

NIGER INSURANCE PLC

GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

NIGER INSURANCE PLC
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FOR THE YEAR ENDED 31 DECEMBER, 2013

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NIGER INSURANCE PLC

RESULTS AT A GLANCE

	Group			Company		
	2013	2012	%	2013	2012	%
	N'000	N'000	Increase/ decrease	N'000	N'000	Increase/ decrease
Gross premiums written	10,443,205	10,330,471	1	10,443,205	10,330,471	1
Investment and other incomes	790,542	1,505,384	(47)	649,508	975,376	(33)
Profit before taxation	716,108	703,499	2	674,305	256,562	163
Retained profit transferred to reserves	627,425	776,293	(19)	599,472	470,176	27
Transfer to contingency reserve	150,579	167,571	(10)	150,579	167,571	(10)
Other comprehensive income	195,149	518,096	(62)	195,149	518,095	(62)
Issued and paid share capital	3,869,747	3,869,747	-	3,869,747	3,869,747	-
Shareholders fund	8,172,830	7,350,256	11	7,881,587	7,086,966	11
Insurance contract liabilities	7,585,370	7,074,690	7	7,585,370	7,074,690	7
Investment contract liabilities	4,500,009	4,846,250	(7)	4,500,009	4,846,250	(7)
Total assets	24,752,287 =====	22,289,093 =====	11	24,181,641 =====	21,732,480 =====	11
Per share data:						
Earnings per 50k share in kobo (k)	8.11k	10.03k		7.75k	6.08k	
Net assets per 50k share in (Naira ₦)	₦1.06	₦0.95		₦1.03	₦0.92	
Stock exchange quotation at 31 December	-	-		50k	50k	

NIGER INSURANCE PLC
CORPORATE INFORMATION

The Board:	Bala Zakariya'u Dauda Kolapo Adedeji Ibrahim R. Hassan Frederick S. Ugwuja Osa Osunde Idris Onaolapo Sulaimon Frederick Nnamdi Udechukwu Yusuf Hamisu Abubakar, OON Justus Clinton Uranta	- Chairman - Managing Director/Chief Executive - Executive Director - Executive Director - Director - Director - Director - Director - Director
Secretary:	Taiwo A. Otuneye, Esq.- <i>LL.M, B.L.</i>	
Registered office:	48/50, Odunlami Street, Lagos. www.nigerinsurance.com	
Registered numbers:	RC. 6484 RIC - 007 (R1 - 012)	
Bankers:	MainStreet Bank Plc Union Bank of Nigeria Plc First Bank of Nigeria Plc United Bank for Africa Plc Access Bank Plc Skye Bank Plc Keystone Bank Plc Stanbic IBTC Chartered Bank Unity Bank Plc	
Registrars:	NIC Securities & Trust Limited, 61 Marina, Lagos.	
Auditors:	Baker Tilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, Lagos. www.bakertillynigeria.com	
Reinsurers:	African Reinsurance Corporation Swiss Reinsurance Continental Reinsurance Plc CICA Reinsurance Company WAICA Reinsurance Corporation Plc Nigeria Reinsurance Company Plc	
Actuarist:	TAF Consulting Group 22, Oluseun Crescent, Gbagada – Anthony, Lagos, Nigeria.	
Valuers:	Tokun & Associates Estate Surveyors & Valuers Western House, 17 th Floor 8/10, Broad Street Lagos	

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013**

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

- i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act.
- ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

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

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and of the profit 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 financial control.

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

Signed on behalf of the Board of Directors by:

.....
Dauda K. Adedeji
FRC/2013/ICAN/00000003021
24 April, 2014

.....
Bala Zakariya'u
FRC/2013/CIIN/00000003437
24 April, 2014

NIGER INSURANCE PLC

REPORT OF THE DIRECTORS

1. Accounts

The directors are pleased to submit their report together with the group audited financial statements for the year ended 31 December, 2013.

Result for the year	₦'000
Company total comprehensive income - life	611,805
- non-life	<u>182,816</u>
	794,621
	=====

2. Legal form

The company was established in 1962 as an affiliate of Yorkshire Insurance Company (U.K.) and was then known as Yorkshire Insurance Company Nigeria Limited, with the registered office at 47, Marina, Lagos. Following the implementation of the indigenisation Act 1976, the Federal Ministry of Finance through NICON wholly acquired the company and its name was changed to 'The Niger Insurance Company Limited'. As a result of privatization policy of the Federal Government, the company's shares were sold to the public in 1989 and its name changed to Niger Insurance Plc.

The Company has two wholly owned subsidiaries: NIC Securities & Trust Limited and NIC Properties Limited.

3. Principal activities

The principal activities of the company are the underwriting of life and general insurance business.

4. The Directors

The current composition of the Board of Directors is as set out on page 2 of these financial statements.

5. Directors' interests

The interests of the directors in the issued share capital of the company are as follows:-

	Number of shares held as at	
	31/12/2013	31/12/2012
Bala Zakariya' u	204,162,448	166,480,207
Dauda Kolapo Adedeji	37,042,491	37,042,491
Ibrahim R. Hassan	15,035,984	15,035,984
Fredrick Sunday Ugwuja	16,201,184	16,201,184
Osa Osunde - Direct	20,004,000	90,978,771
- Indirect	231,652,906	299,363,501
Idris Onaolapo Sulaimon - Direct	226,030,473	226,030,473
- Indirect	82,494,941	82,494,941
Frederick Nnamdi Udechukwu -Direct	30,066,666	30,066,666
- Indirect (Chrome Oil Services Ltd)	2,122,015,587	2,122,015,587
Yusuf Hamisu Abubakar - Indirect	114,908,943	114,908,943
Justus Clinton Uranta	81,054,470	81,054,470
	=====	=====

6. Shareholdings

(a) Summary of the shareholding position:

Shareholders	As at 31/12/13		As at 31/12/12	
	Number of shares held	%	Number of shares held	%
Management Alliance Company Limited	790,023,319	10.2	827,705,560	11
Chrome Oil Services	2,122,015,587	27.4	2,122,015,587	27
Asset Management Nominees	418,027,943	5.4	418,027,943	5
Other Nigerian Individuals and Associations	<u>4,409,428,856</u>	<u>57.0</u>	<u>4,072,383,111</u>	<u>53</u>
	7,739,495,702	100	7,739,495,702	100
	=====	===	=====	===

(b) Substantial interest in shares:

No individual shareholder other than Management Alliance Company Limited and Chrome Oil Services Limited held more than 5% of the issued share capital of the company as at 31 December, 2013.

(c) Analysis of shareholding:

Holding between				Total holders	Units	%
Nigerian Shareholders	1	and	1,000	873	423,314	0.01
	1,001	and	5,000	2,255	6,115,069	0.08
	5,001	and	10,000	1,971	14,007,731	0.18
	10,001	and	50,000	3,952	90,460,444	1.17
	50,001	and	100,000	1,062	75,247,467	0.97
	100,001	and	500,000	1,281	258,113,856	3.34
	500,001	and	1,000,000	194	132,506,495	1.71
	1,000,001	and	10,000,000	182	495,379,070	6.40
	10,000,001	and	50,000,000	31	661,900,898	8.55
	50,000,001	and	100,000,000	9	675,563,150	8.73
	100,000,000	999,999,999		<u>15</u>	<u>5,329,778,208</u>	<u>68.86</u>
				11,825	7,739,495,702	100
				=====	=====	=====

7. Dividend

The directors recommend a dividend of ₦270,882,350 (2012: ₦232,184,871) which is equivalent to 3.5kobo per 50k share held as at 31 December, 2013.

8. **Unclaimed Share Certificates and Dividend Warrants**

The Company is aware that some share certificates belonging to shareholders have been returned marked 'Unclaimed'. Similarly, some dividend warrants sent to shareholders have been returned marked 'Unclaimed' while some are yet to be presented for payment.

Shareholders with unclaimed share certificates and/or dividend warrants are advised to write to the Registrars, NIC Securities & Trust Limited or the company Secretary or call at the office of the Registrars during normal working hours.

Furthermore, members are urged to advise the Registrar or the Company Secretary of any change of address or situation particularly as it relates to share certificates and dividend warrants.

9. **Property, plant & equipment**

Movements in property, plant and equipment during the year are shown in Note 13 to the financial statements. In the opinion of the directors, the market value of the company's properties is not less than the value shown in the financial statements.

10. **Donations**

No donation was made to charitable organization during the year.

11. **Personnel**

(a) ***Employment of physically challenged persons:***

The company continues its general policy of extending employment opportunities to physically challenged persons as and when there are openings for such employees. Two such employees are at present engaged by the company.

(b) ***Health, safety and welfare:***

In addition to medical retainership in private clinics and hospitals, all essential safety regulations are being observed to guaranty maximum protection of personnel and also protect the company's assets.

(c) ***Employees' involvement and training:***

Employees are kept fully informed of the company's performance and the company continues with its open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

The company attaches importance to the training of its staff through regular in-house, on-the-job training sessions and outside courses which have broadened employees' opportunities for career development within the company.

12. **Audit Committee**

In accordance with Section 359(3) of the Companies and Allied Matters Act Cap C20 LFN 2004, the Audit Committee members of the company elected at the last Annual General Meeting were as follows:-

O. Osunde	-	(Director)
Y. H. Abubakar, OON	-	(Director)
S. E. Bediare	-	(Shareholders' representative)
J. C. Uranta	-	(Director)
M. O. Sodipe	-	(Shareholders' representative)
Prince Adekunle Olodun	-	(Shareholders' representative)

The functions of the audit committee are as stated in Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN 2004.

13. **Compliance with the code of Corporate Governance**

The Directors confirm that they manage the affairs of the company in accordance with the provisions of the code of best practices on Corporate Governance in Nigeria with regards to matters stated concerning the Board of Directors, the Shareholders and the Audit Committee.

Board meetings are scheduled well in advance. Also, the agenda of Board meetings and reports on full business review, full report from the various Board Committees and reports from the Audit Committee are circularised to all Directors.

The Board meets at least four times in a year. Stated below is the record of attendance at Board meetings convened and held in year 2013:

	No. of meetings attended
Bala Zakariya'u	4
Dauda Kolapo Adedeji	4
Ibrahim R. Hassan	4
Frederick Sunday Ugwuja	4
Osa Osunde	4
Idris Onaolapo Sulaimon	4
Frederick Nnamdi Udechukwu	4
Yusuf Hamisu Abubakar	4
Justus Clinton Uranta	4

The following are the various committees of the board and their composition:

Risk management			No. of meetings attended
1.	Yusuf H. Abubakar, OON	Chairman	4
2.	Alhaji Ibrahim R. Hassan	Member	4
3.	Osa Osunde	Member	4
4.	Alhaji I. O. Sulaimon	Member	4
5.	Justus Clinton Uranta	Member	4
	Taiwo A. Otuneye	Secretary	4

Finance, Investment & General Purpose

1.	Osa Osunde	Chairman	4
2.	Dauda Kolapo Adedeji	Member	4
3.	Alhaji I. O. Sulaimon	Member	4
4.	Frederick Sunday Ugwuja	Member	4
5.	Frederick Nnamdi Udechukwu	Member	4
	Taiwo A. Otuneye, Esq.,	Secretary	4

Establishment and Governance

1.	Alhaji Idris Onaolapo Sulaimon	Chairman	4
2.	Mr. D. K. Adedeji	Member	4
3.	Ibrahim Hassan	Member	4
4.	Mr. F. N. Udechukwu	Member	4
5.	Yusuf H. Abubakar, OON	Member	4
	Taiwo A. Otuneye, Esq.,	Secretary	4

Executive management

1.	Dauda Kolapo Adedeji	Chairman	4
2.	Frederick Sunday Ugwuja	Member	4
3.	Alhaji Ibrahim R. Hassan	Member	4
	Taiwo A. Otuneye, Esq.,	Secretary	4

Audit and compliance

1.	Frederick N. Udechukwu	Chairman	4
2.	Alhaji Idris O. Sulaimon	V-Chairman	4
3.	Alhaji Ibrahim R. Hassan	Member	4
4.	Frederick S. Ugwuja	Member	4
5.	Yusuf H. Abubakar, OON	Member	4
	Taiwo A. Otuneye, Esq.,	Secretary	4

15. Risk management

Niger Insurance Plc recognizes the need for fast and efficient service delivery. At the same time, necessary attention is given to risk management. The company's approach is to minimize risk complexity whilst improving efficiency in the workplace.

Insurance risk

Niger Insurance underwrites both General and Life insurance businesses. The nature of risks involved are the likelihood that the insured event may occur and the uncertainty of the magnitude of the resulting claim.

To mitigate against these risks, Niger Insurance Plc has produced and issued a company-wide underwriting manual, covering acceptance criteria, pricing, accumulation control and levels of authority. The manual serves as a guide to the underwriters in accepting risks on the basis of prudence, professionalism, objectivity and risk discrimination. Besides, adequate Reinsurance

Treaty have been put in place and is reviewed annually to take account of changing retention profile.

The company regularly trains and re-trains its underwriting staff to acquaint them with recent developments in the risk bearing industry.

Besides, the company constantly reviews and controls risk quality and prudently applies policy limits when the need arises. In addition, our Internal Control Unit monitors adherence to existing guidelines via regular examination of the activities of various strategic business units.

Financial risks

Niger Insurance Plc is an active player in the economy. In the course of its operations, the company uses various financial instruments including cash and its equivalents, bonds, equities and receivables. Niger Insurance Plc is exposed to likely losses arising from market risk. Such risks comprise fluctuations in interest rates, equity prices and rate of exchange of foreign currencies and default in collection of receivables.

Niger Insurance Plc has developed a comprehensive financial management policy taking into account the relevant regulatory investment guidelines. Appropriate manuals are provided detailing administrative and accounting procedures. These manuals set out the framework for the investing function and specify the conditions and benchmarks for the acceptable levels of exposure to credit, currency and interest rate risks, etc.

Liquidity and credit risks

Liquidity or cashflow risk relate to the possibility that the company may encounter some difficulty to mobilize funds to discharge its obligation to clients as and when the need arises.

Niger Insurance Plc's investment guidelines are formulated such that minimum levels of financial assets are held in cash and cash equivalents with short maturity periods and easily convertible to cash at short notice.

Credit risk refers to the likelihood that one party to a financial transaction may fail to fulfill its obligation as and when due thereby causing the other party to a transaction to suffer financial loss. Our company is exposed to credit risks through its investment in financial assets such as short-term deposits, fixed interest securities and receivables.

Niger Insurance Plc's approach is to ensure that short-term deposits are placed with financial institutions with high credit rating. Moreover, deposits are spread amongst high quality institutions to avoid undue concentration on any one organization.

Credit risks associated with receivables are managed through a deliberate assessment of present and potential clients to ensure their ratings meet with our set criteria for granting credit and making necessary provision for doubtful and irrecoverable debts.

14. Auditors

Messrs Baker Tilly Nigeria (Chartered Accountants) have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act Cap C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

By Order of the Board

**Taiwo A. Otuneye, Esq.,
FRC/2014/NBA/0000000
Company Secretary**

**Lagos, Nigeria
24 April, 2014**

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER, 2012

The Management's Discussion and Analysis was prepared on April 2, 2014.

Forward-Looking Statements

This Management's Discussion and Analysis may contain statements relating to strategies used by Niger insurance plc or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may,” “could,” “should,” “would,” “suspect,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” and “continue” (or the negative thereof), as well as words such as “objective” or “goal” or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, information concerning the Company’s possible or assumed future operating results. These statements are not historical facts; they represent only the Company’s expectations, estimates and projections regarding future events.

Documents Related To the Financial Results

All documents related to the financial results of Niger insurance plc are available on the Company's website at www.nigerinsurance.com, in the section under *Financial Reports*.

Description of Niger insurance plc

Niger insurance plc is a composite insurance company with branch network & managers nationwide. It underwrites life and general business insurance policies.

The Company’s mission is “to be a customer-oriented provider of superior insurance services which can be broadly classified into life and pensions; general business and special risk; and miscellaneous insurance business.”

It is one of the leading insurance companies in Nigeria with over 400 staff.

Legal constitution

The company was established in 1962 as an affiliate of Yorkshire insurance company (U.K.) and was then known as Yorkshire Insurance Company Nigeria Limited, with the registered office at 47, Marina, Lagos. Following the implementation of the indigenization Act 1976, the Federal Ministry of Finance through the National Insurance Corporation of Nigeria (NICON), wholly acquired the company and its name was changed to ‘The Niger Insurance Company Limited. As a result of privatization policy of the Federal government, the company’s shares were sold to the public in 1989 and its name changed to Niger Insurance Plc.

Business strategy of the company and overall performance

The group is registered and incorporated in Nigeria and is primarily engaged in the underwriting of life and general insurance business. The company’s objectives is to become the insurance company of first choice in Nigeria noted for transparency, efficiency and capacity in providing total financial solutions through un-marched staff productivity and exceptional customer service orientation.

Over the years, various strategies have been put in place to achieve the objectives such as networking by expanding its distribution channels, products offering reappraisal, refocusing and managing the existing talents to create value. The company also utilizes the development and deployment of electronic platforms and facilities to all its regions and branches nationwide for quick and reliable service delivery.

The group has implemented the NAICOM directive on “NO PREMIUM, NO COVER” policy from the 1st of January, 2013. This policy aims to stimulate liquidity within the system by reducing the huge receivables being carried on the statement of financial position of insurance companies. This will positively impact the income statements of insurance companies by eliminating the large portion of outstanding premium charge for the receivables and make available more cash which can be used to generate more investment income.

Operating result, cashflow and financial condition

The entity’s critical performance measurement and indicators to evaluate the entity’s performance against stated objectives includes budgeting, ratio analysis and bench marking with industry average.

It is the company’s plan to re-build and re-focus its investment portfolio by taking advantage of opportunities in the fixed income securities for safe and guaranteed returns. The company is also diversifying into oil and gas and telecommunications and other safe areas to grow its investment income.

