

**UNIVERSAL INSURANCE PLC**  
**RC 2460**

**AUDITED REPORT AND ACCOUNTS FOR THE YEAR  
ENDED DECEMBER 31, 2018**

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## **UNIVERSAL INSURANCE PLC**

### **CORPORATE INFORMATION AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **BOARD OF DIRECTORS**

Lt. Gen. Joshua Dogonyaro (Rtd), CFR, mni	-	Chairman
Mr. Ben Ujoatuonu	-	Managing Director/CEO
Mr. Reginald Anyanwu	-	Executive Director
Mr. Oluchukwu Oforzor	-	Executive Director
Mr Anthony Okocha	-	Non-Executive Director

#### **MANAGEMENT TEAM**

Benedict U. Ujoatuonu	-	Managing Director/CEO
Reginald Anyanwu	-	Executive Director
Paulinus Offorzor	-	Executive Director (Technical)
Samuel U. Ndubuisi	-	Head of Finance
Chinedu A. Onyilimba, Esq.	-	Company Secretary/Legal Adviser
Chukwuemeka Ogoke	-	Head Internal Audit
Pastor Tunji Oyebayo	-	Head of Marketing
Franklin Agha	-	Head of Compliance
Mercy Okafor	-	Head of Underwriting
Bamidele Ojo	-	Head of Oil & Gas

#### **CORPORATE HEAD OFFICE**

8, Gbagada Expressway,  
Anthony,  
Lagos.

#### **REGISTERED OFFICE**

4, Ridgeway Road,  
Enugu,  
Enugu State.

#### **AUDITORS**

Ukwuegbu Ogbeleje & Co.  
(Chartered Accountants)  
23, Rasaki Shittu Street,  
Isheri-Osun, Lagos  
P.O. Box 53830, Ikoyi, Lagos.

**BANKERS:**

1. Eco Bank Plc.
2. Fidelity Bank Plc.
3. First Bank Plc.
4. First City Monument Bank (FCMB) Plc.
5. Guaranty Trust Bank (GTB) Plc.
6. Union Bank of Nigeria (UBN) Plc.
7. United Bank for Africa (UBA) Plc.
8. Unity Bank Plc.
9. Zenith Bank Plc.

**CONSULTING ACTUARY**

**Ernst & Young**  
10<sup>th</sup> & 13<sup>th</sup> Floor, UBA House  
57, Marina  
P. O. Box 2442  
Lagos, Nigeria

**REGISTRARS AND TRANSFER OFFICE**

**Carnation Registrars Limited**  
2a, Gbagada Expressway,  
Anthony Village,  
Lagos



## UNIVERSAL INSURANCE PLC

### DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors have pleasure in submitting to the members their report and audited financial statements of Universal Insurance Plc. (the Group) for the year ended 31 December 2018.

#### 1. LEGAL FORM

The Company was incorporated as a private limited liability company on 1<sup>st</sup> March, 1961 under the Cap 37 LFN and Lagos 1958 with RC No. 2460. The company was established by the then Eastern Nigerian Government and African Continental Bank Plc. through an association between Eastern Nigerian Development Commission (ENDC) and Pearl Assurance Company Limited of London whereby ENDC acted as agent to the Insurance Company.

The Universal Insurance Company Limited from inception has been in partnership with Swiss Reinsurance company of Zurich, which also provided the necessary Reinsurance support.

The company became a Public Liability Company on 14<sup>th</sup> December 2007, following the successful recapitalisation and consolidation with the former United Trust Assurance Company Limited, Oriental Insurance Company Limited and African Safety Insurance Company Limited. On the 11<sup>th</sup> February 2009, the company became listed on the Nigerian Stock Exchange. The company has a subsidiary in the hospitality industry – Universal Hotels Limited.

#### 2. PRINCIPAL ACTIVITIES

The Company is engaged in Non - Life Insurance Businesses which include Motor, Fire, Accident, Workmen compensation, Burglary, Marine Cargo, Marine Hull and Aviation etc. General

#### 3. OPERATING RESULTS

The financial result of the subsidiary has been consolidated in these financial statements. The following is a summary of the Group's operating results: -

	Group 2018	Group 2017	Company 2018	Company 2017
Profit/(Loss) before tax	(45,488)	668,345	(47,098)	666,208
Taxation	(8,993)	(32,407)	(8,478)	(32,024)
Profit/(Loss) after tax	(54,481)	635,938	(55,576)	634,184
Transfer to contingency reserve	(50,662)	(22,501)	(50,662)	(22,501)
Retained earnings for the year				
Retained earnings, end of year	(3,056,441)	(2,880,007)	(2,144,427)	(2,039,913)
Earnings per share – Basic	(0.29)	3.97	(0.30)	3.96
Total Assets	13,881,998	13,815,316	12,891,741	12,761,658
Cash and cash equivalent	421,033	298,867	419,296	271,230
Financial assets	2,858,153	2,856,058	2,858,153	2,856,058
Insurance Contract liabilities	1,018,179	787,275	1,018,179	787,275
Share-holders' funds	10,294,123	10,412,768	9,450,426	9,497,151
Statutory Deposits	335,000	335,000	335,000	335,000



#### 4. PROPERTY PLANT AND EQUIPMENT

Movement in Property Plant and Equipment during the year are as shown in note 15 of notes to the financial statements.

#### 5. DIRECTORS

The names of the directors who held office during the period and at the date of this report are as stated on page 1.

##### Directors remuneration

Non-Executive Directors remuneration comprises of directors fees, sitting allowance and travel allowance for those outside the country payable during the year. Executive Directors remuneration includes salaries and allowances payable during the year.

#### 6. DIVIDEND

No dividend was proposed for year ended 31 December 2018.

#### 7. DIRECTOR'S INTERESTS

In accordance with sections 275 and 276 of the Companies and Allied Matters Act CAP C20LFN 2004 and the listing requirement of the Nigerian Stock Exchange, the direct and indirect interests of the directors' shareholding as advised by the Registrar of the company as at 31 December 2018 are as follows:

Directors	2018		2017	
	Direct	Indirect	Direct	Indirect
Lt. Gen. J.N. Dogonyaro (Rtd), CFR, mni	Nil	Nil	Nil	Nil
Mr. Ben Ujoatuonu	Nil	Nil	Nil	Nil
Mr. Reginald Anyanwu	150,000	Nil	150,000	Nil
Mr. Anthony Okocha	503,434	Nil	503,434	Nil
Mr Paulinus Offorzor	Nil	Nil	Nil	Nil

#### 8. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, of any interest in contracts with which the Company was involved as at 31 December 2018 or as at the date of this report.



## 9. ANALYSIS OF SHAREHOLDINGS

The shares of the Company were fully owned by Nigerian citizens and associations.

The range of shareholding as at 31 December 2018 is as follows:

Range of holdings	No. of Shareholders	No. Of shares held	% of Holdings
1 - 1000	2093	1,612,308	3.44
1001 - 5000	11611	37,699,911	19.07
5001 - 10,000	9981	83,536,473	16.40
10,001 - 100,000	30,455	1,215,255,913	50.03
100001 - 500000	5543	1,188,918,648	9.11
500001 - 1000000	632	503,826,497	1.04
1000001 - 10,000,000	477	1,261,643,378	0.78
10000001 - 100000000	60	1,883,542,693	0.10
100000001 - 1000000000	15	4,180,119,881	0.02
1000000001 - 10000000000	2	5,643,844,298	0.003
<b>Total</b>	<b>60,869</b>	<b>16,000,000,000</b>	<b>100.00</b>

The following shareholders held more than 5% of shares of the company according to the Register of members as at 31<sup>st</sup> December 2018.

African Alliance Insurance Plc	4,155,106,088	25.97%
Stanbic Nominees Nigeria Limited	1,488,738,210	13.41%
Others	10,356,155,702	60.62%
	<b>16,000,000,000</b>	<b>100.00%</b>

The company did not purchase any of its own shares during the year.

## 10. FRAUD/FORGERY

There was no fraud recorded during the financial year under review.

## 11. CORPORATE GOVERNANCE

The Board of Directors and the Management of Universal Insurance Plc. are committed to leadership in corporate governance. The business of the Company is conducted by its employees and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the company for its shareholders and other stakeholders.

Corporate governance practices in Universal Insurance Plc. are as codified in the NAICOM Code of Corporate Governance for Insurance Industries in Nigeria, Rules 2009, the SEC Code of Corporate Governance 2010, the Companies and Allied Matters Act 2004 and other relevant statutes which provide guidance to the governing of Insurance companies as well as the values upon which the Company was founded. These Codes/Statutes are geared towards ensuring accountability of the Board and Management to the Stakeholders of the Company. The Code also emphasizes the need to meet and address the interests of a range of stakeholders so as to promote the long-term sustainability of the Company.



The Board of Directors is currently made up of five (5) Directors. The position of the Chairman is distinct from that of the Managing Director. The Board is responsible for controlling and managing the strategic business of the company and constantly reviews and presents a balanced and comprehensive assessment of the company's performance and future prospects. It may exercise all such powers of the Company as are not by law or the Articles of Association of the company in General Meetings.

BOARD MEETINGS	COMPOSITION	NO. OF ATTENDANCE (4)	26 <sup>th</sup> Mar 2018	21 <sup>st</sup> June 2018	30 <sup>th</sup> Aug 2018	13 <sup>th</sup> Dec 2018
LT. GEN. JOSHUA DOGONYARO CFR, mni	Chairman	0	0	0	0	0
Mr. Tony Okocha	Ag. Chairman	4	X	X	X	X
Mr. Ben Ujoatuonu	Member	4	X	X	X	X
Mr Reginald Anyanwu	Member	2	X	X	0	0
MR Paulinus Offorzor	Member	3	0	X	X	X

The Board functioned either as a full board or through committees. The Board committees as listed below make recommendations for approval by the full Board.

COMMITTEE	MEMBERSHIP	STATUS
Statutory Audit Committee	Mr. C.A.C. Opara Mr. Reginald Anyanwu Mr. Oluwaseun B. Olukoya Mr. Angus Amiolemeh Mr Tony Okocha Mr Ogoke Chukwuemeka	Shareholder/Chairman Director/Member Shareholder/Member Shareholder/Member Director/Member Member
Investment/Finance Committee	Mr Tony Okocha Mr Ben Ujoatuonu Mr Reginald Anyanwu	Chairman Member Member
Enterprise Management/Corporate Governance Committee	Risk Mr. Tony Okocha Mr. Ben Ujoatuonu Mr. Reginald Anyanwu Mr. Paulinus Offorzor	Chairman Member Member Member
Board Audit & Compliance Committee	Mr Tony Okocha Mr. Reginald Anyanwu Mr Ben Ujoatuonu	Chairman Member Member



# **STATUTORY AUDIT COMMITTEE:**

The Committee held four meetings during the year. Section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 provides for the functions of this committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee. A Board Audit Committee is constituted to further ensure compliance to the statutory requirements.

## **STATUTORY AUDIT COMMITTEE**

NAME	POSITION	NO. OF ATTENDANCE (4)	15 <sup>th</sup> Mar 2018	26 <sup>th</sup> Mar 2018	29 <sup>th</sup> Aug 2018	3 <sup>rd</sup> Dec 2018
Mr. C.A.C Opara	Chairman	4	X	X	X	X
Mr. Angus Amiolemeh	Member	4	X	X	X	X
Mr Oluwaseun B. Olukoya	Member	4	X	X	X	X
Mr Reginald Anyanwu	Member	2	O	X	O	O
Mr Tony Okocha	Member	3	O	X	X	X
Mr Ogoke Chukwuemeka	Member	0	O	O	O	O

## **BOARD AUDIT & COMPLIANCE COMMITTEE**

NAME	POSITION	NO. OF ATTENDANCE (2)	14 <sup>th</sup> Feb 2018	25 <sup>st</sup> Mar 2018
Mr Tony Okocha	Chairman	2	X	X
Mr Reginald Anyanwu	Member	2	X	X
Mr. Ben Ujoatuonu	Member	2	X	X

## **INVESTMENT/FINANCE COMMITTEE**

NAME	POSITION	NO. OF ATTENDANCE (2)	29 <sup>th</sup> Aug 2018	12 <sup>th</sup> Dec 2018
Mr. Tony Okocha	Chairman	2	X	X
Mr. Ben Ujoatuonu	Member	2	X	X
Mr. Reginald Anyanwu	Member	0	O	O



## ENTERPRISE RISK MANAGEMENT & CORPORATE GOVERNANCE

The Committee met three times during the year. It was set up to ensure effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting.

NAME	POSITION	NO. OF ATTENDANCE	15 <sup>TH</sup> Mar 2018	15 <sup>TH</sup> July 2018	30 <sup>TH</sup> Aug 2018
Mr. Tony Okocha	Chairman	3	X	X	X
Mr. Ben Ujoatuonu	Member	3	X	X	X
Mr. Reginald Anyanwu	Member	2	X	X	O
Mr Paulinus Oforzor	Member	3	X	X	X

In addition, a Management Executive Committee meets regularly to address policy implementation and other operational issues.

### Guide to the tables

X = Present

O = Absent

## 12. INCORPORATION AND SHARE CAPITAL HISTORY

The Universal Insurance Plc was incorporated as a Private Limited Liability Company on 1<sup>st</sup> of March 1961 and commenced business operations on 1<sup>st</sup> January 1962.

The Company's Authorised Share Capital at incorporation was N200,000.00 and has progressively increased over the years to N15,000,000,000.00 divided into 30,000,000,000 ordinary shares of 50 Kobo each. The Company currently has an Issued & Fully paid capital of N8,000,000,000.00 divided into 16,000,000,000 Ordinary shares of 50 Kobo each. The following changes have taken place in the company's authorised and issued capital since incorporation:

### Changes to Authorised Share Capital:

Date of Resolution	Increased from	Increased to
24/04/1962		
02/02/1977	N 200,000.00	N 500,000.00
01/11/1991	N 500,000.00	N 1,000,000.00
09/10/1998	N 1,000,000.00	N 25,000,000.00
06/01/2004	N 25,000,000.00	N100,000,000.00
15/02/2007	N 100,000,000.00	N 400,000,000.00
29/03/2007	N 400,000,000.00	N 2,000,000,000.00
25/09/2007	N 2,000,000,000.00	N 8,000,000,000.00
12/10/2007	N 8,000,000,000.00	N 11,000,000,000.00
	N 11,000,000,000.00	N 16,000,000,000.00

### 13. EMPLOYMENT AND EMPLOYEES

#### a. Welfare of employees

The Company provides allowances to its employees at all levels for medical, transportation and housing.

#### b. Employees involvement and training

The Company ensures that employees are informed in respect of the Company's activities especially in areas that concern them.

The Company also invests in training its workforce at various levels both in-house and external courses. This has resulted in enhancing the technical expertise of the workforce.

#### Workforce

The number of persons employed as at the end of the year were as follows:

	Male	Female	Total
Managerial	19	8	27
Other Staff	38	17	55
	57	25	82


### 14. DONATIONS AND CHARITABLE GIFT

The company did not make any significant donation in the year.

### 15. AUDITORS

Messrs Ukwuegbu, Ogbeleje & Co (Chartered Accountants) are re- appointed as Auditors of the Company in accordance with the Companies and Allied Matters Act CAP 357(2), LFN 2004.

BY THE ORDER OF THE BOARD

  
ONYILIMBA, CHINEDU ANTHONY ESQ  
COMPANY SECRETARY  
FRC/2016/NBA/00000015776  
April 8, 2019



## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

*For the Year ended 31 December 2018.*

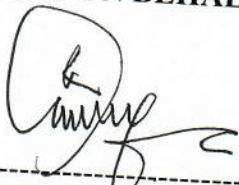
The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the end of the year and of its comprehensive income in the manner required by the Companies and Allied 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 judgments and estimates, in compliance with;
  - International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
  - the requirements of the Insurance Act;
  - relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
  - the requirements of the Companies and Allied Matters Act.

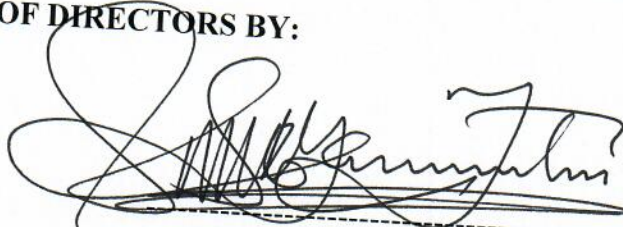
The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation 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:



REGINALD ANYANWU  
FRC/2013/NIM/0000003245



UJOATUONU BENEDICT  
FRC/2013/CIIN/0000003282



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

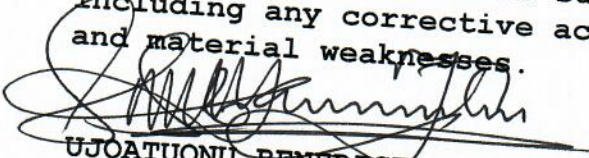
We the undersigned, hereby certify the following with regards to our audited financial statements for the year ended December 31, 2018 that:

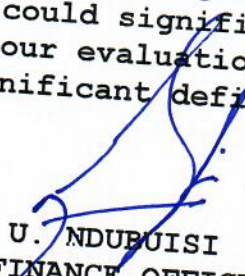
- (i) We have reviewed the report and to the best of our knowledge, the report does not contain:
- Any untrue statement of a material fact, or
  - Omission to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
  - To 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 Group as of , and for the years presented in the report.

- (ii) We:
- Are responsible for establishing and maintaining internal controls.
  - 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;
  - Have evaluated the effectiveness of the Company's internal controls as of date within reasonable period prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

- (iii) We have disclosed to the auditors of the Company and Audit Committee:
- All significant deficiencies in the design or operation of internal controls which would adversely affect the Group's ability to record, summarize and report financial data and have identified for the Group's auditors any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls:

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.

