



CUSTODIAN AND ALLIED PLC

CONSOLIDATED FINANCIAL REPORTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER, 2014

CUSTODIAN AND ALLIED PLC
2014 Q3 REPORTS AND ACCOUNTS

EXECUTIVE SUMMARY SHEET

	N '000 30-Sep-14	N '000 30-Sep-13	AUDITED N '000 31-Dec-13
Cash and cash equivalents	19,387,193	15,477,380	15,420,426
Financial assets	7,777,784	6,113,564	7,462,379
Investment properties	6,508,896	5,695,896	6,309,466
Property, plant and equipment	2,467,939	2,441,129	2,463,747
Investment contract liabilities	3,088,643	2,808,232	3,080,315
Interest-bearing loans and borrowings	1,948,689	1,974,259	1,974,259
Equity attributable to owners of the parent	21,176,179	14,418,184	19,092,888
Total Assets	49,917,971	50,367,121	45,653,813
Gross Revenue	18,487,423	16,211,113	24,828,766
<i>Gross Premium Income</i>	14,557,993	12,271,538	18,797,404
<i>Investment Income</i>	1,746,125	1,765,527	2,234,056
<i>Fees and Commission</i>	1,814,406	1,685,696	2,327,262
<i>Other Operating Income</i>	368,898	488,351	1,470,044
Operating Expenses	(11,557,464)	(11,261,543)	(17,129,561)
<i>Reinsurance Expenses</i>	7,312,850	6,472,646	10,380,644
<i>Underwriting Expenses</i>	1,598,031	1,444,187	2,216,639
<i>Net Claims Expenses</i>	2,646,582	3,344,710	4,532,278
Management expenses	(3,035,255)	(2,234,617)	(3,583,685)
Finance costs	(74,766)	(204,385)	(359,960)
Total comprehensive income for the period, net of tax	3,426,808	2,059,639	3,862,570
EPS - Basic (in kobo)	52	26	60
Net assets per share (in kobo)	360	190	325

CUSTODIAN AND ALLIED PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30th September, 2014

		GROUP		COMPANY	
		30 September	31 December	30 September	31 December
		2014	2013	2014	2013
		=N='000	=N='000	=N='000	=N='000
Assets	Note				
Cash and cash equivalents	4	19,387,193	15,420,426	1,403,120	932,391
Financial assets	5	7,777,784	7,462,379	66,495	64,597
Trade receivables	6	113,095	106,841	-	-
Reinsurance assets	7	10,259,165	11,041,983	-	-
Deferred acquisition costs	8	771,559	372,021	-	-
Other receivables and prepayments	9	1,105,111	737,130	59,113	294,002
Investment in subsidiaries	10	-	-	5,949,669	5,949,669
Investment in associates	11	556,638	556,638	409,891	409,891
Investment properties	12	6,508,896	6,309,466	3,057,250	3,055,000
Intangible assets	13	120,591	333,182	-	-
Property, plant and equipment	14	2,467,939	2,463,747	18,323	6,249
Statutory deposits	15	850,000	850,000	-	-
Total Assets		49,917,971	45,653,813	10,963,861	10,711,799
Liabilities					
Insurance contract liabilities	16	17,923,615	17,658,374	-	-
Investment contract liabilities	17	3,088,643	3,080,315	-	-
Trade payables	18	1,970,178	826,187	-	-
Other payables	19	1,961,300	1,079,386	459,411	503,775
Current income tax	20	1,032,646	1,207,501	53,155	89,315
Deferred tax liabilities	21	279,630	304,977	-	-
Interest-bearing loans and borrowings	22	1,948,689	1,974,259	-	-
Total liabilities		28,204,701	26,130,999	512,566	593,090
Equity					
Issued share capital	23	2,940,932	2,940,933	2,940,932	2,940,933
Share premium	24	6,405,631	6,405,632	6,405,632	6,405,632
Retained earnings	25	6,807,868	5,554,468	1,244,851	912,264
Contingency reserve	25	4,691,352	4,128,408	-	-
Other components of equity	25	-	-	-	-
Available-for-sale reserve	25	470,517	203,567	-	-
Treasury Shares	26	(140,120)	(140,120)	(140,120)	(140,120)
Equity attributable to owners of the parent		21,176,179	19,092,888	10,451,295	10,118,709
Non-controlling interests		537,091	429,926	-	-
Total equity		21,713,270	19,522,814	10,451,295	10,118,709
Total equity and liabilities		49,917,971	45,653,813	10,963,861	10,711,799