**REPORT OF THE INDEPENDENT AUDITORS’
TO THE MEMBERS OF
NIGER INSURANCE PLC**

Report on the financial statements

We have audited the accompanying financial statements of Niger Insurance Plc (‘the Company’) set out on pages 39 to 80. These financial statements comprise the statement of financial position as at 31 December 2013, the comprehensive income statement, statement of changes in equity, statement of cash flows, value added statement and financial summary statement as well as the significant accounting policies for the year then ended on pages 16 to 36.

Directors’ responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with provisions of the Financial Reporting Council Act No.6 of 2011 and in the manner required by the Companies and Allied Matters Act Cap C20 LFN 2004, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December, 2013, the group's financial performance and cash flows for the year then ended in accordance with Financial Reporting Council Act No.6 of 2011 and in the manner required by the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act 2003 and relevant NAICOM guidelines and circulars.

In our opinion, proper books of account have been kept by the Company and its group and proper returns adequate for the purpose of our audit have been received from branches not visited by us.

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 Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and income statement are in agreement with the books of account.

.....
M. E. Ariemuduigho
FRC/2013/ICAN/00000002724
on behalf
of
Baker Tilly Nigeria
(Chartered Accountants)

Lagos, Nigeria
24 April, 2014



NIGER INSURANCE PLC

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER, 2013

To the members of Niger Insurance Plc

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit and Compliance Committee of Niger Insurance Plc, hereby report as follows: -

We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Group are in compliance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December, 2013 were satisfactory and reinforce the Group's internal control systems.

We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Group's system of accounting and internal control.

.....
Prince Adekunle Olodun
FRC/2013/NIM/00000003105
Chairman Audit Committee

Dated this 22 April, 2014

Members of the Audit Committee are:

Prince Adekunle Olodun - Chairman

Sir. J. C. Uranta

M. O. Sodipe

O. Osunde

S. E. Bediare

Yusuf Hamisu Abubakar

In attendance:

Taiwo A. Otuneye – Secretary

NIGER INSURANCE PLC

**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 reports and financial statements for the year ended 31 December, 2013 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 statement, 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 operation 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 company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) we have disclosed to the auditors of the company and audit committee:
 - (i) all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's auditors any material weaknesses in internal controls; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;
- (f) we have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

.....
Frederick S. Ugwuja
FRC/2013/ICAN/00000002794
Chief Finance Officer

.....
Dauda K. Adedeji
FRC/2013/ICAN/00000003021
Chief Executive Officer

**NIGER INSURANCE PLC
COMPANY INFORMATION AND ACCOUNTING POLICIES**

FOR THE YEAR ENDED 31 DECEMBER, 2013

1. General information

(a) Reporting Entity

Niger Insurance Plc ('the Company') underwrites life and non-life insurance risks such as those associated with death, disability, health, property and liability. The Company also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. The company was incorporated in 1962 as an affiliate of Yorkshire Insurance Company (UK) and was then known as Yorkshire Insurance Nigeria Limited. Following the implementation of the indigenisation Act of 1976, the Federal Ministry of Finance through the National Insurance Corporation of Nigeria (NICON) wholly acquired the company and the company's name was changed to Niger Insurance Company Limited. As a result of the privatisation policy of the Federal Government, the company's shares were sold to the public in 1989 and its name changed to Niger Insurance Plc.

The address of its registered office is 48/50 Odunlami Street, Lagos. The Company has a primary listing on the Nigerian Stock Exchange.

Nature of entity's operation and its principal activities

The principal activities of the company are the underwriting of life and general insurance businesses, payment of claims and investments as described below: -

- **Underwriting**

The company underwrites both life and general insurance businesses. Under the life business, it underwrites both group life and individual life businesses whilst its general business includes motor vehicles, marine and aviation, fire, accident and sundry policies generally classified under miscellaneous insurance policies. The company also handles deposits administration business, which is of a savings nature in respect of which guaranteed interest is paid to the beneficiaries.

- **Claims**

The company pays claims incurred as part of its insurance business and which consist of the claims and claim handling expenses.

- **Investments**

Niger Insurance Plc engages in investments of its funds in properties as well as in listed and unlisted stocks, bonds, treasury bills and other money market instruments in line with the provisions of the Insurance Act 2003.

2. Going concern

These consolidated financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations. The Management believes that a going concern assumption is appropriate for the group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operations of the group.

3. **Basis of preparation**

a) **Statement of Compliance**

The Group's consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the Federal Republic of Nigeria, through the Financial Reporting Council Act No. 6 of 2011.

The Company's functional and presentation currency is the Nigerian naira.

b) **Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

c) **Basis of measurement**

The company prepares its financial statements under the historical cost convention as modified by the fair value and revaluation of its investments and buildings.

4. **New Standards and Amendments**

- (a) New standards and amendments issued but not effective for the financial year beginning 1 January, 2013 and not early adopted are as follows:-

New Standards

(i) IFRS 9- Financial instruments

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, we will now have two main categories of financial assets i.e. fair value and amortised cost (as opposed to the four categories prescribed by IAS 39 – fair value through profit and loss, loans and receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities. The Group intends to adopt IFRS 9 not later than the accounting period beginning 1 January, 2015.

(vi) Annual improvements 2011

These annual improvements, address six issues in the 2009- 2012 reporting cycle. It includes changes to:

IFRS 1, 'First time adoption'
IAS 1, 'Financial statement presentation'
IAS 16, 'Property plant and equipment'
IAS 32, 'Financial instruments, presentation'
IAS 34, 'Interim financial reporting'

5. Assets and liabilities of subsidiaries

IFRS 1 allows the Group and the subsidiaries to adopt different dates for strategic or regulatory reasons. This exemption allows a subsidiary to measure its assets and liabilities either at the carrying amounts included in its parents consolidated IFRS financial statements or on the basis of IFRS 1 as applied to its statutory financial statements at its own date of financial statements, these carrying amounts are adjusted, where relevant, to exclude consolidation and acquisition adjustments. Goodwill on acquisition of associates is included in the amount of the investment. Gains and losses on the disposal of an entity is recognised in the income statement.

6. Summary of significant accounting policies

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

6.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, unrestricted balances held with Central Bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the company in the management of its short-term commitments.

6.2 Financial assets

i. Recognition

Financial assets are initially recognized at fair value. Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

ii. Classification

The Group classifies its financial assets into the following categories: available for sale, held to maturity, loans and receivables, and financial asset at fair value through profit and loss. The classification is determined by management at initial recognition depending on the purpose for which the investments were acquired.

a) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange

rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit and loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held and are subsequently transferred to the income statement upon sale or de-recognition of the investment.

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

b) *Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Where the company sells more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in equity.

Interest on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income'. Held-to-maturity investments are carried at amortised cost, using the effective interest method. An impairment is reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit and loss or available for sale.

Loans and receivables consist primarily of Staff loans and advances (which are managed in accordance with a documented policy and information is provided internally on this basis), Agents and Brokers loans and loans receivable from related parties which arise in the ordinary course of business. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

d) *Financial assets at fair value through profit and loss*

Financial assets designated as 'at fair value through profit and loss' at inception are those that are: held in internal funds to match insurance and investment contracts liabilities, that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit and loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Information about these financial assets is provided internally on a fair value basis by the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit and loss. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unlisted securities, and unquoted investments for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same. Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. The group as at 31 December, 2013 do not have any financial assets classified as fair value through profit and loss.

iii. *Measurements of financial assets*

The best evidence of the fair value of a financial assets on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models.

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

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

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

iv. *Reclassification of financial assets*

Financial assets other than loans and receivables are reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value at the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

v. *Impairment of financial assets*

(a) *Financial assets carried at amortised cost*

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

Significant financial difficulty of the issuer or debtor;

A breach of contract, such as a default or delinquency in payments;

It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:– adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with default on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As is practically expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the assets. The amount of the reversal is recognised in the income statement.

(b) *Assets classified as available for sale*

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of **10%** or more is regarded as significant, and a period of **1 year** or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

vi. **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

vii. ***Derecognition of financial instruments***

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

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

6.3 **Trade receivables**

Trade receivables are receivable arising from insurance contract, these include amounts due from agents, brokers and insurance contract holders.

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 an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due under the original terms of the invoice. Allowance is made based on an impairment model which considers the loss given default for each debtor, probability of default for the sectors in which the debtor belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the income statement.

6.4 ***Reinsurance assets***

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts in accounting policy 6.13.1 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the insurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income

statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets. These processes are described in accounting policy 7.2.

6.5. *Deferred acquisition costs (DAC)*

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities.

6.6 *Other receivables and prepayment*

Other receivables and prepayment are recognised when due and at amortised cost less provision for impairment. These include receivables from suppliers, rent receivables and prepayment and other receivable other than those classified as trade receivable and loans and receivables.

If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the other receivable and prepayment accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an item of other receivable and prepayment is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in accounting policy 7.2.

6.7 *Investment in subsidiaries*

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

6.8 *Investment properties*

Property held for long-term rental yields and(or) capital appreciation that is not occupied by the companies in the Group is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair values, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash

flow projections or recent prices in less active markets. Gains/losses in the fair value of investment properties are recognised in the income statement.

These valuations are reviewed annually by an independent valuation expert. Investment property under construction that is being developed for continuing use as investment property are measured at cost.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the consolidated Group. The initial cost of the property shall be the fair value (where available), when not available the initial cost shall be used. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property any surplus previously recorded in equity is transferred to retained earnings net of associated tax; the transfer is not made through profit or loss.

Properties could have dual purposes whereby part of the property is used for own use activities. The portion of a dual use property is classified as an investment property only if it could be sold or leased out separately under a finance lease or if the portion occupied by the owner is immaterial to the total lettable space. The group considers 10% or below of the lettable space occupied by the owner as insignificant.

6.9 Deferred tax asset

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

6.10 Intangible assets

Computer software

Software acquired by the company is stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 3 years. This is reassessed annually.

6.11 *Property, Plant and Equipment*

(i) *Recognition and measurement*

Items of property, plant and equipment comprise mainly outlets and offices occupied by the Group. They are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Properties are measured at fair value less accumulated depreciation on leasehold land and building and impairment losses recognised after the date of the revaluation. Valuation are performed on periodic basis to ensure that the fair value of the assets does not differ materially from its carrying amount. Any revaluation surplus is recorded in other comprehensive income and subsequently asset revaluation reserve in equity except to the extent that it reverses a revaluation deficit earlier recognised on the same property in the income statement, in which case, the increase is recognised in the income statement.

A revaluation deficit is recognised in the income statement, except to the extent that it reverses an existing surplus on the same property in which case it is recognised in the other comprehensive income and subsequently in the asset revaluation reserve in equity.

(ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Land is not depreciated, depreciation on the building and other items of property, plant and equipment is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

The depreciation rates used for the current and comparative period are as follows:

Leasehold building	In equal instalments over the period of the lease
Freehold buildings	1% of cost/valuation
Furniture, fittings and equipment	12 ½% on cost
Motor vehicles	20% on cost
Computer hardware	33 ⅓ % on cost

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(iv) *De-recognition*

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

6.11.1 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

6.12 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the company deposited with the Central bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003.

6.13 Insurance contracts

6.13.1 Classification of insurance contracts

The group classifies insurance contracts into life and non-life insurance contracts.

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

a) *Life insurance contracts*

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

b) *General business insurance contracts*

These contracts are accident and casualty and property insurance contracts

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

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their

premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

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

6.13.2 **Recognition and measurement of insurance contracts**

a) **Insurance contract liabilities**

Technical reserves

These are computed in compliance with the provisions of Section 20, 21 and 22 of the Insurance Act 2003 as follows: -

i) **General business**

Reserves for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserves for outstanding claims

The premium for unexpired risk represents the net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

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

Reserves for unexpired risk

A provision for additional unexpired risk reserve (AURR) is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR).

ii) **Life business**

General reserve fund

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

iii) **Liability adequacy test**

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related Deferred Acquisition Cost (DAC) assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration 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).

b) **Insurance contract revenue and expenses**

i. **Premium**

General business

In the non-life insurance business, the company offers fire, general accident, workmen compensation, marine and aviation, engineering all risk, credit and goods in transit policies or insurance undertaking services.

Gross written premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries. Premiums written include adjustments to premiums written in prior accounting periods.

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

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

Life business

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

ii) **Salvages**

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

Salvage recoveries are used to reduce the claim expense when the claim is settled.

iii) **Subrogation**

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

iv) **Claims**

Claims and other benefits are recorded as an expense when they are incurred for both life and non-life business.

6.14 **Investment contracts liabilities**

Investment contracts are those that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and un-utilized fund. Interest linked investment contracts are measured at amortised cost while unutilised funds are measured at fair value. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognised as liabilities. Interest accruing to the life assured from investment of the savings is recognised in the income statement in the year it is earned while interest paid and due to depositors is recognised as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the group.

6.15 **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 method.

Fees paid on the establishment of loan facilities are recognised as 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 that 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.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 month after the date of the statement of financial position.

6.15.1 **Borrowing costs.**

Borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset are capitalised as part of the cost of the asset over the period up to the time such asset is substantially ready for its intended use. Other borrowing cost are recognised as an expense in the period in which they are incurred. When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realisable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

6.16 **Trade payables**

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

6.17 **Provisions and other payables**

i. **Provisions**

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are normally made for restructuring costs and legal claims.

ii. **Restructuring**

A provision for restructuring is recognised when the company has approved a detailed and formal restructuring plan and the restructuring plan has either commenced or been formally communicated.

iii. **Onerous Contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than unavoidable costs of meeting obligations under the contract. The provision is measured at the present value of the lower of expected costs of terminating the contract and the expected costs of continuing the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

v) **Deferred income**

Deferred income represent a proportion of commission received on reinsurance contracts which are booked during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the reinsurance commission income, the ratio of prepaid reinsurance to reinsurance cost.

6.18 **Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

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

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

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

6.19 **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

6.20 **Share premium reserve**

Share premium reserve represents surplus on the par value price of shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity (share premium reserve) as a deduction.

6.21 **Contingency reserve**

a) **General business**

In compliance with Section 21(2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

b) **Life business**

In compliance with Section 22(1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

6.22 Asset revaluation reserve

The reserve represents revaluation surplus on the Group revalued items of property, plant and equipment. The surplus is recognised net of tax through the statement of other comprehensive income.

6.23 Fair value reserve

Fair value reserve represent fair value gain on available for sale financial asset that do not reserve any previous loss on such asset. The fair value gain is recognised net of tax through the other comprehensive income statement.

6.24 Contingent liabilities and assets

i) Contingent liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability.

The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

ii) Contingent assets

Contingent assets arising from unplanned or other unexpected events giving rise to the possibility of an inflow of economic benefits are disclosed in the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

6.25 Revenue recognition

Revenue comprises the fair value of services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows: -

a) Gross premium

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date at which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date at which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivables in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting 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.

- b) **Rendering of services:** Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered. Fees consist

primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets and derivatives in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual reserves.

In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognises these fees on a straight-line basis over the estimated life of the contract. Certain upfront payments received for asset management services ('front-end fees') are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

The Group charges its customers for asset management and other related services using the following different approaches: Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received as a liability and recognised over the life of the contract on a straight-line basis; and Regular fees are charged to the customer periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

c) **Fees and commission**

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period 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.

Investment income

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

Realized gains and losses

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

d) **Dividend income**

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income depending on the underlying classification of the equity instrument.

e) **Interest**

Interest income and expense for all interest bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. The effective interest rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

The effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Interest income and expense on all trading assets and liabilities are considered to be incidental to the company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income. Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments and carried at fair value in the income statement.

f) **Net trading income**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interests, dividends and foreign exchange differences.

g) **Net income from other financial instruments at fair value**

Net income from other financial instruments at fair value relates to non-qualifying financial assets and liabilities designated as 'at fair value through profit or loss' and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

h) **Other operating revenues**

This comprises revenue earned by the company during the year that is directly from insurance operation and not accounted for under any other separate heads on the financial statements.

6.26 **Benefit, claims and expenses recognition**

Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included.

Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims, handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

6.27 Reinsurance expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

6.28 Investment income and expenses

Investment income and expenses for all interest-bearing financial instruments including financial instrument measured at fair value through profit or loss, are recognised within investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

6.29 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs includes, but are not limited to, commission expense, supervisory levy, supervising fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the income statement.

6.30 Deficits and surpluses on actuarial valuation

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

6.31 Management expenses

Management expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service or at the date of their origin.

6.32 Employees Benefit

Pension obligations:

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the group makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reforms Act of 2004. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

6.33 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

6.34 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.35 Hypothecation of assets

The company hypothecates its life and non-life business assets into those belonging to the policy holders, other creditors and shareholders fund in accordance with section 26(i) of the Insurance Act/SC1.10E(3) operational guideline.

6.36. Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

For Niger Insurance Plc, no geographical segment information is reported as the company's primary geographical segment is Nigeria. Business segment is presented in respect of the Company's life and non-life businesses and is based on the company's management and reporting structure.

6.37 Foreign Currency Translation

i. Transactions and balances:

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

6.38 Leases

i. Where the company is the lessee

Leases, in respect of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an amount equal to the fair value of the leased asset less the present value of unguaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other leases are classified as operating leases and are not recognised in the company's balance sheet. Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

ii. ***When the company is the lessor***

The Group does not lease out its fixed assets and as such are not lessors.

NIGER INSURANCE PLC

SEGMENT INFORMATION

Segmental information is presented in respect of the company's business segments. The business segments are based on the company's management and internal reporting structure. This segment information is based on the total premium received and claims paid in respect of that segment.