  
UJOATUONU BENEDICT  
CHIEF EXECUTIVE OFFICER  
FRC/2013/CIIN/0000003282

  
SAMUEL U. NDUBUISI  
CHIEF FINANCE OFFICER  
FRC/2013/ICAN/0000003290





# UNIVERSAL INSURANCE PLC.

8, Gbagada Expressway, Anthony, Lagos, Nigeria ☎ 01-2934645 RC 2460  
Website: [www.universalinsuranceplc.com](http://www.universalinsuranceplc.com) E-mail: [info@universalinsuranceplc.com](mailto:info@universalinsuranceplc.com)


## Report of Statutory Audit Committee

### To the Shareholders of Universal Insurance Plc

In accordance with Section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004 we the Members of the Audit Committee of Universal Insurance Plc., have reviewed the audited financial statements of the Company for the year ended December 31, 2018 and based on the documents and information available to us, report as follows;

- We have reviewed the scope and planning of the external audit requirements and found them adequate.
- We have reviewed the financial statements and are satisfied with the explanations obtained.
- We deliberated upon the Management Control Report of the External Auditors and the Management responses provided thereto and are satisfied that appropriate steps are being taken to address the issues raised.
- The External Auditors confirmed having received full co-operation from management in course of their statutory audit.

We are of the opinion that the accounting and reporting policies of the Company for the year ended December 31, 2018 are in accordance with the legal requirements and agreed ethical standards.

  
**Mr. Chukwuemeka Ogoke**  
FRC/2013/ICAN/0000003289  
For: CHAIRMAN STATUTORY AUDIT COMMITTEE

### Members of the Audit Committee:

1. Mr. C.A.C. Opara
2. Mr. Oluwaseun B. Olukoya
3. Mr. Angus Amiolemeh
4. Mr. Reginald Anyanwu
5. Mr. Tony Okocha
6. Mr. Chukwuemeka Ogoke

Chairman  
Member  
Member  
Member  
Member  
Member





## MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2018

### NATURE OF BUSINESS

This Management Discussion and Analysis has been prepared as at 31<sup>st</sup> December 2018 and should be read together with the consolidated financial statements of Universal Insurance Plc and its subsidiary.

### BUSINESS STRATEGY

The Universal Insurance Plc is registered and incorporated in Nigeria and it provides insurance and Risk Management Services to corporate and retail sector of Nigerian economy. It also strives to establish itself as one of the best insurance institutions in Nigeria.

One of the Company's strategies is to deploy the use of technology and quality manpower in providing tailor made services to our customers.

The company has been authorised to go into micro-insurance scheme. It is setting up the necessary procedures to achieve success in the area.

### RESULT OF OPERATIONS

YEAR	GROUP			COMPANY		
	Dec 2018	Dec 2017	% change	Dec 2018	Dec 2017	% change
Gross Prem written	1,688,673	753,067	124%	1,688,673	753,067	124%
Gross Prem Income	1,379,607	730,849	89 %	1,379,607	730,849	89%
Total U/W income	1,202,802	617,750	95 %	1,202,802	617,750	95%
Investment income	81,062	128,029	(37) %	81,062	128,029	(37)%
Operating Expenses	718,399	739,034	(3)%	671,372	683,320	(2)%
Profit/loss before tax	(45,488)	668,345	(107)%	(47,098)	666,208	(107)%
Earnings per share	(0.29)	3.97		(0.30)	3.96	

Universal Insurance Plc. recorded a increase of 124% in gross written premium as 31<sup>st</sup> December 2018 when compared to the 2017 result.

### REVENUE AND UNDERWRITING RESULT

There was an increase of N935.61M in gross written premium in 2018 as against 2017.

A total of N223,107M claim was paid in 2018 as against N160.19M in 2017.

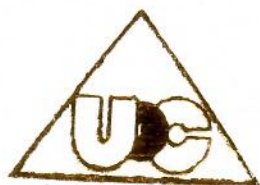
**INVESTMENT INCOME**

The Company recorded an investment income of N81.06 million during the year as against N128.03 million in 2017.

**OPERATING EXPENSES**

The operating expenses for the year 2018 stood at N671.370million as against N683.32million in 2017.





# UKWUEGBU, OGBELEJE & CO.

UNIVERSAL INSURANCE PLC  
2018 ANNUAL REPORT & ACCOUNTS

(CHARTERED ACCOUNTANTS)

RC. LAZ 029096

23, Rasaki Shittu Street, Isheri-Osun; P. O. Box 53830. Falomo; Lagos.  
75, Area A, World Bank, Opposite Rossidkid Nursery School, Owerri, Imo State  
Telephone: 08033006646, 08033047135. E-mail: consultants@uocng.net, Website: www.uocng.net

Partners: Ifechukwu C. Ukwuegbu, B.Sc, ACA, MNCS, Eva C. Ogbeleje, MPA, ACA, ACIT

## INDEPENDENT AUDITOR'S REPORT

To the members of Universal Insurance Plc

*Report on the audit of the financial statements of Universal Insurance Plc.*

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate financial position of Universal Insurance Plc (the company) and its subsidiary (together "the group") as at 31 December 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act Cap C20 LFN 2004, the Nigerian Insurance Act 117 LFN 2003 circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

### What we have audited:

*We have audited the accompanying consolidated and separate financial statements of Universal Insurance Plc (the company) and its subsidiary (together 'the group')*

Universal Insurance Plc's consolidated and separate financial statements comprise:

- The consolidated and separate statements of financial position as at 31 December 2018;
- The consolidated and separate statements of comprehensive income for the year then ended;
- The consolidated and separate statements of changes in equity for the year then ended;
- The consolidated and separate statements of cash flows for the year then ended; and
- The notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independent requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirement applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) (Parts A and B).



### Key audit matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our opinion on the financial statements.

### Key Audit Matters identified:

#### Valuation of Insurance contract liabilities.

The company has material insurance liabilities. The measurement of insurance contract liabilities involves judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders.

Note 17 to the financial statements describe the elements that make up the insurance contract liabilities balance.

#### How our audit addressed the matter.

We focused on this balance because of the complexity involved in the estimation process, and the significant judgements that management and the directors make in determining the balance.

The valuation of the Group's gross and reinsurance incurred but not yet reported claims ("IBNR") reserve is determined in line with the provisions of the Nigerian Insurance Act to the extent that they do not conflict with the requirements of the International Financial Reporting Standards (IFRS). It is dependent on a number of subjective assumptions about future experience.

The economic and non-economic actuarial assumptions applied in estimating amounts for claims incurred at reporting date but not reported to the Group require judgement. Such assumptions include the loss ratio (the total losses paid by an insurance company in the form of claims and adjustment expenses as a proportion of total earned premiums) and recovery rate percentage (derived based on historical recovery to gross claim ratios). These would be determined for previous years based on the claims experience to date where claims and recovery data were available. For classes of business where no claims data is available, the average loss ratio experienced in the industry is used.

This estimate relies on the quality of the underlying data and involves complex and subjective judgements about future events, both internal and external to the business, for which minor changes in assumptions can result in material impacts to the estimate

The valuations are carried out by third party valuers. The valuers are engaged by the Group, and perform their work in accordance with the International Valuation Standards. The valuers used by the Group are from a well known firm, with experience in the markets in which the Group operates.

#### Classification and measurement of financial assets based on IFRS 9 adoption.

The Group had significant financial assets of N2.858 billion (2017: N2.856 billion). The Group adopted IFRS 9, effective January 1, 2018 which necessitated the development of new accounting policies and disclosures as well as significant judgements in determining the measurement category based on the



business model and the cashflow characteristics of the financial assets. In addition, judgement was also exercised in the decision to adopt IFRS 9 based on the requirements of IFRS 4, Insurance contracts (Revised).

The adoption of the new standard resulted in significant changes to accounting policies, classification and measurement of financial instruments as well as the impact of the transition adjustment on the reserves previously recognised in the financial statements.

The significant judgement involved in the adoption of IFRS 9 and classification and measurement of the Group's financial assets make it a matter of significance to the audit.

#### How we addressed the matter.

Our audit procedures included the following:

- We evaluated the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, and our understanding of the Group's businesses.
- We gained an understanding of management's processes and the controls implemented to ensure the completeness and accuracy of the transition adjustments.
- We identified and tested relevant controls implemented in the classification and measurement of existing and new financial instruments.
- We evaluated the reasonableness of management's key assumptions/judgements over classification and measurement decisions as well as key judgements and estimates made in calculating the transition adjustments.
- We assessed the completeness, accuracy and relevance of data used in preparing the transition adjustments and disclosures required by IFRS 9 in the Group financial statements.

The Group's accounting policy on the classification and measurement of financial assets and related disclosures are shown notes 2.6, 2.11.2 and 2.11.3 (accounting policies), note 5 (ii) to 5 (ii).c (transition disclosures) and note 7 (financial assets).

#### Other information

The directors are responsible for the other information. The other information comprises: *Directors' report, Corporate governance report, Management discussion and analysis, Statement of director's responsibilities, Report of the audit committee, Hypothecation, Statement of value added and Five year financial summary* but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and: *Business and financial highlights report, Chairman's statement, Chief Executive's review, Report of external consultants, Technical, operations and product report, Investment report, Risk management report, Non-dealing period policy* which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



When we read the complete annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

*Responsibilities of the directors and those charged with governance for the financial statements*

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Auditor's responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

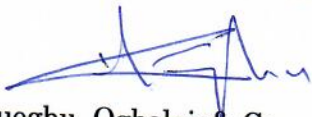
#### Report on other legal and regulatory requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 and Section 28, Insurance Act, we expressly state that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) The company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.
- iii) The company's statements of financial position and comprehensive income are in agreement with the books of account and returns.

#### Contraventions

The company did not contravene in any of the requirements of National Insurance Commission, or the Insurance Act. The area of contravention is on the listing requirement. This is stated in Note 36 of the notes to the financial statements.

  
Ukwuegbu, Ogbeleje & Co.  
(Chartered Accountants)

Lagos, Nigeria

Engagement Partner: Ifechukwu C. Ukwuegbu

FRC/2014/ICAN/00000010453

May 7, 2019





## **COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2018**

The following are the statement of significant accounting policies applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **1.0 General Information**

The financial statements of the company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors. The company is a public limited company incorporated and domiciled in Nigeria. The Corporate head office is located at 8, Gbagada Expressway, Anthony, Lagos, while the registered office is at 4, Ridgeway Road, Enugu, Enugu State.

### **1.1 Principal Activities**

The group is principally engaged in the business of providing risk underwriting and related financial services to its customers and hospitality services. Its operation also involves property investment and asset management. The group products are classified as either insurance contracts or investment contracts.

### **1.2 Going concern status**

These financial statements have been prepared on the going concern basis. The group has no intention to reduce substantially its business operations. The management believes that the 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 operation of the group.

### **2.0 Application of new and revised International Financial Reporting Standards (IFRSs)**

#### *i) Statement of compliance*

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to companies reporting under IFRS. Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise of the consolidated statement of comprehensive income, the consolidated statement of financial position, the statements of changes in equity, the consolidated statement of cash flows and the notes.

A number of new standards and amendments to standards and interpretations are effective for future application;



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A number of new standards and amendments to standards and interpretations are effective for future application;



- **IFRS 16: Leases** (Effective date from 1 January 2019). Early adoption is permitted. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC – 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the legal form of a Lease.

The standard set out the principles for the recognition, measurement, presentation and disclosure Of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS eliminates the classification of leases as operating leases or finance lease as required by IAS 17 and introduces a single lessee accounting model. Applying the model, a lessee is required to recognise a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value and b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward accounting requirements of IAS17. Accordingly, a lessor continues to classify its leases as operating lease or finance leases, and to account for these two types of leases differently.

The Group is assessing the potential impact on its consolidated and separate financial statements resulting from the amendment.

- **IFRS 17: Insurance Contracts** ( Effective date from 1 January, 2021). Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005.

IFRS 17 applies to all types of insurance contracts ( i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to thr requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- ✓ A specific adaptation for contracts with direct participation features ( the variable fee approach)
- ✓ A simplified approach ( the premium allocation approach ) mainly for short-duration contracts.

The Group is in the process of determining the impact of IFRS 17 in its financial statements.



## Significant Accounting Policies

### 2.1 Statement of Compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1 January, 2014.

The consolidated and separate financial statements comply with the requirement of the Companies and Allied Matters Act CAP LFN 2004, Insurance Act, CAP I17 LFN 2004, the Financial Reporting Council Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars. This is the first set of the Group's financial statements where IFRS 9 and IFRS 15 have been applied.

Changes to significant accounting policies are described in Note 2.6 (Accounting Policies). These financial statements were authorised for issue by the Company's board of directors on May 10, 2019.

### 2.2 Basis of Preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalue amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange transactions except for certain investments whose valuation was based on observable input from asset managers.

### 2.3 Reporting Currency

The consolidated and separate financial statements are presented in Nigeria Naira (=N=) and are rounded to the nearest thousand ('000) unless otherwise stated.

### 2.4 Basis of measurement

These financial statements are prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Investment properties are measured at fair value.
- Land and Building under property, plant and equipment are measured at fair value.

### 2.5 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an on-going basis to take account of new and available information. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that period or both current and future periods.

## 2.6 Changes in accounting policies

The Group has initially applied IFRS 9 and IFRS 15 with a transition date of 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of January 1, 2018.

- (i) Classification, Measurement & Impairment of Financial assets under Financial Instruments (IFRS 9).

The Group has adopted IFRS 9, "Financial Instruments" as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements.

- (ii) IFRS 15: Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at a point in time or over time.

The model features a contract-based five-step analysis of transactions to determine whether how much and when revenue is recognized. The adoption of this standard does not have a significant impact on the Group.

Changes in accounting policies resulting from the adoption of IFRS 15 have been applied from the effective date of the standard.

## 2.7. Basis of Consolidation

### *i) Subsidiary*

The group financial statements comprise the financial statements of the company and its subsidiary made up to 31st December of the year. A subsidiary is an entity, including an incorporated entity such as partnership that is controlled by another entity known as the parent. The consolidated financial statements are prepared using uniform accounting policies for the like transactions and event in similar circumstances in the books of the holding company and the subsidiary. Separate disclosure is made for non-controlling interest if any.

The consolidated financial statements combine the financial statements of Universal Insurance Plc ('the company') and its subsidiary ('the group') wherein there is majority shareholding and/or control of the Board of Directors and management. The consolidated and its subsidiary, Universal Hotels Limited.



Intra-group balances and transactions and any unrealized gains arising from intra-group transactions are eliminated unless the transaction provides evidence of impairment of the asset transferred.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity if any
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.

Investment in the subsidiary is stated at cost in the financial statements of the company.

*ii) Investment in associated company*

An associate is an entity over which the company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried in the balance sheet at cost

## 2.8 Segment reporting

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

## 2.9 Foreign currencies

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in Naira, which is the functional currency of the parent, and the presentation currency for the financial statements.

Transactions in foreign currencies are recorded in Naira at the rate of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted into Naira at the rates of exchange ruling on the balance sheet date. All exchange gains and losses arising there from are presented in profit and loss within 'other operating income' or 'other operating expenses'.

## 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less in the statement of financial position.

## 2.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group applied the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 31 December 2018. The 2017 comparative period was not restated, and the requirement under IAS 39 'Financial Instruments :Recognition and Measurement' were applied. The key changes are in the classification and impairment requirements.

### 2.11.1 Recognition and initial measurement

Financial assets and liabilities, with the exception of loans and receivables from related party, are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Other loans and receivables from related parties are recognised when funds are transferred to the party's accounts. The Group recognises balances due to related parties when funds are transferred to the Group.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.



## 2.11.2 Classification of financial instruments

### (a) Policy applicable from January 1, 2018

The Group classified its financial assets under IFRS 9, into the following measurement categories:

- Those to be measured at fair value through other comprehensive income (FVOCI) (either with or without recycling)
- Those to be measured at fair value through profit or loss (FVTPL) and
- Those to be measured at amortized cost.

The classification depends on the Group's business model for managing financial Asset and the contractual terms of the financial assets cash flow ( i.e solely payments of principal and interest- (SPPI test)).

The Group classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

### (b) Policy applicable prior to January 1, 2018

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'

### (i) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;



- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenario into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

*(ii) Assessment whether contractual cash flows are solely payments of principal and interest*

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant element of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduces a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of



principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This included assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset features); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs on these instruments are recognised in profit or loss as incurred.

Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) **Reclassification**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets that are debt instruments. A change in the objective of the Group's business occurs only when the Group either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line.)

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the entity with different business models.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model.

Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model.



Gains, losses or interest previously recognised are not restated when reclassification occurs.

(c) Policy applicable prior to January 1, 2018

The Group classified its financial assets under IAS 39 as available for sale assets and loans and receivables. The Group classifies its financial liabilities into fair value through profit or loss and amortized cost.

2.11.3 Subsequent measurements

(a) Policy applicable from January 1, 2018

The subsequent measurement of financial assets depends on its initial classification:

(i) Debt instruments

\* Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt securities that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired, interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortized cost of a financial instrument is the amount at which it was measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

\* Fair value through other comprehensive income (FVOCI)

Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and



- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) and accumulated in a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. Upon disposal or derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as realized gain or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as investment income.

\*

**Fair value through profit or loss (FVTPL)**

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt securities that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/loss' in the period in which it arises. Interest income from these financial assets is recognized in profit or loss as investment income.

In addition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This is done on initial recognition of the instrument.

**(ii) Equity instruments**

The Group subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Net fair value gain/loss in the profit or loss'.



**(b) Policy applicable prior to January 2018**

**\* Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial asset at fair value through profit or loss are measured at fair value and changes therein, including any interest income or dividend income, are recognised in profit or loss.