CUSTODIAN AND ALLIED PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 SEPTEMBER 2014

	Notes	GROUP		COMPANY	
		30 SEPT, 2014 =N='000	30 SEPT, 2013 =N='000	30 SEPT, 2014 =N='000	30 SEPT, 2013 =N='000
Gross Revenue	26	18,487,423	16,211,113	1,523,810	120,886
Operating Expenses	27	(11,557,464)	(11,261,543)	-	-
Net fair value gains/(losses)	28	1,898	-	1,898	-
Net realised gains/(losses)	29	-	-	-	-
Management expenses	30	(3,035,255)	(2,234,617)	(163,812)	(99,207)
Finance costs	31	(74,766)	(204,385)	-	(124,041)
Profit before taxation		3,821,836	2,510,568	1,361,896	(102,362)
Income tax expenses		(661,978)	(450,929)	(30,000)	(6,000)
Profit after taxation		3,159,858	2,059,639	1,331,896	(108,362)
Profit attributable to:					
– Owners of the parent		3,052,694	1,972,952	1,331,896	(108,362)
– Non-controlling interests		107,164	86,687	-	-
		3,159,858	2,059,639	1,331,896	(108,362)
Earnings/(loss) per share:					
Basic earnings/(loss) per share (kobo)	32	52	26	23	(1)
Other comprehensive income:					
Net gain/(losses) on available-for-sale assets	33	266,950	-	-	-
Other comprehensive income for the year, net of tax		266,950	-	-	-
Total comprehensive income for the year, net of tax		3,426,808	2,059,639	1,331,896	(108,362)
Net assets		21,176,179	14,418,184	10,451,295	6,280,957
Total shares		5,881,864	7,585,294	5,881,864	7,585,294
Net assets per share		360	190	178	83

CUSTODIAN AND ALLIED PLC
STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 2014

Attributable to owners of the Parent										
GROUP	Issued share capital	Share premium	Retained earnings	Contingency reserve	Other Components of Equity	Treasury Shares	Available-for-sale reserve	Total	Non-controlling interests	Total equity
<i>For the period ended 30 September 2014</i>	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000		=N='000
<i>At 1 January 2014</i>	2,940,932	6,405,631	5,554,468	4,128,408	-	(140,120)	203,567	19,092,886	429,926	19,522,812
Profit for the year	-	-	3,052,694	-	-	-	-	3,052,694	107,165	3,159,859
Change During the period	-	-	-	-	(236,434)	-	-	(236,434)	-	(236,434)
Other comprehensive income	-	-	-	-	-	-	266,950	266,950	-	266,950
Transfer between reserves	-	-	(799,378)	562,944	236,434	-	-	-	-	-
	2,940,932	6,405,631	7,807,785	4,691,352	-	(140,120)	470,517	22,176,096	537,091	22,713,187
Dividend Paid	-	-	(999,917)	-	-	-	-	(999,917)	-	(999,917)
<i>At 30 September 2014</i>	2,940,932	6,405,631	6,807,868	4,691,352	-	(140,120)	470,517	21,176,179	537,091	21,713,270
<i>At 31 December 2013</i>	2,800,813	6,405,632	5,554,468	4,128,408	-	-	203,567	19,092,888	429,926	19,522,814
Attributable to owners of the Company										
COMPANY	Issued share capital	Share premium	Retained earnings	Contingency reserve	Other Components of Equity	Treasury Shares	Available-for-sale reserve	Total		
<i>For the period ended 30 September 2014</i>	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000		
<i>At 1 January 2014</i>	2,940,932	6,405,631	912,873	-	-	(140,120)	-	10,119,316		
	2,940,932	6,405,631	912,873	-	-	(140,120)	-	10,119,316		
Profit or loss for the year			1,331,896					1,331,896		
Dividend Paid			(999,917)					(999,917)		
Other comprehensive income							-	-		
<i>At 30 September 2014</i>	2,940,932	6,405,631	1,244,852	-	-	(140,120)	-	10,451,295		
<i>At 31 December 2013</i>	2,940,932	6,405,631	912,266	-	-	(140,120)	-	10,118,709		