The company does not have a geographical segment. Segment information is therefore given for its life and non-life businesses as follows: -

(a) **Non-life business**

The company's non-life business is organised into the segments shown below.

i. **Motor**

This business unit underwrites motor insurance by giving cover which indemnifies the insured against any accidental loss to motorbikes and vehicles. There are three types of motor insurances namely; comprehensive, third party and third party fire & theft.

ii. **Marine & aviation**

Marine insurance provides cover on airborne cargoes, ships, fishing vessels as well as ports and harbours installation. Aviation on the other hand covers aircrafts and cargo passengers.

iii. **Fire**

Fire insurance covers accidental destruction of properties including household buildings, personal effects, commercial and industrial plant and machinery, raw materials, finished goods and profits (business disruption) policies. Fire covers is usually in three parts, namely, fire, lighting and limited explosions.

iv. **Accident**

Accident policies cover a broad spectrum of activities including personal accidents, family accidents, family personal accidents, group personal accidents, burglary, cash-in-transit, goods-in-transit, bankers indemnity, pedals cycle, product liability, contractors all-risk, travel insurance, bonds etc.

b) **Life Business**

The company's life business is organised into the segments shown below.

i. **Group life**

This is a policy that is usually undertaken by companies to provide a life assurance policy cover for their employees. The minimum number of employees is 10 for a duration of 1 year.

ii. **Individual life**

Life Assurance: The life fund is skilfully panelled by experts in a wide spread of first class securities yielding adequate interest and capital profits for the benefit of the holders. Other policies under life Assurance policy are: whole life assurance, endowment assurance, children educational endowment assurance, mortgage protection policy.

iii. **Mutual Halal Plan**

The scheme is a life insurance policy with a savings and investments plan designed for Muslims and other interested parties in Nigeria. It is a plan that encourages interested parties to save and mobilize funds to meet their financial obligations.

iv. **Personal Pension and Savings (PPS)**

PP&S is a plan whereby a small portion of the amount contributed (premium paid) is used to provide the insured with a life assurance cover, while the larger portion is retained in an investment account (in the insured name) accumulating interest at a guaranteed minimum rate. PP&S is open to anybody below the age of 50 or 55 depending on the age of maturity.

NIGER INSURANCE PLC
GROUP STATEMENT OF FINANCIAL POSITION
AS AT 30TH DECEMBER 2013

		GROUP		COMPANY	
	New note	Dec, 2013	Dec, 2012	Dec, 2013	Dec, 2012
		₦'000	₦'000	₦'000	₦'000
Assets:					
Cash and cash equivalents	1	3,682,070	1,844,594	3,591,691	1,784,442
Financial assets;					
Available for sale	2.1	2,285,095	1,850,998	2,283,749	1,849,654
Held-to -maturity	2.2	80,311	90,821	80,311	90,821
Loans and receivable	2.3	226,260	442,012	226,260	431,835
Trade receivables	3	-	84,031	-	84,031
Reinsurance Assets	4	799,390	324,269	799,390	324,269
Deferred acquisition costs	5	157,287	139,319	157,287	139,319
Other receivables and prepayment	6	252,552	201,625	232,060	179,237
Investment in subsidiaries	7	-	-	73,753	73,753
Investment properties	8	14,440,281	14,515,000	13,968,818	14,045,000
Deferred tax Assets	9	616,832	616,832	616,832	616,832
Intangible assets	10	120,949	117,378	120,175	116,604
Property, plant and equipment	11	1,591,260	1,562,214	1,531,315	1,496,683
Statutory deposit	12	500,000	500,000	500,000	500,000
Total assets		24,752,287	22,289,093	24,181,641	21,732,480
		=====	=====	=====	=====
Liabilities;					
Insurance contract liabilities	14	7,585,370	7,074,690	7,585,370	7,074,690
Investment contract liabilities	15	4,500,009	4,846,250	4,500,009	4,846,250
Borrowings	16	611,185	1,351,209	611,185	1,351,209
Trade payables	17	590,287	179,994	590,287	76,453
Provision and other payables	18	262,199	210,760	148,336	175,139
Defined benefit obligation	19	1,677,670	-	1,677,670	-
Income tax liabilities	20	296,892	317,552	278,703	310,392
Deferred tax liabilities	20	1,055,844	958,382	908,494	811,381
Total liabilities		16,579,457	14,938,837	16,300,054	14,645,514
		=====	=====	=====	=====
Equity;					
Issued and paid share capital	21	3,869,747	3,869,747	3,869,747	3,869,747
Share premium	22	791,491	791,491	791,491	791,491
Asset revaluation reserve	23	740,728	709,175	740,728	709,175
Fair value reserves	24	363,752	200,156	363,752	200,156
Contingency reserve	25	1,372,538	1,221,959	1,372,538	1,221,959
Retained earnings	26	1,034,574	557,728	743,331	294,438
Shareholders fund		8,172,830	7,350,256	7,881,587	7,086,966
		=====	=====	=====	=====
Total liabilities and equity		24,752,287	22,289,093	24,181,641	21,732,480
		=====	=====	=====	=====

The financial statements were approved by the Board of Directors on 24 April, 2014 and signed on its behalf by

.....
Frederick S. Ugwuja
FRC/2013/ICAN/00000002754
Chief Finance Officer

.....
Dauda K. Adedeji
FRC/2013/ICAN/00000003021
Chief Executive Officer

.....
Bala Zakariya'u
RC/2013/CIIN/00000003437
Chairman

The accounting policies on pages 16 to 47 and the notes on pages 51 to 107 form part of these financial statements

NIGER INSURANCE PLC
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	GROUP	2013	COMPANY
	Note	2013	2012	2013	2012
		N'000	N'000	N'000	N'000
Gross premium written	27	10,443,205	10,330,471	10,443,205	10,330,471
Unearned premium	14.1	<u>204,111</u>	<u>(1,624,570)</u>	<u>204,111</u>	<u>(1,624,570)</u>
Gross premium income		10,647,316	8,705,901	10,647,316	8,705,901
Reinsurance expenses	28	<u>(987,529)</u>	<u>(573,943)</u>	<u>(987,529)</u>	<u>(573,943)</u>
Net premium income		9,659,787	8,131,958	9,659,787	8,131,958
Fee and commission income	29	<u>654,311</u>	<u>642,833</u>	<u>654,311</u>	<u>642,833</u>
Net underwriting income		<u>10,314,098</u>	<u>8,774,791</u>	<u>10,314,098</u>	<u>8,774,791</u>
Claims expenses	30	(3,435,604)	(2,599,513)	(3,435,604)	(2,599,513)
Changes in outstanding claim	31	(714,791)	(450,041)	(714,791)	(450,041)
Claims expenses recovered from reinsurance	32	<u>521,131</u>	<u>116,922</u>	<u>521,131</u>	<u>116,972</u>
Net claim expenses		<u>(3,729,264)</u>	<u>(2,932,582)</u>	<u>(3,729,264)</u>	<u>(2,932,582)</u>
Underwriting expenses	33	<u>(1,825,015)</u>	<u>(2,353,982)</u>	<u>(1,825,015)</u>	<u>(2,353,982)</u>
Total underwriting expenses		<u>(5,554,279)</u>	<u>(5,286,565)</u>	<u>(5,554,279)</u>	<u>(5,286,565)</u>
Underwriting profit		4,759,819	3,488,226	4,759,819	3,488,226
Investment income	34	667,608	221,249	625,138	207,292
Net fair value gains on Investment property	35	16,495	1,154,015	16,495	703,112
Other operating income	36	106,439	130,120	7,875	64,972
Management expenses	37	(4,688,951)	(3,290,144)	(4,595,588)	(3,210,307)
Impairment loss on investment	39	78,002	(214,352)	78,002	(214,317)
Impairment on trade receivables		-	(610,120)	-	(610,120)
Depreciation and amortisation	40	<u>(223,304)</u>	<u>(175,495)</u>	<u>(217,436)</u>	<u>(172,296)</u>
Net operating profit before tax		716,108	703,499	674,305	256,562
Information technology levy		(6,743)	(9,414)	(6,743)	(9,414)
Income tax expense	20	<u>(81,940)</u>	<u>82,208</u>	<u>(68,090)</u>	<u>223,028</u>
Retained profit after tax transferred to reserve		627,425	776,293	599,472	470,176
Other comprehensive income					
Items not to be reversed through income statement:					
Gain on revaluation of Property, Plant and Equipment	42	31,553	342,370	31,553	342,369
Net fair value gain on available for sale financial assets.	42	<u>163,596</u>	<u>175,726</u>	<u>163,596</u>	<u>175,726</u>
Total comprehensive income for the year		<u>822,574</u>	<u>1,294,389</u>	<u>794,621</u>	<u>988,271</u>
		=====	=====	=====	=====
Earnings per share					
Profit for the year attributable to ordinary equity holders					
Basic		8.11k	10.03k	7.75k	6.08k
		=====	=====	=====	=====

NIGER INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER, 2013

Group	Ordinary share capital N'000	Share premium N'000	Assets revaluation on reserve N'000	Fair value reserve N'000	Statutory contingency reserve N'000	Retained earnings N'000	Total N'000
As at 1 January, 2012	2,868,307	817,772	366,805	24,430	1,054,388	92,421	5,224,123
Bonus issue	1,001,440	-	-	-	-	-	1,001,440
Share capital increase expenses	-	(26,281)	-	-	-	-	(26,281)
Transfer to contingency reserve	-	-	-	-	167,571	(167,571)	-
Dividend paid	-	-	-	-	-	(143,415)	(143,415)
Fair value/revaluation gain on assets	-	-	342,370	175,726	-	-	518,096
Transfer from income statement	-	-	-	-	-	776,293	776,293
Balance as at December, 2013	3,869,747	791,491	709,175	200,156	1,221,959	557,728	7,350,256
As at 1 January, 2013	3,869,747	791,491	709,175	200,156	1,221,959	557,728	7,350,256
Transfer to contingency reserve	-	-	-	-	150,579	(150,579)	-
Fair value/revaluation gain on assets	-	-	31,553	163,596	-	-	195,149
Transfer from income statement	-	-	-	-	-	627,425	627,425
As at 31 December, 2013	3,869,747	791,491	740,728	363,752	1,372,538	1,034,574	8,172,830
COMPANY							
As at 1 January, 2012	2,868,307	817,772	366,805	24,430	1,054,388	135,249	5,266,951
Bonus issue	1,001,440	-	-	-	-	-	1,001,440
Share capital increase expenses	-	(26,281)	-	-	-	-	(26,281)
Transfer to contingency reserve	-	-	-	-	167,571	(167,571)	-
Fair value/revaluation gain on assets	-	-	342,370	175,726	-	-	518,096
Transfer from income statement	-	-	-	-	-	470,175	470,175
	-	-	-	-	-	(143,415)	(143,415)
Balance as at December, 2012	3,869,747	791,491	709,175	200,156	1,221,959	294,438	7,086,966
As at 1 January, 2013	3,869,747	791,491	709,175	200,156	1,221,959	294,438	7,086,966
Transfer to contingency reserve	-	-	-	-	150,579	(150,579)	-
Fair value/revaluation gain on assets	-	-	31,553	163,596	-	-	195,149
Transfer from income statement	-	-	-	-	-	599,472	599,472
As at 31 December, 2013	3,869,747	791,491	740,728	383,752	1,372,538	743,331	7,881,587

NIGER INSURANCE PLC
STATEMENT OF CASH FLOWS AS AT 31 DECEMBER, 2013

	NOTE	GROUP 2013 N'000	2012 N'000	2013 N'000	COMPANY 2012 N'000
Profit after tax		627,425	776,293	599,472	470,175
Add back:		<u>88,683</u>	<u>(72,794)</u>	<u>74,833</u>	<u>(213,614)</u>
Taxation expenses		716,108	703,499	674,305	256,561
Operating profit					
Adjustment for item not involving movement of cash					
Adjustments:					
Deferred acquisition charge	5	545,932	322,497	545,932	322,497
Depreciation and amortisation	40	223,304	175,495	217,436	172,296
Provision for Impairment on receivables		-	610,154	-	610,120
Provision for impairment of investment	39	(78,002)	51,318	(78,002)	214,317
Fair value gain on investment property	35	(16,495)	-	(16,495)	703,112
(Profit) on disposal of Property, Plant and Equipment	36	145	(788)	145	(788)
(Profit) on disposal of investment properties		(22,000)	-	(22,000)	-
(Profit) on disposal of available for sales		(53,763)	-	(53,763)	-
Working capital adjustment:					
Increase/(decrease) in insurance Contract liabilities	14	510,680	1,474,091	510,680	1,474,091
Increase/(decrease) in Investment contract liabilities	15	(346,241)	(970,800)	(346,241)	(970,800)
Increase/ (decrease) in defined benefit obligation	19	1,677,670		1,677,670	
Increase/ (decrease) in Trade payables	17	410,293	20,049	513,834	9,808
Increase/ (decrease) in Provision and other payables	18	57,345	46,118	(15,447)	23,279
(Increase)/ decrease in Trade receivables	3	84,031	(694,150)	84,031	(694,151)
(Increase)/ decrease in reinsurance assets	4	(475,121)	1,243	(475,121)	1,243
(Increase)/decrease in loans and receivables	2.3	215,752	470,727	205,575	480,904
(Increase)/ decrease in other receivables and prepayment	6	(50,927)	155,880	(52,823)	124,865
Increase/ (decrease) in deferred acquisition costs	5	(563,900)	(258,195)	(563,900)	(258,195)
Tax paid	20	<u>(94,501)</u>	<u>(159,129)</u>	<u>(94,501)</u>	<u>(141,055)</u>
Net cash inflow from operating activities		<u>2,740,360</u>	<u>1,948,009</u>	<u>2,732,949</u>	<u>1,461,992</u>
=====					
Investing activities					
Available for sale financial assets	2	(246,806)	53,014	(246,806)	10,302
Held to maturity investment	2	10,510	9,179	10,510	9,179
Acquisition of Property, Plant and Equipment	11	(138,360)	(134,360)	(138,079)	(129,295)
Acquisition of intangible assets	10	(85,329)	(124,944)	(85,329)	(124,944)
Acquisition of investment properties	8	1,463	(1,616,008)	-	(1,160,324)
Proceeds from sale of Property, Plant and Equipment	11	14,025	788	14,025	788
Proceeds from disposal of investment properties	8	115,000	-	115,000	-
Proceeds from disposal of available for sale fixed assets	2.1	<u>166,637</u>	<u>-</u>	<u>166,637</u>	<u>-</u>
Net cash outflow from investing activities		<u>(162,860)</u>	<u>(1,812,331)</u>	<u>(164,042)</u>	<u>(1,394,294)</u>
=====					
Finance activities					
Borrowing	16	(740,024)	(946,372)	(740,024)	(928,432)
Dividend paid		-	(143,415)	-	(143,415)
Share capital increase		-	1,001,440	-	1,001,440
Share increase expenses		<u>-</u>	<u>(26,281)</u>	<u>-</u>	<u>(26,281)</u>
Net cash used in servicing of finance		<u>(740,024)</u>	<u>(114,628)</u>	<u>(740,024)</u>	<u>(96,688)</u>
=====					
Net cash used in servicing of finance		1,837,471	21,050	1,807,249	(28,990)
Cash and cash equivalent at the beginning		<u>1,844,594</u>	<u>1,823,544</u>	<u>1,784,442</u>	<u>1,813,432</u>
Cash and cash equivalent at the end	1	<u>3,682,070</u>	<u>1,844,594</u>	<u>3,591,691</u>	<u>1,784,442</u>
=====					

RISK AND CAPITAL MANAGEMENT FRAMEWORK

a. Government framework

The main objective of the company's risk management structure is to protect the company's shareholders from the adverse effects of events that hinder the sustainable achievement of financial performance objective, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The company has established a risk management function with clear terms of reference from the board of directors, its committee and the associated executive management committees.

This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a company policy framework which sets out the risk profiles for the company, risk management, control and business conduct standards for the company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy through the company.

The board of directors approves the company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals and specify reporting requirements.

b. Capital management objectives, policies and approach

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

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

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

Agreement to capital management

The company seeks to optimise the structure and source of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfall between reported and required capital levels on a regular basis

and taking appropriate action to influence the capital position of the company in the light of changes in economic conditions and risk characteristics.’

The primary source of capital used by the company is equity (shareholders’ funds)and borrowings.

The company has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Available capital resources at 31 December, 2013

	₦’000
Total shareholders’ funds per financial statements	7,881,587
Minimum capital requirement (MCR)	<u>(5,000,000)</u>
Available capital resources	2,881,587
	=====

Available capital resources at 31 December, 2012

Total shareholders’ funds per financial statements	7,086,966
Minimum capital requirement (MCR)	<u>(5,000,000)</u>
Available capital resources	2,086,966
	=====

NAICOM measures the financial strength of non-life insurers using a solvency margin model. It generally expects non-life insurers to comply with this capital adequacy requirement.

Section 24 of the Insurance Act 2003 defines solvency margin of a non-life insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of the net premium income (Gross Premium Income less Reinsurance Premium paid) or the minimum capital base (3 billion) whichever is higher.

This test comprises insurers’ capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. The Group maintain solvency margin which was slightly below the minimum required by 3.23% as at 31 December, 2013. However, this position was corrected on 24 April, 2014 when the Board passed a resolution to restructure the share capital between Life and Non-Life businesses. Consequently, the sum of N500 million was transferred from Life business share capital and share premium accounts to that of Non-Life business share capital and share premium accounts to that of Non-Life business. The regulator has the authority to request more extensive reporting and can place restrictions on the Group’s operations if the Group falls below this requirements.

Solvency margin for the non-life business as at 31 December, 2013 is as follows:-

Admissible Assets	₦’000
Cash and cash equivalents	717,150
Available for sale	1,765,876
Reinsurance assets	781,916
Deferred acquisition cost	157,287
Investment properties	1,000,000
Property, plant and equipment	170,732
Statutory deposit	<u>300,000</u>
	4,892,961

Liabilities	
Insurance contract liabilities	1,626,994
Trade payable	3,217
Provision and other payables	111,938
Income tax payable	<u>247,849</u>
	1,989,998
	<u>=====</u>
Solvency margin	2,902,963
	=====
 The higher of 15% net premium income and shareholders' fund	 3,000,000
Solvency ratio	(3.23%)

Regulatory framework

Regulators are mainly interested in protecting the rights of policyholders and monitor them closely to ensure that the company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operation of the company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

Insurance and financial risk

Insurance risk

The principal risk the company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The company purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the company to certain classes of business. Non-proportional insurance is primarily excess-of-loss reinsurance designed to mitigate the company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurances contracts. Although the company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

Life insurance contract (including investment contract)

Life insurance contracts offered by the company include: whole life, term assurance and investment contract liabilities (ICL). Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. ICL is an investment product which accepts deposit from clients and other business of savings nature by agreeing to pay interest on those deposits for an agreed period.