**\* Loans and receivables**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

**\* Available-for-sale financial assets**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit

**2.11.4 Impairment of financial assets**

**(i) Policy applicable from 1 January 2018**

**(a) Overview of the Expected Credit Losses (ECL) principles**

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents
- Receivables from related party
- Other loans and receivables
- Statutory deposit

In this section, the instruments mentioned above are all referred to as 'financial instruments' or 'assets'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined. The 12month ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Both LT ECLs and 12m ECLs are calculated on



either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit-impaired. The Company records an allowance for the LT ECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition, POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime - stage 2 or stage 3 of the ECL bucket, the Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 3). In addition to the 90 days probationary period above, the Group also observes a further probationary period of 90 days to upgrade from Stage 3 to 2, This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL(Stage3)to 12-months ECL (Stage 1).

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.



The Group considers a financial asset to be in default when the following occurs;

- The counterparty is unlikely to pay its credit obligations e.g. market information
- Failure by the counterparty to meet obligation 90days past due. In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative: e.g. indicators of financial asset or breach of covenant.
- quantitative e.g. overdue status and non payment of another obligation of the same issuer to the Group.

The Group has defined its maximum period in estimating expected credit losses to be the maximum period to which the Group is exposed to the credit risk.

The Group has assumed that credit risk of a financial asset has not increased significantly since initial recognition if the financial asset have low credit risk at reporting date. The Group considers a financial asset to have low risk when its credit rating is equivalent to the globally understood definition of investment grade.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering grace period that might be available to the borrower,

**(b) The calculation of ECLs**

Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial Instrument. Credit losses are the present value of the expected cash shortfalls.

The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort.

IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss May vary based on the type of the financial asset and the information available.

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows;



- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time, it is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- **Stage 1;** The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- **Stage 2:** When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.



- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.
- (c) **Debt instruments measured at fair value through OCI**  
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is reclassified to the profit and loss upon derecognition of the assets.
- (d) **Purchased or originated credit impaired financial assets (POCI)**  
At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Company only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.



**(e) Collateral valuation**

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms: staff gratuity or guarantors for staff loans, in-house pension fee for agency loan, policy document/cash value for policy loans, etc. The Company's accounting policy for collateral assigned to it through its Sending arrangements under SFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

**(f) Presentation of allowance for ECL in the statement of financial position**

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

**(g) Write-off**

After a full evaluation of a non-performing exposure, in the event that either one or All of the following conditions apply, such exposure is recommended for write-off (either partially or in full)

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible

All credit facility write-off require endorsement by the Board Risk Committee, as Defined by the Group. Credit write-off approval is documented in writing and And properly initialled by the Board Risk Committee

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

**(h) Forward looking information**

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth



- Unemployment rates
- Inflation rates
  - Crude oil price
  - Foreign exchange rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided the financial statements.

(ii) Policy applicable prior to 1 January 2018

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

- Objective evidence that financial assets are impaired includes;
- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would consider otherwise; indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a company of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

(a) Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the



**(b) Available-for-sale financial assets**

Where an available-for-sale assets measured at fair value is impaired, the impairment loss is recognized in profit or loss. If any loss has been recognised in other comprehensive income previously, this will be reclassified to profit or loss as part of impairment loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

**2.11.5 Fair value measurement - policy applicable for current and comparative periods**

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active-then the Group establishes fair value using a valuation technique. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.



Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

**2.11.6 Derecognition of financial assets - policy applicable for current and comparative periods**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognized asset financial asset that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset {or the carrying amount allocated to the portion of the asset transferred}, and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

**2.11.7 Derecognition of financial liabilities - policy applicable for current and comparative periods**

The Group derecognizes financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**2.11.8 Write off - policy applicable for current and comparative periods**

The Group writes off a financial asset (and any related allowances for impairment losses) when the Group determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.



## 2.12 Trade and other receivables

### Trade Receivables

Receivables include amounts due from agents, brokers and insurance contract holders. Receivables arising under insurance contracts are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivable are measured at amortized cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

### Other Receivables

Other receivables principally consist of prepayments, accrued income and sundry debtors and are carried at amortized cost.

### *Impairment of trade receivables (Other receivables) – policy applicable from 1 January 2018*

#### The measurement

##### *Impairment: -*

A provision for impairment is made when there is objective evidence, (such as the probability of solvency or significant financial difficulties of the debtors) that the group will not be able to collect the amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impairment 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 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 profit and loss.

## 2.13 Reinsurance assets

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

The Group assesses its reinsurance assets for impairment at each reporting date or move frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the reinsurance 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.

Premium, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the company from its obligations to policyholders. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognized based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Invested income on these contracts is accounted for using the effective interest rate method when accrued.

i) Impairment of reinsurance asset

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the Group will not be able to collect the amounts due from reinsurers.

II) Reinsurance Recoveries

Reinsurance recoveries in respect of incurred but not reported (IBNR) claims are assumed to be consistent with the historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Group's reinsurance programmes. An assessment is made of the recoverability of reinsurance having regard to available data on the financial strength of the reinsurance companies.

III) Reinsurance liabilities

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

## 2.14 Deferred Acquisition Cost

The proportion of acquisition costs that corresponds to the unearned premiums are deferred as an asset and recognized in the subsequent period.

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



## 2.15 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the property is derecognized.

## 2.16 Property, Plant and Equipment

Group occupied properties are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



Depreciation is calculated on a straight line method to write down the cost of assets in equal instalments over their estimated useful lives, at the following annual rates:

<u>Asset Description</u>	<u>Years</u>
Building (property) (2%)	50
Motor vehicles (25%)	4
Machine & Equipment (10%)	10
Furniture and fittings (10%)	10
Computer Equipment (10%)	10

Assets held under finances leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## 2.17 Intangible assets

This is the policy in line with the Statement of Accounting Standard 31 on Intangible Assets issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board), which is effective for annual periods beginning on or after 1 January 2011.

### (a). Computer software

Purchased software that is not integral to the related hardware is recognised at cost. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits



- Adequate technical, financial and other resources to complete the development and to use or sell the software product
- The expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets that have finite useful lives; are amortised on the straight-line basis over 5 years and are carried at cost less accumulated amortization and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

*(b). Other intangible assets:*

The company expenses the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in the statement of comprehensive income in the period in which the costs are incurred. Prepayment assets are recognised for advertising or promotional expenditure up to the point at which the company has the right to access the goods purchased or up to the point of receipt of services.

*De-recognition of intangible assets:* An intangible asset is de-recognised on disposal, or when future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets is recognised in income statement when the asset is de-recognised.

## 2.18 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be



less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit loss, unless the relevant asset is carried at a revalue amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.19. Statutory deposit

Statutory deposit represents 10% of the paid up capital of the company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

#### 3.0. Classification of Insurance Contracts

- (i) Insurance contracts are those contracts that transfer significant insurance risk. Contracts that are classified as insurance contracts are those under which the company underwrites significant insurance risk from another party (the Broker or Insured) by agreeing to compensate the insured or other beneficiary if a fortuitous random event (the insured event) adversely affects the policyholder or other beneficiary.
- (ii) Recognition and measurement of Insurance Contracts

Short-term insurance contracts under General business are accounted for on an annual basis. Insurance contracts entered into by the company are accounted for on an annual basis except insurance contracts under Contractors All Risks which may cover the whole period of construction usually exceeding one year.

(a). Insurance Contract Premium: - Written premium on insurance contracts comprises premium on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premium relating to expired risk period is taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as unearned premium.

(b). Claims arising from insurance contracts: - Claims incurred in respect of Insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not yet reported (IBNR).



### 3.1 Technical reserves

(i). Reserve for unearned premium – provision for unearned premium represents the portion of gross premium income on short-term general business insurance contracts that relate to a period of risk after the end of accounting period. This is calculated on a time apportionment basis of the risk accepted in the year in accordance with the provisions of Section 20 (1) (a) of the Insurance Act 2003

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

Unexpired risk provision is determined based on the underwriting experiences of each class of business written. The unexpired risks provision is determined in a way that allows for proper segregation of items of income and expenditure. In this case, deferred acquisition expenses are disregarded and a provision is made for the entire acquisition expenses being carried forward separately.

(iii) Provision for outstanding claims and incurred but not reported (IBNR) claims

Provision for liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims.

*Material salvage and other recoveries including reinsurance recoveries are presented as assets*

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, environmental and pollution exposures, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

The liability for Incurred But Not Reported (IBNR) claims is calculated at the end of the reporting period, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability was not discounted for time value of money; and no further provision was made for equalization or catastrophe reserves (as prohibited by IFRS 4). These liabilities are derecognized when the obligation to pay a claim is extinguished (i.e. expires, discharged or cancelled).



**(iv). Liquidity adequacy test:**

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. Any deficiency is immediately charged to profit or loss and subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

IFRS 4 requires a liability adequacy test for the insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns better.

**(v). Hypothetication of investment:**

In line with the provisions of Section 25 of the Insurance Act 2003, adequate investment is allocated to Policy holders fund in order of liquidity. These investments are held as back up to cover the Insurance Contract Liability Funds at each point in time

**3.2 Borrowings and borrowing cost**

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

Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to income as incurred. Arrangement fees in respect of financing arrangements are charged to borrow costs over the life of the related facility.

**3.3 Trade and other Payables**

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

**Provisions**

A provision is recognised if, as a result of a past event, the company has a present obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are a number of similar obligations, the likelihood that amount flow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are recognized when the Group has a present obligation (legal or constructive) as a



result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.4 Employee benefit liability *Defined Contribution Plan.*

The company operates contributory pension plan for eligible staff. It makes provision for retirement benefit in accordance with the Pension Reform Act of 2014, with the company contributing 10% and the employee contributing 8%. The company contribution is charged to the statement of comprehensive income. Remittances are made to each employee's chosen pension fund administrator.

### 3.5 Current and deferred tax

Income tax is provided on taxable profit at the current statutory rate.

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

#### i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development Levy at 1% of accounting profit before tax. Withholding tax at 10% chargeable on contract supplies. Value Added tax (VAT) of 5% on vat able items.



ii) **Deferred Tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

iii) **Current and deferred tax for the year**

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.0 **Share capital and share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.



**I) Treasury shares**

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other capital reserves. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement is classified as trading instruments. Changes in the fair value are reported in the income statement.

**II) Retained earnings**

Retained earnings are the carried forward recognized income net of expenses plus current period profit attribute to shareholders.

**4.1 Contingency Reserves**

The Company maintains contingency reserves in accordance with the provisions of S. 21 of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation; until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

**4.2 Dividends**

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. Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the company's shareholders.

**4.3 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.



## 5.0 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or the group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

## 5.1 Revenue recognition

(a) Premium: -Premium income is stated on cash basis.

- (i) Gross Premium – is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover.
- (ii) Gross Premium Earned – is written premium after adjusting for the unearned portion of the premium. Written premiums are recognised as income when due from the policyholders and confirmed receivable. Premiums are stated gross of commission and exclusive of taxes and duties levied on premiums.
- (iii) Unearned Premium - premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.
- (iv) Net Premium Earned- net premium earned represents gross premium less reinsurance costs

(b) Reinsurance

Proportional and non-proportional reinsurance premiums are accounted for on an accrual basis. Reinsurance premium are recognized as outflows in accordance with the tenor of the reinsurance contract.

(i) Reinsurance cost

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

(ii) Reinsurance Recoveries

Reinsurance recoveries represent that portion of claims paid/payable on risk ceded out in respect of which recoveries are received / receivable from the Reinsurer

(iii) Prepaid Reinsurance

Unexpired reinsurance cost is determined on a time apportionment basis and is reported under other assets in the statement of financial position.



**(c) Fee and commission income**

Fee and commission income consists primarily of investment contract fee income, reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

**(d) Investment income**

Income from investments comprise of income earned on quoted and unquoted investments and is recognised in the accounts on an accrual basis. Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

**(e) Interest**

Interest income and expense are recognised 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 carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of 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.

**(f) Dividend income**

Dividend income from available-for-sale equities is recognised when the shareholders' rights to receive payment have been established. This is the ex-dividend date for the equity securities.

**(g) Rental income**

Rental income is recognised on an accruals basis.

**(h) Realised gains and losses**

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.



**(i) Unrealized gains and losses**

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

**(j) Salvage and subrogation reimbursement**

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

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

**5.2 Gross Claims Incurred**

***Benefits and claims***

Gross benefits and claims consist of benefits and claims paid to policyholders.

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the company records the liability for the claims. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

- (i) Gross claims paid** – consists of direct claims, plus reinsurance claims.
- (ii) Gross claims incurred** – consists of claims and claims handling expenses paid during the financial year after adjusting for movement in provision for outstanding claims and IBNR.
- (iii) Net claims incurred** – is gross claims incurred after adjusting for reinsurance claims recoveries.

**5.3 Insurance Contracts**

The company 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 company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

IFRS 4 permits the continued use of previously applied GAAP.



***1) Liability adequacy***

At each reporting date, the company performs a liability adequacy test on its insurance contract liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying amount of insurance liabilities is adequate using current estimates of future cash flows. Any deficiency is charged as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability.

**5.4 Reinsurance expenses**

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

**5.5 Costs:**

**1. Underwriting expenses**

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts'. Acquisition costs comprise of all direct and indirect costs arising from the writing of insurance contracts. They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff; and are deferred and amortized in proportion to the amount of premium determined separately for matching concept. Maintenance expenses are charged to the revenue account in the accounting period in which they are incurred.

**5.5 Other Operating and Administrative Expenses**

These are management expenses other than claims, investments and underwriting expenses. They include salaries and wages, depreciation charges and other non-operating expenses. Management expenses are accounted for on accrual bases and recognised in the income statement upon utilisation of the services or at the date of their origin.



## **RISK MANAGEMENT DECLARATION**

**We the Directors on behalf of Universal Insurance Plc, hereby endorse to the best of our knowledge and believe, having made appropriate enquiries that:**

- a. The Company has instituted an operational structure aimed at adhering with National Insurance Commission's (NAICOM'S) guidelines in relation to establishing a risk management framework for Insurance and Reinsurance in Nigeria.**
- b. The Board is satisfied with the efficacy of the methods surrounding the production of financial information of the company.**
- c. The Enterprise Risk Management and Internal Control structure functions are embedded in the company operational framework and are functioning effectively.**



**Director**



**Director**



## **ENTERPRISE RISK MANAGEMENT (ERM) REPORT**

### **1. 1. Introduction**

1.1 The essence of our business is underwriting the insurance risks of our clients. The process of fulfilling our objective of meeting client claims, as and when due, involves us in many activities ranging from correctly pricing the insurance risks, investing both Insurance and Shareholder Funds, ensuring our business contracts are adequately written, reporting our activities internally and externally, employing the right staff and having adequate employees and systems etc.

Each aspect of our processes exposes us to risk of not fulfilling our objectives through the possibilities of exposure to financial loss.

The Board, therefore has put in place a Risk framework for managing all risks the company is exposed to with the aim of achieving our Company Strategic Objectives. This process of Risk Management across all functional business units is termed Enterprise Risk Management (ERM).

The Board intends ERM to be embraced across the Group hence each business unit has been involved in identifying and ranking risks we face. ERM is therefore a process applied in strategy setting across the enterprise.

Thus, in developing our ERM framework, we identified risks inherent in the linkage of our Operational, Reporting and Compliance Objectives to our Strategic Objectives.

### **1.2 Objectives of Risk Management policy**

Universal Insurance Risk Management policy is designed to ensure that our processes reflect our strategic objective expressed in our Vision and Mission Statement of being a world class financial institution that consistently goes beyond maximizing stakeholders' expectations.

Our stakeholders are multiple and have varied, interests, they include: Shareholders, Policyholders, Regulators, Employees, Service Providers, Investing public, other insurers etc. To meet, and go beyond, stakeholder expectations requires our Risk Management policy to ensure that;

- Risk Appetite and Tolerance limits are not exceeded
- Reputation is at all times protected

## **2. Categories and Identification of Risk**

### **2.1 Description of Key Risks**

#### **(a)Insurance Risk**

Insurance risk arises from two main sources:

- Claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and retrocession programme.
- Balance Sheet Technical Reserves in respect of the outstanding terms for already written being inadequate for the corresponding emerging claims.

#### **(b)Market Risk**

Market risk arises from unexpected falls in the market value of company assets



possibly leading to the desired solvency level breached and the need for additional capital. The key risk exposure area under market risk is interest rate risk, equity risk and foreign exchange risk.

**(c) Liquidity Risk**

Liquidity risk is the possibility of the company not being able to meet its financial obligations as and when due, due to liquidity rather than solvency reasons. This could arise if it is difficult to monetize/sell assets, or when there are unexpected large/rush of claims.

**(d) Credit Risk**

This is the risk of third parties not meeting their financial obligations to the company - for example re-assurers not paying their proportion of claims or bond issuers and creditors not paying interest income due.

**(e) Operational Risk**

This is possibility of adverse experience arising from the day-to-day operations of the company. It is risk linked to the company's people (quality, work ethics etc.), processes and systems. For instance,  
- inadequate treaty policy wordings leading to unexpected claims etc.,  
- breakdown of IT systems leading to loss of man hours.

**(f) Legal/Compliance Risk**

The main objective of compliance in the Company is making sure that the system is effective and efficient through ensuring adherence to rules and regulations as stipulated in the guidelines issued by NAICOM and SEC. This is aimed at achieving the set goals of providing sustainable services to the insuring public and all stakeholders. Procedures designed and implemented to ensure compliance breaches include:

- Code of corporate governance for public companies by SEC
- Know your customer guidelines
- Code of good corporate for the insurance industry in Nigeria by NAICOM
- Whistle blowing guidelines
- Marketing staff are taken through the guidelines on marketing operations
- Copy of staff handbook is signed for by the staff

Staff members are being encouraged and empowered to report any violation of rules and regulations without fear of victimization in line with the guidelines issued by NAICOM.

**(g) Reputational Risk**

This is the risk of events and actions that undermine public interest, integrity and trust in a company's brand. To mitigate this type of risk, the company has adopted and implemented the use of customer feedback mechanisms, investor relation management, and sponsorship of media programs, identify, assess and investigate grievance and complaints of customers and other stakeholders with a view to resolving issues satisfactorily.



