based on available information which are subject to risks and uncertainties as identified. Therefore, the eventual action and/or outcome could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes.

The forward looking statements in this document reflect the Company's expectation at the time Company's Board of Directors approved this document and are subject to change after this date. The Company does not undertake any obligation to update publicly or revise any such forward-looking statements, unless required by applicable legislation or regulation.

INDEPENDENT AUDITORS REPORT**TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC AND ITS SUBSIDIARY COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

We have audited the financial statements of Standard Alliance Insurance Plc ("the Company") and its Subsidiary Company (together the group), which comprise, the consolidated and separate statement of financial position as at 31 December 2016, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, and consolidated and separate statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company and its subsidiary as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting and Assurance Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements attached as an appendix to our report. We are independent of the Company and its subsidiary in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Due to the large number of policies underwritten by the Group there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger may not be completely accounted for.

Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical testing procedures on the gross and unearned premium balances amongst others.

Understatement of reported claims**Risk**

Valid claims reported by the insured may not have been completely recorded in the books in the year under review as some claims paid subsequent to the year end were not included in the claims register.

Response**Verified the completeness of claims incurred during the year**

- Obtained and reviewed claims register to ensure that all claims made during the year have been included by agreeing the claims paid and outstanding claims schedule to the claims register.
- Confirmed that claim relates to policy in force as at the time claim was made
- Reviewed Loss Adjusters Report for adequacy of provisions for outstanding claims
- Reviewed payments after year end and adjusted for claims paid subsequent to year end but not recorded.
- Carried out an age analysis of outstanding claims to ensure compliance with NAICOM regulations of 90 days payment of claims notified.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, and the Companies and Allied Matters Act, CAP C20 LFN 2004 and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the Audit of the Financial Statements

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

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20, LFN, 2004 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 purpose of our audit
- ii) in our opinion, proper books of account have been kept by the Group and the Company, and
- iii) the Group's and the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Lagos, Nigeria
31 March 2017



Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants



Appendix

Details of Auditors responsibilities for the audit of the financial statements

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiary's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiary to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the Group in the preparation of its financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated.

1 The reporting entity

The Group was incorporated in July 1981 as a Private Limited Liability Group and commenced full operations in 1982 under the name Jubilee Insurance Group Limited. The name was changed to Standard Alliance Insurance Group Limited (Standard Alliance) in August 1996.

Standard Alliance Insurance became a Public Liability Group (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Group is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Co. Limited	2,594,060,738	21.63
Standard Alliance Investments Limited	1,755,064,716	14.63
First City Monument Bank Plc	1,120,000,000	9.34
Bode Akinboye	435,781,914	3.63
Sina Alimi (also a director in Gemrock Mgt. Co. Ltd.)	382,013,914	3.19

The Group during the year successfully merged with its subsidiary Group, Standard Alliance Life Assurance Limited

The Group financial statements of the Group for the year ended 31 December 2016 were approved for issue by the Board of Directors on 31 March 2017.

The Group's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services to both corporate and individual customers.

2. Basis of preparation

2.1 Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting and Assurance Standards Board (IAASB) and the interpretations of these standards, issued by the International Accounting and Assurance Standards Board (IAASB) and the requirements of the Companies and Allied Matters Act CAP C20, LFN 2004 and the Insurance Act, I17, 2004 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM), to the extent that they are not in conflict with IFRS.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern

The Group financial statements are prepared on a going concern basis. The Directors' are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

2.3 Basis of measurement

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Available for sale financial assets that are measured at fair value
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Land and Buildings stated at revalued amount

2.4 Functional and Presentation Currency

The financial statements are presented in Nigerian naira (N), which is also the functional currency of the Group, rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 Order of presentation

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

3 Significant management judgements and key sources of estimation uncertainty

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

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

(i) Significant judgements made in applying the Group's accounting policies

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

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

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuary in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) Impairment losses

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) Income taxes

The Group is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) Critical judgments in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- i) The classification of financial assets and liabilities
- ii) Whether assets are impaired.
- iii) Whether land and buildings meet the criteria to be classified as investment property.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (2014) (issued Jul 2014)	Financial Instruments	Classification and measurement Financial assets will either be measured - at amortised cost, - fair value through other comprehensive income (FVTOCI) or - fair value through profit or loss (FVTPL). Impairment The impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition. Hedging The new hedge accounting model introduced the following key changes: -Simplified effectiveness testing, including removal of the 80-125% highly effective threshold -More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions -Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods -Less profit or loss volatility when using options, forwards, and foreign currency swaps -New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.	Annual reporting periods commencing on or after 1 January 2018	The first time application of IFRS 9 will have a wide and potentially very significant impact on the accounting for financial instruments. The new impairment requirements are likely to bring significant changes for impairment provisions for trade receivables, loans and other financial assets not measured at fair value through profit or loss. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity 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. This core principle is delivered in a five-step model framework: (i) Identify the contract(s) with a customer (ii) Identify the performance obligations in the contract (iii) Determine the transaction price (iv) Allocate the transaction price to the performance obligations in the contract (v) Recognise revenue when (or as) the entity satisfies a performance obligation.	, 1 January 2018.	The Board is currently reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted. Consideration will be given to the following: (i) At what point in time the Group recognises revenue from each contract whether at a single point in time or over a period of time; (ii) whether the contract needs to be 'unbundled' into two or more components; (iii) how should contracts which include variable amounts of consideration be dealt with; (iv) what adjustments are required for the effects of the time value of money; (v) what changes will be required to the Group's internal controls and processes.
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AND ITS SUBSIDIARY COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

5.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

5.2 Financial instruments

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instruments. They are recognized initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured subsequently as described below:

Financial Assets

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity,
- available-for-sale investments

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

i) Financial assets at fair value through profit or loss

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

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis, or
- The assets and liabilities are part of a portfolio of financial assets, financial liabilities or both which are managed and their performances evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information regarding these instruments are reported to the key management personnel on a fair value basis.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value. Fair value adjustments and realized gains and losses are recognized in the income statement.

The Group's financial assets at fair value through profit or loss include some quoted shares and money market funds which are considered as held for trading.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The amounts receivable are discounted if they are receivable beyond the current period and the effect of discounting is material. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Group's trade receivables are its premium receivables from insurance brokers as at the end of the reporting period.

Trade receivables arising from insurance contracts are stated after adjusting for premium outstanding from brokers for over 30 days.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity other than loans and receivables. Held-to-maturity investments comprise Government securities (Treasury Bills etc).

The investments are initially recognized at fair value plus transaction costs. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of the estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

iv) Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. Where financial instruments do not have a quoted market price in an active market and whose fair value cannot be reliably measured, the instruments are measured at cost less any impairment charges. The impairment charges are recognized in the statement of other comprehensive income.

5.3 Derecognition of financial assets

A financial asset is derecognised when:

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

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

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

5.4 Amortised cost

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

5.5 Impairment of non-financial assets

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

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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

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

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

The following criteria are also applied in assessing impairment of specific assets:

- The recoverable amount for the life insurance business has been determined based on a fair value less cost to sell calculation. The calculation requires the Group to make an estimate of the total of the adjusted net worth of the life insurance business plus the value of in-force covered business.
- New business contribution represents the present value of projected future distributable profits generated from business written in a period.
- Growth and discount rates used are suitable rates which reflect the risks of the underlying cash flows.

5.6 Fair value measurements

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

The techniques include:

- the use of recent arm's length transactions,
- reference to other instruments that are substantially the same,
- net asset value and
- discounted cash flow analysis

5.7 Impairment of financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in other comprehensive income, is transferred from equity to the income statement.

Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments classified at available-for-sale are reversed through the income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

5.8 Off-setting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amounts reported in the statement of financial position only when there are current and legally enforceable rights to offset the recognised amounts and there is an intention in each case to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

5.9 Trade receivables

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

5.10 Reinsurance assets

The Group cedes insurance risk in the normal course of business on the bases of treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance Companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

5.11 Deferred acquisition costs (DACs)

Incremental costs directly attributable to the acquisition of investment and insurance contracts with investment management services are capitalized to a Deferred Acquisition Cost(DAC) asset if they are separately identifiable, can be measured reliably and its probable that they will be recovered. DAC are amortized in the income statement over the term of the contracts as the related services are rendered and revenue recognized, which varies from year to year depending on the outstanding terms of the contracts in force. The DAC asset is tested for impairment bi annually and written down when it is not expected to be fully recovered.

5.12 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency 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 contract. 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 reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

5.13 Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Group's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

5.14 Investment property

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

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

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

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

5.15 Investment in associates

The Group's investment in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

AND ITS SUBSIDIARY COMPANY

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After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in an associate. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

5.16 Intangible assets

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

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

5.17 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.

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. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

- Building 50 years
- Furniture & Fittings 10 years
- Office Equipment 5 years
- Computer equipment 5 years
- Motor Vehicles 4 years
- Generating sets 5 years

Land is a component of property, plant and equipment but not subject to depreciation.

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

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

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

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Group classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts, based on periodic valuations by external independent valuers; less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

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

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value

5.18 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Group deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

5.19 Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

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At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed in accordance with requirement of IFRS on liability adequacy test to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums.

This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

- **Liability adequacy test**

At the end of the reporting period, liability adequacy tests are performed by an actuary to ensure the adequacy of the contractual liabilities net of related deferred acquisition cost assets (DAC). In performing these tests current best estimates of future contractual cash flows and claims handling and administrative expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests “the unexpired risk provision”.

- **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 benefits. However, there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. 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 money market 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, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

Recognition and Measurement of Annuity Premium and Claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

5.20 Investment contract liabilities

The Group’s investment contract business offers a range of savings products to suits group and individual customers’ long and short term investment needs. It comprises all types of contract, both with or without insurance risk, and with and without discretionary participation features.

The liability of the Group to the schemes is as determined by Actuarial valuation carried out annually, by Messrs HR Nigeria Limited. The details are as stated in note 19 to the financial statements.

5.21 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

5.22 Other payables and accruals

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

5.23 Financial liabilities

All financial liabilities are recognized initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognized at fair value and the transaction costs are expensed in the income statement. The Group financial liabilities include Daewoo bond, lease payables, trade and other payables. These are measured subsequently at amortized cost using the effective interest method. All interest related charges and, if applicable changes in an instrument's fair value that are reported in profit or loss are included within finance costs or income.

- **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

5.24 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Group at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

5.25 Employee retirement benefits

- **Retirement Benefit Obligations**

The Group operates a defined contribution scheme for qualifying employees. The Group contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers who may be chosen by the staff from time to time.

5.26 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

- **Group Income tax**

This is the amount of income tax payable on the taxable profit of the Group for the year determined in accordance with the Group Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

- **Education tax**

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

5.27 Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

5.28 Share capital and share premium.

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Matters Act (CAMA) CAP. C20 LFN, 2004.

5.29 Contingency reserves

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total premium written and 20% of the net profit until it reaches the amount of the minimum paid up capital.

5.30 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Group.

5.31 Gross premium income

Insurance premium revenue is received or receivable by the Group from in-force insurance contracts during the reporting period. In-force insurance contracts are those whose premiums have been collected by the Group, its intermediaries or collectible within 30 days of the reporting date. Premium revenue is recognized on the date on which the insurance policy commences. Gross premium income comprises the total premium written in a year after adjusting for unearned premiums.

- **Unearned premiums**

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

- **Reinsurance premium**

Reinsurance premiums are outward premiums due to reinsurance companies in accordance with the tenor of the reinsurance contract, after adjusting for the unexpired portion, as at the end of the period.

- **Net premium income**

The result of the gross premium income and reinsurance premium expenses is the net premium income accruing to the entity for the period.

5.32 Commission on reinsurance

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the amount of commission made by the Group. Commission on reinsurance is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

5.33 Investment income

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.

Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

5.34 Fees and other income

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

5.35 Realized/unrealized gains and losses

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

5.36 Underwriting and management expenses

Expenses are recognized in the Statement of profit or loss and other comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

- **Underwriting expenses**

These are acquisition costs and other underwriting expenses, which include commissions to brokers and other agents, business development costs and other technical expenses. The expenses are accounted for on accrual basis.

- **Brokers' and Agents' commissions**

The Group employs the services of brokers in marketing its insurance policies. Commissions paid to the brokers are charged against revenue as underwriting expenses.

5.37 Benefits and claims expenses

- **Gross benefits and claims**

Gross benefits and claims for insurance contracts are included in the cost of all claims incurred during the period including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance liabilities. Claims are recorded on the basis of notifications received.

- **Reinsurance claims recoveries**

Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

- **Salvage and subrogation reimbursements**

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

5.38 Underwriting and management expenses

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

AND ITS SUBSIDIARY COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Group's expenses are recognized in the statement of profit or loss on the following basis:

- As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;
- Common expenses, which are those other than the directly attributable expenses but excluding brokers/ agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Group Life and Individual life on the basis of gross premium written in the year.

Brokers/ Agents' commissions and allowances

The Group employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Group employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

- **Net claims expenses**

The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

5.39 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

5.40 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

5.41 Conversion of foreign currencies

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

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

5.42 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Group. The operating segments are based on the Group's management and internal operating structure. The directors consider the Group to comprise three business segments: Group life assurance segment, Individual life assurance segment and Investments management or savings links segment.