For contract for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with Discretionary Participation Features (DPF), the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. Insurance contracts also entitle the company to pursue third parties for payment of some or all costs. The company further enforces a policy of activity managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the company.

Key assumptions

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

Sensitivities

The analysis which follows is performed for reasonable possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Non-life insurance contract (which comprise general insurance)

The company principally issues the following types of general insurance contracts: fire, motor, casualty, workman compensation, personal accident, marine and oil and gas. Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risk arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedure put to reduce the risk exposure of the company. The company further enforces a policy of activity managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. insurance, earthquakes and flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerance based on market conditions and other factors.

Mortality and morbidity rates

Assumptions are based on standard industry and tables based on assumptions by the Actuary, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by gender, underwriting class, contract type and occupational hazard.

An increase in rate will lead to an increase in premium. A decrease in the number of claim settlements will lead to decrease in the expenditure and subsequent increase in profits.

Longevity

Longevity assumptions are based on standard industry and tables based on assumptions by the Actuary, according to the type of contract written. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by genders underwriting class and contract type.

A decrease in longevity will lead to a decrease in number of annually payments and subsequent decrease in expenditure and increased profits.

Investment returns

One of the major variables in determining the underwriting liabilities is the weighted average rate of returns. The estimations are based on current market returns as well as expectations about future economic and financial changes.

Any increase in investment returns would lead to a reduction in expenditure and subsequent positive effect on organisations financials.

Expenses

Expenses assumptions reflect the projected costs of administration of in-force policies and associated expenses. The current level of expenses is taken as an appropriate expenses base on adjustment for expected expense and inflation appropriately.

A decrease in the level of expenses would result in a decrease in expenditure thereby increasing shareholder's profits.

Lapse and surrender rates

Surrender refers to the voluntary termination of policies by policyholders while lapse refer to the termination of policies due to non-payment of premiums. Lapses assumptions are determined using statistical measures based on the company's internal data and appropriate policy conditions.

Discount rate

Underwriting liabilities are the discounted value of the expected benefits and future administration expenses directly related to the contracts, less the discounted value of the expected theoretical premium that would be required to meet the future cash outflows. The rates are based on the current industry risk rates, adjusted for the company's own risk exposure.

Key assumptions

The principal assumption underlying the liability estimates is that the company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example; once-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Financial risks

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation at the due date.

Credit risk is the risk of loss arising from the failure of a client or counterparty to fulfil its obligations to Niger Insurance Plc. This Credit Risk Management framework being part of Enterprise Risk Management framework has been prepared and approved to provide broad guidelines for management of credit risk in the insurance company.

In addition to credit risks arising out of investments and transactions with clients, Niger actively assumes credit risk through the writing of insurance business and the approval and issuance of loans. Credit risk can arise when a client defaults on loan payments or settlement of premium payments and can also arise when its own repayment capacity decreases.

Niger's strategy as an insurance company does not entail the elimination of credit risk but rather to take on credit risk in a well-controlled, planned and targeted manner pursuant to its business objective. Its approach to measuring credit risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate credit risk information is available to the relevant decision makers at an operational and strategic level at all times. At a strategic level, Niger manages its credit risk profile within the constraints of its overall risk appetite and has structured its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the insurance company's credit risk management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The organization is committed to:

- a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
- b) Identify credit risk in each investment, loan or other activity of the insurance company;
- c) Utilize appropriate, accurate and timely tools to measure credit risk;
- d) Set acceptable risk parameters;
- e) Maintain acceptable levels of credit risk for existing individual credit exposures;
- f) Maintain acceptable levels of overall credit risk for Niger's portfolio; and
- g) Coordinate credit risk management with the management of other risks inherent in Niger's business activities.

Unsecured exposures to high risk obligors, transactions with speculative cash flows, loans in which the insurance company will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the company.

Credit exposure

The company's maximum exposure to credit risk for the components of the statement of financial position at 31 December, 2013 and 2012 is the carrying amounts as presented in the note.

The credit risk analysis below is presented in line with how the company manages the risk. The company manages its credit exposure based on the carrying value of the financial instruments.

Liquidity risk

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

This is the potential for loss to the company arising from either its inability to meet its obligations or to fund increases in liabilities as they fall due without incurring unacceptable cost or losses. The liquidity risk management framework which is a segment of ERM framework manual ensures that Niger is not unduly exposed to Liquidity Risk and is in compliance with regulatory requirements and international best practice with respect to Liquidity Risk Management.

Final authority and responsibility (outlined in the ERM framework) for all activities that expose Niger to Liquidity Risk Management rests with the Board of Directors and the Board of Directors subsequently, delegates this authority to the Board investment and Enterprise Risk Management Committee and the Management Executive Committee (EXCO).

The key elements of the organisation's liquidity risk management process are:

- Definition of Niger's liquidity strategy
- Identification of liquidity risk
- Measurement of liquidity risk
- Controlling, monitoring and reporting liquidity risk.

The Board's Investment and Enterprise Risk Management committee meets quarterly while Management Executive Committee meets monthly to review the liquidity position of the company.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Cash and Cash equivalents

Cash and cash equivalents comprise cash in hand, at the banks and investments in short term liquid instruments

This comprise;

Balance held with banks in Nigeria;

	Group Dec-13 N'000	Group Dec-12 N'000
GROUP		
Cash at bank and in hand	3,161,268	1,280,767
Short term deposits	<u>683,802</u>	<u>726,827</u>
	3,845,070	2,007,594
impairment on short term deposits (1.1)	<u>(163,000)</u>	<u>(163,000)</u>
As at 31 December	<u>3,682,070</u>	<u>1,844,594</u>
	=====	=====

COMPANY

	Life Dec, 2013 N'000	Non-Life Dec. 2013 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Cash at bank and in hand	2,838,363	295,257	3,133,620	1,250,888
Short term deposits	<u>171,695</u>	<u>449,376</u>	<u>621,071</u>	<u>696,554</u>
	3,010,058	744,633	3,754,691	1,947,442
Impairment on short term deposits (1.1)	<u>(135,517)</u>	<u>(27,483)</u>	<u>(163,000)</u>	<u>(163,000)</u>
As at 31 December	<u>2,874,541</u>	<u>717,150</u>	<u>3,591,691</u>	<u>1,784,442</u>
	=====	=====	=====	=====

- 1.1 Impairment on short term deposits represents provision on deposit with some banks and other financial institutions that are long overdue and individually impaired. There were no movements in the impairment provision during the year.

2 FINANCIAL ASSETS

The company's financial assets are summarised by measurement category as follows:

	Group Dec-13 N'000	Group Dec-12 N'000
GROUP		
Available for sale financial assets (2.1)	2,285,095	1,850,998
Held to maturity (2.2)	80,311	90,821
Loans and receivable (2.3)	<u>226,260</u>	<u>442,012</u>
	<u>2,591,666</u>	<u>2,383,831</u>
	=====	=====

	Life Dec-13 N'000	Non-life Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
COMPANY				
Available for sale financial assets (2.1)	517,873	1,765,876	2,283,749	1,849,654
Held to maturity (2.2)	80,311	-	80,311	90,821
Loans and receivable (2.3)	<u>226,260</u>	<u>-</u>	<u>226,260</u>	<u>431,835</u>
	<u>824,444</u>	<u>1,765,876</u>	<u>2,590,320</u>	<u>2,372,310</u>
	=====	=====	=====	=====

2.1 **Available for sale financial assets**

Available for sale Investment securities represent the group's Equity interest in some listed and Unlisted Companies measured at fair value as follows;

			Group Dec-13 N'000	Group Dec-12 N'000
GROUP				
Equity securities:				
Listed note (note 2.1.1)			3,761,148	3,704,343
Unlisted (note 2.1.1)			<u>2,137,071</u>	<u>2,178,782</u>
			5,898,219	5,883,125
			=====	=====
Less: impairment (note 2.1.2)				
At beginning			4,032,127	4,222,290
Disposals			(100,384)	-
Charge for the period			29,741	51,352
Write back (note 2.1.3)			<u>(348,360)</u>	<u>(241,515)</u>
			3,613,124	4,032,127
			=====	=====
Fair value at year end			2,285,095	1,850,998
			=====	=====
COMPANY				
	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Listed (2.1.1)	2,781,079	978,723	3,759,802	3,702,964
Unlisted (2.1.1)	<u>116,251</u>	<u>2,020,820</u>	<u>2,137,071</u>	<u>2,178,782</u>
	2,897,330	2,999,543	5,896,873	5,881,746
Less: impairment				
At beginning	2,629,889	1,402,203	4,032,092	4,222,290
Charge for the period	12,591	17,150	29,741	51,317
Reclassification	36,774	(36,774)	-	-
Disposal	(100,384)	-	(100,384)	-
Write back	<u>(199,413)</u>	<u>(148,912)</u>	<u>(348,325)</u>	<u>(241,515)</u>
	2,379,457	1,233,667	3,613,124	4,032,092
	=====	=====	=====	=====
At ending	517,873	1,765,876	2,283,749	1,849,654
	=====	=====	=====	=====

2.1.1 **Movement in the cost of Available for sale assets**

	Group Dec-13 N'000	Group Dec-12 N'000
listed securities;		
At beginning	3,704,343	3,742,646
Reclassification during the year	-	149,553
Additions during the year	219,993	-
Disposals during the period	<u>(163,188)</u>	<u>(187,856)</u>
At ending	3,761,148	3,704,343
	=====	=====
Unlisted securities;		
At beginning	2,178,782	2,193,493
Addition during the year	26,813	142,883
Reclassification during the year	-	(149,553)
Disposal during the year	<u>(68,524)</u>	<u>(8,041)</u>
At ending	2,137,071	2,178,782
	=====	=====

Company	Life Dec,2013 N'000	Non-Life Dec2013 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Listed securities;				
At beginning	2,841,679	861,285	3,702,964	3,556,607
Addition during the year	82,713	137,280	219,993	-
Reclassification during the year	-	-	-	149,553
Disposals during the period	<u>(143,313)</u>	<u>(19,842)</u>	<u>(163,155)</u>	<u>(3,196)</u>
At ending	2,781,079	978,723	3,579,802	3,702,964
	=====	=====	=====	=====
Unlisted securities;				
At beginning	105,316	2,073,466	2,178,782	2,335,440
Addition during the year	10,935	15,878	26,813	1,296
Reclassification during the year	-	-	-	(149,553)
Disposal during the year	<u>-</u>	<u>(68,524)</u>	<u>(68,524)</u>	<u>(8,401)</u>
At ending	116,251	2,020,820	2,137,071	2,178,782
	=====	=====	=====	=====

2.1.2 Movement in the impairment on available for sale assets:

	Group N'000	Life N'000	Non-Life N'000	Company N'000
Listed securities:				
At January,2012	3,367,854	2,739,525	628,329	3,367,854
Charge during the period	112,053	8,308	103,743	112,051
Write back	<u>(241,515)</u>	<u>(142,944)</u>	<u>(98,571)</u>	<u>(241,515)</u>
At 31 December, 2012	3,238,392	2,604,889	633,501	3,238,390
	=====	=====	=====	=====
At January,2013	3,238,392	2,604,889	633,501	3,238,390
Charge during the year	3,300	-	3,300	3,300
Reclassification	-	36,774	(36,774)	-
Disposal	<u>(100,384)</u>	<u>(100,384)</u>	<u>-</u>	<u>(100,384)</u>
Write back	<u>(171,741)</u>	<u>(123,986)</u>	<u>(47,720)</u>	<u>(171,706)</u>
As at 31 December,2013	2,969,567	2,417,293	552,307	2,969,600
	=====	=====	=====	=====
Unlisted securities:				
At January,2012	854,436	24,704	829,732	854,436
Charge during the period	602	296	273	569
Write back	<u>(61,303)</u>	<u>-</u>	<u>(61,303)</u>	<u>(61,303)</u>
As at 31 December, 2012	793,735	25,000	768,702	793,702
	=====	=====	=====	=====
At January,2013	793,735	25,000	768,702	793,702
Charge during the year	26,441	12,591	13,850	26,441
Write back	<u>(176,619)</u>	<u>(75,427)</u>	<u>(101,192)</u>	<u>(176,619)</u>
As at 31 December,2013	643,557	(37,836)	681,360	643,524
	=====	=====	=====	=====
Total as at 31 December, 2012	4,032,127	2,629,889	1,402,203	4,032,092
	=====	=====	=====	=====
Total as at 31 December, 2013	3,613,124	2,379,457	1,233,667	3,613,124
	=====	=====	=====	=====

- 2.1.3 The table below provides cost and fair value information of investments securities available for sale, the maximum exposure to market risk is the fair value.

GROUP	31 December 2013		31 December 2012	
	Cost N'000	Fair Value N'000	Cost N'000	Fair Value N'000
Equity Securities				
Listed Securities	3,761,148	791,581	3,704,343	465,951
Unlisted Securities	<u>2,137,071</u>	<u>1,493,514</u>	<u>2,178,782</u>	<u>1,385,047</u>
	5,898,219	2,285,095	5,883,125	1,850,998
	=====	=====	=====	=====
-				
COMPANY				
Equity Securities				
Listed Securities	3,759,802	790,202	3,702,964	464,574
Unlisted Securities	<u>2,137,071</u>	<u>1,493,547</u>	<u>2,178,782</u>	<u>1,385,080</u>
	5,896,873	2,283,749	5,881,746	1,849,654
	=====	=====	=====	=====

2.2 **HELD TO MATURITY FINANCIAL ASSET – Life business**

Delta state government 14% fixed rate infrastructure development bond 2011/2018;

	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec,2013 N'000	Company Dec,2012 N'000
At beginning	90,821	100,000	90,821	100,000
Addition during the year				
Disposal during the year	<u>(10,510)</u>	<u>(9,179)</u>	<u>(10,510)</u>	<u>(9,179)</u>
At ending	80,311	90,821	80,311	90,821
	=====	=====	=====	=====

2.3 **Loans and receivables**

	Group Dec-13 N'000	Group Dec-12 N'000
Staff and Agents loan	163,571	245,784
Loans to policy holders (2.3.1)	<u>62,689</u>	<u>196,228</u>
	226,260	442,012
	=====	=====
Current	73,083	76,908
Non-current	<u>153,177</u>	<u>365,104</u>
	226,260	442,012
	=====	=====

			Company	Company
	Life N'000	Non-Life N'000	Dec-13 N'000	Dec-12 N'000
Staff and Agents loan	163,571	-	163,571	235,607
Loans to policy holders (2.3.1)	<u>62,689</u>	<u>-</u>	<u>62,689</u>	<u>196,228</u>
	226,260	-	226,260	431,835
	=====	=====	=====	=====
	-	-		
Current	73,083	-	73,083	76,908
Non-current	<u>153,177</u>	<u>-</u>	<u>153,177</u>	<u>354,927</u>
	226,260	-	226,260	431,835
	=====	=====	=====	=====

2.3.1 LOANS TO POLICY HOLDERS -LIFE

	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Mortgage loan:				
Policy loan	61,766	195,305	61,766	195,305
Non- forfeiture regulations	<u>923</u>	<u>923</u>	<u>923</u>	<u>923</u>
	62,689	196,228	62,689	196,228
	=====	=====	=====	=====

These are different categories of loans granted to life business policy holders within the surrender values of their respective policies. Non-forfeiture regulations are in respect of unpaid premiums due to unforeseen contingencies causing the policy holder to default in premium payment while policy and Mortgage loans are usually applied for by the holders.

2.4. Fair value hierarchy

Financial assets are carried at fair values by valuation method. The different levels have been defined as follows:
Level 1- fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid prices;

Level-2- fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e) or indirectly (i.e. derived from prices; and

Level-3- fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

GROUP

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available for sale financial assets:				
Listed	791,581			791,581
Unlisted	-	-	1,493,514	1,493,514
Held to maturity	80,311	-	-	80,311
Loans and receivables	<u>-</u>	<u>-</u>	<u>226,260</u>	<u>226,260</u>
	871,892	-	1,719,774	2,591,666
	=====	=====	=====	=====

3 **Trade receivables**

Trade receivable represent insurance receivable at the end of the year

	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Insurance receivables	1,389,983	1,474,014	1,389,983	1,474,014
Provisions for impairment (3.1)	<u>(1,389,983)</u>	<u>(1,389,983)</u>	<u>(1,389,983)</u>	<u>(1,389,983)</u>
	-	84,031	-	84,031
	=====	=====	=====	=====
Current	-	84,031	-	84,031
	=====	=====	=====	=====

- 3.1 The company's Insurance receivable represents outstanding Agents and brokers balances in respect of Non-Life businesses yet to be remitted to the Company at year end. All past due insurance receivables were individually impaired. As at 31 December, 2013 there were no balances yet to be remitted to the company in respect of all insurance contract entered into during the year. The company fully complied with the NAICOM provision/circular of no premium no cover effective from January, 2013.

4 **REINSURANCE ASSETS- current**

			Group Dec-13 N'000	Group Dec-12 N'000
Share of reinsurer's liabilities			799,390	324,269
			=====	=====
	Life Dec-13 N'000	Non-life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
	-	-	-	-
4.1 Share of reinsurer's liabilities				
At beginning	17,398	306,871	324,269	325,512
Changes during the year	<u>76</u>	<u>475,045</u>	<u>475,121</u>	<u>(1,243)</u>
At ending	17,474	781,916	799,390	324,269
	=====	=====	=====	=====

Directors are of the opinion that no impairment allowance is necessary on the receivable from reinsurance .