### 3. Success Criteria

Universal Insurance success criteria are to build a risk culture whereby there is an adequate level of risk awareness across all business units and amongst all employees. This requires:

- that the risks faced be communicated across the company.
- Communication**
- could on the one hand be at entire company level and on the other hand be
  - Business Unit (BU) specific.
  - risks should continually be reassessed, and discussions should be encouraged to capture new emerging risks
  - a risk report should be produced by the Chief Risk Officer, at least quarterly
  - with the top risks highlighted. This should be discussed at the RMC meetings and if need be relevant heads of business units may be invited to contribute to the discussion.

### 4. Risk Management Structure

4.1 The comments below illustrate the company's enterprise risk management structure.

➤ **Board of Directors**

- ✓ Board Audit & Compliance Committed
- ✓ Board Enterprise Risk Management Committee
- ✓ Board Establishment & Governance committee
- ✓ Board Finance and Investment Committee
  - Management Committee
  - Risk Management Committee
  - Business Units

The Board of Directors sets the tone for risk management through approving:

- Strategic Objectives for the company
- The company's Risk Appetite and Tolerance Limits

The Board Audit and Compliance Committee has an oversight functions on regulatory compliance, External auditor, financial reporting, risk management and monitoring internal control processes.

The Board Investment Committee review the financial performance of the Company, review and approve the management and performance of the investment portfolio, and to review all significant financial transactions for the Company, including debt and capital transactions. The Board Risk Management Committee ensures effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting. The committee assist in the review and approval of the company's risk management policy; oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.



The Risk Management Committee (RMC) has the oversight role of ensuring that the business units adhere to the Board's risk directive. The RMC will ensure/ encourage business units to develop a risk culture whereby;

- all leaders are aware of the Company's Strategic Obligations and Risk Appetite and Limits
- Business processes adhere to the stipulated risk limits and, if they are likely to be exceeded – the information is quickly escalated to the Risk Officer/RMC

The RMC through its Chairman, reports on risk matters to the Board.

The Risk Officer and each Business unit implement the risk management process through identifying current and emerging risks and reviewing the controls in place.

The Risk Officer collates quarterly enterprise-wide reports for the RMC inclusive of the Risk Map, Risk Profile and Risk Dashboard of the top 10 or 15 risks illustrating control trends and, mitigation advice accept risk, share risk, reject risk.

## 5. Risk Identification and Assessment

5.1 A consistent approach has been adopted to identifying and assessing risks across the following nine business units in the company:

- Technical (Insurance) ■ Investment ■ Finance ■ IT ■ Marketing
- Administration ■ Corporate Affairs ■ Legal/Compliance ■ Property
- Risk Management ■ Human Resources

### 5.2 Risk Identification

To effectively identify and assess the potential risks faced within each Business Unit of the group, we have adopted the following Enterprise Risk Management framework structure as described below.

#### Strategic Objectives

High-level goals aligned with and supporting the company's mission. These high-level goals are set at the Board level, reviewed periodically, and cascaded through the operations, reporting and compliance objectives of the different Business units.

#### Operational Objectives

Effective and efficient use of the company's resources.

To identify the potential risks faced by each Business unit in its operations, we followed the process outlined below;

- Identify all the core processes undertaken in the Business unit.
- For each identified core process, define its objective.
- During a brainstorming session, discuss the likely events that could hinder achievement of these defined objectives and document them as the potential risks.



### **Reporting Objectives**

#### **Reliability of reporting:**

As a Business unit, all the reports generated for internal use - weekly, monthly, quarterly or annual reports produced to aid decisions taken by the management or Board were identified and listed. The events that could lead to non-production, delay, or inaccurate production of these reports were then identified and listed as the potential risks faced.

### **Compliance Objectives**

#### **Compliance with applicable laws and regulations:**

The procedure followed to identify the potential risks faced is similar to the process described above for reporting. All the regulatory and statutory bodies and the reports submitted to meet their requirements for the Business unit concerned were identified during the brainstorming session.

## **6. Line of Defence**

We operate and maintain three lines of defence for the management and oversight of risk to ensure adherence to guiding principles and control. The lines of defence are:

### **First Line – Board and Management**

The Board, Management and line managers are responsible for identifying and assessing the risks faced by the company in line with the set risk appetite and ensuring that appropriate controls are established and maintained.

### **Second Line – Risk Management Unit**

The company's risk management department is responsible for designing risk framework methodologies and tools which supports the business in analysing and managing risks and providing early warning of adverse trends. The department reports to the Board, management and staff on risk identification, control and mitigation.

### **Third Line – Internal Audit Function**

This line of defence provides independent and objective assurance on the effectiveness of internal controls established by the Board, management and Risk Unit in the Company.

## **7. Risk Appetite**

7.1 The Board of Universal Insurance Plc has been able to define a robust Risk Appetite and Tolerance statements and framework.

Our Risk Appetite is a statement of how much risk the company is willing to take in the process of achieving its strategic objectives. Put another way the risk appetite states how much of the company's capital, embedded value and, forecast earnings the company/the Board is prepared to risk in the process of attaining the company objectives.



**On the other hand, our Risk Tolerance statement allocates the Risk Appetite to our Business Units.**

**Our risk appetite statement is both quantitative and qualitative. It aims to ensure that we have adequate capital in the event of extreme claim events whilst at the same time having good management - underwriting, expense levels, good investment returns etc.**

## **8. Risk Reporting**

**8.1 The Company quarterly prepare Risk Reports to be reviewed and discussed by the Risk Management Committee.**

**The risk report includes;**

- ✓ The Company's risk profile.**
- ✓ Discussion on the high risks identified in the risk map.**
- ✓ Assessment of adherence to the risk appetite and tolerance statement.**
- ✓ Discussion on emerging risks.**

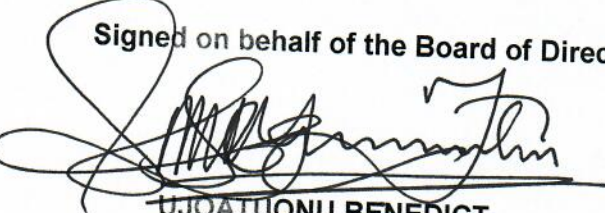
**There are also periodic risk assessment reports, and re-ranking risks at periods deemed necessary.**

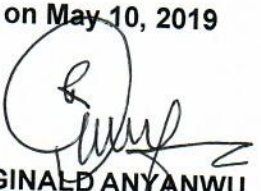


**UNIVERSAL INSURANCE PLC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*As at 31 DECEMBER 2018*

	NOTES	GROUP		COMPANY	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
		N'000	N'000	N'000	N'000
<b>Assets</b>					
Cash and Cash Equivalents	6	421,033	298,868	419,296	271,230
Financial Assets	7	2,858,153	2,856,058	2,858,153	2,856,053
Trade Receivable	8	57,064	97,096	10,931	6,773
Reinsurance Assets	9	237,065	375,503	237,065	375,503
Deferred Acquisition cost	10	96,592	31,090	96,592	31,090
Other Receivable	11	1,734,940	1,743,243	1,744,652	1,753,153
Investment in Subsidiaries	12	-	-	2,449,516	2,449,516
Investment Properties	13	5,224,697	5,203,697	1,875,000	1,854,000
Intangible Asset	14	42,914	20,550	42,914	20,550
Property, Plant and Equipment	15	2,874,540	2,854,211	2,822,622	2,808,784
Statutory Deposits	16	335,000	335,000	335,000	335,000
<b>Total Assets</b>		<b>13,881,998</b>	<b>13,815,316</b>	<b>12,891,741</b>	<b>12,761,657</b>
<b>Liabilities</b>					
Insurance Contract Liabilities	17	1,018,179	787,276	1,018,179	787,275
Borrowings	18	-	-	-	-
Trade payable	19	40,907	33,423	21,287	22,900
Other payable	20	1,698,568	1,720,622	1,666,578	1,687,537
Employee benefit liability	21	2,178	2,178	2,178	2,178
Income Tax liabilities	22	36,924	67,931	32,534	64,056
Deferred tax liabilities	23	791,120	791,120	700,560	700,560
<b>Total Liabilities</b>		<b>3,587,875</b>	<b>3,402,550</b>	<b>3,441,315</b>	<b>3,264,506</b>
<b>Equity</b>					
Issued and paid Share capital	24. 1	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	24. 2	825,018	825,018	825,018	825,018
Contingency Reserves	24. 3	428,667	378,007	428,667	378,007
Fair value reserve	24. 4	1,583,838	1,576,710	1,583,838	1,576,710
Non Current assets revaluation reser	24. 5	2,513,040	2,513,040	757,329	757,329
Retained earnings	24. 6	(3,056,441)	(2,880,007)	(2,144,427)	(2,039,913)
<b>Shareholders funds</b>		<b>10,294,123</b>	<b>10,412,768</b>	<b>9,450,426</b>	<b>9,497,151</b>
<b>Other equity instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non - controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>13,881,998</b>	<b>13,815,318</b>	<b>12,891,741</b>	<b>12,761,657</b>

Signed on behalf of the Board of Directors on May 10, 2019

  
**UJOATUONU BENEDICT**  
CHIEF EXECUTIVE OFFICER  
FRC/2013/CIIN/00000303282

  
**REGINALD ANYANWU**  
EXECUTIVE DIRECTOR  
FRC/20 13/NIM/0000003245

  
**SAMUEL U. NDUBUISI**  
CHIEF FINANCE OFFICER  
FRC/2013/ICAN/0000003290



# Universal Insurance Plc

## Statements of Comprehensive Income

For the PERIOD ENDED 31 DECEMBER 2018

For the PERIOD ENDED 31 DECEMEBR 2018		GROUP		COMPANY	
Notes		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
		N'000	N'000	N'000	N'000
Gross Premium written	25	1,688,673	753,066	1,688,673	753,067
Decrease/(increase) in unearned premium		(309,067)	(22,219)	(309,067)	(22,218)
Gross Premium Earned		1,379,607	730,847	1,379,607	730,849
Reinsurance Premium Expense	26	(226,615)	(147,106)	(226,615)	(147,106)
Net Insurance Premium Income		1,152,992	583,741	1,152,992	583,743
Fees and Commission income	27	49,810	34,008	49,810	34,008
Total Underwriting Income		1,202,802	617,749	1,202,802	617,751
Insurance benefits					
Claims expenses	28	(262,704)	(462,731)	(262,704)	(462,731)
Claims Expense Recovery from reinsurance	28	185,252	23,866	185,252	23,866
Change in contract liabilities	28	(145,655)	278,679	(145,655)	278,679
Net insurance benefit and claims		(223,107)	(160,186)	(223,107)	(160,186)
Underwriting Expenses					
Acquisition expenses	29	(237,729)	90,661	(237,729)	(90,661)
Maintenance expenses	29	(214,720)	75,549	(214,720)	(75,549)
Total Underwriting Expenses		(452,449)	166,210	(452,449)	(166,210)
Underwriting Profit/(Loss)		527,246	623,773	527,246	291,355
Investment income	30	81,062	128,029	81,062	128,029
Other operating income		48,637	56,910	-	-
Total investment income		129,699	184,939	81,062	128,029
Net Income		656,944	808,712	608,307	419,384
Impairment charges	31 (i)	-	873,755	-	872,813
Net realised gains/(loss) on financial assets	31 (ii)	(5,033)	(669)	(5,033)	(669)
Net fair value gain/(loss) on investment properties	31 (ii)	21,000	58,000	21,000	58,000
Other operating and administrative expenses	32	(718,399)	(739,034)	(671,372)	(683,320)
Total Expenses		(702,432)	192,052	(655,405)	246,824
Result of operating activities		(45,488)	668,345	(47,098)	666,208
Interest expense	33	-	-	-	-
Profit or (Loss) before Taxation		(45,488)	668,345	(47,098)	666,208
Income Tax Expense/ (Credit)		(8,993)	(32,407)	(8,478)	(32,024)
Profit or Loss after Taxation		(54,481)	635,938	(55,576)	634,184
Profit or Loss for the period		(54,481)	635,938	(55,576)	634,184
Other comprehensive income /(loss)					
Revaluation surplus on PPE		7,545	-	7,545	-
Total other comprehensive income					
Total comprehensive income / (loss) for the year					
Profit attributable to:					
Equity holders of the Company		(46,936)	635,938	(48,031)	634,184
Non-controlling interest		-	-	-	-
Profit/(loss) for the period		(46,936)	635,938	(48,031)	634,184
Other Comprehensive income					
Items within OCI that may be reclassified to the profit or loss;					
Fair value changes in AFS financial assets	24. 4	7,128	11,162	7,128	11,162
Deferred tax impact of changes in AFS financial assets	23	-	4,116	-	(3,349)
Items within OCI that will not be reclassified to the profit or loss;					
2017 impairment gain/loss on Financia Assets		(76,049)	0	(11,970)	-
2018 impairment gain/loss on Financia Assets		(2,789)	0	6,147	-
PPE revaluation gains	24. 5	-	1,755,711	-	-
Deferred tax impact of revaluation gains	23	-	-	-	-
Other comprehensive income for the period		(71,710)	1,770,989	1,305	7,813
Total comprehensive income		(118,645)	2,406,927	(46,725)	641,997
Total comprehensive income attributable to:					
Equity holders of the company		(118,645)	2,406,927	(46,725)	641,997
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		(118,645)	2,406,927	(46,725)	641,997
Earnings per share (basic and diluted)	24	(0.20)	0.27	(0.20)	0.22



# **Universal Insurance Plc** **Statements of Changes in Equity (GROUP)** for the period ended 31 December 2018

Company In millions of Nigerian naira	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Fair value reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2018	8,000,000	825,018	2,513,040	378,007	1,576,710	(2,880,007)	10,412,768
Total comprehensive income	-	-	-	-	-	(46,936)	(46,936)
Profit and loss	-	-	-	-	-	(46,936)	(46,936)
Other comprehensive income	-	-	-	-	-	-	-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	-	-
Net amount transferred to profit or loss	-	-	-	-	-	-	-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Fair value reserve derecognised on disposal	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Transfer during the year	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	-	-	-	-	-
Balance at 31 December 2018	8,000,000	825,018	2,513,040	428,667	1,583,838	(3,056,441)	10,294,123
Balance at 1 January 2017	8,000,000	825,018	757,329	355,415	1,566,217	(2,548,825)	8,855,154
Total comprehensive income for the period	-	-	-	-	-	-	-
Profit or loss	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Fair value reserve derecognised on disposal	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Balance at 31 December 2017	8,000,000	825,018	2,513,040	378,007	1,576,710	(2,880,007)	10,412,768



# Universal Insurance Plc Statements of Changes in Equity (COMPANY) for the period ended 31 December 2018

Company In millions of Nigerian naira	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Fair value reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2018	8,000,000	825,018	757,329	378,007	1,576,710	(2,039,913)	9,497,151
Total comprehensive income	-	-	-	-	-	(48,031)	(48,031)
Profit and loss	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	-	-
Net amount transferred to profit or loss	-	-	-	-	-	-	-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Net gain/loss on Financial Assets	-	-	-	-	-	-	-
Fair value reserve derecognised on disposal	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Transfer during the year	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	-	-	-	-	-
Balance at 31 December 2018	8,000,000	825,018	757,329	428,667	1,583,838	(2,144,427)	9,450,426
Balance at 1 January 2017	8,000,000	825,018	757,329	355,415	1,566,217	(2,648,825)	8,855,154
Total comprehensive income for the period	-	-	-	-	-	-	-
Profit or loss	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Fair value reserve derecognised on disposal	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Balance at 31 December 2017	8,000,000	825,018	757,329	378,007	1,577,379	(2,039,913)	9,497,151



Universal Insurance Plc  
Statement Of Cash Flows

For the year ended 31 DECEMBER 2018	GROUP		COMPANY	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Insurance premium received from policy holders,Brokers & Agents,Cedants	1,375,449	734,011	1,375,449	751,723
Commission received	49,810	34,008	49,810	34,008
Reinsurance receipts in respect of claims	185,252	23,866	185,252	23,866
Reinsurance premium paid	(226,615)	(150,950)	(226,615)	(150,950)
Other operating cash payments	(652,270)	(626,265)	(396,712)	(648,376)
Insurance benefits and Claims paid	(223,107)	(194,975)	(223,107)	(194,975)
Payments to intermediaries to acquire insurance contracts	(303,231)	(97,439)	(303,231)	(97,438)
Maintenance expenses	(214,720)	(75,549)	(214,720)	(75,549)
Interest Received	59,075	100,521	59,075	100,521
Dividend Income Received	16,740	22,614	16,740	22,614
Cash generated from operations	66,383	(230,158)	321,941	(234,556)
Company Income Tax paid	(40,000)	(27,282)	(40,000)	(27,282)
Net cash provided by operating activities	26,383	(257,440)	281,941	(261,838)
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	122,884	(18,015)	(106,775)	(13,277)
Purchase of Intangible Assets	(29,894)	(8,730)	(29,894)	(8,730)
Purchase of Listed Equities	-	(64)	-	(64)
Investment income and other receipts	2,795	1,603	2,795	1,603
Unlisted AFS Disposed	-	-	-	-
Net Cash provided by investing activities	95,785	(25,206)	(133,875)	(20,468)
Cash Flows from Financing Activities				
Proceeds from borrowings	-	-	-	-
Net cash provided by financing activities	-	-	-	-
Net Increase/(decrease) in cash and cash equiv.				
Cash and Cash equivalent at the beginning	298,866	581,512	271,230	553,536
Net increase/decrease in cash and cash equivalents	122,168	(282,646)	148,067	(282,306)
Cash and Cash equivalent at the end of period	421,034	298,866	419,297	271,230



Universal Insurance Plc  
Notes to the financial statements  
For the PERIOD ended 31 DECEMBER 2018

1 General Information:

The financial statements of the company for the period ended 31 December 2018 were authorised for issue in accordance with a The company is a public limited company incorporated and domiciled in Nigeria. The corporate head office is located at 8, Gbagada The Company is principally engaged in the business of providing risk underwriting, related financial services and hospitality services to its customers.