5.43 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

5.44 Events after the statement of financial position date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

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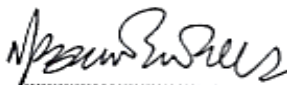
		Group	Restated Group	Company	Restated Company
		2016	2015	2016	2015
	NOTES	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	6	485,013	734,315	347,097	147,234
Financial Assets:					
- At fair value through profit or loss	7.1	29,303	36,395	14,903	18,365
- Loans and receivables	7.2	84,095	80,224	4,323	12,629
- Available for sale investment	7.3	342,674	433,948	342,674	433,948
- Held to maturity	7.4	314,678	583,551	228,738	583,551
Reinsurance assets	8	955,467	1,032,984	475,048	492,673
Trade receivables	9	16,340	49,994	16,340	49,994
Other receivables and prepayments	10	44,294	65,074	22,510	28,117
Deferred acquisition costs	11	117,910	131,238	86,885	108,199
Investment in subsidiary company	12.1	-	-	277,673	406,728
Non current assets held for sale	13	-	1,890,433	-	1,890,433
Investment property	14	3,824,589	3,304,563	1,300,000	1,150,000
Intangible assets	15	13,480	11,757	7,230	8,241
Property, plant and equipment	16	6,257,177	2,897,893	6,178,413	2,770,510
Statutory deposit	17	535,000	535,000	335,000	335,000
TOTAL ASSETS		13,020,020	11,787,369	9,636,834	8,435,622
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	18	5,022,163	4,404,741	2,443,530	2,226,847
Investment contract liabilities	19	590,676	630,239	-	-
Trade payables	20	75,670	157,331	15,632	75,986
Other payables and accruals	21	538,464	469,627	757,737	516,749
Borrowings	22	1,269,650	795,918	1,269,650	795,918
Finance lease obligations	23	80,676	136,698	66,998	111,800
Income tax liabilities	24	204,136	214,013	171,316	170,561
Deferred tax liabilities	25	586,662	382,004	563,191	361,291
TOTAL LIABILITIES		8,368,097	7,190,571	5,288,054	4,259,152
SHAREHOLDERS' EQUITY					
Share capital	26	5,996,587	5,996,587	5,996,587	5,996,587
Share premium	27	7,667,475	7,667,475	7,667,475	7,667,475
Contingency reserves	28	1,505,600	1,411,579	1,461,555	1,386,196
Accumulated loss	29	(13,870,648)	(12,552,146)	(13,853,338)	(12,553,495)
Revaluation reserves	30	3,076,501	1,616,101	3,076,501	1,616,101
Fair value reserves	31	-	63,606	-	63,606
Total equity attributable to the owners of the parent		4,375,515	4,203,202	4,348,780	4,176,469
Non-controlling interest in equity	32	276,408	393,596	-	-
TOTAL EQUITY		4,651,923	4,596,798	4,348,780	4,176,469
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,020,020	11,787,369	9,636,834	8,435,622

The financial statements were approved by the Board of Directors on 31 March 2017 and signed on its behalf by:



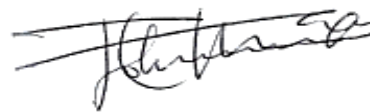
Mr. Ife-Olorun Ajayi
Chief Finance Officer

FRC/2013/ICAN/00000001103



Mr. Bode Akinboye
Chief Executive Officer

FRC/2013/ICAN/00000005139



Mr. Johnson Chukwu
Chairman

FRC/2013/ICAN/00000003920

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		Group	Group	Company	Restated Company
	NOTE	2016	2015	2016	2015
		N'000	N'000	N'000	N'000
Gross premium written	33	4,378,185	5,235,571	2,511,965	2,956,271
Unearned premium	33	(37,763)	190,614	(7,998)	113,843
Gross premium income		4,340,422	5,426,185	2,503,967	3,070,114
Reinsurance expenses	34	(692,015)	(853,396)	(495,787)	(602,574)
Net premium income		3,648,407	4,572,789	2,008,180	2,467,540
Commission income	35	118,816	341,341	37,340	52,044
Net underwriting income		3,767,223	4,914,130	2,045,520	2,519,584
Claims expenses (net)	36	(1,436,046)	(1,718,166)	(851,594)	(777,410)
Changes in investment contract liabilities		(392,339)	(323,895)	-	-
Underwriting expenses	37	(1,666,991)	(1,638,071)	(517,501)	(599,154)
Total underwriting expenses		(3,495,376)	(3,680,132)	(1,369,095)	(1,376,564)
Underwriting profit		271,847	1,233,998	676,425	1,143,020
Investment and other income	38	288,475	313,325	222,255	197,132
Loss on investment contract liabilities	39	(158,374)	(103,340)	-	-
Management expenses	40	(1,515,825)	(1,484,138)	(1,426,478)	(1,323,958)
Finance charges	41	(189,904)	(286,350)	(185,898)	(263,349)
Write back on other assets	42	-	858,611	-	945,216
Fair value loss on financial assets	7.5	(45,860)	(18,317)	(42,230)	(16,072)
Gain on disposal of financial assets	7.3.4	-	153,765	-	153,765
Fair value gain on investment properties	14.2	520,026	394,000	150,000	65,000
Loss on disposal of investment properties	14.1	-	(125,000)	-	(125,000)
Foreign exchange loss	22.1	(385,289)	(117,514)	(385,289)	(117,514)
Share of loss/ profit of subsidiary		-	-	(129,055)	55,627
(Loss)/profit before taxation		(1,214,904)	819,040	(1,120,270)	713,867
Income tax	24	(126,765)	68,441	(104,214)	96,371
(Loss)/profit after taxation		(1,341,669)	887,481	(1,224,484)	810,238
Other comprehensive income					
Item that are or may be reclassified to profit or loss:					
Fair value loss on financial assets	31	(63,606)	(436,930)	(63,606)	(436,930)
Items that will be classified to profit or loss:					
Revaluation surplus on building	30	1,460,400	501,583	1,460,400	501,583
Total comprehensive income for the year		55,125	952,134	172,310	874,891
(Loss)/profit attributable to:					
Owners of equity		(1,224,481)	836,970	(1,224,484)	810,238
Non controlling interest	32	(117,188)	50,511	-	-
		(1,341,669)	887,481	(1,224,484)	810,238
(Loss)/profit per share : Basic/diluted		(10.13)	6.83	(9.34)	5.95

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

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STATEMENT OF CHANGES IN EQUITY								Non	
YEAR ENDED 31 DECEMBER 2016									
Group	Share Capital N'000	Share Premium N'000	Contingency Reserves N'000	Retained Earnings N'000	Revaluation Reserves N'000	Fair value Reserves N'000	Controlling Total N'000	Interest N'000	Total N'000
Balance 1 January, 2015	5,996,587	7,667,475	1,243,423	(13,220,960)	1,114,518	500,536	3,301,579	343,085	3,644,664
Total comprehensive income for the year:									
Profit for the year	-	-	-	836,970	-	-	836,970	50,511	887,481
Transfer to contingency reserve (Note 28)	-	-	168,156	(168,156)	-	-	-	-	-
Other comprehensive income:									
Revaluation surplus on building (Note 30)	-	-	-	-	501,583	-	501,583	-	501,583
Fair value loss on quoted shares - Available for sale(Note 31)	-	-	-	-	-	(436,930)	(436,930)	-	(436,930)
Total comprehensive income for the year	-	-	168,156	668,814	501,583	(436,930)	901,623	50,511	952,134
Transactions with owners recorded directly in equity									
Contributions by and distribution to owners									
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance 31 December, 2015	5,996,587	7,667,475	1,411,579	(12,552,146)	1,616,101	63,606	4,203,202	393,596	4,596,798
Balance 1 January, 2016	5,996,587	7,667,475	1,411,579	(12,552,146)	1,616,101	63,606	4,203,202	393,596	4,596,798
Total comprehensive income for the year:									
Loss for the year	-	-	-	(1,224,481)	-	-	(1,224,481)	(117,188)	(1,341,669)
Transfer to contingency reserve (Note 28)	-	-	94,021	(94,021)	-	-	-	-	-
Other comprehensive income:									
Revaluation surplus on building (Note 30)	-	-	-	-	1,460,400	-	1,460,400	-	1,460,400
Fair value loss on quoted shares - Available for sale(Note 31)	-	-	-	-	-	(63,606)	(63,606)	-	(63,606)
Total comprehensive income for the year	-	-	94,021	(1,318,502)	1,460,400	(63,606)	172,313	(117,188)	55,125
Transactions with owners recorded directly in equity									
Contributions by and distribution to owners									
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance 31 December, 2016	5,996,587	7,667,475	1,505,600	(13,870,648)	3,076,501	-	4,375,515	276,408	4,651,923

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

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Company	Share Capital N'000	Share Premium N'000	Contingency Reserves N'000	Retained Earnings N'000	Revaluation Reserves N'000	Fair value Reserves N'000	Total N'000
Balance 1 January, 2015	5,996,587	7,667,475	1,243,423	(13,220,960)	1,114,518	500,536	3,301,579
Total comprehensive income for the year:							
Profit for the year	-	-	-	810,238	-	-	810,238
Transfer to contingency reserve (Note 28)	-	-	142,773	(142,773)	-	-	(0)
Other comprehensive income:							
Revaluation surplus on building (Note 30)	-	-	-	-	501,583	-	501,583
Fair value loss on quoted shares - Available for sale(Note 31)	-	-	-	-	-	(436,930)	(436,930)
Total comprehensive income for the year	-	-	142,773	667,465	501,583	(436,930)	874,890
Transactions with owners recorded directly in equity							
Contributions by and distribution to owners							
Dividends to equity holders	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance 31 December, 2015	5,996,587	7,667,475	1,386,196	(12,553,495)	1,616,101	63,606	4,176,469
Composite							
Balance 1 January, 2016	5,996,587	7,667,475	1,386,196	(12,553,495)	1,616,101	63,606	4,176,469
Total comprehensive income for the year:							
Loss for the year	-	-	-	(1,224,484)	-	-	(1,224,484)
Transfer to contingency reserve (Note 28)	-	-	75,359	(75,359)	-	-	-
Other comprehensive income:							
Revaluation surplus on building (Note 30)	-	-	-	-	1,460,400	-	1,460,400
Fair value loss on quoted shares - Available for sale(Note 31)	-	-	-	-	-	(63,606)	(63,606)
Total comprehensive income for the year	-	-	75,359	(1,299,843)	1,460,400	(63,606)	172,310
Transactions with owners recorded directly in equity							
Contributions by and distribution to owners							
Dividends to equity holders	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance 31 December, 2016	5,996,587	7,667,475	1,461,555	(13,853,338)	3,076,501	-	4,348,780

**STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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		Group	Group	Company	Company
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
Cash flows from operating activities	NOTES				
Premium received from policy holders	45	4,411,839	5,807,248	2,545,619	3,052,766
Cash received on investment contract	19	1,321,679	1,278,175	-	-
Interest received on investments	38	100,444	149,132	61,587	86,103
Interest on treasury bills	38	6,138	-	3,738	-
Other income	38	14,175	12,469	7,892	10,487
Claims paid	18.2.1	(1,531,907)	(2,139,516)	(700,794)	(886,558)
Claims recovered	36	283,130	359,586	57,864	47,384
Fees and commission	35	95,974	338,141	37,340	52,044
Cash payments for reinsurance		(548,688)	(853,396)	(527,381)	(602,574)
Brokers/Agents commissions and allowances	37	(672,823)	(867,072)	(291,849)	(381,412)
Cash payments to employees, suppliers and others		(1,957,352)	(2,085,408)	(1,106,514)	(1,077,314)
Loans against policy	7.2.1b	(15,448)	(5,143)	-	-
Cash withdrawals on investment contract	19	(1,739,759)	(1,551,036)	-	-
		(232,597)	443,180	87,502	300,926
Taxes paid: Income tax	24	(94,251)	(67,353)	(63,826)	(67,353)
VAT		(2,986)	(3,498)	-	-
Net cash (used in)/ generated from operating activities		(329,834)	372,329	23,676	233,573
Cash flows from investing activities					
Purchase of Property, plant and equipment	16	(44,211)	(154,859)	(41,206)	(114,290)
Purchase of Intangible assets	15	(15,000)	(3,620)	(7,500)	(3,620)
Investment in financial assets through profit or loss	7.1	(100)	-	(100)	-
Decrease/(increase) in held to maturity financial assets	7.4.1	275,010	(583,551)	354,813	(583,551)
Proceeds from sale of Property, plant and equipment		3,750	1,218	2,830	1,218
Proceeds from sale of financial assets through profit or loss	7.1.1	-	40,584	-	40,584
Proceeds from sale of available for sales financial assets	7.3.1	-	164,093	-	164,093
Proceeds from sales of investment property	14.1	-	210,000	-	210,000
Rent from investment properties	21.1	17,816	49,569	9,016	33,821
Dividend received	38	750	22,393	591	15,881
Income on investment in Blueberry projects	38	11,000	-	11,000	-
Acquisition of interest in Blueberry project	7.3.3	(11,000)	(75,328)	(11,000)	(75,328)
Net cash generated from/ (used in) investing activities		238,015	(329,501)	318,444	(311,192)
Cash flows from financing activities					
Finance charges	41	(45,399)	(286,350)	(41,393)	(263,349)
Repayment of Daewoo loan	22.1	-	(248,476)	-	(248,476)
Repayment of term loan	22.2	(56,062)	(43,950)	(56,062)	(43,950)
Lease financing (net)	23	(56,022)	94,578	(44,802)	79,392
Net Cash outflow from financing activities		(157,483)	(484,198)	(142,257)	(476,383)
Net (decrease)/increase in cash and cash equivalents		(249,302)	(441,370)	199,863	(554,002)
Cash and cash equivalents at the beginning of the year		734,315	1,175,685	147,234	701,236
Cash and cash equivalents at the end of the year		485,013	734,315	347,097	147,234
Cash and cash equivalent comprise:					
Cash in hand		2,183	1,500	2,042	1,500
Current Bank accounts balances		281,172	236,870	209,830	66,021
Short term deposits - Local banks		201,658	495,945	135,225	79,713
		485,013	734,315	347,097	147,234

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
6 Cash and cash equivalents				
Cash in hand	2,183	1,500	2,042	1,500
Bank balances	281,172	236,870	209,830	66,021
Short term deposits	201,658	495,945	135,225	79,713
	<u>485,013</u>	<u>734,315</u>	<u>347,097</u>	<u>147,234</u>

Included in short term deposits is a sum of N2,476,007(2015: N2,383,000) being unclaimed dividends returned by First Registrars as instructed by Securities and Exchange Commission. This amount is included in other payables and accruals (Note 21).