- 4.2 Analysis of reinsurance assets per policies is as follows:

	Life Dec-13 N'000	Non-life Dec-13 N'000	Dec-13 N'000	Dec-12 N'000
Fire		61,376	61,376	27,266
Motor Vehicle		90,793	90,793	103,880
Marine, aviation and transit		15,364	15,364	84,439
General accident		614,383	614,383	91,286
Individual life	2,959	-	2,959	2,897
Group life	<u>14,515</u>	<u>-</u>	<u>14,515</u>	<u>14,501</u>
	17,474	781,916	799,390	324,269
	=====	=====	=====	=====

5 **DEFERRED ACQUISITION COST- NON- LIFE BUSINESS**

	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
At the beginning of the year	139,319	203,621	139,319	203,621
Acquisition paid during the year	563,900	258,195	563,900	258,195
Charged to non-life revenue	<u>(545,932)</u>	<u>(322,497)</u>	<u>(545,932)</u>	<u>(322,497)</u>
	157,287	139,319	157,287	139,319
	=====	=====	=====	=====
Current	157,287	139,319	157,287	139,319
Non current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	157,287	139,319	157,287	139,319
	=====	=====	=====	=====

5.1 The Deferred acquisition cost represents cost in relation to the unexpired risk and is analysed by policy as follows:

	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Fire	15,030	13,313	15,030	13,313
Motor Vehicle	36,606	32,424	36,606	32,424
Marine, aviation and transit	14,760	13,074	14,760	13,074
General accident	<u>90,891</u>	<u>80,508</u>	<u>90,891</u>	<u>80,508</u>
	157,287	139,319	157,287	139,319
	=====	=====	=====	=====

6 **Other receivables and prepayment**

	Group Dec-13 N'000	Group Dec-12 N'000
Rent prepayment	58,993	58,994
Staff allowances	45,338	45,338
Prepayment to suppliers/ Vendors	58,857	42,858
Rent receivable	55,221	54,435
Other receivables	<u>34,143</u>	<u>-</u>
	252,552	201,625
	=====	=====
Current	179,579	169,578
Non-current	<u>72,973</u>	<u>32,047</u>
	252,552	201,625
	=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Rent prepayment	58,993		58,993	58,994
Staff allowances	45,338		45,338	45,338
Deposit for shares with NIC Securities	32,047		32,047	32,047
Prepayment to suppliers/ Vendors	58,857		58,857	42,858
Other receivables	<u>36,825</u>	<u>-</u>	<u>36,825</u>	<u>-</u>
	232,060	-	232,060	179,237
	=====	=====	=====	=====
Current	159,087	-	159,087	147,190
No-current	<u>72,973</u>	<u>-</u>	<u>72,973</u>	<u>32,047</u>
	232,060	-	232,060	179,237
	=====	=====	=====	=====

In the opinion of the Directors, none of the balances in other receivables and prepayment is past due, hence no impairment allowance is made in the account

7 **INVESTMENT IN SUBSIDIARIES -Life business**

	Company Dec-13 N'000	Company Dec-12 N'000
NIC Properties limited	4,996	4,996
NIC securities & trust limited	<u>68,757</u>	<u>68,757</u>
As at 31 December	73,753	73,753
	=====	=====

All the subsidiaries are wholly owned by the company. There was no movements in the investments in subsidiaries during the year.

NIC properties limited was incorporated on 13 August,1991 and its principal activity is property management services to both individual and corporate clients.

NIC Securities & Trust Limited was incorporated on 13 August,1991 to carry out Trusteeship and Registrars activities to both corporate and individual clients.

8 **INVESTMENT PROPERTIES**

	Group Dec-13 N'000	Group Dec-12 N'000
River Plaza	10,000,000	10,000,000
Polo House	1,862,600	1,862,600
Ajao Estate	1,372,000	1,372,000
Port-Harcourt	406,476	402,400
Others	<u>799,205</u>	<u>878,000</u>
	14,440,281	14,515,000
	=====	=====

	Life Dec-13 N'000	Non- Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
River Plaza	10,000,000		10,000,000	10,000,000
Polo House	1,862,600		1,862,600	1,862,600
Ajao Estate	-	1,372,000	1,372,000	1,372,000
Port-Harcourt	406,476	-	406,476	402,400
Others	<u>327,742</u>	<u>-</u>	<u>327,742</u>	<u>408,000</u>
	12,596,818	1,372,000	13,968,818	14,045,000
	=====	=====	=====	=====

8.2 Details of movement in investment properties during the year are as follows;

	River Plaza N'000	Polo House N'000	Ajao Estate N'000	Port-Harcourt N'000	Others N'000	Company N'000	Group N'000
As at 1 January, 2012	10,514,385	1,485,402	350,889	250,000	284,000	12,884,676	12,898,992
Additions	188,783	268,429	-	-	-	457,212	461,993
Fair value gain	(703,168)	108,769	1,021,111	152,400	124,000	703,112	1,154,015
Disposals	-	-	-	-	-	-	-
As at 31 December, 2012	10,000,000	1,862,600	1,372,000	402,400	408,000	14,045,000	14,515,000
	=====	=====	=====	=====	=====	=====	=====
As at 1 January, 2013	10,000,000	1,862,600	1,372,000	402,400	408,000	14,045,000	14,515,000
Additions	-	-	-	-	-	-	1,463
Fair value gain	-	-	-	4,076	12,419	16,495	16,495
Disposals	-	-	-	-	(92,677)	(92,677)	(92,677)
As at 31 December, 2013	10,000,000	1,862,600	1,372,000	406,476	327,742	13,968,818	14,440,281
	=====	=====	=====	=====	=====	=====	=====

The company's investment properties were independent valued by Messers Tokun & Associates Estate Surveyors & Valuers with Financial Reporting Council (FRC) of Nigeria registration number-FRC/2013/00000000001353, which put the open market value of the company's Investment properties at ₦13,968,819,000 as at 31 December 2013(31 December,2012 N14,045,000). All valuation adjustments have been recognised in the income statement in line with the provisions of relevant international standard.

Investment Properties tagged "Others" are Properties whose individual and collective fair value at year end is lower than 5per cent of the total value.

9. **Deferred tax assets**

The Company has a substantial deferred tax assets of N2,467,326,000 in its life business which arose from unrecovered losses and unrelieved capital allowances carried forward. However a portion (2012- ₦616, 831, 500.00) of this amount is recognised in 2012. The directors are of the opinion that the deferred tax asset is not impaired hence no impairment adjustment was recognised during the year ended 31 December, 2013.

10. **INTANGIBLE ASSETS**

	Group N'000	Life N'000	Non-Life N'000	Company N'000
Cost/revaluation				
As at I January, 2012	66,473	65,699	-	65,699
additions	<u>124,170</u>	<u>124,170</u>	-	<u>124,170</u>
As at 31 December, 2012	<u>190,643</u>	<u>189,869</u>	-	<u>189,869</u>
	=====	=====	=====	=====
As at I January, 2013	190,643	189,869	-	189,869
additions	<u>85,329</u>	<u>85,329</u>	-	<u>85,329</u>
As at 31 December, 2013	<u>275,972</u>	<u>275,198</u>	-	<u>275,198</u>
	=====	=====	=====	=====
Accumulated amortisation				
As at I January, 2012	21,642	21,642	-	21,642
Amortisation for the year	<u>51,623</u>	<u>51,623</u>	-	<u>51,623</u>
As at 31 December, 2012	<u>73,265</u>	<u>73,265</u>	-	<u>73,265</u>
	=====	=====	=====	=====
As at I January, 2013	73,265	73,265	-	73,265
Amortisation for the year	<u>81,758</u>	<u>81,758</u>	-	<u>81,758</u>
As at 31 December, 2013	<u>155,023</u>	<u>155,023</u>	-	<u>155,023</u>
	=====	=====	=====	=====
Net book Value				
As at 31 December, 2013	120,949	120,175	-	120,175
	=====	=====	=====	=====
As at 31 December, 2012	117,378	116,604	-	116,604
	=====	=====	=====	=====

11. **PROPERTY, PLANT & EQUIPMENT GROUP**

Cost/revaluation	Land & Building N'000	Furniture Fittings & Equipment N'000	Motor Vehicles N'000	TOTAL N'000
As at I January, 2012	824,955	801,780	600,399	2,227,134
Additions	159	70,446	63,755	134,360
Revaluation adjustment	470,598			470,598
Disposal	-	-	(7,317)	(7,317)
As at 31 December, 2012	1,295,712	872,226	656,837	2,824,775
	=====	=====	=====	=====
As at I January, 2013	1,295,712	872,226	656,837	2,824,775
Additions	25,560	33,372	79,428	138,360
Adjustment for fair value	46,401	-	-	46,401
Disposal	-	(3,123)	(42,903)	(46,026)
As at 31 December, 2013	1,367,673	902,475	693,362	2,963,510
	=====	=====	=====	=====
-	-	-		-
Depreciation				
As at I January, 2012	106,024	608,344	431,640	1,146,008
Charge for the year	6,480	66,122	51,267	123,869
On disposal	-	-	(7,317)	(7,317)
As at 31 December, 2012	112,504	674,466	475,590	1,262,560
	=====	=====	=====	=====
As at I January, 2013	112,504	674,466	475,590	1,262,560
Charge for the year	19,710	57,846	63,990	141,546
On disposal	-	(3,123)	(28,733)	(31,856)
As at 31 December, 2013	132,214	729,189	510,847	1,372,250
	=====	=====	=====	=====
Net book value				
As at 31 December, 2013	1,235,459	173,286	182,515	1,591,260
	=====	=====	=====	=====
As at 31 December, 2012	1,183,208	197,760	181,247	1,562,215
	=====	=====	=====	=====

11.1 **Company**

Cost/revaluation	Land & Building N'000	Furniture Fittings & Equipment N'000	Motor Vehicles N'000	TOTAL N'000
As at I January, 2012	762,747	782,400	589,487	2,134,634
Additions	159	68,351	60,786	129,296
Revaluation adjustment	470,598	-	-	470,598
Disposal	-	-	(7,317)	(7,317)
As at 31 December, 2012	1,233,504	850,751	642,956	2,727,211
	=====	=====	=====	=====
As at I January, 2013	1,233,504	850,751	642,956	2,727,211
Additions	21,050	32,495	84,534	138,079
Adjustment for fair value	46,401	-	-	46,401
Disposal	-	(3,123)	(42,903)	(46,026)
As at 31 December, 2013	1,300,955	880,123	684,587	2,865,665
	=====	=====	=====	=====
Depreciation				
As at I January, 2012	99,747	596,695	420,729	1,117,171
Charge for the year	5,858	63,796	51,019	120,673
On disposal	-	-	(7,317)	(7,317)
As at 31 December, 2012	105,605	660,491	464,431	1,230,527
	=====	=====	=====	=====
As at I January, 2013	105,605	660,491	464,431	1,230,527
Charge for the year	12,369	54,971	68,339	135,679
On disposal	-	(3,123)	(28,733)	(31,856)
As at 31 December, 2013	117,974	712,339	504,037	1,334,350
	=====	=====	=====	=====
Net book value				
As at 31 December, 2013	1,182,981	167,784	180,550	1,531,315
	=====	=====	=====	=====
As at 31 December, 2012	1,127,899	190,260	178,525	1,496,683
	=====	=====	=====	=====

11.4 **Disposal of Assets during the year- composite;**

Cost	-	3,123	42,903	46,026
Accumulated depreciation	-	(3,123)	(28,733)	(31,856)
	-	-	14,170	14,170
Sales proceeds	-	-	(14,025)	(14,025)
(Gains)/ loss on disposals	-	-	145	145
	=====	=====	=====	=====

12 **STATUTORY DEPOSIT**

	Group Dec-13 N'000	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Statutory deposit	500,000	200,000	300,000	500,000	500,000
	=====	=====	=====	=====	=====

Section 11(1) of the Insurance Act No.1 2003 requires an existing insurance company to retain 10% of the minimum share capital with the Central Bank of Nigeria as statutory deposit.

13 **Statement of investments representing Insurance Funds**

In accordance with section 26(1) of the Insurance Act 2003/SC1.10E (3) operational guideline the company's investments as at 31 December 2012 are represented as follows;

	General Business Shareholders Fund N'000	Policy- holders Fund N'000	Others creditors N'000	Life Business Shareholders Fund N'000	Policy- holders Fund N'000	Mutual hallal N'000	Investment contract liabilities N'000	Others creditors N'000
Assets								
Property, Plant and Equipment								
Property	203,231	58,675	231,672	147,675	278,675	-	-	263,053
Equipment	41,003	32,645	7,494	38,923	16,783	-	-	30,936
Motor Vehicles	5,312	2,587	71,610	13,402	4,542	-	-	83,096
Intangible assets	-	-	-	36,789	12,453	-	-	70,933
deferred tax asset	-	-	-	616,832	-	-	-	-
Other Assets								
Cash and cash equivalents	199,242	456,759	61,149	297,453	485,268	982,080	525,708	584,032
Reinsurance assets	128,546	625,673	27,697	-	-	-	-	17,474
Investment in subsidiaries	-	-	-	73,753	-	-	-	-
Statutory deposit	300,000	-	-	200,000	-	-	-	-
Investment properties	1,372,000	-	-	2,828,908	3,814,703	-	3,871,549	2,081,659
Other receivables and prepayment	-	-	-	102,345	23,098	-	-	106,617
Trade receivables	-	-	-	-	-	-	-	-
Deferred acquisition costs	-	-	157,287	-	-	-	-	-
Financial Assets	<u>986,537</u>	<u>450,655</u>	<u>328,684</u>	<u>289,636</u>	<u>215,794</u>	<u>124,980</u>	<u>102,752</u>	<u>91,282</u>
	3,235,871	1,626,994	885,593	4,645,716	4,851,316	1,107,060	4,500,009	3,329,082
	=====	=====	=====	=====	=====	=====	=====	=====

14. **INSURANCE CONTRACT LIABILITIES**

	Group Dec-13 N'000	Group Dec-12 N'000
Outstanding claims and loss adjustment expenses (note 14.2)	1,251,296	309,181
Claims incurred but not reported	64,880	292,204
Unearned premium (note 14.3)	<u>6,269,194</u>	<u>6,473,305</u>
	7,585,370	7,074,690
Reinsurance share of Insurance Contract liabilities	<u>(799,390)</u>	<u>(324,269)</u>
Net Insurance Contract liabilities	<u>6,785,980</u>	<u>6,750,421</u>
	=====	=====
Current	2,026,994	1,206,097
Non-current	<u>5,558,376</u>	<u>5,868,593</u>
	7,585,370	7,074,690
	=====	=====

	Life Dec-13 N'000	Non-life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Outstanding Claims and loss adjustment expenses (14.2)	400,000	851,296	1,251,296	309,181
Claims incurred but not reported	-	64,880	64,880	292,204
Unearned premium (14.1)	<u>5,558,376</u>	<u>710,818</u>	<u>6,269,194</u>	<u>6,473,305</u>
	5,958,376	1,626,994	7,585,370	7,074,690
	=====	=====	=====	=====
Reinsurance share of Insurance Contract liabilities	<u>(17,474)</u>	<u>(781,916)</u>	<u>(799,390)</u>	<u>(324,269)</u>
Net Insurance Contract liabilities	5,940,902	845,078	6,785,980	6,750,421
	=====	=====	=====	=====
Current	400,000	1,626,994	2,026,994	1,206,097
Non-current	<u>5,558,376</u>	<u>-</u>	<u>5,558,376</u>	<u>5,868,593</u>
	5,958,376	1,626,994	7,585,370	7,074,690
	=====	=====	=====	=====

14.1 Movement in Unearned premium during the year;

	Group N'000	Life N'000	Non-life N'000	Company N'000
As at 1 January, 2012	4,848,735	4,419,438	429,297	4,848,735
Premium written during the year	10,330,471	7,117,150	3,213,323	10,330,471
Premium earned during the year	<u>(8,705,901)</u>	<u>(5,667,995)</u>	<u>(3,037,908)</u>	<u>(8,705,901)</u>
As at 31 December, 2012	6,473,305	5,868,593	604,712	6,473,305
	=====	=====	=====	=====
As at 1 January, 2013	6,473,305	5,868,593	604,712	6,473,305
Premium written during the year	10,443,205	7,582,338	2,860,867	10,443,205
Premium earned during the year	<u>(10,647,316)</u>	<u>(7,892,555)</u>	<u>(2,754,761)</u>	<u>(10,647,316)</u>
As at 31 December, 2013	6,269,194	5,558,376	710,818	6,269,194
	=====	=====	=====	=====
Changes in unearned premium charged to income statement	<u>(204,111)</u>	<u>(310,217)</u>	<u>106,106</u>	<u>(204,111)</u>
	=====	=====	=====	=====

The reserve represents the Company's maximum liability for insurance business that has not expired as at year end.

	Group N'000	Life N'000	Non-life N'000	Company N'000
Movement in Outstanding claim during the year;				
As at 1 January, 2012	734,466	-	734,466	734,466
Reported/incurred claims during the year	847,037	-	847,037	847,037
Claims paid during the year	<u>(1,272,322)</u>	<u>-</u>	<u>(1,272,322)</u>	<u>(1,272,322)</u>
	309,181	-	309,181	309,181
Claims incurred but not reported	<u>292,204</u>	<u>-</u>	<u>292,204</u>	<u>292,204</u>
As at 31 December, 2012	601,385	-	601,385	601,385
	=====	=====	=====	=====
As at 1 January, 2013	601,385	-	601,385	601,385
Reported/incurred claims during the year	3,043,728	2,131,984	911,744	3,043,728
Claims paid during the year	<u>(2,393,817)</u>	<u>(1,731,984)</u>	<u>(661,833)</u>	<u>(2,393,817)</u>
	1,251,296	400,000	851,296	1,251,296
Claims incurred but not reported	<u>64,880</u>	<u>-</u>	<u>64,880</u>	<u>64,880</u>
As at 31 December, 2013	1,316,177	400,000	916,176	1,316,177
	=====	=====	=====	=====

14.2 The analysis of Non-life unearned premium by policy is as follows:

	Incurred but not reported N'000	Reported claim N'000	Unearned Premium N'000	Total N'000
As at 31 December, 2012				
Fire	29,912	15,798	54,306	100,016
Motor Vehicle	8,935	85,786	288,052	382,773
Marine, aviation and transit	33,939	28,655	53,243	115,837
General accident	<u>219,418</u>	<u>178,942</u>	<u>209,111</u>	<u>607,471</u>
	292,204	309,181	604,712	1,206,097
	=====	=====	=====	=====
As at 31 December, 2013				
Fire	29,098	41,438	105,408	175,944
Motor Vehicle	8,357	178,405	113,330	300,092
Marine, aviation and transit	846	24,026	46,207	71,079
General accident	<u>26,579</u>	<u>607,427</u>	<u>445,873</u>	<u>1,079,879</u>
	64,880	851,296	710,818	1,626,994
	=====	=====	=====	=====

14.3 The analysis of Life unearned premium by policy is as follows:

	Company Dec-13 N'000	Company Dec-12 N'000
Mutual hallal	1,107,060	-
Individual life	4,363,449	5,797,184
Group life	<u>87,867</u>	<u>71,409</u>
	5,558,376	5,868,593
	=====	=====

The company Insurance Contract liabilities for both Life and Non-Life businesses was established at the end of the year by Messer's TAF Consulting Nigeria Limited with FRC number FRC/2013/NAS/0000002723. All necessary adjustments have been passed in line with the recommendation of the National Insurance Commission. (NAICOM).