2 Summary of significant accounting policies:

The principal accounting policies applied in the preparation of these financial statements are disclosed .

3 Critical accounting estimates and judgements:

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the period. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

3. (i) Fair value of financial assets:

Available-for-sale financial assets are deemed to be impaired when there has been a significant or prolonged decline in the fair value This determination of what is significant or prolonged requires judgement. In making this judgement, group evaluates the normal in share price, the financial health of the investee industry and sector performance, technological changes and cashflow among other factors. valuation techniques. The fair value of financial instruments where no active market exists or where quoted prices are not available are determined by using In these cases, the fair values are estimated from observable data derived for that instrument and valued in the case of the group, by applying the ruling exchange rate at close of business.

3. (ii) Liabilities arising from insurance contract:

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported (IBNR) are determined using statistical analyses. The group believes that the reserves are adequate for the period.

4 Insurance and Financial risks management

The Company issues contracts that transfer insurance risk or financial risk or both.

4.1 Financial Risk Management

The company monitors and manages the financial risks relating to the operations of the company through internal risk reports magnitude of risks.

These risks include:

- Market risk
- Credit risk
- Liquidity risk

4.1.1 Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes.

Market risks arises due to fluctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risks.

4.1.2 INTEREST RATE RISK MANAGEMENT

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

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk company also exists in products sold by the company.

The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements.

4.1.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to honour its obligations and cause the Company to incur a financial loss.

The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

4.1.4 Liquidity risk

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due. The company has adopted an appropriate liquidity risk

management framework for the management of the company's liquidity requirements. The company manages liquidity risk by maintaining banking facilities and reserve

borrowing facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of assets and liabilities. The company is exposed to

liquidity risk arising from clients on its insurance contracts. In respect of catastrophic events, there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Liquidity management ensures that the company has sufficient access to funds necessary to cover insurance claims, and maturing marketable securities which could be converted into cash when required.



#### 4.2 Impairment assessment (Policy applicable from 1 January 2018)

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

The Company's process to assess changes in credit risk is multi-factor and has three main elements (or 'pillars'):

Quantitative elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

Qualitative elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Company recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Backstop indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

During the year, there has been no significant increase in credit risk on the financial asset of the company. However, a Corporate bond held by the company defaulted during the year and was considered credit impaired individually using lifetime PD.

Expected credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12mECL and lifetime for the calculation of LTECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

#### 4.3 Financial Risk Management

##### 4.3.1 Impairment assessment (Policy applicable from 1 January 2018)

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experiences credit judgement).

Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date.

The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due.

- The criteria do not align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12-month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occurring at the reporting date based on the modified term; with

The risk of default occurring estimated based on data on initial recognition and The original contractual terms.

Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken

- The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).
- The obligor is past due more than 90 days on any material credit obligation to the Company.

The elements to be taken as indications of unlikelihood to pay include:

- The insurer puts the credit obligation on non-accrued status.
- The insurer makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the bank taking on the exposure.
- The insurer sells The credit obligation at a material credit-related economic loss.
- The insurer consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees

##### 4.3.2 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.11.4 Summary of significant accounting policies and in Note 2.6 Significant accounting judgements, estimates and assumptions.

To ensure completeness and accuracy, the company obtains the data used from third party sources (Central Bank of Nigeria, Trading Economies e.t.c.). The following tables set out the key drivers of expected loss and the assumptions used for the company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2017 and 31 December 2018.



#### 4.4 Financial Risk Management

##### 4.4.1 Analysis of inputs to the ECL model under multiple economic scenarios-continued

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Key drivers	ECL scenario	Assigned probability	2019	2020	2021	2022	2023
<b>31 December 2018</b>							
Inflation Rate	Upturn	10%	14.0	15.0	14.1	14.1	14.1
	Base-case	79%	14.8	15.8	14.9	14.9	14.9
	Downturn	11%	15.8	16.8	15.9	15.9	15.9
Unemployment Rate	Upturn	10%	15.4	13.1	13.1	13.1	13.1
	Base-case	79%	17.3	15.6	15.0	15.0	15.0
	Downturn	11%	19.2	16.9	16.9	16.9	16.9
Crude oil Price (USD per barrel)	Upturn	10%	54.5	56.1	56.9	56.9	56.9
	Base-case	79%	51.9	53.1	54.3	54.3	54.3
	Downturn	11%	49.6	51.2	52.0	52.0	52.0
<b>1 January 2018</b>							
	ECL scenario	Assigned probability	2018	2019	2020	2021	2022
Inflation Rate	Upturn	10%	13.2	14.0	15.0	14.1	14.1
	Base-case	78%	14.0	14.8	15.6	14.9	14.9
	Downturn	12%	15.0	15.8	16.8	15.9	15.9
Unemployment Rate	Upturn	10%	16.9	15.4	13.1	13.1	13.1
	Base-case	78%	18.8	17.3	15.6	15.0	15.0
	Downturn	12%	20.7	19.2	16.9	16.9	16.9
Crude oil Price (USD per barrel)	Upturn	10%	52.7	54.5	56.1	56.9	56.9
	Base-case	78%	50.1	51.9	53.1	54.3	54.3
	Downturn	12%	47.8	49.6	51.2	52.0	52.0

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2018 In thousand of Nigerian Naira	Other receivables from related parties	Placements	Statutory deposits	Staff loans	Current account balances	Other receivables (For Subsidiary)	Bank balances (for subsidiary)	
Upside	271,958	56,080	18,051	169,967	56,666	7,181,776	236	
Base	2,198,328	453,315	145,915	1,373,897	458,052	58,052,686	1,909	
Downside	294,621	60,754	19,556	184,131	61,388	7,780,257	256	
Total	2,764,907	570,149	183,522	1,727,994	576,107	73,014,719	2,401	

1 January 2018 In thousand of Nigerian Naira	Other receivables from related parties	Placements	Statutory deposits	Staff loans	Current account balances	Other receivables (For Subsidiary)	Bank balances (for subsidiary)	Other receivables (rent receivables)
Upside	273,457	799,636	19,220	101,235	15,568	6,516,505	4,203	8,136
Base	2,096,503	6,130,542	147,352	776,138	119,357	49,959,874	32,221	62,373
Downside	319,033	932,909	22,423	118,108	18,163	7,602,590	4,903	9,492
Total	2,688,993	7,863,086	188,994	995,482	153,088	64,078,969	41,327	80,000



#### 4.4.2 Exposure to credit risk

The tables below show the maximum exposure to credit risk by class of financial asset.

In thousand of Nigerian Naira	Note	Maximum Exposure	Associated ECL
<b>For the year ended 31 December 2018</b>			
Current account balances			
Placements with Banks		392,827	576
Staff loans		26,795	570
Statutory deposit		7,592	1,728
Other receivables (For Subsidiary)		335,000	184
Bank balances (for subsidiary)		235,531	73,015
Other receivables from related parties		1,649	2
Total financial asset at amortized cost		35,960	2,765
		<b>1,035,355</b>	<b>78,840</b>

In thousand of Nigerian Naira	Note	Maximum Exposure
<b>For the year ended 31 December 2017</b>		<b>N'000</b>
Current account balances		89,458
Placements with Banks		181,227
Staff loans		5,081
Statutory deposit		335,000
Other receivables (For Subsidiary)		206,706
Bank balances (for subsidiary)		27,570
Other receivables from related parties		33,960
Other receivables (rent receivables)		80
Total loans and receivables		<b>879,082</b>

The amount reported above is the gross exposure on cash and cash equivalent, staff loans and other receivables.

In measuring credit risk of other receivables to various counterparties, the Company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations.

#### 4.4.3 Analysis of risk Concentration

The company's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2018 was N1.035 billion (2017: N879 million).

#### 4.5 Financial Risk Management

##### 4.5.1 Analysis of risk Concentration

The following table shows the risk concentration by industry for the components of the statement of financial position.

##### 4.5.2 Industry analysis

31 December 2018	Individuals	Financial service	Government	Others	Total
<b>In thousand of Nigerian Naira</b>					
Cash and Cash Equivalent	-	756,272	-	-	756,272
Other Receivables	7,592	-	-	35,960	43,552
Trade receivable- Receivable from sub	-	-	-	235,531	235,531
	<b>7,592</b>	<b>756,272</b>	<b>-</b>	<b>271,491</b>	<b>1,035,355</b>

31 December 2017	Individuals	Financial service	Government	Others	Total
<b>In thousand of Nigerian Naira</b>					
Cash and Cash Equivalent	-	633,255	-	-	633,255
Other Receivables	5,081	-	-	34,040	39,121
Trade receivable- Receivable from sub	-	-	-	206,706	206,706
	<b>5,081</b>	<b>633,255</b>	<b>-</b>	<b>240,746</b>	<b>879,082</b>

#### 5 Insurance Risks management

The company accepts insurance risk through its insurance contracts and certain investments contracts where it assumes the risk of or organisations to the underlying loss. The company is exposed to the uncertainty surrounding the timing,

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

The company writes general insurance businesses. The most significant risks arise from persistency, longevity, morbidity, expense variations and investment returns. Concentration of risk may arise from geographic regions, epidemics, accumulation of risks and market risk.

#### 5 (i) Capital Management

The company manages its capital to ensure that the company will be able to continue as a going concern and comply with the regulators' capital requirements of the markets in which the company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

5 (ii) Transition Disclosures

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

		31-Dec-17				01-Jan-18			
		IAS 39 classification and measurement				IFRS 9 Classification and measurement			
	Notes	Category	Amount N'000	Reclassification Amount N'000	Re-measurement Amount N'000	ECL Amount N'000	Tax Amount N'000	IFRS 9 Classification and measurement	Category
Assets									
Cash and cash equivalents	a,c	L&R	271,230	-	-	(8,205)	-	263,025	AC
Other receivables and prepayments:									
-Other loans and receivables	a,c	L&R	1,588,961	-	-	(1,075)	-	1,587,886	AC
-Other loans and receivables from related parties	a,c	L&R	33,960	-	-	(2,689)	-	31,271	AC
Financial assets:									
-Fair value through profit or loss		FVTPL	617,245	-	-	-	-	617,245	FVTPL
-Equity instrument at fair value through profit or loss	b		-	2,238,813	-	-	-	2,238,813	FVOCI
From:									
-Available for sale	a,c		2,238,813	(2,238,813)	-	-	-	-	
Statutory deposit	a,c	L&R	335,000	-	-	-	-	335,000	AC
Total financial assets			5,085,209	-	-	(11,969)	-	5,073,240	
Financial liabilities									
Other Payables									
-Due to related party	a	OFL	1,613,995	-	-	-	-	1,613,995	AC
Total liabilities			1,613,995	-	-	-	-	1,613,995	

ECL - Expected credit losses  
L&R - Loans and receivables  
AC - Amortised cost  
AFS - Available-for sale  
OFL - Other financial liabilities

FVTPL - Fair value through profit or loss  
FVOCI - Fair value through other comprehensive income

		IAS 39 31-Dec-17 N'000	IFRS 01-Jan-18 N'000
1	Cash and cash equivalents		
	Balances as at 31 December 2017 (IA)	271,230	271,230
	Impairment (ECL Model)	-	(8,205)
		271,230	263,025
2	Other loans and receivables		
	Balances as at 31 December 2017 (IA)	1,588,961	1,588,961
	Reclassified to amortised cost	(1,588,961)	(1,075)
	Impairment (ECL Model)	-	1,587,886
		-	1,587,886
3	Other loans and receivables from related parties		
	Balances as at 31 December 2017 (IA)	33,960	-
	Reclassified to amortised cost	(33,960)	33,960
	Impairment (ECL Model)	-	(2,689)
		-	31,271



The impact of transition to IFRS 9 on reserves and accumulated losses is, as follows:			
			Reserves and Retained Earnings
Fair value reserve			
			='N='000
Closing balance under IAS 39 (31 December 2017)			1,576,710
Remeasurement impact of revaluation of financial assets held as available for sale			-
Opening balance under IFRS 9 (1 January 2018)			1,576,710
Retained earnings/(Accumulated losses)			
Closing balance under IAS 39 (31 December 2017)			(2,039,913)
Recognition of IFRS 9 ECLs:			
-Cash and bank balances			(8,205)
-Other loans and receivables			(1,075)
-Other loans and receivables to related parties			(2,689)
Deferred tax in relation to the above			-
Opening balance under IFRS 9 (1 January 2018)			(2,051,882)
Total change in equity due to adopting IFRS 9			(11,969)

The following table reconcile the aggregate opening impairment allowances under IAS 39 to ECL allowances under IFRS 9.

	Allowance for impairment under IAS 39	measurement	ECLs under IFRS 9
	31-Dec-17		01-Jan-18
	N'000	N'000	N'000
Financial assets at Amortised cost	-	8,205	8,205
Cash and bank balances	-	1,075	1,075
Other receivables and prepayments:	-	2,689	2,689
-Other loans and receivables	-		
-Other loans and receivables from related party	-	11,969	11,969

All ECL impairment adjustments are based on individual assessment of the financial assets. The table below shows the credit quality and the maximum exposure to credit risk based on the Company's

	Impairment charges						
				Gross impairment allowance			
				Stage 1	Stage 2	Stage 3	Total
	N'000	N'000		N'000	N'000	N'000	N'000
Cash and bank balances	8,205			8,205	-	-	8,205
Other receivables and prepayments:							
-Other loans and receivables	1,075			18	-	1,057	1,075
-Other loans and receivables from related parties	2,689			2,689	-	-	2,689

**Note to Transition Disclosures**

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Company as detailed below:

**a. Reclassification from retired categories with no change in measurement**

In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired', with no changes to their measurement basis:

- (i) Those previously classified as loans and receivables and now classified as measured at amortised cost; and
- (ii) Those previously classified as other financial liabilities and now classified as measured at amortised cost.

**b. Designation of equity instruments at FVOCI**

The Company has elected to irrevocably designate investments in equity of N2.238 billion in a portfolio of non-trading equity securities at FVOCI as permitted under IFRS 9. This security was previously classified as available-for-sale while being carried at fair value. The changes in fair value of this security will no longer be reclassified to profit or loss when they are disposed of.

**c. ECL Computation on cash equivalents, other loans and receivables and receivables from related party under IFRS 9**  
Impairment allowance on financial assets relating to other loans and receivables were not previously determined in accordance with the incurred loss model of IAS 39 Financial Instruments - Recognition and measurement. In addition, there has been no impairment charge on cash and cash equivalents, and receivables from related party under IAS 39. Effective 1 January 2018, the impairment computation for all these instruments is now done in accordance with the expected credit loss model under IFRS 9. As at 1 January 2018, the Company adopted the general approach for all these instruments in accordance with IFRS 9 and recognised an additional impairment of N12million.

**d. Deferred tax implication of IFRS 9**

Deferred tax impact of IFRS 9 was not recognised because it is not probable that the company future taxable profit will be available against which the asset can be utilised.

Where the deferred tax impact on IFRS 9 is recognised, the company's accumulated losses will reduce by N3.59Million as at the initial application of IFRS 9.



5 (ii).a IFRS 9 TRANSITION DISCLOSURE AS AT JANUARY 1, 2018

GROUP	Ref. Note	IAS 39 carrying Amount Dec. 31, 2017 N'000	Reclassification ns N'000	Remeasureme nt N'000	Expected credit losses N'000	IFRS 9 Carrying amount Jan.1 2018 N'000
<b>ASSETS</b>						
Cash and cash equivalents	a	298,868	-	-	(8,205)	290,663
Financial assets:		-	-	-	-	-
- Fair value through profit or loss		617,245	-	-	-	617,245
- Fair value through other comprehensive	b	-	2,238,813	-	-	2,238,813
- Available for sale	c	2,238,813	(2,238,813)	-	-	-
- Amortised cost		-	-	-	-	-
- Loans and receivables		-	-	-	-	-
Trade receivables		97,096	-	-	-	97,096
Reinsurance assets		375,503	-	-	-	375,503
Deferred acquisition cost		31,090	-	-	-	31,090
Other receivables and prepayments	d	1,743,243	-	-	(3,764)	1,739,479
Investment in Subsidiaries		-	-	-	-	-
Investment Properties		5,203,697	-	-	-	5,203,697
Property and equipment		2,854,211	-	-	-	2,854,211
Intangible assets		20,550	-	-	-	20,550
Statutory deposits		335,000	-	-	-	335,000
<b>Total assets</b>		<b>13,815,316</b>	<b>-</b>	<b>-</b>	<b>(11,969)</b>	<b>13,803,347</b>
<b>LIABILITIES</b>						
Insurance contrat liabilities		787,276	-	-	-	787,276
Borrowings		-	-	-	-	-
Trade payables		33,423	-	-	-	33,423
Other payables		1,720,622	-	-	-	1,720,622
Employee benefit liability		2,178	-	-	-	2,178
Income Tax liability		67,931	-	-	-	67,931
Deferred tax liabilities		791,120	-	-	-	791,120
<b>Total liabilities</b>		<b>3,402,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,402,550</b>
<b>EQUITY</b>						
issued and paid Share capital		8,000,000	-	-	-	8,000,000
Share Premium		825,018	-	-	-	825,018
Contingency Reserves		378,007	-	-	-	378,007
Fair value reserve		1,576,710	-	-	-	1,576,710
Non Current assets revaluation reserve		2,513,040	-	-	-	2,513,040
Retained earnings	e	(2,880,007)	-	-	(11,969)	(2,891,976)
<b>Total equity</b>		<b>10,412,768</b>	<b>-</b>	<b>-</b>	<b>(11,969)</b>	<b>10,400,799</b>
<b>Total equity and liabilities</b>		<b>13,815,318</b>	<b>-</b>	<b>-</b>	<b>(11,969)</b>	<b>13,803,349</b>