4 Cash and cash equivalents

	GROUP			COMPANY		
			At December			At December
	2014 =N='000	2013 =N='000	2013 =N='000	2014 =N='000	2013 =N='000	2013 =N='000
Cash-in-hand	405	1,580	188	-	92	-
Balances held with local banks	1,915,236	3,149,183	1,009,390	37,892	(94,199)	18,059
Balances held in domiciliary accounts	130,617	114,249	2,399,383	-	-	-
Balances held with foreign banks	2,829	5,447	2,751	-	-	-
Reserve with Pension Custodian	176,350	81,869	-	-	-	-
Placements with banks	17,217,913	12,182,609	12,066,271	1,365,228	878,244	914,332
Impairment on cash and cash equivalents	(56,157)	(57,557)	(57,557)	-	-	-
	<u>19,387,193</u>	<u>15,477,380</u>	<u>15,420,426</u>	<u>1,403,120</u>	<u>784,137</u>	<u>932,391</u>

Bank placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. All deposits are subject to an average variable interest rate of 11%p.a. (2013: 11%). Reserve with Pension Custodian relates to mandatory cash reserve placed with First Custodians Limited the custodian for our pension subsidiary's managed assets.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

5 Financial assets

The Company's financial assets are summarised by categories as follows:

	GROUP			COMPANY		
			At December			
	2014 =N='000	2013 =N='000	2013 =N='000	2014 =N='000	2013 =N='000	
Available-for-sale	3,350,370	2,764,396	3,070,937	66,495	58,929	64,597
Held-to-maturity - Amortised cost	567,096	454,763	1,408,042	-	10,000	-
Fair value through profit or loss	1,248,434	1,551,488	2,921,527	-	-	-
Loans and receivables	2,611,884	1,342,917	61,873	-	6,212	-
Total financial assets	<u>7,777,784</u>	<u>6,113,564</u>	<u>7,462,379</u>	<u>66,495</u>	<u>75,141</u>	<u>64,597</u>

(a) Available-for-sale

Quoted equity securities	520,295	367,648	521,465	66,495	58,929	64,597
Unquoted securities at cost	2,830,075	2,396,748	2,549,473	-	-	-
Total available-for-sale	<u>3,350,370</u>	<u>2,764,396</u>	<u>3,070,938</u>	<u>66,495</u>	<u>58,929</u>	<u>64,597</u>

Quoted equity securities were fair valued using quoted prices from the Nigerian Stock Exchange (NSE).

Unquoted securities were fair valued using the year's average market price from Over-the-counter market and where not available, a valuation based on average of five years' dividend received at the company's annual rate of return.

(b) Held-to-maturity - Amortised cost

Federal Government Bonds	511,928	111,647	159,859	-	-	-
State Government Bonds	609,842	253,431	687,309	-	-	-
Corporate Bonds	1,302,884	81,964	563,153	-	-	-
Listed Equities and Others	-	1,560,394	-	-	-	-
Impairment on held-to-maturity financial instruments	(2,279)	(2,279)	(2,279)	-	-	-
Total held-to-maturity	<u>2,422,375</u>	<u>2,005,157</u>	<u>1,408,042</u>	<u>-</u>	<u>-</u>	<u>-</u>

CUSTODIAN AND ALLIED PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

5 Financial assets - continued

(c) Loans and receivables

	GROUP			COMPANY		
			At December			
	2014 =N='000	2013 =N='000	2013 =N='000	2014 =N='000	2013 =N='000	
Corporate Loans	689,327	-	1,599,992	-	-	-
Loans to policy holders	20,137	21,991	18,967	-	-	-
Mortgage loans	-	10,921	10,921	-	-	-
Other loans	32,409	12,669	40,053	-	-	-
Staff Loans and advances	14,012	13,748	2,961	-	6,212	-
Impairment on loans and receivables	(11,029)	(13,905)	(11,029)	-	-	-
Total loans and receivables	<u>744,856</u>	<u>45,424</u>	<u>1,661,865</u>	<u>-</u>	<u>6,212</u>	<u>-</u>

6 Trade receivables

Insurance receivables	724,789	1,126,430	1,238,938	-	-	-
Impairment on insurance receivables	(611,694)	(226,299)	(1,132,097)	-	-	-
	<u>113,095</u>	<u>900,131</u>	<u>106,841</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 Reinsurance assets