15 Investment Contract Liabilities- Life business
Movement during the year

	Company Dec-13 N'000	Company Dec-12 N'000
As at 1 January	4,846,250	5,817,050
Deposit during the year	<u>19,731,282</u>	<u>7,073,614</u>
	24,577,532	12,890,664
Withdrawal during the year	<u>(20,077,523)</u>	<u>(8,044,414)</u>
As at 31 December	4,500,009	4,846,250
	=====	=====
This is analysed as follows;		
Deposit administration - principal	<u>4,392,386</u>	<u>4,010,795</u>
Guaranteed interest		
At beginning	835,455	566,554
For the year;		
Guaranteed	305,367	357,944
Less; Payment	<u>(1,033,199)</u>	<u>(89,043)</u>
	<u>107,623</u>	<u>835,455</u>
As at 31 December	4,500,009	4,846,250
	=====	=====
Current	4,500,009	4,846,250
Non-current	-	-
	=====	=====

16. **BORROWINGS - Life business**

	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Bank loan- secured	611,185	1,351,209	611,185	1,351,209
	=====	=====	=====	=====
current	205,678	928,432	205,678	928,432
non-current	<u>405,507</u>	<u>422,777</u>	<u>405,507</u>	<u>422,777</u>
	611,185	1,351,209	611,185	1,351,209
	=====	=====	=====	=====

The bank loan, which was obtained to finance acquisition of additional investment was secured by the investments (quoted shares) acquired.

17 **TRADE PAYABLES**

	Group Dec-13 N'000	Group Dec-12 N'000
Deferred rental income	15,234	159,054
Payable to co-insurer	40,914	20,940
Payable to Vendors	<u>534,139</u>	<u>-</u>
	590,287	179,994
	=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Deferred rental income	12,017	3,217	15,234	55,513
Payable to Vendors	40,914	-	40,914	20,940
Payable to co-insurers	<u>534,139</u>	<u>-</u>	<u>534,139</u>	<u>-</u>
	587,070	3,217	590,287	76,453
	=====	=====	=====	=====

18 **PROVISION AND OTHER PAYABLES**

	Group Dec-13 N'000	Group Dec-12 N'000
Accrued expenses	44,983	111,429
Pension fund (18.1)	41,318	37,646
Information Technology Dev. levy (18.2)	24,430	35,786
Industrial training fund	27,876	25,899
Other payables	<u>123,592</u>	<u>-</u>
	262,199	210,760
	=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Accrued expenses	7,500	37,483	44,983	75,808
Pension fund	-	41,318	41,318	37,646
Information Technology Dev .levy (18.2)	7,838	16,592	24,430	35,786
Industrial training fund	11,331	16,545	27,876	25,899
Other payables	<u>9,729</u>	<u>-</u>	<u>9,729</u>	<u>-</u>
	36,398	111,938	148,336	175,139
	=====	=====	=====	=====
18.1 Pension Fund				
As at 1 January	33,654	3,992	37,646	45,786
Contribution during the year; Employees	8,000	18,663	26,663	27,304
Employer	<u>18,000</u>	<u>18,663</u>	<u>26,663</u>	<u>27,304</u>
	49,654	41,318	90,972	100,394
Remittance during the year	<u>(49,654)</u>	<u>-</u>	<u>(49,654)</u>	<u>(62,748)</u>
As at 31 December	-	41,318	41,318	37,646
	=====	=====	=====	=====
18.2 Information Technology Development Levy				
The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007, Section 12 (2a) of the Act stipulates that "specified" companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the company and Group have provided for NITDA levy at the specified rate. This is included in other account payables.				
19 Defined benefit obligation				
	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Deferred Benefit Obligation	1,677,670	-	1,677,670	-
	=====	=====	=====	=====
The amount represents the total benefits of staff under the old in-house staff pension/gratuity scheme which has now been suspended. The amount was arrived at after protracted negotiation between management and the staff union regarding acceptable terminal date and modalities for actual settlement in view of the enactment of the Pension Reform Act by the Federal Government and its adoption and implementation by the company.				
20 Income tax expense			Group Dec-13 N'000	Group Dec-12 N'000
for the year ended 31 December				
Company income tax (20.1)			69,662	84,381
Deferred tax charge/(release) (20.2)			<u>12,278</u>	<u>(166,589)</u>
			81,940	(82,208)
			=====	=====
	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Company income tax (20.1)	30,854	31,958	62,812	83,561
Deferred tax liability charge/(release) (20.2)	<u>5,278</u>	<u>-</u>	<u>5,278</u>	<u>(306,589)</u>
	36,132	31,958	68,090	(223,028)
	=====	=====	=====	=====

20.1	Company income tax			Group 2013 N'000	Group 2012 N'000
	Income tax			64,576	70,480
	Education tax			<u>5,086</u>	<u>13,901</u>
				69,662	84,381
				=====	=====
		Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
	Income tax	28,926	28,800	57,726	69,660
	Education tax	<u>1,928</u>	<u>3,158</u>	<u>5,086</u>	<u>13,901</u>
		30,854	31,958	62,812	83,561
		=====	=====	=====	=====
				Group 2013 N'000	Group 2012 N'000
	Deferred tax on fair value gain on investment properties			5,278	452,236
	Deferred tax (charge/release)			<u>7,000</u>	<u>(1,993)</u>
				12,278	450,243
	Deferred tax assets (9)			<u>-</u>	<u>(616,832)</u>
				12,278	(166,589)
				=====	=====

20.2	Deferred tax				
		Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
	Deferred tax on fair value gain on Investment properties.	5,278	-	5,278	311,236
	Deferred tax release on others	<u>-</u>	<u>-</u>	<u>-</u>	<u>(993)</u>
		5,278	-	5,278	310,243
	Deferred tax asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>(616,832)</u>
		5,278	-	5,278	(306,589)
		=====	=====	=====	=====

The Company income tax provision have been made in accordance with the Company Income Tax Act as modified to date.

20.3	Financial position income taxes payable	Group N'000	Life N'000	Non-Life N'000	Company N'000
	As at 1 January,2012	392,296	18,402	349,484	367,886
	Provision for the period	<u>84,381</u>	<u>48,097</u>	<u>35,464</u>	<u>83,561</u>
		476,677	66,499	384,948	451,447
	Payment for the period	<u>(159,125)</u>	<u>(39,864)</u>	<u>(101,191)</u>	<u>(141,055)</u>
	As at 31 December, 2012	317,552	26,635	283,757	310,392
		=====	=====	=====	=====
	As at 1 January,2013	317,552	26,635	283,757	310,392
	Provision for the period	<u>69,662</u>	<u>30,854</u>	<u>31,958</u>	<u>62,812</u>
		387,214	57,489	315,715	373,204
	Adjustment for previous years under provision	4,179	-	-	-
	Payment for the period	<u>(94,501)</u>	<u>(26,635)</u>	<u>(67,866)</u>	<u>(94,501)</u>
	As at 31 December, 2013	296,892	30,854	247,849	278,703
		=====	=====	=====	=====

Deferred taxation	Group N'000	Life N'000	Non-Life N'000	Company N'000
As at 1 January,2012	314,123	247,758	59,365	307,123
Charge to income statement	450,243	(17,241)	327,483	310,242
Charge to OCI	<u>194,016</u>	<u>110,446</u>	<u>83,570</u>	<u>194,016</u>
As at 31 December, 2012	<u>958,382</u>	<u>340,963</u>	<u>470,418</u>	<u>811,381</u>
	=====	=====	=====	=====
As at 1 January,2013	958,382	340,963	470,418	811,381
Released from income statement	12,278	5,278	-	5,278
Charge to OCI	<u>85,184</u>	<u>39,664</u>	<u>52,171</u>	<u>91,835</u>
As at 31 December, 2013	<u>1,055,844</u>	<u>385,905</u>	<u>522,589</u>	<u>908,494</u>
	=====	=====	=====	=====

20.3 The Company income tax expense for the year can be reconciled to the accounting profit as follows;

	Group N'000	Life N'000	Non-Life N'000	Company N'000
Profit/(loss) before tax from continuing operation	716,108	569,344	104,961	674,305
	=====	=====	=====	=====
Expected tax based on statutory tax rate of 32%	229,155	182,190	33,588	215,778
Effect of capital allowance on taxable profit	(30,693)	-	(18,562)	(18,562)
Depreciation added back	69,580	55,576	14,004	69,580
Franked investment income	(138,100)	(123,417)	(14,683)	(138,100)
Disallowed Management expense	2,863,808	2,444,951	418,857	2,863,808
Allowed income	<u>(2,924,088)</u>	<u>(2,528,446)</u>	<u>(401,246)</u>	<u>(2,929,691)</u>
Income tax expense recognised in the Income statement	69,662	30,854	31,958	62,812
	=====	=====	=====	=====

21 ORDINARY SHARE CAPITAL

Authorised

8,600,000,000 ordinary shares of 50k each	4,300,000	2,000,000	2,300,000	4,300,000
	=====	=====	=====	=====

21.1 Issued and fully paid As at 31 December, 2012

7,739,495,702(2011-5,736,603,470) Ordinary shares of 50k each

As at 1 January,2012	2,868,307	1,162,965	1,705,342	2,868,307
Right issue	<u>1,001,440</u>	<u>49,687</u>	<u>951,753</u>	<u>1,001,440</u>
	3,869,747	1,212,652	2,657,095	3,869,747
	=====	=====	=====	=====

As at 31 December, 2013

7,739,495,702 Ordinary shares of 50k each				
As at 1 January,2013	3,869,747	1,212,652	2,657,095	3,869,747
	=====	=====	=====	=====

22 **SHARE PREMIUM**

	Group N'000	Life N'000	Non-Life N'000	Company N'000
As at 1 January,2012	817,772	388,671	429,101	817,772
Share capital increase expenses	<u>(26,281)</u>	<u>(19,583)</u>	<u>(6,698)</u>	<u>(26,281)</u>
As at 31 December, 2012	791,491	369,088	422,403	791,491
	=====	=====	=====	=====
As at 31 December, 2013	791,491	369,088	422,403	791,491
	=====	=====	=====	=====

23 **ASSETS REVALUATION RESERVES**

As at 1 January,2012	366,805	132,668	234,137	366,805
Fair value gain on Property ,plant and equipment	<u>342,370</u>	<u>178,079</u>	<u>164,291</u>	<u>342,370</u>
As at 31 December, 2012	709,175	310,747	398,428	709,175
	=====	=====	=====	=====
As at 1 January,2013	709,175	310,747	398,428	709,175
Reclassification	-	2,231	(2,231)	-
Fair value gain on Property ,plant and equipment	<u>31,553</u>	<u>21,951</u>	<u>9,602</u>	<u>31,553</u>
As at 31 December, 2013	740,728	334,929	405,799	740,728
	=====	=====	=====	=====

The reserve is in respect of surplus which arose from the revaluation of property by Knight Frank and Rutley in 1988, Julius Adekola & Co (Estate Surveyors & Valuers) in 1995 and Tokun & Associates (Estate Surveyors, Valuers & Project Managers as at 31st December, 2009.

24 **FAIR VALUE RESERVES**

As at 1 January,2012	24,430	12,356	12,074	24,430
Fair value gain on available for sale financial assets.	<u>175,726</u>	<u>103,017</u>	<u>72,709</u>	<u>175,726</u>
As at 31 December, 2012	200,156	115,373	84,783	200,156
	=====	=====	=====	=====
As at 1 January,2013	200,156	115,373	84,783	200,156
Reclassification	-	(2,231)	2,231	-
Fair value gain on available for sale financial assets.	<u>163,596</u>	<u>62,335</u>	<u>101,261</u>	<u>163,596</u>
As at 31 December, 2013	363,752	175,477	188,275	363,752
	=====	=====	=====	=====

25 **CONTINGENCY RESERVE**

	Group N'000	Life N'000	Non-Life N'000	Company N'000
As at 1 January,2012	1,054,388	329,805	724,583	1,054,388
Transfer from retained earnings	<u>167,571</u>	<u>71,171</u>	<u>96,400</u>	<u>167,571</u>
As at 31 December, 2012	1,221,959	400,976	820,983	1,221,959
	=====	=====	=====	=====
As at 1 January,2013	1,221,959	400,976	820,983	1,221,959
Transfer from retained earnings	<u>150,579</u>	<u>64,753</u>	<u>85,826</u>	<u>150,579</u>
As at 31 December, 2013	1,372,538	465,729	906,809	1,372,538
	=====	=====	=====	=====

The statutory contingency reserve for life business represents 1% of gross the higher of and 10% of gross profit premium whilst the non-life contingency reserve amounts to the higher of 3% of total premiums and 20% of net profits in accordance with the provisions of section 24(2)(c) of the Insurance Act 2003.

26	RETAINED EARNINGS	Group N'000	Life N'000	Non-Life N'000	Company N'000
	As at 1 January,2012	92,421	1,490,534	(1,355,285)	135,249
	Transfer from income statement	776,293	277,252	192,923	470,175
	Transfer to contingency reserve	(167,571)	(71,171)	(96,400)	(167,571)
	Dividend paid	<u>(143,415)</u>	<u>(71,540)</u>	<u>(71,875)</u>	<u>(143,415)</u>
	As at 31 December, 2012	557,728	1,625,075	(1,330,637)	294,438
		=====	=====	=====	=====
	As at 1 January,2013	557,728	1,625,075	(1,330,637)	294,438
	Transfer from income statement	627,425	527,519	71,953	599,472
	Transfer to contingency reserve	<u>(150,539)</u>	<u>(64,753)</u>	<u>(85,826)</u>	<u>(150,579)</u>
	As at 31 December, 2013	1,034,574	2,087,841	(1,344,510)	743,331
		=====	=====	=====	=====
27	Gross Premium written				
	For the year ended 31 December, 2012				
	Gross premium written during the year	10,330,471	7,117,150	3,213,321	10,330,471
	(Increase)/decrease in unearned premium	<u>(1,737,963)</u>	<u>(1,449,155)</u>	<u>(288,808)</u>	<u>(1,737,963)</u>
		8,592,508	5,667,995	2,924,513	8,592,508
		=====	=====	=====	=====
	For the year ended 31 December, 2013				
	Gross premium written during the year	10,443,205	7,582,338	2,860,867	10,443,205
	(Increase)/decrease in unearned premium	<u>(1,213,166)</u>	<u>(1,107,060)</u>	<u>(106,106)</u>	<u>(1,213,166)</u>
		9,230,039	6,475,278	2,754,761	9,230,039
		=====	=====	=====	=====
27.1	Analysis of gross premium by policies				
				Company Dec-13 N'000	Company Dec-12 N'000
a)	Non-life business				
	Motor vehicle			367,983	818,166
	Fire			365,893	263,368
	Marine aviation transit			167,488	254,295
	General Accident			<u>1,959,503</u>	<u>1,877,492</u>
				2,860,867	3,213,321
				=====	=====
b)	Life business				
	Individual			4,012,678	3,205,190
	Group			<u>3,569,660</u>	<u>3,911,960</u>
				7,582,338	7,117,150
				=====	=====
				10,443,205	10,330,471
				=====	=====
28	Analysis of reinsurances expense by policies				
		Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
	Life reinsurance cost	193,125	-	193,124	205,398
	Motor vehicle	-	173,835	173,835	692
	Fire	-	132,817	132,817	73,167
	Marine and aviation	-	91,751	91,751	45,224
	General Accident	<u>-</u>	<u>396,002</u>	<u>396,002</u>	<u>249,462</u>
		193,125	794,405	987,529	573,943
		=====	=====	=====	=====