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company.

Treasury bill which was classified as part of cash and cash equivalent in the year 2015 has been reclassified in the year 2016 as financial assets

7 Financial assets	N'000	N'000	N'000	N'000
At fair value through profit or loss (FVTPL) (Note 7.1)	29,303	36,395	14,903	18,365
Loans and receivables (Note 7.2)	84,095	80,224	4,323	12,629
Available for sale investment (Note 7.3)	342,674	433,948	342,674	433,948
Held to maturity investment (Note 7.4)	314,678	583,551	228,738	583,551
	<u>770,750</u>	<u>1,134,118</u>	<u>590,638</u>	<u>1,048,493</u>
7.1 Financial assets at fair value through profit or loss				
Quoted investments	N'000	N'000	N'000	N'000
Cost	391,859	416,371	309,921	334,433
Additions	100	-	100	-
Disposals	-	(24,512)	-	(24,512)
Fair value changes (Note 7.1.2)	(362,656)	(355,464)	(295,118)	(291,556)
Market Value	<u>29,303</u>	<u>36,395</u>	<u>14,903</u>	<u>18,365</u>
7.1.1 The disposal is further analysed thus:	N'000	N'000	N'000	N'000
Cost of investment disposed	-	(24,512)	-	(24,512)
Proceeds on investment disposed	-	40,584	-	40,584
Gain on investment disposed	<u>-</u>	<u>16,072</u>	<u>-</u>	<u>16,072</u>
7.1.2 The fair value changes are further analysed thus:	N'000	N'000	N'000	N'000
At 1 January	(355,464)	(337,147)	(291,556)	(275,484)
Increase in fair value losses	(7,192)	(18,317)	(3,562)	(16,072)
At 31 December	<u>(362,656)</u>	<u>(355,464)</u>	<u>(295,118)</u>	<u>(291,556)</u>
7.1.3 Analysis of the fair value of the Company's investments in listed entities is shown below:				
	N'000	N'000	N'000	N'000
ABC Transport Plc	5,173	5,174	5,174	5,174
Africa Prudential Registrars Plc	27	22	-	-
Larfarge	1,850	4,003	-	-
Cornerstone Insurance Plc	175	175	-	-
Dangote Sugar Refineries Plc	1,833	1,809	-	-
Dangote Flour Mills Plc	128	34	1,832	1,809
Diamond Bank Plc	264	690	264	690
Ecobank Transnational Plc	136	192	66	108
First City Monument Bank Plc	2,089	3,209	1,760	2,704
Fidelity Bank Plc	2,007	3,584	2,007	3,584

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
First Bank of Nigeria Limited	3,269	5,006	1,451	2,222
Guaranty Trust Bank Plc	1,081	795	-	-
Nigerian Aviation Handling Company	1,642	1,965	-	-
OANDO	181	227	-	-
Skye Bank Plc	551	1,742	158	498
Standard Alliance Insurance Plc	2,853	2,853	-	-
UBA Capital	97	46	-	-
United Bank for Africa Plc	3,661	2,786	2,066	1,551
Halal lotus capital	100	-	100	-
WAPIC Insurance Plc	25	25	25	25
Zenith Bank Plc	2,161	2,058	-	-
	<u>29,303</u>	<u>36,395</u>	<u>14,903</u>	<u>18,418</u>
7.2 Loans and receivables	N'000	N'000	N'000	N'000
Loans against policies (Note 7.2.1a)	78,623	63,175	-	-
Standard Alliance Properties Limited (Note 7.2.1c)	-	-	-	-
Staff debtors	5,472	17,049	4,323	12,629
	<u>84,095</u>	<u>80,224</u>	<u>4,323</u>	<u>12,629</u>
7.2.1a Loans against policies				
The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans. The details of the				
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
GSL policy loan	16,802	15,171	-	-
Standard Life Accumulator Scheme	3,175	3,175	-	-
Special Personel Policy	3,993	3,417	-	-
Flexible Assurance scheme	113	-	-	-
Personal Providence Plan	42,527	36,412	-	-
Annuity Policy Loan	6,653	-	-	-
Deposit Link Assurance	5,000	5,000	-	-
Agency loan	360	-	-	-
	<u>78,623</u>	<u>63,175</u>	<u>-</u>	<u>-</u>
7.2.1b Movement in loan against policy	N'000	N'000	N'000	N'000
At 1 January	63,175	58,032	-	-
Addition during the year	15,448	5,143	-	-
At 31 December	<u>78,623</u>	<u>63,175</u>	<u>-</u>	<u>-</u>
7.2.1c Standard Alliance Properties Limited	N'000	N'000	N'000	N'000
Balance, beginning of the year	-	1,890,433	-	1,890,433
Interest income for the year	-	-	-	-
	<u>-</u>	<u>1,890,433</u>	<u>-</u>	<u>1,890,433</u>
Acquisition of properties as repayment (Note 13)	-	(1,890,433)	-	(1,890,433)
Balance, end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Standard Alliance Properties Limited transferred a warehouse at Lekki, a land at Abuja and a bare site at Lekki valued at N500million, N950million and N440.433million respectively to Standard Alliance Insurance Plc in the year 2015 in full repayment of the loan. These properties were classified as Non-current assets held for sale and subsequently reclassified to property, plant and equipment.

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Impairment provision				
At 1 January	-	945,216	-	945,216
Write back of provision for impairment (Note 42)	-	(945,216)	-	(945,216)
At 31 December	-	-	-	-
7.3 Available for sale financial assets	N'000	N'000	N'000	N'000
Quoted shares in Transcorp Plc (Note 7.3.1)	154,046	256,320	154,046	256,320
Lagoon Homes Saving & Loans Ltd (Note 7.3.2)	-	-	-	-
Investment in Blueberry Project (Note 7.3.3)	188,628	177,628	188,628	177,628
	<u>342,674</u>	<u>433,948</u>	<u>342,674</u>	<u>433,948</u>
7.3.1 Investment in quoted shares (Transcorp Plc)	N'000	N'000	N'000	N'000
Balance, beginning of the year	120,835	147,235	120,835	147,235
Disposal during the year	-	(26,400)	-	(26,400)
Balance, end of the year	120,835	120,835	120,835	120,835
Fair value gain	33,211	135,485	33,211	135,485
Market value	<u>154,046</u>	<u>256,320</u>	<u>154,046</u>	<u>256,320</u>
Disposal during the year	N'000	N'000	N'000	N'000
Cost at the beginning of the year	-	171,600	-	171,600
Write back of fair value gain on disposal	-	(145,200)	-	(145,200)
	-	26,400	-	26,400
Proceeds on investment disposed	-	(164,093)	-	(164,093)
Gain on investment disposed	-	(137,693)	-	(137,693)
Fair value charges are further analysed as follows:	N'000	N'000	N'000	N'000
At 1 January	135,485	572,415	135,485	572,415
Fair value realised loss on disposal	-	(145,200)	-	(145,200)
Fair value loss during the year written off to fair value reserves (Note 7.3.3)	(63,606)	(291,730)	(63,606)	(291,730)
Impairment of available for sales financial assets	(38,668)	-	(38,668)	-
At 31 December	<u>33,211</u>	<u>135,485</u>	<u>33,211</u>	<u>135,485</u>
7.3.2 Lagoon Home Savings and Loans Limited	N'000	N'000	N'000	N'000
5% 5 year Redeemable preference share	162,848	162,848	162,848	162,848
Impairment provision	<u>(162,848)</u>	<u>(162,848)</u>	<u>(162,848)</u>	<u>(162,848)</u>
	-	-	-	-

Standard Alliance Insurance Plc converted its term deposit and current accounts balances with Lagoon Homes Savings and Loans Limited to a 5% 5 years preference shares holding in the financial institution in the year 2013.

	N'000	N'000	N'000	N'000
Impairment provision				
At 1 January	162,848	162,848	162,848	162,848
Impairment allowance for the year	-	-	-	-
At 31 December	<u>162,848</u>	<u>162,848</u>	<u>162,848</u>	<u>162,848</u>

During the year 2014, the investment in Lagoon Homes was fully impaired due to withdrawal of its licence by the Central Bank of Nigeria and subsequent takeover by the NDIC.

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
7.3.3 Investment in Blueberry Technology Solutions Limited				
Balance, beginning of the year	177,628	102,300	177,628	102,300
Additions during the year	11,000	75,328	11,000	75,328
Balance, end of the year	<u>188,628</u>	<u>177,628</u>	<u>188,628</u>	<u>177,628</u>
This represents the Company's investment in Blueberry Technology Solutions Limited under a joint venture arrangement for the provision of Electronic National Drivers' and Vehicles Identification System (ENDVIS) for the Kaduna State Government. Under the terms of agreement investment is expected to be recovered within a period of 5 years and revenue from the project is to be shared by the parties. Total income accruing from the investment in 2016 was N11,000,000 (2015: Nil)				
7.3.4 Gain on disposal of financial assets	N'000	N'000	N'000	N'000
Gain on disposal of Financial assets at FVTPL (Note 7.1.1)	-	16,072	-	16,072
Gain on disposal of Available for sale investment (Note 7.3.1)	-	137,693	-	137,693
	<u>-</u>	<u>153,765</u>	<u>-</u>	<u>153,765</u>
7.4 Held to maturity financial assets	N'000	N'000	N'000	N'000
Treasury bills	<u>314,678</u>	<u>583,551</u>	<u>228,738</u>	<u>583,551</u>
Held to maturity financial assets refers to the Company's investment in treasury bill which have a tenor of 182days fair valued at a discounted rate of 14%. The investment was placed on 23 November 2016 and will mature by 22 May 2017. The outstanding maturity period as at 31 December 2016 is 141days				
7.4.1 Movement in held to maturity financial assets	N'000	N'000	N'000	N'000
At 1 January	583,551	-	583,551	-
Additions during the year	-	583,551	-	583,551
Liquidation during the year	(275,010)	-	(358,551)	-
Interest during the year (Note 37)	6,137	-	3,738	-
At 31 December	<u>314,678</u>	<u>583,551</u>	<u>228,738</u>	<u>583,551</u>
7.5 Fair value loss on financial assets	N'000	N'000	N'000	N'000
Financial assets at fair value through profit or loss	7,192	18,317	3,562	16,072
Available for sale financial assets - Transcorp Plc	38,668	-	38,668	-
	<u>45,860</u>	<u>18,317</u>	<u>42,230</u>	<u>16,072</u>
8 Reinsurance assets	N'000	N'000	N'000	N'000
Claims recoverable;				
- Non - life business	379,304	368,169	379,304	368,169
- Life business	392,821	382,259	-	-
	<u>772,125</u>	<u>750,428</u>	<u>379,304</u>	<u>368,169</u>
Deferred reinsurance cost				
- Non - life business	95,744	124,504	95,744	124,504
- Life business	87,598	158,052	-	-
	<u>183,342</u>	<u>282,556</u>	<u>95,744</u>	<u>124,504</u>
Total reinsurance assets	<u>955,467</u>	<u>1,032,984</u>	<u>475,048</u>	<u>492,673</u>
This represents amount recoverable from reinsurers in respect of claims incurred and reinsurance premium paid of which risk has not expired.				
8.1 Movement in deferred reinsurance cost	N'000	N'000	N'000	N'000
At 1 January	282,556	390,044	124,504	191,115
Additions during the year	467,027	745,908	467,027	535,963
Amortisation during the year	(566,241)	(853,396)	(495,787)	(602,574)
At 31 December	<u>183,342</u>	<u>282,556</u>	<u>95,744</u>	<u>124,504</u>
The reinsurance assets are of current maturity.				
9 Trade receivables	N'000	N'000	N'000	N'000
Amount due from Insurance Brokers	<u>16,340</u>	<u>49,994</u>	<u>16,340</u>	<u>49,994</u>
Age analysis	N'000	N'000	N'000	N'000
0-90 days	16,340	49,994	16,340	49,994
91-180 days	-	-	-	-
	<u>16,340</u>	<u>49,994</u>	<u>16,340</u>	<u>49,994</u>
The balance of N16,339,558 due from insurance brokers has been fully received subsequent to year				
10 Other receivables and prepayments	N'000	N'000	N'000	N'000
Prepayments	12,062	35,804	3,743	12,003
Interest receivable	31,576	28,614	18,767	16,114
Deposit for quoted shares (Note 10.1)	656	656	-	-
	<u>44,294</u>	<u>65,074</u>	<u>22,510</u>	<u>28,117</u>
10.1 Deposit for quoted shares represents the Company's subscription for right issues in Access Bank which are yet to be allotted.				