Claims recoverable	233,506	5,885	217,055	-	-	-
Reinsurer's share of outstanding claims	3,328,888	181,888	3,328,888	-	-	-
Reinsurance Assets-(Deferred Reinsurance outward)	6,696,771	12,410,921	7,458,996	-	-	-
Reinsurer's share of life insurance funds	-	-	37,044	-	-	-
	<u>10,259,165</u>	<u>12,598,694</u>	<u>11,041,983</u>	<u>-</u>	<u>-</u>	<u>-</u>

8 Deferred acquisition costs

At 1 January	771,559	615,067	108,209	-	-	-
Movement during the year	-	-	263,812	-	-	-
At end of the period	<u>771,559</u>	<u>615,067</u>	<u>372,021</u>	<u>-</u>	<u>-</u>	<u>-</u>

9 Other receivables and prepayments

Interest Receivable	13,825	95,558	8,361	13,825	10,351	216,000
Cash advance	-	217	-	-	217	-
Deposit for assets	3,526	47,983	-	-	-	-
Deposit for shares	-	-	-	-	-	-
Due from related parties	(110)	82,386	38,226	(2,582)	77,469	2
Other debit balances	1,225,653	4,495,169	815,136	36,182	24,609	71,419
Prepayment	15,441	112,309	127,340	11,688	101,308	6,581
	<u>1,258,335</u>	<u>4,833,622</u>	<u>989,063</u>	<u>59,113</u>	<u>213,954</u>	<u>294,002</u>
Impairment on other receivables	<u>(153,224)</u>	<u>(4,160)</u>	<u>(251,933)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,105,111</u>	<u>4,829,462</u>	<u>737,130</u>	<u>59,113</u>	<u>213,954</u>	<u>294,002</u>

CUSTODIAN AND ALLIED PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

10 Investment in subsidiaries

	GROUP			COMPANY		
	2014 =N='000	2013 =N='000	At December 2013 =N='000	2014 =N='000	2013 =N='000	
Crusader General Insurance Limited	-	-	-	3,584,607	3,584,607	3,584,607
Crusader Life Insurance Limited	-	-	-	1,184,717	1,184,717	1,184,717
Crusader Sterling Pensions Limited (Note 11i)	-	-	-	1,139,460	882,533	1,139,460
Crusader Trustees Limited	-	-	-	40,885	40,885	40,885
At the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,949,669</u>	<u>5,692,742</u>	<u>5,949,669</u>

Custodian and Allied Plc is the ultimate holding company with significant equity interests in the subsidiary companies as follows:

Subsidiary	Equity Interest	Segment	Place of Incorporation / Activity
Custodian and Allied Insurance Limited	100%	Property / Casualty Insurance	Nigeria
Custodian Life Assurance Limited	100%	Life Insurance	Nigeria
Crusader Sterling Pension Limited	76.55%	Pension Asset Management	Nigeria
Custodian Trustees Limited	100%	Trusteeship / company Secretarial Services	Nigeria

The company along with its subsidiaries make up the Custodian Group.

Significant Restrictions

The Group does not have any significant restrictions on its ability to access or use its assets and settle liabilities that exist within the group

Non Controlling interest in subsidiaries

The Group does not have any subsidiary that has material non-controlling interest.

11 Investment in associate

Investment in Ordinary shares (Note 11i)	-	-	-	-	-	-
Leadway Pensure Limited	556,638	409,891	556,638	409,891	-	409,891
	<u>556,638</u>	<u>409,891</u>	<u>556,638</u>	<u>409,891</u>	<u>-</u>	<u>409,891</u>

- i. The Group has a 25.26% (2013: 25.26%) interest in the ordinary share capital of Leadway Pensure Limited which is involved in the administration and management of Pension Fund Assets. Leadway Pensure Limited is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment. The reporting date and reporting year of Leadway Pensure Limited are the same as the Group.