5 (ii).b IFRS 9 TRANSITION DISCLOSURE AS AT JANUARY 1, 2018

COMPANY	Ref. Note	IAS 39 carrying Amount Dec. 31, 2017 N'000	Reclassification ns N'000	Remeasureme nt N'000	Expected credit losses N'000	IFRS 9 Carrying amount Jan.1 2018 N'000
<b>ASSETS</b>						
Cash and cash equivalents	a	271,230	-	-	(8,205)	263,025
Financial assets:		-	-	-	-	-
- Fair value through profit or loss		617,245	-	-	-	617,245
- Fair value through other comprehensive	b	-	2,238,813	-	-	2,238,813
- Available for sale	c	2,238,813	(2,238,813)	-	-	-
- Amortised cost		-	-	-	-	-
- Loans and receivables		-	-	-	-	-
Trade receivables		6,773	-	-	-	6,773
Reinsurance assets		375,503	-	-	-	375,503
Deferred acquisition cost		31,090	-	-	-	31,090
Other receivables and prepayments	d	1,753,153	-	-	(3,764)	1,749,389
Investment in Subsidiaries		2,449,516	-	-	-	2,449,516
Investment Properties		1,854,000	-	-	-	1,854,000
Property and equipment		2,808,784	-	-	-	2,808,784
Intangible assets		20,550	-	-	-	20,550
Statutory deposits		335,000	-	-	-	335,000
<b>Total assets</b>		<b>12,761,657</b>	<b>-</b>	<b>-</b>	<b>(11,969)</b>	<b>12,749,688</b>
<b>LIABILITIES</b>						
Insurance contrat liabilities		787,275	-	-	-	787,275
Borrowings		-	-	-	-	-
Trade payables		22,900	-	-	-	22,900
Other payables		1,687,537	-	-	-	1,687,537
Employee benefit liability		2,178	-	-	-	2,178
Income Tax liability		64,056	-	-	-	64,056
Deferred tax liabilities		700,560	-	-	-	700,560
<b>Total liabilities</b>		<b>3,264,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,264,506</b>
<b>EQUITY</b>						
issued and paid Share capital		8,000,000	-	-	-	8,000,000
Share Premium		825,018	-	-	-	825,018
Contingency Reserves		378,007	-	-	-	378,007
Fair value reserve		1,576,710	-	-	-	1,576,710
Non Current assets revaluation reserve		757,329	-	-	-	757,329
Retained earnings	e	(2,039,913)	-	-	(11,969)	(2,051,882)
<b>Total equity</b>		<b>9,497,151</b>	<b>-</b>	<b>-</b>	<b>(11,969)</b>	<b>9,485,182</b>
<b>Total equity and liabilities</b>		<b>12,761,657</b>	<b>-</b>	<b>-</b>	<b>(11,969)</b>	<b>12,749,688</b>

5 (ii).c TRANSITION RECONCILIATION AND EXPLANATORY NC

	GROUP		COMPANY	
	IAS 39 as at Dec 31, 2017	IFRS 9 as at Jan 1, 2018	IAS 39 as at Dec 31, 2017	IFRS 9 as at Jan 1, 2018
<b>a</b> Cash and cash equivalents				
Balance as as Dec 2017 (IAS 39)	298,868	298,868	271,230	271,230
Reclassified from/(to) Amortised Cost Impairment (ECL Model)	-	(8,205)	-	(8,205)
Balance as at Jan 1, 2018 (IFRS 9)	<u>298,868</u>	<u>290,663</u>	<u>271,230</u>	<u>263,025</u>
<b>Financial assets</b>				
<b>b</b> Fair value through profit or loss (FVTPL)				
Balance as as Dec 2017 (IAS 39)	-	-	-	-
Reclassified to FVOCI	-	2,238,813	-	2,238,813
Remeasurement on Transition to IFRS 9 Impairment (ECL Model)	-	-	-	-
Balance as at Jan 1, 2018 (IFRS 9)	<u>-</u>	<u>2,238,813</u>	<u>-</u>	<u>2,238,813</u>
<b>c</b> Available For Sale (AFS)				
Balance as as Dec 2017 (IAS 39)	2,238,813	-	2,238,813	-
Reclassified to FVOCI	(2,238,813)	-	(2,238,813)	-
Balance as at Jan 1, 2018 (IFRS 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>d</b> Other receivables and prepayments				
Balance as as Dec 2017 (IAS 39)	1,743,243	1,743,243	1,753,153	1,753,153
Reclassified to Amortised Cost Impairment (ECL Model)	-	(3,764)	-	(3,764)
Balance as at Jan 1, 2018 (IFRS 9)	<u>1,743,243</u>	<u>1,739,479</u>	<u>1,753,153</u>	<u>1,749,389</u>
<b>e</b> Retained earnings				
Balance as as Dec 2017 (IAS 39)	(2,880,007)	(2,880,007)	(2,039,913)	(2,039,913)
Impairment (ECL Model)- Cash and Cash Equivalents	-	(8,205)	-	(8,205)
Impairment (ECL Model)- Other receivables and prepay	-	(3,764)	-	(3,764)
Balance as at Jan 1, 2018 (IFRS 9)	<u>(2,880,007)</u>	<u>(2,891,976)</u>	<u>(2,039,913)</u>	<u>(2,051,882)</u>



6	Cash and Cash Equivalent	GROUP		COMPANY	
		31-12-2018	31-12-2017	31-12-2018	31-12-2017
	This comprises of:	N'000	N'000	N'000	N'000
	Cash In Hand	2,710	613	2,622	546
	Current Account Balances	392,858	117,028	391,209	89,458
	Placement with banks	26,795	181,227	26,795	181,227
		422,363	298,868	420,626	271,231
	Allowance for Impairment Losses	(1,330)	-	(1,330)	-
		421,033	298,868	419,296	271,231

6.1 Account (GROUP)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to current account balances is

<i>In thousands of Nigerian Naira</i>	Stage 1 individual	Stage 2 individual	Stage 3	Total N'000
Gross carrying amount as at 1 January 2018	117,095	-	-	117,095
New assets originated or purchased	392,946	-	-	392,946
Payments and assets derecognized or	(117,095)	-	-	(117,095)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	392,946	-	-	392,946

6.1.1 Impairment allowance for current account balances- continued

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
ECL allowance as at 1 January 2018 under IFRS 9	194	-	-	194
New assets originated or purchased	579	-	-	579
Payment and assets derecognized or repaid (excluding write offs)	(194)	-	-	(194)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	579	-	-	579

6.1.2 Impairment allowance for Placements with bank

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to placements with banks is as

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
Gross carrying amount as at 1 January 2018	181,227	-	-	181,227
New assets originated or purchased	26,795	-	-	26,795
Payments and assets derecognized or	(181,227)	-	-	(181,227)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	26,795	-	-	26,795

6.1.3 Impairment allowance for placements with bank

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
ECL allowance as at 1 January 2018 under IFRS 9	7,863	-	-	7,863
New assets originated or purchased	570	-	-	570
Payment and assets derecognized or repaid (excluding write offs)	(7,863)	-	-	(7,863)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	570	-	-	570

6.2 Account (COMPANY)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to current account balances is

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
Gross carrying amount as at 1 January 2018	89,458	-	-	89,458
New assets originated or purchased	391,209	-	-	391,209
Payments and assets derecognized or	(89,458)	-	-	(89,458)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	391,209	-	-	391,209

Impairment allowance for current account balances - continued

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
ECL allowance as at 1 January 2018 under IFRS 9	153	-	-	153
New assets originated or purchased	576	-	-	576
Payment and assets derecognized or repaid (excluding write offs)	(153)	-	-	(153)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	576	-	-	576

6.3 Impairment allowance for Placements with bank

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to placements with banks is as

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
Gross carrying amount as at 1 January 2018	181,227	-	-	181,227
New assets originated or purchased	26,795	-	-	26,795
Payments and assets derecognized or	(181,227)	-	-	(181,227)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	26,795	-	-	26,795

Impairment allowance for placements with bank

<i>In thousands of Nigerian Naira</i>	individual	individual	Stage 3	N'000
ECL allowance as at 1 January 2018 under IFRS 9	7,863	-	-	7,863
New assets originated or purchased	570	-	-	570
Payment and assets derecognized or repaid (excluding write offs)	(7,863)	-	-	(7,863)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	570	-	-	570



<b>7 Financial asset</b>		<b>GROUP</b>		<b>COMPANY</b>	
Equity instrument at fair value through profit or loss		31-12-2018	31-12-2017	31-12-2018	31-12-2017
-Mandatorily measured at FVPL		612,182	617,245	612,182	617,245
Equity instrument at fair value through OCI		2,245,971	2,238,813	2,245,971	2,238,813
Total Equity instruments		2,858,153	2,856,058	2,858,153	2,856,058
Current		612,182	617,245	612,182	617,245
Non-current		2,245,971	2,238,813	2,245,971	2,238,813
<b>(a) Financial assets at fair value through profit or loss</b>					
<i>Listed Equity securities</i>					
Balance as at January 1		617,215	617,851	617,215	617,851
Addition during the year		-	64	-	64
Disposal during the year		-	-	-	-
Fair value gain/(loss)		(5,033)	(669)	(5,033)	(669)
Foreign Exchange gain/(loss)		-	-	-	-
Net impairment gain/(loss)		-	-	-	-
Balance as at 31 December		612,182	617,246	612,182	617,246
Market value of Quoted Investment					
As at January 1		617,215	617,130	617,215	617,130
As at 31 December		612,182	617,799	612,182	617,799
Fair value gain/(loss)		5,033	(669)	5,033	(669)
<b>(b) Comprehensive Income (FVOCI)</b>					
<i>Unlisted Equity securities</i>					
Balance as at January 1		2,238,842	2,227,651	2,238,842	2,227,651
Addition during the year		-	-	-	-
Disposal during the year		-	-	-	-
Fair value gain/(loss)		7,128	11,162	7,128	11,162
Foreign Exchange gain/(loss)		-	-	-	-
Net impairment gain/(loss)		-	-	-	-
Balance as at 31 December		2,245,971	2,238,813	2,245,971	2,238,813
Investments in MTN Nigeria were fair valued using the closing exchange rates applicable to their respective balances as at 31 December. A fair value gain/(loss) of ₦7.128 Million (2017 (11.162 Million)) derived has been considered in the report.					
<b>(b.1) Returns on MTN shares</b>					
2018			=N=		
2017			16,740		
2016			20,890		
			nil		
<b>8 Trade Receivables</b>					
Insurance receivables		10,931	6,773	10,931	6,773
Other receivables (From subsidiary)		119,148	90,323	-	-
Impairment on Subsidiary		(73,015)	-	-	-
		57,064	97,096	10,931	6,773
<b>8.1 Age Analysis of Trade receivables</b>					
		31-12-2018	31-12-2017	31-12-2018	31-12-2017
Within 30 days		N'000	N'000	N'000	N'000
Above 30 days		10,931	6,773	10,931	6,773
		46,133	90,323	-	-
		57,064	97,096	10,931	6,773
<b>8.2 Premium receivable from agents, brokers and intermediaries</b>					
Due from agents		-	-	-	-
Due from brokers		-	-	-	-
Due from insurance companies		6,182	5,207	6,182	5,207
Due from insurance companies		4,749	1,566	4,749	1,566
		10,931	6,773	10,931	6,773
<b>8.3 Movements on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:</b>					
At beginning of year JANUARY 1		-	-	-	-
Provision for impairment		(73,015)	-	-	-
Amount written off during the year as uncollectible		-	-	-	-
At end of year (31 December 2018)		(73,015)	-	-	-
<b>9 Reinsurance Assets</b>					
		31-12-2018	31-12-2017	31-12-2018	31-12-2017
Reinsurance Share of UPR		N'000	N'000	N'000	N'000
Reinsurance Share of Outstanding Claims		65,561	46,165	65,561	46,165
Reinsurance Share of IBNR		131,624	232,030	131,624	232,030
Total Reinsurance Assets		20,117	75,408	20,117	75,408
Prepaid Minimum and Deposit (M&D) on Oil & Gas		217,301	353,603	217,301	353,603
		19,764	21,900	19,764	21,900
		237,065	375,503	237,065	375,503

9.1 Movements in Reinsurance share of UPR

At the beginning of the year	46,165	37,806	46,165	37,806
Increase/(Decrease) during the year	19,395	8,359	19,395	8,359
Balance at the end of the year	65,560	46,165	65,560	46,165

9.2 Movement in Reinsurance Share of outstanding Claims

Balance at the beginning of the year	232,030	22,453	232,030	22,453
Increase/(Decrease) during the year	(100,406)	209,577	(100,406)	209,577
Balance at the end of the year	131,624	232,030	131,624	232,030

9.3 Movement in Reinsurance Share of IBNR

Balance at the beginning of the year	75,408	6,305	75,408	6,305
Increase/(Decrease) during the year	(55,291)	69,103	(55,291)	69,103
Allowance for impairment	-	-	-	-
Balance at the end of the year	20,117	75,408	20,117	75,408

9.4 Movement in Reinsurance Share of Prepaid (M&D)

Balance at the beginning of the year	21,900	9,816	21,900	9,816
Increase/(Decrease) during the year	(2,136)	12,084	(2,136)	12,084
Balance at the end of the year	19,764	21,900	19,764	21,900

There were no indicators of impairments for re-insurance assets as balance are set-off against payable from retrocession at the end of every quarter  
Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value

10 Deferred acquisition

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

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Motor	6,471	4,363	6,471	4,363
Fire	40,064	5,323	40,064	5,323
General accident	12,750	8,445	12,750	8,445
Bond	6,124	8,756	6,124	8,756
Engineering	7,615	598	7,615	598
Oil & Gas	15,350	1,520	15,350	1,520
Aviation	81	50	81	50
Marine	8,137	2,035	8,137	2,035
Additional (DCA) per actuarial Valuation Report	-	-	-	-
	96,592	31,090	96,592	31,090

10.1 Movement in deferred acquisition cost

At beginning of year	31,090	24,313	31,090	24,313
Changes during the year	65,502	6,777	65,502	6,777
At end of year	96,592	31,090	96,592	31,090
Due within 12 months	96,592	31,090	96,592	31,090
Due after more than 12 months	-	-	-	-

11 Other Receivables, Prepayments

The balance is analysed as follow:

Prepayment				
Due from Related Parties	122,127	130,232	122,122	130,232
Staff Debtors	35,960	33,960	35,960	33,960
Staff Share Loan	7,592	5,511	7,592	5,511
Deposit for properties (reclassified)	1,598,942	1,598,942	1,598,942	1,598,942
Other receivables	720,000	720,000	720,000	720,000
	3,223	3,203	3,223	3,203
Impairment of due from related	2,487,845	2,491,848	2,487,840	2,491,848
Impairment Charges on Staff loan	(2,765)	-	(2,765)	-
Impairment of other loans and	(1,728)	-	(1,728)	-
	(749,307)	(749,307)	(738,695)	(738,695)
	1,734,045	1,742,541	1,744,652	1,753,153
Current				
Non-current	135,103	144,301	145,710	154,211
	1,598,942	1,598,942	1,598,942	1,598,942

11.1 Inventories

Stock of raw materials

	895	702	-	-
	895	702	-	-
	1,734,940	1,743,243	1,744,652	1,753,153

11.2 Impairment allowance for other loans and receivables - staff loans

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to staff loan is as follows:

	Individual N'000	Individual N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	3,483	-	2,028	5,511
New assets originated or purchased	6,234	-	-	6,234
Payments and assets derecognized or repaid (excluding write offs)	(3,561)	-	(592)	(4,153)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	(1,668)	-	1,668	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	4,488	-	3,104	7,592



	individual N'000	individual	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	17	-	-	-
New assets originated or purchased	41	-	978	995
Payments and assets derecognized or repaid (excluding write offs)	(17)	-	-	41
Transfers to Stage 1	-	-	(4)	(21)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	(20)	-	20	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	90	90
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	622	622
Transfers to Stage 3	-	-	1	1
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	21	-	1,707	1,728

11.3 Impairment allowance for Other receivables

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other receivables is as follows:

	individual	individual	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	-	-	80	80
New assets originated or purchased	-	-	-	-
Payments and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	(80)	(80)
At 31 December 2018	-	-	-	-

	Stage 1 individual	Stage 2 individual	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	-	-	-	-
New assets originated or purchased	-	-	80	80
Payments and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	(80)	(80)
At 31 December 2018	-	-	-	-

11.4 Impairment allowance for other loans and receivables from related parties

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other loans and receivables is

	individual N'000	individual	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	33,960	-	-	33,960
New assets originated or purchased	2,000	-	-	2,000
Payment and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	35,960	-	-	35,960

	individual N'000	individual	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	-	-	-	-
New assets originated or purchased	76	-	-	76
Payments and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	-	-
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	76	-	-	76

11.5 Trade Receivables (GROUP)  
In thousands of Nigerian Naira

	Dec 2018	Dec 2017
Insurance receivables	N'000	N'000
Other receivables (For subsidiary)	10,931	6,773
	-	-
	10,931	6,773
Less: Allowance for ECL/impairment losses	(73,015)	-
	(62,084)	6,773

Other receivables (For subsidiary)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other loans and receivables

	individual N'000	individual N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	-	-	206,706	206,706
New assets originated or purchased	28,825	-	-	28,825
Payment and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(28,825)	-	28,825	-
Changes to contractual cash flows due	-	-	-	-
Accrued interest	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	-	-	235,531	235,531

	individual N'000	individual N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	-	-	64,079	64,079
New assets originated or purchased	6,543	-	-	6,543
Payments and assets derecognized or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(6,543)	-	6,543	-
Changes to contractual cash flows due	-	-	-	-
Impact on year end ECL of exposures	-	-	2,393	2,393
Changes to models used for ECL	-	-	-	-
Changes to estimates and assumptions	-	-	-	-
Unwind of discount	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	-	-	73,015	73,015

11.6 Movement in Impairment

	31-12-2018 N'000	31-12-2017 N'000	N'000	31-12-2018 N'000	31-12-2017 N'000	N'000
Balance as at January 1	Due from	Staff	Staff Share	Deposit for	Total	Total
impairment Provision (ECL) during	18,695	-	-	720,000	-	738,695
Write back/write off/Reversal	2,765	1,728	-	-	10,612	15,105
Reclassification	-	-	-	-	-	-
Balance as at December 31	21,460	1,728	-	720,000	10,612	753,800

11.7 Movement in Impairment

	31-12-2018 N'000	31-12-2017 N'000	N'000	31-12-2018 N'000	31-12-2017 N'000
Balance as at January 1	Due from	Staff	Staff Share	Deposit for	Total
impairment Provision (ECL) during	18,695	-	-	720,000	738,695
Write back/write off/Reversal	2,765	1,728	-	-	4,493
Reclassification	-	-	-	-	-
Balance as at December 31	21,460	1,728	-	720,000	743,188

11.8 Movement in staff Debtors

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Balance as at January 1	5,511	1,773	5,511	1,773
Addition in the year	7,036	5,675	7,036	5,675
Interest earned during the year	255	127	255	127
Repayments during the year	(5,210)	(2,064)	(5,210)	(2,064)
Balance as at December 31	7,592	5,511	7,592	5,511

In December 2007, Universal Insurance Plc paid for 20 units of Houses to be developed by Minaj Holdings Limited in the Vine Garden Estate Abuja. Commencement of this project is doubtful. Effort is being made to recover the fund as development of the property is no longer feasible. Minaj Holdings Limited, (the developer) have confirmed that the project was stalled and Union Bank of Nigeria eventually sold the debt to the Asset Management Corporation of Nigeria (AMCON). Universal Insurance Plc have registered their interest with AMCON and is waiting response while still in discussion with Minaj Holdings Limited. This amount has been fully provided for in the financial statement.