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
11 Deferred acquisition costs				
Motor	23,058	21,848	23,058	21,848
Aviation	959	170	959	170
Engineering	5,190	8,192	5,190	8,192
Fire	27,028	19,774	27,028	19,774
General Accident	13,968	31,239	13,968	31,239
Marine	7,545	17,026	7,545	17,026
Bond	5,943	5,791	5,943	5,791
Oil & Gas	3,194	4,159	3,194	4,159
Life businesses	31,025	23,039	-	-
	<u>117,910</u>	<u>131,238</u>	<u>86,885</u>	<u>108,199</u>
The movement in deferred acquisition cost is:	N'000	N'000	N'000	N'000
At 1 January	131,238	125,904	108,199	96,442
Additions during the year	385,360	872,406	270,535	440,173
Amortisation for the year	(398,688)	(867,072)	(291,849)	(428,416)
At 31 December	<u>117,910</u>	<u>131,238</u>	<u>86,885</u>	<u>108,199</u>
12 Investment in related companies				
The Company has equity investments in the following entities:				
12.1 Investment in Subsidiary			N'000	N'000
Standard Alliance Life Assurance Limited (52.41%)			<u>277,673</u>	<u>406,728</u>
Approval was obtained from both the Securities and Exchange Commission (SEC) and the National Insurance Commission (NAICOM) in 2016 for the merger with the subsidiary. Subsequent to Statement of Financial Position date, court sanction of the merger was obtained.				
12.2 Investment in associates				
Standard Alliance Life Assurance Limited (47.41%)				
The investments are accounted for using the equity method and further details of the investments				
12.2.1 Standard Alliance Life Assurance Limited			N'000	N'000
Cost			1,938,497	1,905,000
Additions during the year			-	33,497
Share of post acquisition reserve (Note 12.3)			(1,660,824)	(1,531,769)
			<u>277,673</u>	<u>406,728</u>
12.3 Share of post acquisition profit or losses				
Standard Alliance Life Assurance Limited			N'000	N'000
At 1 January			(1,531,769)	(1,587,396)
Share of current year (loss)/profit(Note 12.3)			(129,055)	55,627
At 31 December			<u>(1,660,824)</u>	<u>(1,531,769)</u>

			2016 N'000	2015 N'000
12.4	Summary of financial statements of Associates:			
	Standard Alliance Life Assurance Limited			
	Property, plant and equipment		78,765	127,383
	Investment property		2,524,589	2,154,563
	Other assets		1,412,347	1,490,423
	Liabilities		(3,434,887)	(3,098,605)
	Net assets		580,814	673,764
	Revenue		1,836,455	2,356,071
	(Loss)/profit before taxation		(233,692)	134,069
	(Loss)/profit after taxation		(246,243)	106,139
	52.41% thereof		(129,055)	55,627
13	Non current assets held for sale	N'000	N'000	N'000
	Cost at 1 January	1,890,433	-	1,890,433
	Additions during the year (Note 7.2.1c)	-	1,890,433	-
	Transfer to property, plant and equipment (Note 16)	(1,890,433)	-	(1,890,433)
	At 31 December	-	1,890,433	-
	These comprise the following properties:	N'000	N'000	N'000
	1. Warehouse, Oreki Village, Ibeju Lekki	500,000	500,000	500,000
	2. Land along Airport Road, Lugbe, Abuja,	950,000	950,000	950,000
	3. Bare site, shapati village, ibeju Lekki	440,433	440,433	440,433
		1,890,433	1,890,433	1,890,433
	All properties are intended for sale by the Company in the short term.			
	Non current assets held for resale represents properties recovered from Standard Alliance Properties Limited in full repayment of the loan which were previously classified as loans and receivables. These have been transferred to property, plant and equipment during the year.			
14	Investment Properties	N'000	N'000	N'000
	Cost at 1 January	2,177,001	2,527,001	1,085,000
	Disposal during the year	-	(350,000)	-
	Cost at 31 December	2,177,001	2,177,001	1,085,000
	Fair value gain (Note 14.2)	1,647,588	1,127,562	215,000
	Market value	3,824,589	3,304,563	1,300,000

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
14.1 Loss on disposal of investment properties				
Cost	-	350,000	-	350,000
Disposal expenses	-	5,000	-	5,000
	-	355,000	-	355,000
Fair value loss written back (Note 14.2)	-	(20,000)	-	(20,000)
Market value	-	335,000	-	335,000
Proceeds from sale of investment properties	-	(210,000)	-	(210,000)
Loss on disposal	-	125,000	-	125,000

The Company's investment properties are properties held to earn rentals or capital appreciation or both. A sum of N18.3million naira was earned as rentals from investment properties during the year.

The transfer documents on the 250 hectares of land at Mydumbi Village, Kaduna valued at N40 million has been fully executed but issues relating to consent and ownership have not been perfected. The Twin Duplex located at Parkview Estate, Ikoyi-Lagos, valued at N330 million was disposed during the year 2015.

14.2 Movement in fair value gain	N'000	N'000	N'000	N'000
At 1 January	1,127,562	713,562	65,000	(20,000)
Gain for the year	520,026	394,000	150,000	65,000
Write back on disposal	-	20,000	-	20,000
At 31 December	1,647,588	1,127,562	215,000	65,000
Fair value of investment properties are stated below:	Cost	Valuation	Cost	Valuation
250 hectares of farmland at Mydumbi Village, Kaduna-Zaria Road, Kaduna	N'000	N'000	N'000	N'000
	40,000	50,000	40,000	100,000
Twin Duplex, Parkview Estate, Ikoyi-Lagos	-	-	-	-
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	1,200,000	1,045,000	1,200,000
The 10 units of 2 Bedroom Terrace houses and a wing of 4 bedroom duplex, Lekki, Lagos	302,105	495,000	-	-
The six (6) storey lettable office complex - Ebute Mett	201,301	599,589	-	-
The 6 bedroom detached house, Asokoro-Abuja	268,595	850,000	-	-
Abuja plot of land, Cadasral Zone	320,000	580,000	-	-
	2,177,001	3,774,589	1,085,000	1,300,000

15 Intangible assets				
Computer software				
Cost	N'000	N'000	N'000	N'000
At 1 January	136,548	132,928	43,432	39,812
Additions	15,000	3,620	7,500	3,620
Write off	(136,548)	-	(43,432)	-
At 31 December	15,000	136,548	7,500	43,432
Amortisation	N'000	N'000	N'000	N'000
At 1 January	124,791	103,103	35,191	32,126
Amortisation for the year	7,175	21,688	3,259	3,065
Write off	(130,446)	-	(38,180)	-
At 31 December	1,520	124,791	270	35,191
Carrying amount at 31 December	13,480	11,757	7,230	8,241

The intangible asset relates to the Company's accounting software packages (Turnquest) bought from Turnkey Africa, a Company registered in Nairobi, Kenya. The Turnquest was replaced in 2016 with GIBS, an underwriting solution software bought from Intteck Global systems. The carrying amount of the former software(Turnquest) which is no longer being used by the Company has been derecognised from the Company's book during the year.

	Land	Building	Motor vehicles	Furniture and fittings	Computer and other equipment	Total
<u>Cost</u>	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	290,000	1,923,500	750,138	219,786	425,258	3,608,682
Additions	-	-	122,874	4,514	27,471	154,859
Transfer to accumulated depreciation on revaluation	-	(157,314)	-	-	-	(157,314)
Revaluation surplus	165,000	392,314	-	-	-	557,314
Disposals	-	-	(13,800)	-	(590)	(14,390)
At 31 December 2015	455,000	2,158,500	859,212	224,300	452,139	4,149,151
At 1 January 2016	455,000	2,158,500	859,212	224,300	452,139	4,149,151
Additions	-	-	39,710	1,077	3,424	44,211
Transfer from non current assets held for sales (Note 13)	1,390,433	500,000	-	-	-	1,890,433
Transfer to accumulated depreciation on revaluation	-	(53,100)	-	-	-	(53,100)
Revaluation surplus (Note 30)	645,000	977,666	-	-	-	1,622,666
Disposals	-	-	(55,573)	-	-	(55,573)
Write off	-	-	-	-	(3,982)	(3,982)
At 31 December 2016	2,490,433	3,583,066	843,349	225,377	451,581	7,593,806
<u>Accumulated depreciation and impairment</u>						
At 1 January 2015	-	119,071	641,073	131,086	345,283	1,236,513
Charge for the year	-	38,476	96,214	19,180	31,650	185,520
On disposals	-	-	(13,344)	-	(117)	(13,461)
Transfer to accumulated depreciation to cost	-	(157,314)	-	-	-	(157,314)
At 31 December 2015	-	233	723,943	150,266	376,816	1,251,258
At 1 January 2016	-	233	723,943	150,266	376,816	1,251,258
Charge for the year	-	53,170	91,423	19,281	30,170	194,044
On disposals	-	-	(55,573)	-	-	(55,573)
Transfer to accumulated depreciation to cost	-	(53,100)	-	-	-	(53,100)
At 31 December 2016	-	303	759,793	169,547	406,986	1,336,629
<u>Carrying amounts as at:</u>						
31 December 2015	455,000	2,158,267	135,269	74,034	75,323	2,897,893
31 December 2016	2,490,433	3,582,763	83,556	55,830	44,595	6,257,177

	Land	Building	Motor vehicles	Furniture and fittings	Computer and other equipment	Total
<u>Cost</u>	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	290,000	1,920,000	422,663	128,068	253,992	3,014,723
Additions	-	-	85,720	3,457	25,113	114,290
Transfer to accumulated depreciation on revaluation	-	(157,314)	-	-	-	(157,314)
Revaluation surplus	165,000	392,314	-	-	-	557,314
Disposals	-	-	(13,800)	-	(590)	(14,390)
At 31 December 2015	455,000	2,155,000	494,583	131,525	278,515	3,514,623
At 1 January 2016	455,000	2,155,000	494,583	131,525	278,515	3,514,623
Additions	-	-	39,710	507	989	41,206
Transfer from non current assets held for sales (Note 13)	1,390,433	500,000	-	-	-	1,890,433
Transfer to accumulated depreciation on revaluation	-	(53,100)	-	-	-	(53,100)
Revaluation surplus (Note 30)	645,000	977,667	-	-	-	1,622,667
Disposals	-	-	(26,769)	-	-	(26,769)
Write off	-	-	-	-	(3,982)	(3,982)
At 31 December 2016	2,490,433	3,579,567	507,524	132,032	275,522	6,985,078
<u>Accumulated depreciation and impairment</u>						
At 1 January 2015	-	118,908	383,090	78,510	211,609	792,117
Charge for the year	-	38,406	54,568	10,607	19,558	123,139
On disposals	-	-	(13,665)	-	(164)	(13,829)
Transfer to accumulated depreciation to cost	-	(157,314)	-	-	-	(157,314)
At 31 December 2015	-	-	423,993	89,117	231,003	744,113
At 1 January 2016	-	-	423,993	89,117	231,003	744,113
Charge for the year	-	53,100	58,425	10,617	20,279	142,421
On disposals	-	-	(26,769)	-	-	(26,769)
Transfer to accumulated depreciation to cost	-	(53,100)	-	-	-	(53,100)
At 31 December 2016	-	-	455,649	99,734	251,282	806,665
<u>Carrying amounts as at:</u>						
31 December 2015	455,000	2,155,000	70,590	42,408	47,512	2,770,510
31 December 2016	2,490,433	3,579,567	51,875	32,298	24,240	6,178,413

Land and Building was professionally valued by Messrs Osaro Eguasa & Co. FRC/2012/0000000000423 (Estate Surveyors and Valuers) as at 31 December, 2015 on the basis of their open market values. The revised value of the properties was N2,613,500,000 resulting in a surplus on revaluation of N557,314,000 which has been credited to the property, plant and equipment revaluation account. The revaluation report was dated 31 December 2015.

Land and Building was professionally valued by Messrs Osaro Eguasa & Co. FRC/2012/0000000000423 (Estate Surveyors and Valuers) as at 31 December, 2016 on the basis of their open market values. The revised value of the properties was N3,723,500,000 resulting in a surplus on revaluation of N1,110,000,000 which has been credited to the property, plant and equipment revaluation account. The revaluation report was dated 31 December 2016.

The re-valued property is the Group's Head Office building located at Plot 94, Providence Street, Lekki Scheme 1, Lekki, Lagos and the Ibadan building located at No. 20 MKO Abiola Way, Ring road, Ibadan, Oyo.