12 Investment properties

At 1 January	6,309,466	5,695,896	3,835,640	3,055,000	2,705,726	2,701,770
Additions	199,430	-	1,857,211	2,250	252,971	911
Fair value gains	-	-	484,748	-	-	352,319
Reclassifications (Note 14)	-	-	131,867	-	-	-
Disposals during the year	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
At 30 September	<u>6,508,896</u>	<u>5,695,896</u>	<u>6,309,466</u>	<u>3,057,250</u>	<u>2,958,697</u>	<u>3,055,000</u>

CUSTODIAN AND ALLIED PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

12 Investment properties - continued

- i. Investment properties are stated at fair value, which has been determined based on valuations performed by MessrsBarin Epega & Co., who are accredited independent valuers, as at 31 December 2013. These valuers are specialists in valuing these types of investment properties. The fair value of the properties has not been determined on transactions observable in the market because of the nature of the property and the lack of comparable data. Instead, a valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the income statement.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

13 Intangible assets - Group

	Goodwill =N='000	Computer software =N='000	Total =N='000
At 1 January 2014	215,961	176,876	392,837
Additions	-	10,269	10,269
Impairment/amortization	(161,971)	(120,544)	(282,515)
At 30 September 2014	<u>53,990</u>	<u>66,600</u>	<u>120,591</u>

CUSTODIAN AND ALLIED PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

14 Property, plant and equipment - Group

	Freehold property	Office equipment	Computer equipment	Furniture and fittings	Motor Vehicles	Total
Cost/Valuation	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1 January 2014	2,072,919	277,925	293,616	222,550	478,740	3,345,750
Additions	1,030	6,489	10,610	13,165	148,902	180,196
Disposals	-	(12,749)	(18,334)	(23,658)	(75,427)	(130,168)
At 30 September 2014	2,073,949	271,665	285,892	212,057	552,215	3,395,778
Accumulated depreciation						
At 1 January 2014	83,930	149,551	222,061	133,140	293,321	882,003
Charge for the year	27,275	22,276	25,867	20,530	72,777	168,726
Disposals	-	(12,448)	(17,323)	(20,695)	(72,425)	(122,890)
At 30 September 2014	111,205	159,379	230,605	132,975	293,673	927,838
Net book value						
At 30 September 2014	1,962,744	112,285	55,287	79,081	258,542	2,467,939
At 31 December 2013	1,988,989	128,374	71,555	89,410	185,419	2,463,747

CUSTODIAN AND ALLIED PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

14 Property, plant and equipment - Company

	Office equipment	Computer equipment	Furniture and fittings	Motor Vehicles	Total
Cost/Valuation	=N='000	=N='000	=N='000	=N='000	=N='000
At 31 December 2013	977	1,728	8,671	8,100	19,476
Additions	2,050	575	754	17,800	21,179
Disposals	-	-	-	(8,100)	(8,100)
At 30 September 2014	3,027	2,303	9,425	17,800	32,555
Accumulated depreciation					
At 31 December 2013	531	1,591	3,680	7,425	13,227
Charge for the year	882	181	1,063	6,979	9,105
Disposals	-	-	-	(8,100)	(8,100)
At 30 September 2014	1,413	1,772	4,743	6,304	14,232
Net book value					
At 30 September 2014	1,614	531	4,682	11,496	18,323
At 31 December 2013	446	137	4,991	675	6,249

	GROUP		COMPANY		
	2014	2013	2014	2013	
	=N='000	=N='000	=N='000	=N='000	
15 Statutory deposits					
Statutory deposit	850,000	850,000	-	-	

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and attract interest rate at a rate determined by the Central Bank of Nigeria.

CUSTODIAN AND ALLIED PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

16 Insurance contract liabilities

	GROUP		COMPANY		
	2014	2013	2014	2013	
	=N='000	=N='000	=N='000	=N='000	
Outstanding claims	15,689,914	18,328,225	-	-	
Provision for unearned premiums	-	-	-	-	
Life fund	2,233,701	1,183,750	-	-	
	17,923,615	19,511,975	-	-	

17 Investment contract liabilities

	2014	2013			
	=N='000	=N='000			
Welfare	3,017,629	2,743,721	-	-	
Annuity	71,014	64,511	-	-	
	3,088,643	2,808,232	-	-	

18 Trade payables

This represents the amount payable to insurance and reinsurance companies.	1,970,178	728,657	826,187	-	-	
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19 Other payables

Staff pension	3,780	8,123	4,415	1,622	3,043	1,423
Non Trade payable	202,474	114,648	357,406	-	-	-
Statutory payables	62,845	48,146	211,220	60,418	36,904	-
Information Technology development levy	9,068	3,424	9,150	-	-	39,801
Deposit against premium	127,208	-	-	-	-	-
Due to related party	306,288	12,607	960	306,288	12,181	415,757
Capital gains tax	-	-	-	-	-	-
Unearned income	39,361	-	333,703	39,361	-	9,985
Sundry creditors	1,210,276	9,220,506	162,532	51,722	3,450,970	36,809
	<u>1,961,300</u>	<u>9,407,454</u>	<u>1,079,386</u>	<u>459,411</u>	<u>3,503,098</u>	<u>503,775</u>