29	Fee and commission income			Group	Group
				Dec-13	Dec-12
				N'000	N'000
	Commission received			52,349	56,814
	Management fee on deposit administration			<u>601,962</u>	<u>586,019</u>
				654,311	642,833
				=====	=====
		Life	Non-Life	Company	Company
		Dec-13	Dec-13	Dec-13	Dec-12
		N'000	N'000	N'000	N'000
	Commission received	-	52,349	52,349	56,814
	Management fee on deposit administration	<u>601,962</u>	<u>-</u>	<u>601,962</u>	<u>586,019</u>
		601,962	52,349	654,311	642,833
		=====	=====	=====	=====
		Group	Group	Company	Company
		Dec. 13	Dec.12	Dec.13	Dec.12
		N'000	N'000	N'000	N'000
30.	Claim expenses				
	Direct claims paid	3,716,321	1,864,598	3,716,321	1,864,598
	Surrenders	<u>219,283</u>	<u>583,571</u>	<u>219,283</u>	<u>583,571</u>
		3,935,604	2,448,169	3,935,604	2,448,169
		=====	=====	=====	=====
31.	Changes in outstanding claim				
	Outstanding claims as at 1 January	601,385	151,344	601,385	151,344
	Outstanding claims as at 31 December	<u>1,316,176</u>	<u>601,385</u>	<u>1,316,176</u>	<u>601,385</u>
	Charges in outstanding claims	714,791	450,041	714,791	450,041
		=====	=====	=====	=====
32.	Claims expenses recovered from reinsurance				
	Recoveries by management	45,724	61,622	45,724	61,622
	Actuarial valuation	<u>475,407</u>	<u>17,398</u>	<u>475,407</u>	<u>17,398</u>
		521,131	79,020	521,131	79,020
		=====	=====	=====	=====
33.	Underwriting expenses				
	Maintenance cost	372,684	766,428	372,684	766,428
	Acquisition cost	<u>1,452,331</u>	<u>1,587,554</u>	<u>1,452,331</u>	<u>1,587,554</u>
		1,825,015	2,553,982	1,825,015	2,353,982
		=====	=====	=====	=====
34.	Investment income			Group	Group
				Dec-13	Dec-12
				N'000	N'000
	Investment income attributable to policyholders 'fund			385,882	103,291
	Investment income attributable to shareholders 'fund			<u>281,726</u>	<u>117,958</u>
				667,608	221,249
				=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
34.1				
Investment income attributable to policyholders fund (note 34.1)	311,773	74,109	385,882	103,292
Investment income attributable to shareholders 'fund (note 34.2)	<u>167,424</u>	<u>71,832</u>	<u>239,256</u>	<u>104,000</u>
	479,197	145,941	625,138	207,292
	=====	=====	=====	=====
34.1				
Investment income attributable to policyholders 'fund				
interest on Cash and cash equivalent	41,941	38,200	80,141	3,029
Rental income- investment properties	116,380	658	117,038	44,442
Profit on disposal of investment	36,789	8,642	45,431	-
Dividend on available for sale financial assets	74,054	26,609	100,663	21,863
Profit on deposit admin (note 34.3)	<u>42,609</u>	<u>-</u>	<u>42,609</u>	<u>33,958</u>
	311,773	74,109	385,882	103,292
	=====	=====	=====	=====
34.2				
Investment income attributable to shareholders 'fund				
Interest on Cash and cash equivalent	25,789	37,980	63,769	29,174
Rental income- investment properties	90,728	5,342	96,070	58,278
Profit on disposal of investment	21,098	9,234	30,332	-
Dividend on available for sale financial assets	<u>29,809</u>	<u>19,276</u>	<u>49,085</u>	<u>16,548</u>
	167,424	71,832	239,256	104,000
	=====	=====	=====	=====
34.3				
Deposit Administration- Life business				
	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Interest income	347,976	302,859	347,976	302,859
Guaranteed interest	<u>(305,367)</u>	<u>(268,901)</u>	<u>(305,367)</u>	<u>(268,901)</u>
Profit transfer to income statement	42,609	33,958	42,609	33,958
	=====	=====	=====	=====
35.				
Net fair value gains/(loss) on investments properties				
For the year ended 31 December, 2012	Group N'000	Life N'000	Non-Life N'000	Company N'000
Fair value gain/(loss) on investment properties	<u>1,154,015</u>	<u>(317,999)</u>	<u>1,021,111</u>	<u>703,112</u>
	=====	=====	=====	=====
For the year ended 31 December, 2013				
Fair value loss on investment properties	<u>16,495</u>	<u>16,495</u>	<u>-</u>	<u>16,495</u>
	=====	=====	=====	=====
36				
Other operating income			Group Dec-13 N'000	Group Dec-12 N'000
(Loss)/profit on disposal of PPE			(145)	788
Rental income			72,033	74,564
Interest on loan			31,875	-
Other income			<u>2,676</u>	<u>-</u>
			106,439	130,120
			=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
For the year ended 31 December				
(Loss) on disposal of PPE	(145)	-	(145)	788
Rental income- PPE	<u>3,044</u>	<u>4,976</u>	<u>8,020</u>	<u>64,184</u>
	<u>2,899</u>	<u>4,976</u>	<u>7,875</u>	<u>64,972</u>
	=====	=====	=====	=====

37 **Management expenses**

	Group Dec-13 N'000	Group Dec-12 N'000
Directors' emolument	53,284	54,065
Employees' benefit expenses (note 37d)	3,133,539	1,691,758
Auditor remuneration	17,650	14,115
Finance charges	154,572	155,010
Other expenses	<u>1,329,906</u>	<u>1,375,196</u>
	<u>4,688,951</u>	<u>3,290,144</u>
	=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Directors' emolument	34,811	11,604	46,415	54,065
Employees' benefit expenses (note 37d)	2,710,085	360,203	3,070,288	1,646,609
Auditor remuneration	7,500	7,500	15,000	12,000
Finance charges	132,075	21,467	153,542	155,010
Other expenses	<u>994,434</u>	<u>315,909</u>	<u>1,310,343</u>	<u>1,342,623</u>
	<u>3,878,905</u>	<u>716,683</u>	<u>4,595,588</u>	<u>3,210,307</u>
	=====	=====	=====	=====

38. **Chairman's and Directors' emoluments, pensions and compensation for loss of office**

	GROUP Dec-13 N'000	Dec-12 N'000	COMPANY Dec-13 N'000	Dec-12 N'000
Chairman's emoluments				
Fees	1,200	1,200	1,200	1,200
	=====	=====	=====	=====
The highest paid director-				
The emolument of the director (executive)	18,165	18,165	18,165	18,165
	=====	=====	=====	=====

The number of directors excluding the chairman whose emoluments were within the following ranges were;

a)

	GROUP Dec-13 Number	Dec-12 Number	COMPANY Dec-13 Number	Dec-12 Number
N850,001 - N3,600,000	-	4	-	4
N3,600,001 and above	6	2	6	2
	=====	=====	=====	=====

Compensation to key management personnel

- b) Key management personnel of the company includes all directors(executive/non-executive) and senior management. The summary of compensation of key management personnel for the year is as follows;

	GROUP Dec-13 N'000	Life Dec-12 N'000	Non-life Dec-13 N'000	Company Dec-13 N'000
Salaries	86,297	86,297	-	86,297
Sitting allowance	16,856	16,856	-	16,856
Fees	9,277	9,277	-	9,277
Executive compensation	-	-	-	-
	22,933	22,933		
Other short-term employment benefits	-	-	-	22,933
Post employment pension benefit	9,560	9,560	-	9,560
	<u>144,923</u>	<u>144,923</u>	<u>-</u>	<u>144,923</u>
	=====	=====	=====	=====

Staff number and costs

- c) The average number of persons employed during the period was as follows;

	Group 2013 Number	Group 2012 Number	Company 2013 Number	Company 2012 Number
Senior	333	334	303	304
Junior staff	74	89	74	89
	<u>407</u>	<u>423</u>	<u>377</u>	<u>393</u>
	=====	=====	=====	=====

- d) The related staff costs for both Life and non life accounts amounted to;

	GROUP Dec-13 N'000	Dec-12 N'000	COMPANY Dec-13 N'000	Dec-12 N'000
Wages and salaries	1,073,260	1,205,593	1,023,682	1,161,982
Staff retirement benefit	1,812,879	219,254	1,802,879	219,254
Staff training	70,617	74,481	69,846	74,481
Staff welfare and medical expenses	161,754	163,584	161,753	163,584
Pension fund charge	15,029	28,846	12,128	27,308
	<u>3,133,539</u>	<u>1,691,758</u>	<u>3,070,288</u>	<u>1,646,609</u>
	=====	=====	=====	=====

- e) **Employees remunerated at higher rates and Staff costs**

The number of employees in receipt of emoluments excluding allowances and pensions within the following ranges were;

	Group Dec.13 Number	Group Dec.12 Number	Company Dec.13 Number	Company Dec. 12 Number
N1000,001 - N1200,000	74	68	74	68
N1200,001 - N1400,000	-	21	-	21
N1400,001 and above	<u>333</u>	<u>334</u>	<u>303</u>	<u>304</u>
	<u>407</u>	<u>423</u>	<u>377</u>	<u>393</u>
	=====	=====	=====	=====

39 Impairment loss on Investment

	Group Dec-13 N'000	Group Dec-12 N'000
Impairment on available for sale financial assets(note 2.1)	29,741	51,352
Fair value gain that reversed previous impairment	(107,743)	-
Impairment on cash and cash equivalent(note 1.1)	-	163,000
	<u>(78,002)</u>	<u>214,352</u>
	=====	=====

	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Impairment on available for sale financial assets(note 2.1)	12,591	17,150	29,741	51,317
Fair value gain that reversed previous impairment	(107,743)	-	(107,743)	-
Impairment on cash and cash equivalent(note 1.1)	-	-	-	163,000
	<u>(95,152)</u>	<u>17,150</u>	<u>(78,002)</u>	<u>214,317</u>
	=====	=====	=====	=====
40. Depreciation and amortisation				
			Group Dec-13 N'000	Group Dec-12 N'000
Impairment on Property, Plant and Equipment (note 11)			141,546	123,870
Amortisation of Intangible assets (note 10)			<u>81,758</u>	<u>51,625</u>
			<u>223,304</u>	<u>175,495</u>
			=====	=====
	Life Dec-13 N'000	Non-Life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Depreciation/Impairment on Property, Plant and Equipment (note 11)	91,917	43,761	135,678	120,673
Amortisation of Intangible assets (note 10)	<u>81,758</u>	<u>-</u>	<u>81,758</u>	<u>51,623</u>
	<u>173,675</u>	<u>43,761</u>	<u>217,436</u>	<u>172,296</u>
	=====	=====	=====	=====
41. Profit on ordinary activities before taxation is stated after charging;	Group Dec-13 N'000	Group Dec-12 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Depreciation and amortisation	223,304	175,493	217,436	172,296
Auditor's remuneration	15,000	13,540	15,000	12,000
Directors remuneration	53,284	54,065	46,414	54,065
	=====	=====	=====	=====
and crediting;				
Investment income	667,608	128,229	625,138	207,291
(Loss)/profit on sale of Property, Plant and Equipment	(145)	788	(145)	788
Profit on disposal of investment	=====	=====	=====	=====
42. Other comprehensive income				
	Gross Gain N'000	Taxation (deferred) N'000	Net Gain Company N'000	Net Gain Group N'000
For the year ended 31 December, 2012				
Gain on revaluation of Property, Plant and Equipment	470,598	(128,228)	342,370	342,370
Net fair value gain on available for sale financial assets	<u>241,515</u>	<u>(65,789)</u>	<u>175,726</u>	<u>175,726</u>
	<u>712,113</u>	<u>(194,017)</u>	<u>518,096</u>	<u>518,096</u>
	=====	=====	=====	=====
For the year ended 31 December, 2013				
Gain on revaluation of Property, Plant and Equipment	46,402	(14,849)	31,553	31,553
Net fair value gain on available for sale financial assets (note 2.1)	<u>240,582</u>	<u>(76,986)</u>	<u>163,596</u>	<u>163,596</u>
	<u>286,984</u>	<u>(91,835)</u>	<u>195,149</u>	<u>195,149</u>
	=====	=====	=====	=====

43. **Related parties transactions**

The company enters into transactions with its subsidiaries and other key management personnel in the normal course of business. The earnings and payments in relation to these related parties transactions which were made at arms length are as follows;

During the year ended;	Life 2013 N'000	Non-Life 2013 N'000	Company 2013 N'000	Company 2012 N'000
31 December, 2012				
Earnings				
Chrome Oil Services Ltd	7,214	-	7,214	4,845
	=====	=====	=====	=====
Payments				
NIC Properties Ltd	9,762	-	9,762	10,949
NIC Securities Ltd	6,253	-	6,253	5,678
Chrome Oil Services Ltd	1,442	-	1,442	969
	=====	=====	=====	=====

		Dec 2013 N'000	Dec 2012 N'0000
43.1 Receivables from to related parties are as follows;			
Loans and other receivables:			
NIC Securities Ltd		32,047	32,047
		=====	=====

The key management staff balance represent the outstanding loans given to them, detailed as follows;

Types of loan	Tenor	Interest rate	Outstanding Balance N'000 2013	Outstanding Balance N'000 2012
Share other loan	18 months	6	12,963	89,075
Mortgage loan	10 years	6	60,186	51,934
		=====	=====	=====

43.2 **Payable to key management staff**

	Life 2013 N'000	non-life 2013 N'000	Company 2013 N'000	Company 2012 N'000
Severance benefit	26,235	-	26,235	9,560
	=====	=====	=====	=====

Outstanding loans and receivable balances as at the reporting dates are unsecured, and there was no allowance for impairment at the reporting dates based on the directors' judgement.

44. **Penalty and fines**

The company paid a total fine of ~~N~~3,455,000 for miscellaneous offences to NAICOM during the year in respect of 2012 financial statements.

45. **Reclassifications**

Certain balances in 2012 financial statements have been reclassified to conform with current year's presentation.

46. **Approval of financial statements**

The financial statements were approved by the board of directors on 24 April, 2014.

NIGER INSURANCE PLC
GROUP STATEMENT OF VALUE ADDED AS AT 31 DECEMBER, 2013

	2013 N'000	%	2012 N'000	%
Premium earned	10,243,345		8,592,508	
Investment & other income	<u>740,035</u>		<u>1,505,383</u>	
	10,983,380		10,097,891	
Claims, acquisition and maintenance cost	<u>(6,910,427)</u>		<u>(7,537,400)</u>	
Value added	<u>4,072,953</u>	100	<u>2,560,491</u>	100
	=====	=====	=====	=====
Applied as follows: -				
<i>In payment of employees</i>				
Personnel cost	3,133,539	77	1,691,758	66
In payment to Government:-				
Income tax	69,662	2	84,381	3
Information Technology Development Levy	6,743	-	9,414	-
<i>Retained for maintenance of assets</i>				
Depreciation	223,304	5	165,234	6
<i>Retained for expansion of business and payment of dividend to shareholders</i>				
Deferred taxation	12,278	-	(166,589)	(7)
Retained profit	<u>627,427</u>	<u>16</u>	<u>776,293</u>	<u>30</u>
Value added	<u>4,072,953</u>	100	<u>2,560,491</u>	100
	=====	=====	=====	=====

The statement represents the distribution of the wealth created through the use of the group's assets, and its employees' efforts.

NIGER INSURANCE PLC

COMPANY STATEMENT OF VALUE ADDED AS AT 31 DECEMBER, 2013

	2013 N'000	%	2012 N'000	%
Premium earned	10,243,345		8,705,901	
Investment & other income	<u>599,001</u>		<u>975,377</u>	
	10,842,346		9,681,278	
Claims, acquisition and maintenance cost	<u>(6,880,315)</u>		<u>(7,605,811)</u>	
Value added	<u>3,962,031</u>	100	<u>2,075,467</u>	100
	=====	=====	=====	=====
Applied as follows: -				
<i>In payment of employees</i>				
Personnel cost	3,070,288	77	1,646,609	88
In payment to Government:-				
Income tax	62,812	2	83,561	2
Information Technology Development Levy	6,743	-	9,414	-
<i>Retained for maintenance of assets</i>				
Depreciation	217,436	5	172,296	5
<i>Retained for expansion of business and payment of dividend to shareholders</i>				
Deferred taxation	5,278	-	(306,589)	(8)
Retained profit	<u>599,474</u>	<u>16</u>	<u>470,176</u>	<u>13</u>
Value added	<u>3,962,031</u>	100	<u>2,075,467</u>	100
	=====	=====	=====	=====

The statement represents the distribution of the wealth created through the use of the group's assets, and its employees' efforts.