	Group 2016	Group 2015	Company 2016	Company 2015
	N'000	N'000	N'000	N'000
17 Statutory Deposits				
Deposit with the Central Bank of Nigeria	535,000	535,000	335,000	335,000

This represents 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

	N'000	N'000	N'000	N'000
18 Insurance contract liabilities				
Unearned premium reserve (Note 18.1)	1,091,889	1,054,125	811,534	803,535
Outstanding claims (Note 18.2)	3,930,274	3,350,616	1,631,996	1,423,312
	5,022,163	4,404,741	2,443,530	2,226,847
Less: Reinsurance assets (Note 8)	(562,646)	(1,032,984)	(475,048)	(492,673)
	4,459,517	3,371,757	1,968,482	1,734,174

The insurance contract liabilities balances above are covered by the Company's dedicated assets thus:

	N'000	N'000	N'000	N'000
Cash and cash equivalents	480,494	734,315	342,579	145,734
Financial assets	576,650	1,134,118	397,687	858,236
Available for sales financial assets	188,627	-	188,627	177,628
Investment properties	1,719,261	1,100,000	610,000	400,000
Property, plant and equipment	165,000	-	108,413	-
Statutory deposits	335,000	535,000	335,000	335,000
	3,465,032	3,503,433	1,982,306	1,916,598

	N'000	N'000	N'000	N'000
18.1 Unearned premium reserve				
Aviation	13,894	1,716	13,894	1,716
Bond	29,778	29,588	29,778	29,588
Engineering	49,855	45,324	49,855	45,324
Fire	231,209	94,701	231,209	94,701
General accident	95,553	169,186	95,553	169,186
Marine	123,667	94,159	123,667	94,159
Motor	186,398	191,092	186,398	191,092
Oil & gas	81,180	177,769	81,180	177,769
Life	280,355	250,590	-	-
	1,091,889	1,054,125	811,534	803,535

	Group 2016	Group 2015	Company 2016	Company 2015
18.2 Outstanding claims reserves	N'000	N'000	N'000	N'000
Aviation	103,957	150,478	103,957	150,478
Bond	18,505	48,634	18,505	48,634
Engineering	43,851	36,813	43,851	36,813
Fire	325,154	269,153	325,154	269,153
General accident	221,244	157,399	221,244	157,399
Marine	57,514	28,641	57,514	28,641
Motor	109,751	156,611	109,751	156,611
Oil & gas	458,357	250,255	458,357	250,255
Life	649,395	670,760	-	-
	<u>1,987,728</u>	<u>1,768,744</u>	<u>1,338,333</u>	<u>1,097,984</u>
Provision for claims incurred but not reported (IBNR)	293,663	325,328	293,663	325,328
Life (IBNR)	1,648,883	1,256,544	-	-
	<u>3,930,274</u>	<u>3,350,616</u>	<u>1,631,996</u>	<u>1,423,312</u>
18.2.1 Movement in outstanding claims reserves	N'000	N'000	N'000	N'000
Outstanding claims reserve at the beginning	1,768,744	1,593,010	1,097,984	1,184,508
Reported claims in the current year	1,750,891	2,315,250	941,123	800,034
Claims paid during the year	(1,531,907)	(2,139,516)	(700,794)	(886,558)
	<u>218,984</u>	<u>175,734</u>	<u>240,349</u>	<u>(86,524)</u>
Outstanding claims reserve at the end	<u>1,987,728</u>	<u>1,768,744</u>	<u>1,338,333</u>	<u>1,097,984</u>
The age analysis of outstanding claims was as follows:	N'000	N'000	N'000	N'000
0 - 90 days	153,502	150,663	115,842	111,765
91 - 180 days	223,779	126,260	148,905	48,923
181 - 360 days	447,885	325,447	256,986	128,267
361 days and above	1,162,562	1,166,374	816,600	809,029
	<u>1,987,728</u>	<u>1,768,744</u>	<u>1,338,333</u>	<u>1,097,984</u>
19 Investment Contract Liabilities	N'000	N'000	N'000	N'000
At 1 January	630,239	819,964	-	-
Amount received in the year	1,321,679	1,278,175	-	-
Interest expenses	171,825	124,704	-	-
Withdrawals	(1,533,067)	(1,551,036)	-	-
	<u>590,676</u>	<u>671,807</u>	<u>-</u>	<u>-</u>
Reclassification per actuarial valuation to/from insurance contract	-	(41,568)	-	-
At 31 December	<u>590,676</u>	<u>630,239</u>	<u>-</u>	<u>-</u>
20 Trade payables	N'000	N'000	N'000	N'000
Due to Reinsurer	39,638	133,116	15,632	75,986
Due to Co-assurers	19,140	23,025	-	-
Deferred commission income	16,892	1,190	-	-
	<u>75,670</u>	<u>157,331</u>	<u>15,632</u>	<u>75,986</u>
The trade payables are all of current maturity.				

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
21 Other payables and accruals				
Due to government agencies	43,538	31,449	26,801	23,950
Information technology development levy (Note 43)	4,523	4,523	-	-
Lease rent received in advance (Note 21.1)	4,523	19,315	2,883	12,354
Due to staff	80,025	57,690	36,932	29,814
Accrued expenses (Note 21.2)	152,289	120,588	96,168	81,062
Unclaimed dividend	2,476	2,383	2,476	2,383
Other credit balances	8,404	2,672	8,404	2,672
Preference dividend payable (Note 21.3)	175,000	175,000	175,000	175,000
Pension payable	10,203	-	-	-
Current account with Standard Alliance Life Assurance Ltd	-	-	354,843	167,043
SEC penalty payable	5,500	-	5,500	-
Amount due to other beneficiaries	9,222	33,536	5,969	-
Directors current account	42,761	22,471	42,761	22,471
	<u>538,464</u>	<u>469,627</u>	<u>757,737</u>	<u>516,749</u>
The above are further analysed as:	N'000	N'000	N'000	N'000
Current	538,464	469,627	757,737	516,749
Non-current	-	-	-	-
	<u>538,464</u>	<u>469,627</u>	<u>757,737</u>	<u>516,749</u>
21.1 Lease rent received in advance				
The Company leased out three floors (ground and first) of its head office building to Standard Alliance Properties Limited at an annual rent of N10 million effective July 2011. This is to ensure professional management of the lease agreements with non-related tenants of the floors. Standard Alliance Properties Limited made an advance payment of rent of N47 million in 2011 which has been fully amortised in 2016.				
Movement in deferred rental income	N'000	N'000	N'000	N'000
Opening Balance as at January 1	19,315	25,775	12,354	18,814
Additional Rental Income Received	17,816	49,569	9,016	33,821
Rental income apportioned during the period	-	-	(18,487)	(40,281)
Balance as at December 31, 2016	<u>37,131</u>	<u>75,344</u>	<u>2,883</u>	<u>12,354</u>
21.2 Accrued expenses	N'000	N'000	N'000	N'000
Qualiserve	378	419	378	562
Audit fee	14,400	13,000	8,400	7,000
NAICOM supervisory levy	22,000	28,000	22,000	28,000
FRSC statutory annual dues	2,399	-	1,699	-
Staff medical	40,009	-	20,000	-
Management expenses payable	68,103	79,169	43,691	45,500
Interlock Global system	5,000	-	-	-
	<u>152,289</u>	<u>120,588</u>	<u>96,168</u>	<u>81,062</u>
21.3 Preference dividend payable	N'000	N'000	N'000	N'000
At 1 January	175,000	175,000	175,000	175,000
Paid during the year	-	-	-	-
At 31 December	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>
The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend yet unpaid as at 31 December, 2016				
21.4 Current account with Standard Alliance Life Assurance Ltd				
The movement in current account with standard alliance life assurance limited as a result of pre merger expenses incurred on behalf of SA Insurance Plc for which assets have subsequently been allocated in settlement.				
22 Borrowings	N'000	N'000	N'000	N'000
Daewoo Securities Bond (Note 22.1)	1,177,335	647,541	1,177,335	647,541
Term loan (Note 22.2)	92,315	148,377	92,315	148,377
	<u>1,269,650</u>	<u>795,918</u>	<u>1,269,650</u>	<u>795,918</u>

22.1 Daewoo Securities Bond

The Company received a capital inflow of JPY650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested for the full redemption of the bond in 2011 following which the Company went to a negotiation with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiation commenced in 2015 and are still on-going and should be concluded in 2017. The Company's outstanding liability to Daewoo Securities as at 31 December 2016 is JPY452,264,373 (2015: JPY396,753,575), principal and interest inclusive.

Further details of transactions during the year are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	2016 N'000	2015 N'000
At 1 January	363,050	33,704	396,754	647,541	565,476
Under/(over) statement of liability	35,153	(22,248)	12,905	33,595	-
Interest accrued during the year	-	42,605	42,605	110,910	121,932
Payments during the year	-	-	-	-	(248,476)
Foreign exchange difference	-	-	-	385,289	117,514
Default penalty interest	-	-	-	-	91,095
At 31 December	398,203	54,061	452,264	1,177,335	647,541

Current maturities

Interest	54,061	54,061	144,505	55,007
Principal	398,203	398,203	1,032,830	592,534
Total current maturities	452,264	452,264	1,177,335	647,541
Non-current principal maturity	-	-	-	-
	452,264	452,264	1,177,335	647,541

The balance of JPY452,264,373 (N1,177,334,615) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N2.6032/JPY as at 31 December 2016. Subsequent to 2016, no payment has been made in principal and interest.

Default penalty interest represents charges in respect of delayed payments at current market interest rates.

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
22.2 Term Loan				
Balance, at beginning of the year	148,377	192,327	148,377	192,327
Repayment during the year	(56,062)	(43,950)	(56,062)	(43,950)
Balance, at end of the year	92,315	148,377	92,315	148,377
Current	92,315	80,593	92,315	80,593
Non-current	-	67,784	-	67,784
	92,315	148,377	92,315	148,377

The Company took a loan facility of N200 million in 2014 from FCMB Plc for operational needs. The loan is payable in thirty six equal monthly instalments from November 2014. The loan attracts interest at the rate of 25% per annum.

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
23 Finance lease obligations				
Balance, at beginning of the year	136,698	42,120	111,800	32,408
Additions during the year	24,000	147,145	24,000	122,247
Repayment during the year	(80,022)	(52,567)	(68,802)	(42,855)
Balance, at end of the year	<u>80,676</u>	<u>136,698</u>	<u>66,998</u>	<u>111,800</u>

During the year 2014, the Company obtained a lease facility of N45,937,500 from Diamond Bank at an interest rate of 22% for a period of 18 months to finance the acquisition of 8 units of motor vehicles. In the year 2015, the Company acquired a lease facility of N69,800,000 from Lotus Capital Halal investments at an interest rate of 16% for a period of 36 months to finance various vehicles. This is in addition to the lease facility obtained from Aquila Assets at an interest rate of 25% for a period of 36 months to finance 15 units of Hilux vehicles. During the year 2016, the Company acquired a new lease facility of N24,000,000 from CFS Financial Services at an interest rate of 23% for a lease period of 36 months to finance the acquisition of a motor vehicle.

These motor vehicles are included in the property, plant and equipment of the Company as at 31 December 2016. The rental due as at 31 December 2016 are further analysed as follows:

	N'000	N'000	N'000	N'000
Less than 3 months	19,344	26,990	14,195	26,990
Between 3 and 6 months	19,214	14,578	15,076	14,578
Between 6 and 12 months	11,929	36,524	7,538	22,780
	<u>50,487</u>	<u>78,092</u>	<u>36,809</u>	<u>64,348</u>
Over 12 months	30,189	58,606	30,189	47,452
	<u>80,676</u>	<u>136,698</u>	<u>66,998</u>	<u>111,800</u>
24 Current income tax liabilities				
Per Statement of Comprehensive income	N'000	N'000	N'000	N'000
Company income tax	74,934	92,007	56,804	64,077
Education tax	9,440	8,717	7,777	8,717
Overprovision in prior years	-	(169,165)	-	(169,165)
Deferred tax	42,391	-	39,633	-
	<u>126,765</u>	<u>(68,441)</u>	<u>104,214</u>	<u>(96,371)</u>
Per Statement of Financial Position:				
Balance at beginning of the year:	N'000	N'000	N'000	N'000
Company income tax	187,436	323,287	150,581	314,362
Education tax	26,577	26,520	19,980	19,923
	<u>214,013</u>	<u>349,807</u>	<u>170,561</u>	<u>334,285</u>
Provisions for the year:				
Company income tax	74,934	92,007	56,804	64,077
Education tax	9,440	8,717	7,777	8,717
Overprovision in prior years	-	(169,165)	-	(169,165)
Payments during the year:				
Company income tax	(83,227)	(58,693)	(55,000)	(58,693)
Education tax	(11,024)	(8,660)	(8,826)	(8,660)
At 31 December	<u>204,136</u>	<u>214,013</u>	<u>171,316</u>	<u>170,561</u>
25 Deferred tax liabilities	N'000	N'000	N'000	N'000
At 1 January	382,004	326,273	361,291	305,560
Charged for the year	42,391	-	39,633	-
Tax on gain on revaluation of property plant and equipment	162,267	55,731	162,267	55,731
At 31 December	<u>586,662</u>	<u>382,004</u>	<u>563,191</u>	<u>361,291</u>

	Group 2016	Group 2015	Company 2016	Company 2015
26 Ordinary share capital				
Authorized	N'000	N'000	N'000	N'000
14,000,000,000 ordinary shares of 50k each	14,000,000	7,000,000	14,000,000	7,000,000
Issued and Fully Paid	N'000	N'000	N'000	N'000
11,993,173,000 units of ordinary shares of 50k each; At 31 December	5,996,587	5,996,587	5,996,587	5,996,587
27 Share premium	N'000	N'000	N'000	N'000
At 31 December	7,667,475	7,667,475	7,667,475	7,667,475
Share premium comprises additional paid-in capital in excess of the pair value. This reserve is not ordinarily available for distribution.				
28 Contingency reserves	N'000	N'000	N'000	N'000
At 1 January	1,411,579	1,243,423	1,386,196	1,243,423
Charge for the year	94,021	168,156	75,359	142,773
At 31 December	1,505,600	1,411,579	1,461,555	1,386,196
Contingency reserve is provided for at the rate of 3% of the gross premium or 20% of profit for non life business and 1% of gross premium or 10 of profit for life (whichever is greater for the year) in accordance with Section 22 (1)(b) of the Insurance Act 2003.				
29 Accumulated loss	N'000	N'000	N'000	N'000
At 1 January	(12,552,146)	(13,220,960)	(12,553,495)	(13,220,960)
(Loss)/profit for the year	(1,224,481)	836,970	(1,224,484)	810,238
Appropriation to contingency reserves	(94,021)	(168,156)	(75,359)	(142,773)
At 31 December	(13,870,648)	(12,552,146)	(13,853,338)	(12,553,495)
30 Revaluation Reserves	N'000	N'000	N'000	N'000
At 1 January	1,616,101	1,114,518	1,616,101	1,114,518
Addition during the year(Note 16)	1,460,400	501,583	1,460,400	501,583
At 31 December	3,076,501	1,616,101	3,076,501	1,616,101
Further details are:	N'000	N'000	N'000	N'000
Revaluation surplus (Note 16)	1,622,667	557,314	1,622,667	557,314
Less; Tax on gain on revaluation	(162,267)	(55,731)	(162,267)	(55,731)
	1,460,400	501,583	1,460,400	501,583

The Company's office building at Ibadan and Head Office in Lagos were revalued at N20 million in 2006 and N1,431,857,000 in 2012 respectively by the firm of Messrs Osaro Eguasa & Co (FRC/2012/0000000000423). The revaluations resulted in surpluses of N14,299,000 and N767,258,000 respectively, which has been credited to the property, plant and equipment revaluation account.