20 Taxation

Per profit and loss account:

Income tax based on profit for the period	661,978	450,929		30,000	6,000	51,243
Education and ITDL tax for the period	-	-		-	-	-
Underprovision in prior year	-	-		-	-	-
Capital gains tax	661,978	450,929		30,000	6,000	51,243
Deferred taxation	-	-		-	-	-
Tax charge to profit and loss	<u>661,978</u>	<u>450,929</u>		<u>30,000</u>	<u>6,000</u>	<u>51,243</u>

CUSTODIAN AND ALLIED PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

20 Taxation - continued

	GROUP			COMPANY		
	2014	2013		2014	2013	
	=N='000	=N='000		=N='000	=N='000	
Current income tax						
Per Balance Sheet:						
At 1 January	1,291,222	481,388		89,315	82,297	53,010
Based on profit for the period	416,760	1,051,963		30,000	6,000	51,243
Payments during the period	(675,336)	(325,850)		(66,160)	-	(14,938)
At the end of the period	<u>1,032,646</u>	<u>1,207,501</u>		<u>53,155</u>	<u>88,297</u>	<u>89,315</u>

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (as amended). The charge for education tax is based on the provisions of the Education Tax Act CAP E4 LFN 2004. Minimum tax requirement was used for the Company for the year as the Company has assessable loss for the year.

21 Deferred tax liabilities

	GROUP		At December	COMPANY		
	2014	2013	2013	2014	2013	
	=N='000	=N='000	=N='000	=N='000	=N='000	
Losses available for offsetting against future taxable income	(83,832)	5,420	(83,832)	-	-	-
Fair value gains on investment properties	207,942	-	214,756	-	-	-
Accelerated depreciation for tax purposes	392,383	200,759	419,070	-	-	-
Tax credit on capital allowance	(236,863)	104,679	(245,015)	-	-	-
	<u>279,630</u>	<u>310,858</u>	<u>304,979</u>	<u>-</u>	<u>-</u>	<u>-</u>

22 Interest-bearing loans and borrowings

Borrowings	1,948,689	1,974,259	-	-	-	-
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On March 20 2012, Custodian and Allied Insurance Limited issued a subordinated debt of US\$ 12.5 million to International Finance Corporation (IFC). The loan is unsecured and interest is payable at the London interbank offered rate plus a margin of 4.5% per annum.

The conversion period commences 12 months after the date of first disbursement .During the conversion period, IFC shall have the right to convert all or a portion of the outstanding principal amount of the loan(in Naira equivalent as determined by IFC based on the Naira/Dollar exchange rate published by the CBN) into such number of shares in the capital of the borrower which will give IFC no more than **10%** of the issued share capital of the borrower equal to the principal amount of the loan being converted, divided by the conversion IFC may exercise its conversion rights by delivering notice specifying whether the entire loan or a portion of it is to be converted and the date on which the shares are to be issued. delivers the notice of conversion during the conversion period and can exercise the conversion 3 times during the conversion period. IFC shall receive in respect of each share Shares issued to IFC upon any exercise of the conversion right shall be freely transferrable and shall in any respects rank pari-passu with all other shares outstanding on the The shares do not have any dilutive factors as at the reporting date as it is not yet within the conversion period.

The conversion price is N3.50 per share plus 5% premium for each year of the conversion period. The exact conversion price over the conversion period is:

Year Price

2013	3.675
2014	3.85
2015	4.025

The principal amount of US\$12.5 million is due for repayment from March 2016.

The outstanding balance on the IFC loan was valued at N155.7 to a dollar which is the Naira/Dollar exchange rate published by CBN as at the reporting date.