12 Investment in subsidiaries				
This comprises of investment in:	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Universal Hotels Limited (b)	-	-	2,449,516	2,040,199
Impairment charge on Universal Hotel	-	-	-	409,317
Investment in subsidiaries	-	-	2,449,516	2,449,516

12 (i) The movement in impairment				
	30-12-2018 N'000	30-12-2017 N'000	30-12-2018 N'000	30-12-2017 N'000
Balance as at January 1	-	-	-	(463,496)
Charge during the year	-	-	-	-
Amount written off during the year	-	-	-	-
Written back	-	-	-	872,813
Balance as at December 31	-	-	-	409,317

- 12 (ii) Universal Hotels Limited  
The company was established to carry on the business of providing hotel, accommodation, tourist and hospitality activities.  
Universal Insurance Plc has 100% investments in the company.

13 Investment properties				
Oyigbo Garden Avenue estate	524,000	513,000	524,000	513,000
Rumudumu For Model Estate	816,000	816,000	816,000	816,000
UHE Complex	3,349,697	3,349,697	-	-
Others ( Nigeria Cement company; Progress Bank Ltd; Nigeria Tobacco Ltd; Ferdinand Oil Ltd)	-	-	-	-
Molit Mall	-	175,369	-	175,369
	535,000	525,000	535,000	525,000
Impairment loss on investment properties	5,224,697	5,379,066	1,875,000	2,029,369
	-	(175,369)	-	(175,369)
	5,224,697	5,203,697	1,875,000	1,854,000

Investment properties represent buildings and un-developed landed properties acquired for subsequent disposal in the near future and not occupied substantially by the company or

	Balance as at Jan 1	Addition	Disposal	Reclassi- fication	Transfer	Revalua- tion Gain	Balance as at December 31	Status in Title
13.a Movement of Assets								
1 Oyigbo Garden Avenue Estate	513,000	-	-	-	-	-	513,000	Yes
2 Rumudumu For Model Estate	816,000	-	-	-	-	11,000	827,000	NO
3 Molit Mall	525,000	-	-	-	-	-	525,000	Yes
Total	1,854,000	-	-	-	-	10,000	1,864,000	
						21,000	1,885,000	

13.b Assets In The Name of Conau Limited:

	N'000 Amount	N'000 Amount	N'000 Amount	N'000 Amount
Rumudumu Model Estate Portharcourt	816,000	816,000	816,000	816,000

These assets were introduced by Conau Limited in 2007 during the recapitalisation exercise, with deeds assigning the properties to Universal Insurance Plc.

Status of Perfection of Title:

The firm of IBOM Partners, a firm of attorneys, solicitors, fraud examiners & legal consultants have been appointed to commence the process of perfecting the title to the properties in the name of Universal Insurance Plc.

14 Intangible Assets  
14.a Intangible Assets(2018)

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Cost				
Balance, beginning of period	36,989	28,259	36,989	28,259
Additions	29,894	8,730	29,894	8,730
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	66,884	36,989	66,884	36,989
Accumulated amortisation				
Balance, beginning of period	16,439	10,891	16,439	10,891
Amortisation expense/impairment charge	7,530	5,548	7,530	5,548
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	23,969	16,439	23,969	16,439
Net book amount				
End of period	42,914	20,550	42,914	20,550

The intangible assets of the company comprised of computer software. The computer softwares are accounted for using the cost model of IAS 38 i.e. cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Compaan's policy.

14.b INTANGIBLE ASSETS(2017)

	31-12-2017 N'000	31-12-2016 N'000	31-12-2017 N'000	31-12-2016 N'000
Cost				
Balance, beginning of period	28,259	18,713	28,259	18,713
Additions	8,730	9,546	8,730	9,546
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	36,989	28,259	36,989	28,259
Accumulated amortisation				
Balance, beginning of period	10,891	6,652	10,891	6,652
Amortisation expense/impairment charge	5,548	4,239	5,548	4,239
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	16,439	10,891	16,439	10,891
Net book amount				
End of period	20,550	17,368	20,550	17,368

15 PROPERTIES, PLANT AND EQUIPMENT  
15.a(i) GROUP(2018)

	Land N'000	Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount							
Balance, beginning of period	257,500	3,139,539	39,583	151,242	284,631	11,993	3,884,488
Additions during the year	-	-	24,937	22,919	64,762	10,266	122,884
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Balance, end of period	257,500	3,139,539	64,520	174,161	349,393	22,259	4,007,372
Accumulated depreciation							
Balance, beginning of period	-	651,514	24,590	126,248	207,034	5,442	1,014,828
Charge for the year	-	62,791	10,212	3,762	39,371	1,868	118,004
On Disposal	-	-	-	-	-	-	-
Balance, end of period	-	714,305	34,802	130,010	246,405	7,310	1,132,832
Netbook value as at 31 DECEMBER 2018	257,500	2,425,234	29,718	44,151	102,988	14,949	2,874,540
Netbook value as at 1 JANUARY 2018	257,500	2,472,574	14,993	24,994	77,597	6,551	2,854,210

15.a(ii) Movement in Land & Building (Group)	Balance as at Jan 1	Addition	Disposal	Reclassific ation	Transfer	Revaluation Gain	Depreciation	Balance as at Dec 31
Property at Ridgeway Station Road Enugu	401,034	-	-	-	-	-	10,114	390,920
Property at New Owerri Road Behind CBN, Owerri	1,043,438	-	-	-	-	-	26,726	1,016,712
Property at no 2 Emole Street Enugu	79,295	-	-	-	-	-	2,010	77,285
49A,50A,51A,52A and 53A city Layout Enugu	639,608	-	-	-	-	-	16,100	623,508
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	290,472	-	-	-	-	-	7,114	283,358
Land at Awka ,Anambra State	257,500	-	-	-	-	-	-	257,500
Hotel Building at Aguleri Rd, Enugu	34,181	-	-	-	-	-	727	33,454
Total	2,745,528	-	-	-	-	-	62,791	2,682,737

15.b(i) GROUP(2017)

	Land & Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount						
Balance, beginning of period	3,397,039	37,406	144,485	278,568	8,975	3,866,473
Additions during the year	-	2,177	6,757	6,063	3,018	18,015
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance, end of period	3,397,039	39,583	151,242	284,631	11,993	3,884,488
Accumulated depreciation						
Balance, beginning of period	599,023	18,509	121,287	171,067	4,320	914,206
Charge for the year	67,941	6,081	4,961	35,967	1,122	116,072
On Disposal	-	-	-	-	-	-
Balance, end of period	666,964	24,590	126,248	207,034	5,442	1,030,278
Netbook value as at 31 DECEMBER 2017	2,730,075	14,993	24,994	77,597	6,551	2,854,210
Netbook value as at 1 JANUARY 2017	2,798,016	18,897	23,198	107,501	4,655	2,952,267

15.b(ii) Movement in Land & Building (Group)	Balance as at Jan 1	Addition	Disposal	Reclassific ation	Transfer	Revaluation Gain	Depreciation	Balance as at Dec 31
Property at Ridgeway Station Road Enugu	505,680.00	-	-	-	-	-	104,646	401,034
Property at New Owerri Road Behind CBN, Owerri	1,336,316.00	-	-	-	-	-	292,878	1,043,438
Property at no 2 Emole Street Enugu	100,500.00	-	-	-	-	-	21,205	79,295
49A,50A,51A,52A and 53A city Layout Enugu	805,000.00	-	-	-	-	-	165,392	639,608
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	355,680.00	-	-	-	-	-	65,208	290,472
Land at Awka ,Anambra State	257,500.00	-	-	-	-	-	15,450	242,050
Hotel Building at Aguleri Rd, Enugu	36,363.00	-	-	-	-	-	2,182	34,181
Total	3,397,039	-	-	-	-	-	666,961	2,730,078

PROPERTY PLANTS AND EQUIPMENTS

15.c(i) COMPANY (2018)

	Land N'000	Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount							
Balance, beginning of period	257,500	3,103,175	15,982	93,746	271,389	11,993	3,753,784
Additions during the year	-	-	9,907	21,840	64,762	10,266	106,775
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Balance, end of period	257,500	3,103,175	25,888	115,586	336,151	22,260	3,860,560
Accumulated depreciation							
Balance, beginning of period	-	664,782	8,443	72,542	193,792	5,441	945,000
Charge for the year	-	46,614	2,486	2,599	39,371	1,868	92,938
On Disposal	-	-	-	-	-	-	-
Balance, end of period	-	711,395	10,929	75,141	233,163	7,309	1,037,938
Netbook value as at 31 December 2018	257,500	2,391,779	14,960	40,445	102,988	14,950	2,822,622
Netbook value as at 1 JANUARY 2018	257,500	2,438,393	7,539	21,204	77,597	6,552	2,808,784

15.c(ii) Movement in Land & Building (Company)	Balance as at Jan 1	Addition	Disposal	Reclassificati on	Transfer	Revaluation Gain	Depreciation	Balance as at 31 December
Property at Ridgeway Station Road Enugu	401,034	-	-	-	-	-	10,114	390,920
Property at New Owerri Road Behind CBN, Owerri	1,043,438	-	-	-	-	-	26,726	1,016,712
Property at no 2 Emole Street Enugu	79,295	-	-	-	-	-	2,010	77,285
49A,50A,51A,52A and 53A city Layout Enugu	639,608	-	-	-	-	-	16,100	623,508
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	290,472	-	-	-	-	-	7,114	283,358
Land at Awka ,Anambra State	257,500	-	-	-	-	-	-	257,500
Total	2,711,347	-	-	-	-	-	62,064	2,649,283



15.d(i) COMPANY(2017)

	Land & Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount						
Balance, beginning of period						
Additions during the year	3,360,675	13,805	91,727	265,326	8,975	3,740,508
Disposals	-	2,177	2,019	6,063	3,018	13,277
Revaluation	-	-	-	-	-	-
Balance, end of period	3,360,675	15,982	93,746	271,389	11,993	3,753,785
Accumulated depreciation						
Balance, beginning of period						
Charge for the year	597,568	7,082	68,529	157,825	4,320	835,324
On Disposal	67,214	1,361	4,013	35,967	1,122	109,677
Balance, end of period	664,782	8,443	72,542	193,792	5,442	945,001
Netbook value as at 31 DECEMBER 2017	2,695,893	7,539	21,204	77,597	6,551	2,808,784
Netbook value as at 1 JANUARY 2017	2,763,107	6,723	23,198	107,501	4,655	2,905,184

15.d(ii) Movement in Land & Building (Company)

	Balance as at Jan 1	Addition	Disposal	Reclassification	Transfer	Revaluation Gain	Depreciation	Balance as at Dec 31
Property at Ridgeway Station Road Enugu	505,680.00	-	-	-	-	-	-	401,034
Property at New Owerri Road Behind CBN, Owerri	1,336,316.00	-	-	-	-	-	104,646	1,043,438
Property at no 2 Emole Street Enugu	100,500.00	-	-	-	-	-	292,878	79,295
49A,50A,51A,52A and 53A city Layout Enugu	805,000.00	-	-	-	-	-	21,205	639,608
Eliowahani Shell estate, Obior Akpor LGA, Portharcourt	355,680.00	-	-	-	-	-	165,392	290,472
Land at Awka ,Anambra State	257,500.00	-	-	-	-	-	65,208	242,050
Total	3,360,676	-	-	-	-	-	664,779	2,695,897

16 STATUTORY DEPOSIT

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Statutory deposit	335,000	335,000	335,000	335,000
Total	335,000	335,000	335,000	335,000
Non-current				

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with

17 Insurance Contract Liabilities

Aggregate Insurance Contract Liabilities

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Unearned Premium	532,451	223,384	532,451	223,384
Outstanding Claims	390,202	500,924	390,202	500,924
IBNR	95,526	62,968	95,526	62,968
Total	1,018,179	787,276	1,018,179	787,276

17.(i) Insurance Contract Liabilities

Movement in Unearned Premium (UPR)

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Balance as at January 1	223,384	201,166	223,384	201,166
Increase/(Decrease) during the year	309,067	22,218	309,067	22,218
Balance as at December 31	532,451	223,384	532,451	223,384

Movement in Outstanding Claims

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Balance as at January 1	500,924	296,136	500,924	296,136
Increase/(Decrease) during the year	(110,722)	204,788	(110,722)	204,788
Balance as at December 31	390,202	500,924	390,202	500,924

Movement in IBNR

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Balance as at January 1	62,967	78,153	62,967	78,153
Increase/(Decrease) during the year	32,559	(15,185)	32,559	(15,185)
Balance as at December 31	95,526	62,968	95,526	62,968

17.a(i) Age Analysis of Outstanding Claims:

Outstanding Claims (Days)  
Number of Claimants

Awaiting Support Documents  
Assurers  
Claims awaiting Payment  
Total

0-90	91-180	181-270	271-360	Above 360	Total
38	57	76	95	114	380
N'000	N'000	N'000	N'000	N'000	N'000
19,510	29,265	39,020	48,775	58,530	195,100
11,706	17,559	23,412	29,265	35,118	117,060
7,804	11,706	15,608	19,510	23,412	78,040
39,020	58,530	78,040	97,550	117,060	390,200

The latest valuation of the fund was as at 31 December 2018 by Ernest & Young. At that date, the gross book value of the fund was stated above for each of the years. Provision for claims was determined using the inflation adjusted chain ladder method and claims development from 2009 to 2018.

17 a)(i) Cumulative Claims Development table as at December 2018 (stated in N'000)  
In addition to the testing, the development of insurance liabilities provided a measure of the claims. The tables below illustrate how the group's estimates

Motor									
Accident Year	1	2	3	4	5	6	7	8	9
2009	21,221	9,851	270	6	-	-	-	-	-
2010	4,014	4,046	3,861	170	-	-	-	-	-
2011	5,422	3,444	938	128	-	42	-	-	-
2012	3,376	5,308	725	-	-	1,500	-	-	-
2013	4,861	3,561	3,220	-	-	-	-	-	-
2014	3,999	8,207	12	-	-	-	-	-	-
2015	9,740	7,273	903	-	-	-	-	-	-
2016	15,504	8,922	711	-	-	-	-	-	-
2017	15,374	11,333	-	-	-	-	-	-	-
2018	24,039	-	-	-	-	-	-	-	-

Fire									
Accident Year	1	2	3	4	5	6	7	8	9
2009	12	-	-	-	-	-	-	-	-
2010	1,449	272	99	635	-	-	-	-	-
2011	-	70	5,875	-	694	-	-	-	-
2012	237	655	1,913	308	-	-	-	-	-
2013	139	2,135	2,496	-	-	-	-	-	-
2014	936	771	91	943	-	-	-	-	-
2015	1,489	457	108	28	-	-	-	-	-
2016	1,575	5,393	1,559	-	-	-	-	-	-
2017	2,430	20,886	-	-	-	-	-	-	-
2018	15,094	-	-	-	-	-	-	-	-

Marine									
Accident Year	1	2	3	4	5	6	7	8	9
2009	1,434	1,565	460	500	4,966	-	2,585	-	-
2010	-	1,731	19	-	-	-	-	-	-
2011	487	3,785	-	-	438	-	-	-	-
2012	1,153	1,640	-	-	-	-	-	-	-
2013	624	255	-	-	-	-	-	-	-
2014	-	3,816	-	-	-	-	-	-	-
2015	1,113	14,681	2,132	-	-	-	-	-	-
2016	622	554	-	-	-	-	-	-	-
2017	4,340	140	-	-	-	-	-	-	-
2018	5,544	-	-	-	-	-	-	-	-

General Accident									
Accident Year	1	2	3	4	5	6	7	8	9
2009	2,581	3,275	1,316	276	4,462	62	-	-	-
2010	1,824	2,115	50	784	68	-	-	-	-
2011	408	6,677	82	-	501	23	-	-	-
2012	634	4,574	-	68	12	87	-	-	-
2013	7,012	5,580	258	-	-	-	9,013	-	-
2014	1,893	33,472	438	84	-	-	-	-	-
2015	18,121	6,551	692	112	-	-	-	-	-
2016	18,957	99,572	10,795	-	-	-	-	-	-
2017	12,246	13,470	-	-	-	-	-	-	-
2018	35,317	-	-	-	-	-	-	-	-



17 b. Hypothetication of investment/assets

	31-12-2018	31-12-2018	31-12-2018	31-12-2017	31-12-2017	31-12-2017
	Total	Policy	Shareholder's	Total	Policy	Shareholder's
	Funds	Funds	Funds	Funds	Funds	Funds
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	419,296	293,227	126,069	271,230	90,539	180,691
Financial Assets: Quoted	612,182	371,871	240,311	617,245	154,463	462,782
Financial Assets: UnQuoted	2,245,971	100,000	2,145,971	2,238,813	62,546	2,176,267
Trade Receivable	10,931		10,931	6,773		6,773
Reinsurance Assets	237,065		237,065	375,503	282,909	92,594
Deferred Acquisition cost	96,592		96,592	31,090		25,516
Other Receivable	1,744,652		1,744,652	1,753,153		1,753,153
Investment in Subsidiaries	2,449,516		2,449,516	2,449,516		2,449,516
Investment Properties	1,875,000	253,081	1,621,919	1,854,000	196,819	1,657,181
Intangible Asset	42,914		42,914	20,550		20,550
Property, Plant and Equipment	2,822,622		2,822,622	2,808,784		2,808,784
Statutory Deposits	335,000		335,000	335,000		335,000
	<u>12,891,741</u>	<u>1,018,179</u>	<u>11,873,562</u>	<u>12,761,657</u>	<u>787,276</u>	<u>11,968,807</u>
Insurance Contract Liabilities		<u>1,018,179</u>			<u>787,276</u>	

18 BORROWINGS

19 Trade payables

Trade payables represent liabilities to agents, brokers and re-insurers on insurance contracts during the year

	GROUP		COMPANY	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Reinsurance payable	21,287	22,900	21,287	22,900
Insurance payable	-	-	-	-
Other trade creditors	19,620	10,523	-	-
Balance at year end	<u>40,907</u>	<u>33,423</u>	<u>21,287</u>	<u>22,900</u>
Current	40,907	33,423	21,287	22,900

19.(i) Other trade creditors

Due to Suppliers

	19,620	10,523	-	-
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20 Other payables

This is analysed as follow:

	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	N'000	N'000	N'000	N'000
Due to related parties	1,613,995	1,613,995	1,613,995	1,613,995
Provisions and accruals	82,605	80,827	50,615	73,542
Rent Received in Advance	1,969	25,800	1,969	-
	<u>1,698,568</u>	<u>1,720,622</u>	<u>1,666,578</u>	<u>1,687,537</u>
Current	98,901	120,955	66,911	87,870
Non-current	1,599,667	1,599,667	1,599,667	1,599,667

20.1 Due to related companies

Conau Limited

African Alliance Insurance Plc

Due to other related parties

	1,599,667	-	1,599,667	1,599,667
	14,328	-	14,328	14,328
	<u>1,613,995</u>	<u>-</u>	<u>1,613,995</u>	<u>1,613,995</u>

20.1a African Alliance Insurance Plc:

This is a sister company having common directorship with Universal Insurance Plc.