The Company's Head office was revalued in 2014 at N1,900,000,000 by Messrs Osaro Eguasa & Co (FRC/2012/0000000000423). The revaluations resulted in surplus of N411,117,000 which has been credited to the property, plant and equipment revaluation account.

During the year 2015, the Company's Head office in Lagos and office building at Ibadan were revalued at N2.6 billion and N35million respectively by Messrs Osaro Eguasa & Co (FRC/2012/0000000000423). The revaluations resulted in surpluses of N522 million and N35million respectively, which has been credited to the property, plant and equipment revaluation account.

Land and Building was professionally valued by Messrs Osaro Eguasa & Co. FRC/2012/0000000000423 (Estate Surveyors and Valuers) as at 31 December, 2016 on the basis of their open market values. The revised value of the properties was N3,723,500,000 resulting in a surplus on revaluation of N1,110,000,000 which has been credited to the property, plant and equipment revaluation account. The revaluation report was dated 31 December 2016.

31 **Fair Value Reserves**

This is the net accumulated changes in the fair value of available for sale assets.

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
At 1 January	63,606	500,536	63,606	500,536
Decrease during the year - net of income tax	(63,606)	(436,930)	(63,606)	(436,930)
At 31 December	-	63,606	-	63,606
The addition during the year is further analyzed thus:	N'000	N'000	N'000	N'000
Fair value loss on disposal of available for sale- (Note 7.3.1)	-	(145,200)	-	(145,200)
Fair value loss on available for sale for the year (Note 7.3.1)	(63,606)	(291,730)	(63,606)	(291,730)
	(63,606)	(436,930)	(63,606)	(436,930)

32 **Non-controlling interest in equity**

The entity accounting for non-controlling interest is shown below:

	N'000	N'000	N'000	N'000
At 1 January	393,596	343,085	-	-
(Loss)/profit for the year	(117,188)	50,511	-	-
At 31 December	276,408	393,596	-	-

Non controlling interest in entities within the group in 2016 is as analysed below:

Company name	% of equity held by NCI
Standard Alliance Life Assurance Limited	47.59

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33	Group	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Non Life Business	Life Business		2015 N'000
										2016 N'000	2016 N'000	2016 N'000	
33	Gross premium income												
	Premium written	24,854	61,657	110,572	403,780	435,712	361,122	476,810	637,458	2,511,965	1,866,220	4,378,185	5,235,571
	Movements in unexpired risks (Note 33.1)	(12,178)	(189)	(4,532)	(136,508)	73,634	(29,509)	4,694	96,590	(7,998)	(29,765)	(37,763)	190,614
	Gross premium	12,676	61,468	106,040	267,272	509,346	331,613	481,504	734,048	2,503,967	1,836,455	4,340,422	5,426,185
33.1	Movement in Unepired risks												
	Unexpired risk At 1 January 2016	1,716	29,589	45,323	94,701	169,186	94,158	191,092	177,770	803,535	250,590	1,054,125	1,244,739
	Unepired risk At 31 December 2016	(13,894)	(29,778)	(49,855)	(231,209)	(95,552)	(123,667)	(186,398)	(81,180)	(811,533)	(280,355)	(1,091,888)	(1,054,125)
	Movement during the year	(12,178)	(189)	(4,532)	(136,508)	73,634	(29,509)	4,694	96,590	(7,998)	(29,765)	(37,763)	190,614
34	Reinsurance premium expenses												
	Charged for the year 2016	-	4,917	17,338	27,428	39,266	31,349	-	375,489	495,787	196,228	692,015	853,396

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33	Company Gross premium income	Aviation	Bonds	Engineering	Fire	General	Marine	Motor	Oil & Gas	Total	Total
		N'000	N'000	N'000	N'000	Accident N'000	N'000	Accident N'000	N'000	2016 N'000	2015 N'000
	Premium written	24,854	61,657	110,572	403,780	435,712	361,122	476,810	637,458	2,511,965	2,956,271
	Movements in unexpired risks (Note 33.1)	(12,178)	(189)	(4,532)	(136,508)	73,634	(29,509)	4,694	96,590	(7,998)	113,843
	Gross premium	12,676	61,468	106,040	267,272	509,346	331,613	481,504	734,048	2,503,967	3,070,114
33.1 Movement in Unepired risks											
	Unexpired risk At 1 January 2016	1,716	29,589	45,323	94,701	169,186	94,158	191,092	177,770	803,535	917,378
	Unepired risk At 31 December 2016	(13,894)	(29,778)	(49,855)	(231,209)	(95,552)	(123,667)	(186,398)	(81,180)	(811,533)	(803,535)
	Movement during the year	(12,178)	(189)	(4,532)	(136,508)	73,634	(29,509)	4,694	96,590	(7,998)	113,843
34 Reinsurance premium expenses											
	Charged for the year 2016	-	4,917	17,338	27,428	39,266	31,349	-	375,489	495,787	-
	Charged for the year 2015	-	2,953	25,494	50,914	65,243	77,868	-	380,102		602,574

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	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
35 Commission income				
Aviation	-	-	-	-
Bond	1,616	738	1,616	738
Engineering	4,071	6,009	4,071	6,009
Fire	12,826	15,081	12,826	15,081
General Accident	12,729	17,828	12,729	17,828
Marine	6,098	12,388	6,098	12,388
Motor	-	-	-	-
Oil & Gas	-	-	-	-
	<u>37,340</u>	<u>52,044</u>	<u>37,340</u>	<u>52,044</u>
Life - forfeitures and admin charges	58,634	286,097	-	-
	<u>95,974</u>	<u>338,141</u>	<u>37,340</u>	<u>52,044</u>
Life - commission on reinsurance	22,842	3,200	-	-
	<u>118,816</u>	<u>341,341</u>	<u>37,340</u>	<u>52,044</u>
36 Claims expenses	N'000	N'000	N'000	N'000
Claims paid	1,531,927	2,089,400	700,794	886,558
Increase in outstanding claims(Note 17.2.1)	218,984	175,734	240,329	(86,524)
(Decrease)/increase in claims incurred but not reported	(31,735)	(187,382)	(31,665)	24,760
	<u>1,719,176</u>	<u>2,077,752</u>	<u>909,458</u>	<u>824,794</u>
Claims expenses recovered from reinsurers	(283,130)	(359,586)	(57,864)	(47,384)
	<u>1,436,046</u>	<u>1,718,166</u>	<u>851,594</u>	<u>777,410</u>
37 Underwriting expenses				
Acquisition cost:	N'000	N'000	N'000	N'000
Aviation	1,542	1,395	1,542	1,395
Bond	12,140	20,402	12,140	20,402
Engineering	20,472	27,553	20,472	27,553
Fire	61,907	55,201	61,907	55,201
General Accident	95,204	100,093	95,204	100,093
Marine	37,831	98,014	37,831	98,014
Motor	51,661	66,958	51,661	66,958
Oil and Gas	11,092	11,796	11,092	11,796
Life	380,974	485,660	-	-
Total acquisition cost	<u>672,823</u>	<u>867,072</u>	<u>291,849</u>	<u>381,412</u>
Maintenance cost - General business	225,652	136,280	225,652	217,742
Maintenance cost - Life	768,516	634,719	-	-
	<u>1,666,991</u>	<u>1,638,071</u>	<u>517,501</u>	<u>599,154</u>
38 Investment and other income	N'000	N'000	N'000	N'000
Interest on deposits	100,444	149,132	61,587	86,103
Interest on treasury bills	6,138	-	3,738	-
Rental income	31,923	56,029	18,487	40,281
Dividend received	750	22,393	591	15,881
Investment recovered from SA Investment Limited	-	33,497	-	33,497
	<u>139,255</u>	<u>261,051</u>	<u>84,403</u>	<u>175,762</u>
Balances with banks recovered	-	2,004	-	2,004
Foreign exchange gain	120,295	10,412	116,130	8,222
Profit on sale of fixed assets	3,750	657	2,830	657
Investment income from blue berry	11,000	-	11,000	-
Gain on bargain purchase	-	26,732	-	-
Other income	14,175	12,469	7,892	10,487
	<u>288,475</u>	<u>313,325</u>	<u>222,255</u>	<u>197,132</u>

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
39 Loss on investment contract liabilities				
Investment income attributable to investment contracts	13,451	21,364	-	-
Guaranteed interest on investment contracts	(171,825)	(124,704)	-	-
	<u>(158,374)</u>	<u>(103,340)</u>	<u>-</u>	<u>-</u>
40 Management expenses	N'000	N'000	N'000	N'000
Salaries and Allowances	392,328	423,483	360,971	309,270
Other staff costs	63,765	49,018	63,765	49,018
Directors' fees and Allowances	67,886	71,093	63,886	66,275
Insurance expenses	17,147	12,644	16,512	11,415
Rent and rates	31,966	27,172	25,977	22,869
Repairs and maintenance	209,617	137,096	203,680	134,080
Depreciation and amortisation	151,235	134,340	145,681	126,203
Professional fees	169,717	142,899	164,420	141,813
Bank charges	14,764	10,220	14,109	9,354
Printing and stationery	46,304	23,835	45,897	23,627
Advertising and promotion expenses	55,626	85,719	55,381	85,068
Books and periodicals	1,093	855	1,093	855
Telephone and postages	31,799	21,965	31,141	21,258
Other administrative expenses	62,002	70,093	37,206	55,286
Supervisory levies	19,275	32,064	19,275	32,064
Staff training and development	28,654	20,303	28,270	20,303
Audit fee	7,600	7,600	7,000	7,000
Corporate and public relation expenses	98,401	94,607	97,879	94,368
Travelling, outstation and hotel expenses	25,826	32,754	23,514	30,477
Share capital expenses	-	64,257	-	64,257
Annual general meeting expenses	11,587	4,007	11,587	4,007
Write off of intangible assets	5,252	-	5,252	-
Property, plant and equipment written off	3,981	-	3,982	-
Information Technology Development levy	-	18,114	-	15,091
	<u>1,515,825</u>	<u>1,484,138</u>	<u>1,426,478</u>	<u>1,323,958</u>
41 Finance charges	N'000	N'000	N'000	N'000
Interest expenses on loan	26,958	41,899	26,958	41,899
Lease charges	18,441	31,424	14,435	8,423
Interest on Daewoo bond	144,505	213,027	144,505	213,027
	<u>189,904</u>	<u>286,350</u>	<u>185,898</u>	<u>263,349</u>
42 Write back of impairment charges on other assets	N'000	N'000	N'000	N'000
Writeback of provision on loans and receivables (Note 7.2.1c)	-	(945,216)	-	(945,216)
Write off of investment in SA properties	-	86,605	-	-
	<u>-</u>	<u>(858,611)</u>	<u>-</u>	<u>(945,216)</u>

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
43 Information Technology Development Levy				
At 1 January	4,523	10,766	-	9,266
Appropriation for the year	-	18,114	-	15,091
Payment during the year	-	(24,357)	-	(24,357)
At 31 December	<u>4,523</u>	<u>4,523</u>	<u>-</u>	<u>-</u>

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. No provision has been made as there was no profit before taxation as at 31 December 2016.