CUSTODIAN AND ALLIED PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

23 Issued share capital and reserves

	GROUP			COMPANY		
	2014	2013		2014	2013	
	=N='000	=N='000		=N='000	=N='000	
Authorised						
7,000,000,000 Ordinary shares of 50k each	3,500,000	3,500,000		3,500,000	3,500,000	3,500,000
Issued:						
5,881,866,000 Ordinary shares of 50k each	2,940,933	2,940,933		2,940,933	2,940,933	2,940,933
Movement during the year is as shown below:						
At 1 January	2,940,933	2,940,933		2,940,933	2,940,933	3,792,647
Additional Shares Issued During the year	-	-		-	-	-
At 31 December	<u>2,940,933</u>	<u>2,940,933</u>		<u>2,940,933</u>	<u>2,940,933</u>	<u>2,940,933</u>

24 Share premium

At 1 January	6,405,632	2,800,232		6,405,632	2,800,232	2,800,232
Increase during the year	-	-		-	-	-
Net Movement during the year on combination	-	3,605,400		-	3,605,400	3,605,400
At 31 December	<u>6,405,632</u>	<u>6,405,632</u>		<u>6,405,632</u>	<u>6,405,632</u>	<u>6,405,632</u>

25 Reserves

The nature and purpose of the reserves in equity are as follows:

Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

Contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap 117 LFN 2004.

Other components of equity

This reserve contains the equity components of the issued unsecured convertible debenture stock. The liability components are reflected in financial liabilities.

Available-for-sale

The fair value reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale after deduction of deferred taxes. Any gains or losses are not recognised in the statement of comprehensive income until the asset has been sold or impaired.

26 Gross Revenue	GROUP		COMPANY	
	2014	2013	2014	2013
	=N='000	=N='000	=N='000	=N='000
Gross Premium Income	14,557,993	12,271,538	-	-
Investment Income	1,746,125	1,765,527	1,460,190	47,163
Fees and Commission	1,814,406	1,685,696	-	-
Other Operating Income	368,898	488,351	65,518	73,723
	<u>18,487,423</u>	<u>16,211,113</u>	<u>1,525,708</u>	<u>120,886</u>
27 Operating Expenses				
Reinsurance Expenses	7,312,850	6,472,646	-	-
Underwriting Expenses	1,598,031	1,444,187	-	-
Net Claims	2,646,582	3,344,710	-	-
	<u>11,557,464</u>	<u>11,261,543</u>	<u>-</u>	<u>-</u>
28 Net fair value gains/(losses)				
Fair value gains/(loss) on investment	1,898	-	1,898	-
29 Realized Gains (Listed Equities and Others)				
On property and equipment:				
Profit on disposal of property and equipment	-	-	-	-
Profit on disposal of investment property	-	-	-	-
Available for sale:				
Realised gains on equity securities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 Management expenses	GROUP		COMPANY	
	2014	2013	2014	2013
	=N='000	=N='000	=N='000	=N='000
Staff cost	508,566	436,358	55,764	26,914
Auditors' remuneration	-	-	-	-
Amortisation of intangible assets	-	-	-	-
Depreciation on property, plant and equipment	124,898	93,489	9,105	2,443
Impairment loss on insurance receivable	-	-	-	-
Impairment losses on loans and receivables	-	-	-	-
Marketing and administration expenses	115,464	100,068	-	-
Other expenses	2,286,327	1,604,702	98,943	69,850
	<u>3,035,255</u>	<u>2,234,617</u>	<u>163,812</u>	<u>99,207</u>
31 Finance costs				
Interest on convertible debenture stock	74,766	204,385	-	124,041
32 Net gain/(losses) on available-for-sale assets				
Unrealised gain/(loss) on available-for-sale financial instruments during the year	266,950	-	-	-
Reclassification adjustments for gain included in the profit or loss	-	-	-	-
	<u>266,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepayment	-	-	-	-
Other comprehensive income/(loss) for the year, net of tax	266,950	-	-	-

31 Earnings/(loss) per share

Basic earnings/(losses) per share amount is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the number of ordinary shares outstanding at the reporting date.

The following reflects the earnings/(losses) and share data used in the basic earnings/(losses) per share computations:

	GROUP		COMPANY	
	2014	2013	2014	2013
Net profit/(loss) attributable to ordinary shareholders (=N='000)	<u>3,052,694</u>	<u>1,972,952</u>	<u>1,331,896</u>	<u>(108,362)</u>
Number of ordinary shares in issue as at year end ('000)	<u>5,881,864</u>	<u>7,585,294</u>	<u>5,881,864</u>	<u>7,585,294</u>
Basic earnings/(losses) per ordinary share (kobo)	<u>52</u>	<u>26</u>	<u>23</u>	<u>(1)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.