NIGER INSURANCE PLC
GROUP FINANCIAL SUMMARY

Source of Funds	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000	NGAAP 2010 N'000	NGAAP 2009 N'000
Issued and paid share capital	3,869,747	3,869,747	2,868,307	2,607,545	2,172,954
Share premium	791,491	791,491	817,772	1,166,784	1,612,158
Contingency reserve	1,372,538	1,221,959	1,054,388	810,912	673,317
Asset revaluation reserve	740,728	709,175	366,805	319,282	-
Capital reserve				-	6,108,188
Fair value reserves	363,752	200,156	24,430		-
Retained earnings	<u>1,034,574</u>	<u>557,728</u>	<u>92,421</u>	<u>(1,959,657)</u>	<u>(6,133,985)</u>
	<u>8,172,830</u>	<u>7,350,256</u>	<u>5,224,123</u>	<u>2,944,866</u>	<u>4,432,632</u>
Use of Funds					
Cash and cash equivalents	3,682,070	1,844,594	1,823,544	1,397,005	1,045,784
Financial Assets;					
Available for sale	2,285,095	1,850,998	1,713,849	2,061,707	-
Held-to -maturity	80,311	90,821	100,000	-	-
Other financial assets designated at fair value	226,260	442,012	912,739	815,193	-
Investment				-	4,122,711
Other assets					3,143,101
Trade receivables	-	84,031	-	-	-
Reinsurance Assets	799,390	324,269	325,512	7,468,681	-
Deferred acquisition costs	157,287	139,319	203,621	194,207	-
Other receivables and prepayment	252,552	201,625	357,506	311,389	-
Investment properties	14,440,281	14,515,000	12,898,992	12,487,460	10,711,796
Deferred tax assets	616,832	616,832	-		-
Intangible assets	120,949	117,378	44,057	65,699	-
Property, plant and equipment	1,591,260	1,562,214	1,081,125	922,406	965,196
Statutory deposit	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	<u>24,752,287</u>	<u>22,289,093</u>	<u>19,960,945</u>	<u>26,223,747</u>	<u>20,488,588</u>
Deduct;					
Borrowings and other liabilities	<u>4,494,078</u>	<u>3,017,897</u>	<u>3,319,173</u>	<u>3,956,074</u>	<u>4,497,425</u>
	20,258,209	19,271,196	16,641,772	22,267,673	15,991,163
Investment contract liabilities	<u>4,500,009</u>	<u>4,846,250</u>	<u>5,817,050</u>	<u>7,793,315</u>	<u>7,121,060</u>
	<u>15,758,200</u>	<u>14,424,946</u>	<u>10,824,722</u>	<u>14,474,358</u>	<u>8,870,103</u>
Insurance contract liabilities	<u>7,585,370</u>	<u>7,074,690</u>	<u>5,600,599</u>	<u>11,529,432</u>	<u>4,437,471</u>
	<u>8,172,830</u>	<u>7,350,256</u>	<u>5,224,123</u>	<u>2,944,926</u>	<u>4,432,632</u>
Turnover and profits					
Gross premium income	10,243,345	8,592,508	6,898,170	7,043,461	7,196,709
Profit before tax	716,108	703,499	2,492,115	81,792	(2,149,719)
Profit after tax	627,425	776,293	2,295,554	(123,661)	(2,285,110)
Dividend paid		143,415		-	197,541
Dividend proposed	-	-	143,415	-	197,541
Financial ratios*					
Earning per (50k) share- Basic	8.11k	10.03	40.02k	(43.82k)	(2.29k)
Earning per (50k) share -diluted	8.11k	10.03	29.66k	(29.53k)	(1.61k)
Dividend per share - paid		2.5k		5.00k	15.00k
Dividend per share - proposed	-	3k	2.5k		5.00k
Net assets per share	N1.06	N0.95	N0.83	N0.85	N1.09

**NIGER INSURANCE PLC
COMPANY FINANCIAL SUMMARY**

	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000	IFRS 2010 N'000	NGAAP 2009 N'000
Source of Funds					
Issued and paid share capital	3,869,747	3,869,747	2,868,307	2,607,545	2,172,954
Share premium	791,491	791,491	817,772	1,166,784	1,612,158
Contingency reserve	1,372,538	1,221,959	1,054,388	810,912	673,317
Asset revaluation reserve	740,728	709,175	366,805	319,282	-
Capital reserve				-	6,108,188
Fair value reserves	363,752	200,156	24,430	-	-
Retained earnings	743,331	294,438	135,249	(1,928,307)	(6,133,985)
	<u>7,881,587</u>	<u>7,086,966</u>	<u>5,266,951</u>	<u>2,976,216</u>	<u>4,432,632</u>
	=====	=====	=====	=====	=====
Use of Funds					
Cash and cash equivalents	3,591,691	1,784,442	1,784,442	1,379,914	1,045,784
Financial Assets;					
Available for sale	2,283,749	1,849,654	1,849,654	2,048,491	-
Held-to -maturity	80,311	90,821	90,821	-	-
Other financial assets designated at fair value	226,260	431,835	431,835	900,896	
Investment					4,122,711
Other assets					2,864,962
Trade receivables	-	84,031	84,031	-	-
Reinsurance Assets	799,390	324,269	324,270	7,468,681	
Deferred acquisition costs	157,287	139,319	139,319	194,207	
Other receivables and prepayment	232,060	179,237	179,237	118,738	
Investment in subsidiaries	73,753	73,753	73,753	105,800	
Investment properties	13,968,818	14,045,000	14,045,000	12,487,460	10,711,796
Deferred tax	616,832	616,832			
Intangible assets	120,175	116,604	116,604	64,925	
Property, plant and equipment	1,531,315	1,496,683	1,496,683	857,340	965,196
Statutory deposit	500,000	500,000	500,000	500,000	500,000
	<u>24,181,641</u>	<u>21,732,481</u>	<u>21,115,649</u>	<u>26,126,452</u>	<u>20,210,449</u>
	=====	=====	=====	=====	=====
Deduct;					
Borrowings and other liabilities	4,214,675	2,724,574	2,724,574	3,827,489	4,219,286
	19,966,966	19,007,906	18,391,075	22,298,963	15,991,163
Investment contract liabilities	4,500,009	4,846,250	4,846,250	7,793,315	7,121,060
	15,466,957	14,161,656	13,544,825	14,505,648	8,870,103
Insurance contract liabilities	7,585,370	7,074,690	7,074,690	11,529,432	4,437,471
	<u>7,881,587</u>	<u>7,086,966</u>	<u>6,470,135</u>	<u>2,976,216</u>	<u>4,432,632</u>
	=====	=====	=====	=====	=====
Turnover and profits					
Gross premium earned	10,243,345	8,592,508	6,898,170	7,043,461	7,196,709
Profit before tax	674,307	256,559	2,501,111	86,465	(2,117,508)
Profit after tax	599,474	470,174	2,307,032	(118,638)	(2,253,299)
Dividend paid		143,415	-	-	197,541
Dividend proposed			143,415	-	-
Financial ratios*					
Earning per (50k) share -Basic	7.75k	6.07	8	(2.27k)	(43.21k)
Earning per (50k) share -diluted	7.75k	6.07	6.07	(1.53)	(29.11)
Dividend per share - paid	-	2.5k	-	-	5.00k
Dividend per share - proposed	-	3k	2.5k		
Net assets per share	N1.03	0.84	N0.96	N 0.81	N0.85

APPENDICES

40 Segment information

Segmental information is presented in respect of the group's business segments. The business segments are based on the group's management and internal reporting structure. This segment information is based on the total premium received and claims paid in respect of that segment.

The group does not have a geographical segment.

The non-life insurance business is organised into these segments as shown below.

Motor: This business unit underwrites motor insurance by giving cover which indemnifies the insured against any accidental loss to motorbikes and vehicles. There are three types of motor insurances namely; comprehensive, third party and third party fire & theft.

Non- life business

Marine & Aviation: Marine insurance provides cover on airborne cargoes, ships, fishing vessels as well as ports & harbours installations. Aviation on the other hand covers aircrafts itself, cargo and passengers.

Fire: Fire insurance covers accidental destruction of properties including household buildings, personal effects, commercial and industrial buildings, plants & machinery, raw materials, finished goods and profits (business disruption) policies. Fire cover is usually in three parts, namely; fire, lighting, and limited explosions.

Accident: Accident policies covers a broad range of activities including personal accidents, family personal accidents, group personal accidents, burglary, cash-in-transit, goods-in-transit, bankers indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

The business segments operate on a short-term insurance cycle.

NIGER INSURANCE PLC
COMPANY COMPOSITE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2013

	Note	Life Dec-13 N'000	Non-life Dec-13 N'000	Company Dec-13 N'000	Company Dec-12 N'000
Assets;					
Cash and cash equivalents	1	2,874,541	717,150	3,591,691	1,784,442
Financial assets					
Available for sale	2.1	517,873	1,765,876	2,283,749	1,849,654
Held-to -maturity	2.2	80,311	-	80,311	90,821
Loans and receivable	2.3	226,260	-	226,260	431,835
Trade receivables	3	-	-	-	84,031
Reinsurance assets	4	17,474	781,916	799,390	324,269
Deferred acquisition costs	5		157,287	157,287	139,319
Other receivables and prepayment	6	232,060	-	232,060	179,237
Investment in subsidiaries	7	73,753	-	73,753	73,753
Investment properties	8	12,596,818	1,372,000	13,968,818	14,045,000
Deferred tax Assets	9	616,832	-	616,832	616,832
Intangible assets	10	120,175	-	120,175	116,604
Property, plant and equipment		877,086	654,229	1,531,315	1,496,683
Statutory deposit	12	200,000	300,000	500,000	500,000
		18,433,183	5,748,458	24,181,641	21,732,480
Liabilities;					
Insurance contract liabilities	14	5,958,376	1,626,994	7,585,370	7,074,690
Investment contract liabilities	15	4,500,009	-	4,500,009	4,846,250
Borrowings	16	611,185	-	611,185	1,351,209
Trade payables	17	587,070	3,217	590,287	76,453
Provision and other payables	18	36,398	111,938	148,336	175,139
Defined benefit obligation	19	1,677,670	-	1,677,670	
Income taxes payable	20	30,854	247,849	278,703	310,392
Deferred tax liabilities	20	385,905	522,589	908,494	811,381
		13,787,467	2,512,587	16,300,054	14,645,514
Equity;					
Issued and paid share capital	21	1,212,652	2,657,095	3,869,747	3,869,747
Share premium	22	369,088	422,403	791,491	791,491
Asset revaluation reserve	23	334,929	405,799	740,728	709,175
Fair value reserves	24	175,477	188,275	363,752	200,156
Contingency reserve	25	465,729	906,809	1,372,538	1,221,959
Retained earnings	26	2,087,841	(1,344,510)	743,331	294,438
shareholders fund		4,645,716	3,235,871	7,881,587	7,086,966
Total liabilities and equity		18,433,183	5,748,458	24,181,641	21,732,480

**NIGER INSURANCE PLC
COMPANY SEGMENT REPORTING**

		Life		Non-life		Company	
		2013	2012	2013	2012	2013	2012
	Note	N'000	N'000	N'000	N'000	N'000	N'000
Underwriting profit transferred from revenue account		4,028,181	2,300,477	731,638	1,187,749	4,759,819	3,488,226
Investment and other income	34	479,197	151,416	145,941	55,876	625,138	207,292
Net fair value gains on Investment properties	35	16,495	(317,999)	-	1,021,111	16,495	703,112
Other operating income	36	2,899	64,184	4,976	788	7,875	64,972
Management expenses	37	(3,878,905)	(2,227,690)	(716,683)	(982,617)	(4,595,586)	(3,210,307)
Impairment loss on investment	39	95,152	(139,843)	(17,150)	(74,474)	78,002	(214,317)
Impairment on trade receivable		-	-	-	(610,120)	-	(610,120)
Depreciation and amortisation	40	<u>(173,675)</u>	<u>(129,911)</u>	<u>(43,761)</u>	<u>(42,385)</u>	<u>(217,436)</u>	<u>(172,296)</u>
		569,344	(299,366)	104,961	555,928	674,305	256,562
Information technology levy		(5,693)	(9,358)	(1,050)	(56)	(6,743)	(9,414)
Income tax expense	20	<u>(36,132)</u>	<u>585,977</u>	<u>(31,958)</u>	<u>(362,949)</u>	<u>(68,090)</u>	<u>223,028</u>
Retained profit after tax transferred to reserve		527,519	277,253	71,953	192,923	599,472	470,176
Other comprehensive income							
Gain on revaluation of Property, Plant and Equipment	42	21,951	180,310	9,602	162,059	31,553	342,369
Appreciation on available for sale financial assets.	42	<u>62,335</u>	<u>100,785</u>	<u>101,261</u>	<u>74,941</u>	<u>163,596</u>	<u>175,726</u>
Total comprehensive income for the year		611,805	558,348	182,816	429,923	794,621	988,271
		=====	=====	=====	=====	=====	=====

28.2 SEGMENT REPORTING - LIFE REVENUE ACCOUNT

	Note	Group Life	Mutual Hallal	Individual Life	2013 N'000	2012 N'000
		2013 N'000	2013 N'000	2013 N'000	2013 N'000	2012 N'000
Gross premium income	27	3,569,660	2,433,330	1,579,348	7,582,338	7,117,150
Unearned premium	14.1	-	(1,107,060)	1,417,277	310,217	(1,449,155)
		3,569,660	1,326,270	2,996,625	7,892,555	5,667,995
Less; Reinsurance cost	28	(106,465)	-	(86,660)	(193,125)	(205,398)
Net premium income		3,463,195	1,326,270	2,909,969	7,699,430	5,462,597
Fee and commission income	29	331,847	-	270,115	601,962	604,559
NET INCOME		3,795,042	1,326,270	3,180,080	8,301,392	6,067,156
		=====	=====	=====	=====	=====
Expenses					-	
Direct claims paid	30	(652,160)	(1,731,984)	(20,433)	(2,404,577)	(1,739,030)
Surrenders		16	(2,668)	(216,615)	(219,283)	(125,568)
Gross claims incurred		(652,160)	(1,734,652)	(237,048)	(2,623,860)	(1,864,598)
Changes in outstanding claims		-	-	(400,000)	(400,000)	-
Deduct: reins claims recoveries	32	16	-	60	76	17,398
Net claims incurred		(652,144)	(1,734,652)	(636,988)	(3,023,784)	(1,847,200)
Add: underwriting expenses						
Maintenance cost		(189,104)	-	(153,926)	(343,030)	(654,422)
Acquisition cost		(586,884)	-	(319,513)	(906,397)	(1,265,057)
Total expenses		(1,428,132)	(1,734,652)	(1,110,427)	(4,273,211)	(3,766,679)
		=====	=====	=====	=====	=====
Underwriting (loss)/profit transferred to p&l account		2,366,910	(408,382)	2,069,653	4,028,181	2,300,477
		=====	=====	=====	=====	=====

NIGER INSURANCE PLC

NON LIFE REVENUE ACCOUNT

	Note	Motor Vehicle N'000	Fire N'000	Marine N'000	General /accident N'000	2013 N'000	2,012 N'000
Income							
Direct premium	27	656,035	359,002	167,488	1,671,451	2,853,976	3,166,097
Inward reinsurance premium		-	6,891	-	-	6,891	47,224
Gross written premium		656,035	365,893	167,488	1,671,451	2,860,867	3,213,321
Unearned premium	14.1	174,722	(51,102)	7,036	(236,762)	(106,106)	(175,415)
Gross earned premiums		830,757	314,791	174,524	1,434,689	2,754,761	3,037,906
Gross reinsurance premiums Fac.		37,262	20,391	9,513	94,936	162,102	26,862
Gross reinsurance premiums Treaty		77,066	79,862	67,045	149,454	373,427	185,870
Increase/(decrease) in prep'd reins. cost		59,507	32,564	15,192	151,613	258,876	155,812
Reinsurance cost	28	173,835	132,817	91,750	396,003	794,405	368,544
Net earned premiums		656,922	181,974	82,774	1,038,686	1,960,356	2,669,362
Commissions received Fac					-	-	
Commissions received treaty	29	-	26,179	5,823	20,347	52,349	38,274
Net Underwriting income		656,922	208,153	88,597	1,059,033	2,012,705	2,707,636
Expenses							
Direct claims paid	30	42,067	90,576	180,558	598,543	911,744	734,915
Changes in outstanding claim	31	92,041	24,826	(37,722)	235,646	314,791	450,041
Gross claims incurred		134,108	115,402	142,836	834,189	1,226,535	1,184,956
Deduct: reins claims recoveries	32	51,912	57,373	9,784	401,986	521,055	99,574
Net claims paid		82,196	58,029	133,052	432,203	705,480	1,085,382
Add: Underwriting expenses							
Maintenance cost		6,817	3,730	1,740	17,367	29,654	112,006
Acquisition cost		102,784	60,507	29,009	353,633	545,933	322,498
Total expenses	33	191,797	122,266	163,801	803,203	1,281,067	1,519,886
Underwriting profit transferred to p&l account		465,125	85,887	(75,204)	255,830	731,638	1,187,750
		=====	=====	=====	=====	=====	=====

[illegible]

11.2	PROPERTY, PLANT & EQUIPMENT-LIFE				
	Cost/revaluation	Land & Building N'000	Furniture Fittings & Equipment N'000	Motor Vehicles N'000	TOTAL N'000
	As at I January, 2012	462,064	618,287	308,567	1,388,918
	Additions	-	35,513	60,475	95,988
	Revaluation adjustment	248,598	-	-	248,598
	Disposal	-	-	(4,392)	(4,392)
	As at 31 December, 2012	710,662	653,800	364,650	1,729,112
		=====	=====	=====	=====
	As at I January, 2013	710,662	653,800	364,650	1,729,112
	Additions	19,850	24,698	-	44,548
	Adjustment for fair value	32,282	-	-	32,282
	Disposal	-	(3,123)	(39,698)	(42,821)
	As at 31 December, 2013	762,794	675,375	324,952	1,763,121
		=====	=====	=====	=====
	Depreciation				
	As at I January, 2012	62,064	510,021	176,788	748,873
	Charge for the year	4,197	42,569	31,523	78,289
	On disposal	-	-	(4,392)	(4,392)
	As at 31 December, 2012	66,261	552,590	203,919	822,770
		=====	=====	=====	=====
	As at I January, 2013	66,261	552,590	203,918	822,769
	Charge for the year	7,129	39,267	45,521	91,917
	On disposal	-	(3,123)	(25,528)	(28,651)
	As at 31 December, 2013	73,390	588,734	223,911	886,035
		=====	=====	=====	=====
	Fair/ carrying value				
	As at 31 December, 2013	689,404	86,641	101,041	877,086
		=====	=====	=====	=====
	As at 31 December, 2012	644,400	101,210	160,732	906,342
		=====	=====	=====	=====

11.3	PROPERTY, PLANT & EQUIPMENT-NON-LIFE	Land & Building N'000	Furniture Fittings & Equipment N'000	Motor Vehicles N'000	TOTAL N'000
	Cost/revaluation				
	As at I January, 2012	300,683	164,113	280,920	745,716
	Additions	159	32,838	311	33,308
	Revaluation adjustment	222,000			222,000
	Disposal	-	-	(2,925)	(2,925)
	As at 31 December, 2012	522,842	196,951	278,306	998,099
		=====	=====	=====	=====
	As at I January, 2013	522,842	196,951	278,306	998,099
	Additions	1,200	7,796	84,533	93,529
	Adjustment for fair value	14,120			14,120
	Disposal	-	-	(3,205)	(3,205)
	As at 31 December, 2013	538,162	204,747	359,634	1,102,543
		=====	=====	=====	=====
	Depreciation				
	As at I January, 2012	37,683	86,674	243,941	368,298
	Charge for the year	1,660	21,227	19,498	42,385
	On disposal	-	-	(2,925)	(2,925)
	As at 31 December, 2012	39,343	107,901	260,514	407,758
		=====	=====	=====	=====
	As at I January, 2013	39,344	107,901	260,514	407,759
	Charge for the year	5,240	15,704	22,816	43,760
	On disposal	-	-	(3,205)	(3,205)
	As at 31 December, 2013	44,584	123,605	280,125	448,314
		=====	=====	=====	=====
	Net book value				
	As at 31 December, 2013	493,578	81,142	79,509	654,229
		=====	=====	=====	=====
	As at 31 December, 2012	483,497	89,050	17,793	590,341
		=====	=====	=====	=====