44 (Loss)/profit before taxation				
(Loss)/profit before taxation is stated after charging/(crediting):	N'000	N'000	N'000	N'000
Depreciation	194,044	185,520	142,421	123,139
Amortization	7,175	21,688	3,259	3,065
Auditors' remuneration	13,000	13,000	7,000	7,000
Director's remuneration	<u>67,886</u>	<u>71,093</u>	<u>63,886</u>	<u>66,275</u>
45 Premium receipt from policy holders	N'000	N'000	N'000	N'000
Premium due from policy holder at 1 January	49,994	621,671	49,994	32,646
Gross Premium written in the year	<u>4,378,185</u>	<u>5,235,571</u>	<u>2,511,965</u>	<u>3,070,114</u>
	4,428,179	5,857,242	2,561,959	3,102,760
Premium due from policyholders at 31 December	<u>(16,340)</u>	<u>(49,994)</u>	<u>(16,340)</u>	<u>49,994</u>
Premium receipts in the year	<u>4,411,839</u>	<u>5,807,248</u>	<u>2,545,619</u>	<u>3,152,754</u>

46 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 5.6.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2016

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	14,903	14,903	-	-
Quoted securities - Available for sale	154,046	154,046	-	-
	168,949	168,949	-	-

2015

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	18,365	18,365	-	-
Quoted securities - Available for sale	256,320	256,320	-	-
	274,685	274,685	-	-

47 **Penalty by NAICOM**

During the year the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are as follows:

Section	Nature of infraction	Amount of penalty	
		2016 N'000	2015 N'000
Section 1.16 of operational guideline	Late submission of 2013 quarterly returns	-	250
47.1 Penalty by Nigerian Stock Exchange		N'000	N'000
	Un-Authorised publication of Accounts	-	548
Post-listing requirements	Late filing of 2015 2nd quarter returns	-	600
Section 14(a) of General Undertaking	Un-authorised conversion of Preference shar	-	15,373
	2011 Annual reports	-	2,192
		-	18,713
47.2 Penalty by Securities and Exchange Commission		N'000	N'000
	Late submission of quarterly returns	18,920	1,275

This represent penalties imposed on the company for late filing of quarterly returns between 2012 and 2014.

48 **Directors and employees**

Employees

The average number of persons employed by the Company during the year by category

	Number	Number
Executive Director	2	2
Management Staff	24	15
Non-management staff	94	114
	120	131

Staff cost for the above persons (Excluding Executive Directors) was:

Wages and Salaries	417,360	527,897
Employees' Retirement Benefits	7,376	6,463
	424,736	534,360

The number of employees of the company otherthan Director who received emolument in the following range was:

The details of the restatements are as follows:

	Number	Number
N900,001 - N1,100,000	1	1
N1,100,001 - N1,300,000	22	1
N1,300,001 - N1,500,000	-	22
Above - N1,500,000	97	107
	120	131

Directors' Remuneration	2016	2015
The remuneration paid to the Directors of the company was:	N'000	N'000
Fees and other allowances	15,406	22,678
Executive compensation	48,480	43,597
	<u>63,886</u>	<u>66,275</u>
Fees and other emolument disclosed above include amount paid to:	N'000	N'000
The Chairman	3,800	3,800
Highest paid Director	29,240	35,338
	<u>33,040</u>	<u>39,138</u>
The number of Director who received fees and other emolument (excluding pension contribution) in the following ranges was:	Number	Number
N1,000,001 - N2,000,000	6	6
N2,000,001 and above	2	2
	<u>8</u>	<u>8</u>

49 Prior Period Restatements

Revaluation reserve

In 2015 revaluation surplus on land and building was stated without recognition of deferred tax. As a result the revaluation surplus was overstated by N55,731,000.

The financial statements have been restated to correct this error. The restatements required adjustments in the statement of other comprehensive income and the statement of financial position as at 31 December 2015. To this effect, the statement of profit or loss and other comprehensive income, the Statement of financial position, statement of changes in equity and affected notes showed restated comparative information for the year ended 31 December 2015.

The details of restatement are as follows

Revaluation reserve	N'000
As previously stated	1,671,832
Recognition of tax on gain on revaluation surplus	(55,731)
As restated	<u>1,616,101</u>
Revaluation surplus	N'000
As previously stated	557,314
Recognition of tax on gain on revaluation surplus	(55,731)
As restated	<u>501,583</u>
Revaluation surplus	N'000
As previously stated	557,314
Recognition of tax on gain on revaluation surplus	(55,731)
As restated	<u>501,583</u>
Deferred tax liability	N'000
As previously stated	305,560
Recognition of tax on gain on revaluation surplus	55,731
As restated	<u>361,291</u>

50 Contingent liabilities

No material contingent liabilities have been made or are likely to be made in these financial statements.

51 Related party transactions

Insurance contract - Standard Alliance Life Assurance Limited.

The Company buys Group Life Policy for the staff from Standard Alliance Life Limited, a related Company. A sum of N1,667,922. (2015: N6,006,927) was paid as premium for the year ended 31 December 2016.

52 Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2016 and profit attributable to equity holders.

53 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

- i Capital Adequacy risk
- ii Regulatory risk
- iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

- i. A deliberate and conscious management of the Company's investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.
- ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.
- iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.
- iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.
- v. The Board approves all strategies and policies in respect of financial and strategic risk management.
- vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.
- vii. The Company relies on its Risk Management Committee
- viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company's financial risk policy and strategy are anchored on the following:

- i. Investment portfolio diversification which involves the application of the Company's investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.
- ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,
- iii. Effective utilization of Company's liquidity position.

Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall reside with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

- i. Board of Directors/ Risk & Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. ERM Committee/CRO
- v. Finance and Investment Department.
- vi. Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:

- i. The enterprise level; and
- ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. **Communication and Dialogue:** Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. **Establishing the Context:** This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. **Risk Identification:** This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. **Risk Analysis:** This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. **Risk Evaluation:** The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. **Risk Treatment:** This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. **Monitoring and Review:** This step should encompass all aspects of the risk management process to:
 - i. Analyze and learn lessons from events, changes, and trends.
 - ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

- i. **Element of Risk-** Description of the risk engaged within a process and event or a role.
- ii. **Impact on business-** Details the consequences of a risk occurring upon the related success criteria.
- iii. **Mitigation Measures-** Details controls already established or in the process of being established.
- iv. **Responsibility-** Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) Financial Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

- i. Shareholders' funds
- ii. Market Share
- iii. Company's image
- iv. Revenue growth
- v. Employees welfare
- vi. Solvency Margin
- vii. Customer Service

The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastrophic	Shareholder's fund depleted, license withdrawn and liquidation imminent	>= 10% of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost certain	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) Market Risks

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

- i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
- ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
- iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) Credit Risks

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

- i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
- ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
- iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

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c) **Liquidity Risks:**

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

- i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
- ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
- iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
- iv. Negative Publicity with unexpected liquidity strain.
- v. Negative Report about other companies in similar trade.
- vi. Deterioration of the Economy.
- vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	Credit Risks	Liquidity Risks
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

- i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
- ii. Document the anticipated risks and reports to the ERM for appropriate response and implementation.

Assessment of Financial Risk

- i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
- ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
- iii. The Company has set appropriate limit structure to control its financial risk exposures.
- iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
- v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

- i. Internal Processes
- ii. Reporting System
- iii. Bank reconciliation practices
- iv. Budget preparation and monitoring
- v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

- i. Changes in regulation
- ii. Changes in currency and exchange rate
- iii. Changes in interest rate
- iv. Changes in capitalization and Solvency Margin.
- v. Changes in shareholder's structure and composition
- vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

- i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
 - a Identify the control structure
 - b Compare the control structure to a best practice model
 - c Identify the gaps
 - d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks - KRIs	Credit Risks - KRIs	Liquidity Risks - KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

- i. The finance/ Investment risk manger brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
- ii. The Administration Manager ensures that premium due for all insurances are dully paid
- iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

- i. details the minimum level of performance/quality required from the consultants
- ii. clearly delineates the risks to be borne by the consultant
- iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

- i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
- ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
- iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

- i. Details of investment activities during the period under reference
- ii. Commentary on each of the investment activity
- iii. Details of portfolio positions by asset type
- iv. Concentration analysis of portfolio and/or credit exposures
- v. Details of any regulatory or internal limits breached during the period
- vi. Actions taken on such if any
- vii. Planned future investment activities

C) Capital management

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Solvency Margin

The Company solvency margin position is summarised below:

	2016 N'000	2015 N'000
Company solvency	4,773,971	4,717,380
Regulatory minimum capital required	(3,000,000)	(3,000,000)
Surplus in solvency margin	<u>1,773,971</u>	<u>1,717,380</u>

The Company had a solvency margin of N4.774 billion for the year ended 31 December 2016 (2015:N4.717 billion), which is N1.774 billion (2015:N1.717 billion) higher than the regulatory minimum capital of N3 billion.

Valuation Methods

The Insurance Act, CAP I17, LFN 2004 does not specify any particular approach that must be used in determining the statutory value of insurance liabilities. Whilst some sections of the Act appear to make reference to the net premium approach to reserving, we understand that this simply reflects the practice at the time the Act was written and is not a requirement to adopt a net premium valuation approach. We have in the last few years adopted the gross premium valuation approach for statutory purposes as standard and this has been acceptable to NAICOM.

From the IFRS perspective, the main features of IFRS 4 that impact the liability calculations are as follows:

- The IFRS prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period.
- The IFRS requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.
- The IFRS requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.

Liability adequacy

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the profit or loss by setting up an additional provision in the statement of financial position.

Key assumptions in liability adequacy testing

IFRS 4 paragraph 15 describes the liability adequacy test which, if conditions are not met, requires any deficiency to be recognised in profit or loss. Paragraph 16 states that:

“If an insurer applies a liability adequacy test that meets the specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:

- The test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.
- If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.”

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
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APPENDIX TO THE FINANCIAL STATEMENTS

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REVENUE ACCOUNT	Aviation N'000	Bond N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor N'000	Oil & Gas N'000	Life N'000	2016 N'000	2015 N'000
Premium Income											
Premium written	24,854	61,657	110,572	403,780	435,712	361,122	476,810	637,458	1,866,220	4,378,185	5,235,571
(Increase)/decrease in Unearned premium	(12,178)	(189)	(4,532)	(136,508)	73,634	(29,509)	4,694	96,590	(29,765)	(37,763)	190,614
	12,676	61,468	106,040	267,272	509,346	331,613	481,504	734,048	1,836,455	4,340,422	5,426,185
Reinsurance premium expenses	-	(4,917)	(17,338)	(27,428)	(39,266)	(31,349)	-	(375,489)	(196,228)	(692,015)	(853,396)
Net premium written	12,676	56,551	88,702	239,844	470,080	300,264	481,504	358,559	1,640,227	3,648,407	4,572,789
Commission received on reinsurance	-	1,616	4,072	12,825	12,729	6,098	-	-	81,476	118,816	341,341
Underwriting income	12,676	58,167	92,774	252,669	482,809	306,362	481,504	358,559	1,721,703	3,767,223	4,914,130
Less Claims Expenses											
Claim paid	(14,079)	(22,703)	(69,231)	(299,224)	(74,774)	(34,955)	(154,069)	(31,759)	(831,133)	(1,531,927)	2,089,400
Increase/(decrease) in provision for outstanding claims	46,521	30,129	(7,038)	(56,001)	(63,845)	(28,873)	46,860	(208,102)	21,365	(218,984)	175,734
Claims incurred but not reported (IBNR)	(13,274)	14,070	(8,388)	10,326	14,294	(12,536)	13,329	13,844		31,665	(187,382)
	19,168	21,496	(84,657)	(344,899)	(124,325)	(76,364)	(93,880)	(226,017)	(809,768)	(1,719,246)	2,077,752
Claims expenses recoveries from reinsurers	-	-	25,878	139,616	110,277	43,301	21,169	(282,357)	225,316	283,200	(359,586)
Net Claims expenses	19,168	21,496	(58,779)	(205,283)	(14,048)	(33,063)	(72,711)	(508,374)	(584,452)	(1,436,046)	1,718,166
Underwriting expenses:											
Acquisition cost	(1,542)	(12,140)	(20,472)	(61,907)	(95,204)	-37,831	(51,661)	(11,092)	(385,360)	(677,209)	867,072
Maintenance cost	(2,233)	(5,539)	(9,933)	(36,272)	(39,140)	(32,440)	(42,832)	(57,263)	(764,130)	(989,782)	770,999
Changes in investment contract liability	-	-	-	-	-	-	-	-	-	(392,339)	323,895
Total underwriting expenses	(3,775)	(17,679)	(30,405)	(98,179)	(134,344)	(70,271)	(94,493)	(68,355)	(1,149,490)	(2,059,330)	1,961,966
Total Expenses	15,393	3,817	(89,184)	(303,462)	(148,392)	(103,334)	(167,204)	(576,729)	(1,733,942)	(3,495,376)	3,680,132
Underwriting profit	(2,717)	54,350	181,958	556,131	631,201	409,696	648,708	935,288	3,455,645	271,847	1,233,998

STANDARD ALLIANCE INSURANCE PLC
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REVENUE ACCOUNT	Aviation N'000	Bond N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor N'000	Oil & Gas N'000	2016 N'000	2015 N'000
Premium Income										
Premium written	24,854	61,657	110,572	403,780	435,712	361,122	476,810	637,458	2,511,965	2,956,271
(Increase)/Decrease in Unearned premium	(12,178)	(189)	(4,532)	(136,508)	73,634	(29,509)	4,694	96,590	(7,998)	113,843
	12,676	61,468	106,040	267,272	509,346	331,613	481,504	734,048	2,503,967	3,070,114
Reinsurance premium expenses	-	(4,917)	(17,338)	(27,428)	(39,266)	(31,349)	-	(375,489)	(495,787)	(602,574)
Net premium written	12,676	56,551	88,702	239,844	470,080	300,264	481,504	358,559	2,008,180	2,467,540
Commission received on reinsurance	-	1,616	4,072	12,825	12,729	6,098	-	-	37,340	52,044
Underwriting income	12,676	58,167	92,774	252,669	482,809	306,362	481,504	358,559	2,045,520	2,519,584
Less Claims Expenses										
Claim paid	(14,079)	(22,703)	(69,231)	(299,224)	(74,774)	(34,955)	(154,069)	(31,759)	(700,794)	886,558
Increase/(Decrease) in provision for outstanding claims	46,521	30,129	(7,038)	(56,001)	(63,845)	(28,873)	46,860	(208,102)	(240,349)	(86,524)
Claims incurred but not reported (IBNR)	(13,274)	14,070	(8,388)	10,326	14,294	(12,536)	13,329	13,844	31,665	24,760
	19,168	21,496	(84,657)	(344,899)	(124,325)	(76,364)	(93,880)	(226,017)	(909,478)	824,794
Claims expenses recoveries from reinsurers	-	-	25,878	139,616	110,277	43,301	21,169	(282,357)	57,884	(47,384)
Net Claims expenses	19,168	21,496	(58,779)	(205,283)	(14,048)	(33,063)	(72,711)	(508,374)	(851,594)	777,410
Underwriting expenses:										
Acquisition cost	(1,542)	(12,140)	(20,472)	(61,907)	(95,204)	(37,831)	(51,661)	(11,092)	(291,849)	381,412
Maintenance cost	(2,233)	(5,539)	(9,933)	(36,272)	(39,140)	(32,440)	(42,832)	(57,263)	(225,652)	217,742
Total underwriting expenses	(3,775)	(17,679)	(30,405)	(98,179)	(134,344)	(70,271)	(94,493)	(68,355)	(517,501)	599,154
Total Expenses	15,393	3,817	(89,184)	-303,462	-148,392	-103,334	-167,204	-576,729	-1,369,095	1,376,564
Underwriting profit	(2,717)	54,350	181,958	556,131	631,201	409,696	648,708	935,288	676,425	1,143,020

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016
OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED

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	Group 2016 N'000	%	Group 2015 N'000	%	Company 2016 N'000	%	Company	%
Premium, Investment and Other Income	4,747,713		6,080,851		2,763,562		3,319,290	
Premiums, Commissions, Claims paid and Other operational cost	<u>(5,292,150)</u>		<u>(4,300,179)</u>		<u>(3,046,642)</u>		<u>(1,761,212)</u>	
Value (absorbed)/ Added	<u><u>(544,437)</u></u>	<u>100</u>	<u><u>1,780,672</u></u>	<u>100</u>	<u><u>(283,080)</u></u>	<u>100</u>	<u><u>1,558,078</u></u>	<u>100</u>
DISTRIBUTED AS FOLLOWS:								
EMPLOYEES								
Staff costs	456,093	(84)	472,501	27	424,736	(150)	358,288	23
PROVIDERS OF FUNDS								
Finance charges	189,904	(35)	286,350	16	185,898	(66)	263,349	17
GOVERNMENT								
Taxation including information technology development levy	-	-	-	-	-	-	-	-
ASSET REPLACEMENT								
Depreciation & amortisation	151,235	(28)	134,340	8	145,681	(51)	126,203	8
CONTRACTION/EXPANSION - Shareholder's interest								
(Loss)/profit for the year after taxation	<u>(1,341,669)</u>	<u>246</u>	<u>887,481</u>	<u>50</u>	<u>(1,039,395)</u>	<u>367</u>	<u>810,238</u>	<u>52</u>
VALUE ADDED	<u><u>(544,437)</u></u>	<u>100</u>	<u><u>1,780,672</u></u>	<u>100</u>	<u><u>(283,080)</u></u>	<u>100</u>	<u><u>1,558,078</u></u>	<u>100</u>

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees.

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
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OTHER NATIONAL DISCLOSURE
TWO YEAR FINANCIAL SUMMARY
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

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Group

	2016	2015
	N'000	N'000
ASSETS EMPLOYED		
Cash and cash equivalents	485,013	734,315
Financial assets	770,750	1,134,118
Reinsurance assets	955,467	1,032,984
Trade Receivable	16,340	49,994
Other receivables and Prepayment	44,294	65,074
Deferred acquisition costs	117,910	131,238
Non-Current Asset Held for sale	-	1,890,433
Investment in Associate Companies	-	-
Investment Property	3,824,589	3,304,563
Intangible Assets	13,480	11,757
Property, plants and equipments	6,257,177	2,897,893
Statutory Deposit	535,000	535,000
	<u>13,020,020</u>	<u>11,787,369</u>
LIABILITIES	<u>8,368,097</u>	<u>7,190,571</u>
NET ASSETS	<u>4,651,924</u>	<u>4,596,798</u>
SHAREHOLDERS' EQUITY		
Share Capital	5,996,587	5,996,587
Share Premium	7,667,475	7,667,475
Contingency Reserves	1,505,600	1,411,579
Other reserves	3,076,501	1,679,707
Retained earning	(13,870,648)	(12,552,146)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>4,375,515</u>	<u>4,203,202</u>
NON CONTROLLING INTEREST	<u>276,408</u>	<u>393,596</u>
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	<u>13,020,020</u>	<u>11,787,369</u>

**STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016
OTHER NATIONAL DISCLOSURE
TWO YEAR FINANCIAL SUMMARY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Group	2016	2015
	N'000	N'000
Gross premium income	4,340,422	5,426,185
Reinsurance premium expenses	(692,015)	(853,396)
Net premium Income	3,648,407	4,572,789
Commission earned on reinsurance	118,816	341,341
Underwriting income	3,767,223	4,914,130
Total underwriting expenses	(3,495,376)	(3,680,132)
Underwriting result	271,847	1,233,998
Investment income	288,475	313,325
Loss on investment contract liability	(158,374)	(103,340)
Management expenses	(1,515,825)	(1,484,138)
Finance charges	(189,904)	(286,350)
Writeback	-	858,611
Unrealised Fair value losses	(45,860)	(18,317)
Fair value gain on investment properties	520,026	394,000
Gain on disposal of assets	-	153,765
Loss on disposal of investment property	-	(125,000)
Foreign exchange loss on loan	(385,289)	(117,514)
(Loss)/profit before taxation	(1,214,904)	819,040
Income tax	(126,765)	68,441
(Loss)/profit after taxation	(1,341,669)	887,481
Other comprehensive income/(loss)		
Revaluation surplus on building	1,460,400	501,583
Fair value loss on quoted shares(Available for sale) net of tax	(63,606)	(436,930)
Total comprehensive income	1,396,794	64,653
Total comprehensive income for the year	55,125	952,134
(Loss)/profit per share: Basic/Diluted (Kobo)	(10.13)	6.83

AND ITS SUBSIDIARY COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016

OTHER NATIONAL DISCLOSURE

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

Company	2016	2015	2014	2013	2012
ASSETS EMPLOYED	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	347,097	147,234	701,236	230,396	316,589
Financial assets	590,638	1,048,493	1,837,131	3,017,908	1,963,821
Reinsurance assets	475,048	492,673	607,664	241,092	641,965
Trade Receivable	16,340	49,994	32,646	7,673	642,257
Other receivables and Prepayment	22,510	28,117	32,469	98,513	563,752
Deferred acquisition costs	86,885	108,199	96,442	420,840	140,728
Non-Current Asset Held for sale	-	1,890,433	-	-	1,435,000
Investment in Associate Companies	277,673	406,728	317,604	1,081,612	1,123,290
Investment Property	1,300,000	1,150,000	1,415,000	1,435,000	-
Intangible Assets	7,230	8,241	7,686	11,544	18,937
Property, plants and equipments	6,178,413	2,770,510	2,222,606	1,909,303	1,750,734
Statutory Deposit	335,000	335,000	335,000	335,000	335,000
	<u>9,636,834</u>	<u>8,435,622</u>	<u>7,605,484</u>	<u>8,788,881</u>	<u>8,932,073</u>
LIABILITIES	<u>5,288,054</u>	<u>4,203,421</u>	<u>4,303,905</u>	<u>4,011,311</u>	<u>4,059,225</u>
NET ASSETS	<u>4,348,780</u>	<u>4,232,201</u>	<u>3,301,579</u>	<u>4,777,570</u>	<u>4,872,848</u>
SHAREHOLDERS' EQUITY					
Share Capital	5,996,587	5,996,587	5,996,587	5,996,587	5,996,587
			-	-	-
Share Premium	7,667,475	7,667,475	7,667,475	15,852,049	15,852,049
Treasury shares	-	-	-	(8,737,585)	(8,737,585)
Contingency Reserves	1,461,315	1,386,196	1,243,423	1,113,425	999,663
Other reserves	3,076,501	1,735,438	1,615,054	1,447,511	896,009
Retained earning	<u>(13,853,338)</u>	<u>(12,553,495)</u>	<u>(13,220,960)</u>	<u>(10,894,417)</u>	<u>(10,133,875)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>4,348,540</u>	<u>4,232,201</u>	<u>3,301,579</u>	<u>4,777,570</u>	<u>4,872,848</u>
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	<u>9,636,594</u>	<u>8,435,622</u>	<u>7,605,484</u>	<u>8,788,881</u>	<u>8,932,073</u>

AND ITS SUBSIDIARY COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2016

STATEMENT OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME

	2016	2015	2014	2013	2012
Company	N'000	N'000	N'000	N'000	N'000
Gross premium income	2,503,967	3,070,114	4,338,679	3,779,634	5,381,232
Reinsurance premium expenses	(495,787)	(602,574)	(475,015)	(683,715)	(480,958)
Net premium Income	2,008,180	2,467,540	3,095,919	4,900,274	4,160,339
Commission earned on reinsurance	37,340	52,044	103,078	33,799	90,967
Underwriting income	2,045,520	2,519,584	3,129,718	4,991,241	4,253,065
Total underwriting expenses	(1,369,095)	(1,376,564)	(2,536,055)	(2,124,355)	(2,430,346)
Underwriting result	676,425	1,143,020	1,005,363	2,560,895	2,701,057
Investment income	222,255	197,132	239,631	335,212	208,069
Management expenses	(1,426,478)	(1,323,958)	(1,795,804)	(1,497,228)	(1,386,984)
Impairment charges on premium receivable	-	-	-	-	-
Finance charges	(185,898)	(263,349)	(48,483)	(137,084)	(190,144)
Writeback/(impairment charges)	-	945,216	(1,145,650)	(297,351)	(358,959)
Share of (loss)/profit on Subsidiary Company	(129,055)	55,627	(726,422)	(239,741)	75,637
Unrealised Fair value gain/(losses)	150,000	48,928	(52,575)	41,093	10,715
Fair value loss on financial assets	(42,230)	-	-	-	-
Gain on disposal of assets	-	28,765	-	-	-
Foreign exchange loss on loan	(385,289)	(117,514)	-	-	-
Information Technology Development levy	-	-	-	-	-
(Loss)/profit before taxation	(1,120,270)	713,867	(789,736)	919,229	99,036
Income tax	(104,214)	96,371	(86,505)	(64,879)	(120,192)
Deferred tax	-	-	(11,524)	(26,327)	(17,855)
(Loss)/profit after taxation	(1,224,484)	810,238	(880,942)	781,182	6,823
Other comprehensive income/(loss)					
Revaluation surplus on building	1,460,400	557,314	411,117	-	-
Fair value gain on quoted shares(Available for sale) net of tax	(63,606)	(436,930)	(243,574)	641,102	772,328
Total comprehensive income	1,396,794	120,384	641,102	772,328	14,586
Total comprehensive income/(loss) for the year	172,310	930,622	(239,840)	1,553,510	21,409
(Loss)/profit per share: Basic/Diluted (Kobo)	(8.67)	6.76	(18.31)	(7.35)	(17)

STANDARD ALLIANCE INSURANCE PLC
AND ITS SUBSIDIARY COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
DETERMINATION OF SOLVENCY MARGIN

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The solvency margin for the Company as at 31 December 2016 is as follows:

	Note	2016 N'000		2015 N'000
Assets		Admissible	Inadmissible	
Cash and cash equivalents	6	220,070	127,027	347,097
Financial assets:				
Fair value through profit or loss	7.1	14,903		18,365
Loans and receivables	7.2	4,323		12,629
Available for sale investment	7.3	342,674		433,948
Held to maturity financial assets	7.4	228,738		583,551
Reinsurance assets	8	475,048		492,673
Trade receivable	9	16,340		49,994
Other receivables (excluding prepayments)	10	18,767	3,743	16,114
Deferred acquisition cost	11	86,885		108,199
Non-current asset held for sale	13	-		1,890,433
Investment properties	14	1,300,000		1,150,000
Investment in subsidiary	12.1	277,673		406,728
Intangible assets			7,230	
Property, plant and equipment	16	6,178,413		2,770,510
Statutory deposit	17	335,000		335,000
		<u>9,498,834</u>	<u>138,000</u>	<u>8,615,241</u>
Admissible liabilities				
Finance liabilities	22	1,269,650		795,918
Trade payables	20	15,632		75,986
Other payables	21	757,737		516,749
Current income tax liabilities	24	171,316		170,561
Insurance contract liabilities	18	2,443,530		2,226,847
Finance lease obligation	23	66,998		111,800
Deferred tax liabilities		-	563,191	-
		<u>4,724,863</u>	<u>563,191</u>	<u>3,897,861</u>
Excess of admissible assets over admissible liabilities		<u>4,773,971</u>		<u>4,717,380</u>
The higher of 15% of net premium and minimum paid up capital		<u>3,000,000</u>		<u>3,000,000</u>
Surplus in solvency margin		<u>1,773,971</u>		<u>1,717,380</u>
Solvency ratio		0.63		0.5