Universal Insurance Plc is not indebted to African Alliance Plc in any form.

The amount of =N=1,598,942,000 (one billion five hundred and ninety eight million nine hundred and forty two thousand naira only) represents African Alliance Insurance Plc shares warehoused for Universal Insurance Plc staff. However Universal Insurance Plc

Staff did not take up the shares. Universal Insurance Plc has written African Alliance to cancel the shares, which African Alliance Plc has accepted.

20.1b Provisions and accruals

Lease Rentals

Accrued Expenses

Payable to Associate

	21,813	61,331	21,813	61,331
	49,275	2,605	17,285	2,605
	11,517	9,606	11,517	9,606
	<u>82,605</u>	<u>73,542</u>	<u>50,615</u>	<u>73,542</u>

20.1c Rent Received in Advance

Rent from Mollit Mall in Advance

	1,969	25,800	1,969	-
	<u>1,969</u>	<u>25,800</u>	<u>1,969</u>	<u>-</u>

21 Employee benefit liabilities

Defined contributory scheme

The Company runs a defined contributory plan in accordance with the Pensions Reform Act where contributions are made to an approved pension fund administrator. The amount recognised as an expense for defined contribution plan in the income statement is N4,749(2018) and N2,178(2017).

	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	N'000	N'000	N'000	N'000
Staff pension scheme				
Current	2,178	2,178	2,178	2,178
	<u>2,178</u>	<u>2,178</u>	<u>2,178</u>	<u>2,178</u>
Balance as per January 1				
Current Service Cost	2,178	5,043	2,178	5,043
Payment during the year	-	-	-	-
Interest Expense	-	(2,865)	-	(2,865)
Actuarial Re-Measurement	-	-	-	-
Balance as per 31 December	<u>2,178</u>	<u>2,178</u>	<u>2,178</u>	<u>2,178</u>

22	Income tax payable	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
22.1	Per Profit and Loss Account				
	Income Tax	7,548	26,185	7,065	25,826
	Education Tax	974	4,156	942	4,132
	Provision for NITDA Tax	471	2,066	471	2,066
	Deferred Taxation	8,993	32,407	8,478	32,024
	Profit and Loss Account	-	-	-	-
		8,993	32,407	8,478	32,024
22.2	Per Balance Sheet				
	Taxation				
	At beginning of year	67,931	62,807	64,056	59,314
	Charge for the Year	8,993	32,406	8,478	32,024
	Payment during the Year	(40,000)	(27,282)	(40,000)	(27,282)
	At year end	36,924	67,931	32,534	64,056
23	Deferred Tax Liability				
	At beginning of year	791,120	787,004	700,560	697,211
	Addition during the year	-	4,116	-	3,349
	Charged to profit and loss	-	-	-	-
	At year end	791,120	791,120	700,560	700,560
	To be recovered after more than 12 months	791,120	791,120	700,560	700,560
	To be recovered in 12 months	-	-	-	-
24	EQUITY				
24.1	Share capital				
	The share capital comprises:				
	Authorised -	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
	16,000,000,000 Ordinary shares of 50k each	8,000,000	8,000,000	8,000,000	8,000,000
	Issued and fully paid -				
	16,000,000,000 Ordinary shares of N0.50k each	8,000,000	8,000,000	8,000,000	8,000,000
24.2	Share premium				
	Share premium is made up of payments in excess of par value of paid-in capital. This reserve is not ordinarily available for distribution.				
24.3	Contingency Reserve				
	Balance, beginning of period	378,007	355,415	378,007	355,415
	Transfer from profit and loss	50,660	22,592	50,660	22,592
	Balance, end of period	428,667	378,007	428,667	378,007
	Gross Written Premium	1,688,673	753,067	1,688,673	753,067
	Percentage Rate for transfer	3%	3%	3%	3%
	Increase in Contingency	50,660	22,592	50,660	22,592
	In accordance with the Insurance act, a contingency reserve is credited with the greater of 3% of total premiums or 20% of total profits after tax. This shall				
24.4	Fair Value Reserve				
	This is the net accumulated change in the fair value of available for sale asset until the investment is derecognised or impaired.				
	Balance, beginning of period	1,576,710	1,565,548	1,576,710	1,565,548
	sale unquoted equity	7,128	11,162	7,128	11,162
	Net Fair Value derecognised at disposal	-	-	-	-
	Balance as at period end	1,583,838	1,576,710	1,583,838	1,576,710
24.5	Revaluation Reserve				
	Balance, beginning of period	2,513,040	757,329	2,513,040	757,329
	Revaluation Surplus	-	1,755,711	-	-
	Balance as at period end	2,513,040	2,513,040	2,513,040	2,513,040
24.6	Retained earnings				
	The retained earnings represents the amount available for dividend distribution to the equity holders of the				
24.7	Contingencies and Commitments				
	The company operates in the insurance industry and is subject to legal proceedings in the normal course of business. There were 11 (2017 (8)) outstanding legal proceedings against the company as at 31 December 2018 with claim totalling N42,325,304.12 (2017 N31,515,730). While it is not practicable to forecast or determine the final results of all pending or threatened legal proceeding, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. The company is also subject to insurance solvency regulations and has complied with all the solvency regulations. There are no contingencies associated with the company's compliance or lack of compliance with such regulations.				



25 Gross Premium Income

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Gross premium written				
Direct Premium:				
Motor				
Fire	131,142	81,869	131,142	81,869
General Accident	737,896	74,080	737,896	74,080
Bond	139,323	254,539	139,323	254,539
Engineering	136,176	138,264	136,176	138,264
Oil & Gas	50,679	29,101	50,679	29,101
Aviation	257,906	52,178	257,906	52,178
Marine	31,324	10,182	31,324	10,182
	70,170	17,412	70,170	17,412
	<u>1,554,615</u>	<u>657,625</u>	<u>1,554,615</u>	<u>657,625</u>
Inward Reinsurance Premium:				
Motor				
Fire	31,470	18,573	31,470	18,573
General Accident	36,111	36,473	36,111	36,473
Bond	15,506	13,573	15,506	13,573
Engineering	4,805	3,316	4,805	3,316
Oil & Gas	13,606	11,368	13,606	11,368
Aviation	16,493	4,830	16,493	4,830
Marine	1,548	-	1,548	-
	14,518	7,308	14,518	7,308
	<u>134,058</u>	<u>95,441</u>	<u>134,058</u>	<u>95,441</u>
Gross premium written	<u>1,688,673</u>	<u>753,066</u>	<u>1,688,673</u>	<u>753,066</u>
Changes in unearned premium				
Motor				
Fire	(15,449)	21,003	(15,449)	21,003
General Accident	(167,700)	(8,144)	(167,700)	(8,144)
Bond	(12,315)	(24,421)	(12,315)	(24,421)
Engineering	17,773	(19,043)	17,773	(19,043)
Oil & Gas	(16,802)	639	(16,802)	639
Aviation	(80,614)	(9,324)	(80,614)	(9,324)
Marine	(5,206)	3,474	(5,206)	3,474
Net change in unearned premium	<u>(28,753)</u>	<u>13,597</u>	<u>(28,753)</u>	<u>13,597</u>
Change in UPR per Actuarial Valuation	<u>(309,067)</u>	<u>(22,219)</u>	<u>(309,067)</u>	<u>(22,219)</u>
Net change in unearned premium	<u>(309,067)</u>	<u>(22,219)</u>	<u>(309,067)</u>	<u>(22,219)</u>
Gross premium earned	<u>1,379,607</u>	<u>730,847</u>	<u>1,379,607</u>	<u>730,847</u>
Reinsurance expenses	<u>(243,874)</u>	<u>(155,465)</u>	<u>(243,874)</u>	<u>(155,465)</u>
Net insurance premium income	<u>1,135,733</u>	<u>575,382</u>	<u>1,135,733</u>	<u>575,382</u>

26 Reinsurance expenses

Reinsurance costs				
Motor				
Fire	9,781	4,521	9,781	4,521
General Accident	41,609	36,183	41,609	36,183
Bond	39,762	34,218	39,762	34,218
Engineering	30,450	31,639	30,450	31,639
Oil & Gas	39,634	24,184	39,634	24,184
Aviation	52,305	11,244	52,305	11,244
Marine	-	-	-	-
	30,334	13,476	30,334	13,476
Prepaid re-insurance cost	<u>243,874</u>	<u>155,465</u>	<u>243,874</u>	<u>155,465</u>
Movement in Reinsurance Share of UPR				
Movement in Prepaid M & D	(19,395)	(8,359)	(19,395)	(8,359)
	<u>226,615</u>	<u>147,106</u>	<u>226,615</u>	<u>147,106</u>

27 Fees and Commission Income

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Motor				
Fire	27,801	61	27,801	61
General Accident	3,542	8,900	3,542	8,900
Bond	7,994	6,541	7,994	6,541
Engineering	2,916	9,599	2,916	9,599
Oil & Gas	3,745	7,255	3,745	7,255
Marine	3,813	1,652	3,813	1,652
	<u>49,810</u>	<u>34,008</u>	<u>49,810</u>	<u>34,008</u>

Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

28 Claims expenses

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Direct claims paid during the year	340,867	194,975	340,867	194,975
Changes in outstanding claims	(110,722)	282,941	(110,722)	282,941
Changes in Outstanding claims (IBNR)	32,559	(15,185)	32,559	(15,185)
Gross claims incurred	<u>262,704</u>	<u>462,731</u>	<u>262,704</u>	<u>462,731</u>
Reinsurance claims recovery	(185,252)	(23,866)	(185,252)	(23,866)
Reinsurance recovery per Actuarial Valuation	0	(278,679)	0	(278,679)
	<u>77,452</u>	<u>160,186</u>	<u>77,452</u>	<u>160,186</u>

28.a REINSURANCE CLAIMS RECOVERY

Claims paid recovered from Reinsurance	(198,005)	(23,866)	(198,005)	(23,866)
Changes in Outstanding claims and IBNR	45,115	(278,679)	45,115	(278,679)
	<u>(152,890)</u>	<u>(302,545)</u>	<u>(152,890)</u>	<u>(302,545)</u>

29 Underwriting expenses

Underwriting expenses are those expenses incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers and

	GROUP		COMPANY	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	N'000	N'000	N'000	N'000
Gross commission paid				
Motor	17,913	11,279	17,913	11,279
Fire	155,680	23,093	155,680	23,093
General Accident	32,153	30,700	32,153	30,700
Bond	20,548	17,905	20,548	17,905
Engineering	8,815	2,363	8,815	2,363
Oil & Gas	50,240	6,929	50,240	6,929
Aviation	104	353	104	353
Marine	17,777	4,817	17,777	4,817
Total Commission paid	303,231	97,439	303,231	97,439
Changes in deferred commission				
Motor	(2,108)	83	(2,108)	83
Fire	(34,741)	(1,082)	(34,741)	(1,082)
General Accident	(4,305)	(3,583)	(4,305)	(3,583)
Bond	2,632	(2,735)	2,632	(2,735)
Engineering	(7,017)	514	(7,017)	514
Oil & Gas	(13,830)	(1,388)	(13,830)	(1,388)
Aviation	(31)	71	(31)	71
Marine	(6,102)	1,343	(6,102)	1,343
Additional (DCA) per actuarial Report	-	-	-	-
Changes in deferred commission	(65,502)	(6,777)	(65,502)	(6,777)
Acquisition expenses	237,729	90,661	237,729	90,661
Maintenance expenses	214,720	75,549	214,720	75,549
Underwriting expenses	452,449	166,210	452,449	166,210
30 INVESTMENT INCOME				
Dividend - Quoted and unquoted investments	16,740	22,614	16,740	22,614
Gains on sales of shares	-	-	-	-
Interest on call deposits	59,075	66,571	59,075	66,571
Rental Income	2,451	3,291	2,451	3,291
Other income	4,407	-	4,407	-
	82,673	92,476	82,673	92,476
30.a INVESTMENT INCOME				
Investment income	-	33,951	-	33,951
Investment income attributable to policyholders	81,062	94,078	81,062	94,078
Investment income attributable to shareholders	81,062	128,029	81,062	128,029
30.b Investment income attributable to shareholders				
Dividend - Quoted and unquoted investments	16,740	22,614	16,740	22,614
Gains on sales of shares	-	-	-	-
Interest on call deposits	59,075	66,571	59,075	66,571
Exchange gain/(loss)	-	-	-	-
Profit/(loss) on disposal of fixed assets	(1,612)	1,603	(1,612)	1,603
Rental Income	2,451	3,291	2,451	3,291
Other income	4,407	-	4,407	-
	81,062	94,079	81,062	94,079
30.c Other income :				
Interest on Staff Loan	-	-	-	-
Rental	2,451	3,291	2,451	3,291
Bank Interest	59,075	66,571	59,075	66,571
Sundry Income	-	-	-	-
	61,526	69,862	61,526	69,862
30.d Other operating income				
Exchange gain/(loss)	-	-	-	-
Profit/(loss) on disposal of fixed assets	(1,612)	1,603	(1,612)	1,603
Rental Income	2,451	3,291	2,451	3,291
Other income	4,407	-	4,407	-
	(1,612)	4,894	5,246	4,894
31 ALLOWANCES AND FAIR VALUE GAINS/(LOSS)				
31 (i) Allowances for impairment;				
On trade receivables	-	-	-	-
on other receivables	-	-	-	-
on stock of raw materials	-	-	-	-
Impairment Recovery on Molit Hotel	-	-	-	-
Impairment Gain on Universal Hotel	-	-	-	-
Net impairment recovery	-	872,813	15,450	872,813
	-	872,813	15,450	872,813
31 (ii) Net Fair Value Gains/(Loss)				
On Investment properties	-	58,000	-	58,000
On Financial Assets	(5,033)	(699)	(5,033)	(699)
NET Fair Value Gains/(Loss)	(5,033)	57,301	(5,033)	57,301



31 (iii) Credit loss expense (GROUP)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

Note	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents	(6,914)	-	-	(6,914)
Other loans and receivables	4	-	649	653
Other loans and receivables from related	76	-	-	76
Other receivables(For subsidiary)	-	-	8,936	8,936
Total impairment loss	(6,834)	-	9,585	2,751

31 (iv) Credit loss expense (COMPANY)

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

Note	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Cash and cash equivalents	(6,875)	-	-	(6,875)
Other loans and receivables	4	-	649	653
Other loans and receivables from related	76	-	-	76
Total impairment loss	(6,795)	-	649	(6,146)

32 Other operating and administrative expenses

(i) Employee benefits expense

Staff cost	163,805	147,617	155,407	133,527
Contributions to defined pension scheme	6,563	6,153	6,563	6,153
Other staff costs (Notes 32.(i.a))	164,189	177,017	163,520	176,532
	334,558	330,787	325,491	316,212

(i.a) Other staff costs

Temporary Staff Salaries	1,346	1,788	1,346	1,788
Staff Training & Entertainment	4,401	13,030	4,401	13,030
Staff other benefits	112,541	105,941	111,872	105,456
Leave Allowance	23,536	23,383	23,536	23,383
Staff Gratuity	19,818	26,112	19,818	26,112
Nigeria Social Ins Trust Fund	1,087	1,383	1,087	1,383
Staff GPA Insurance	1,460	5,380	1,460	5,380
	164,189	177,017	163,520	176,532

(ii) Management expenses comprise;

Bank charges	6,309	3,260	6,152	2,624
Other charges and expenses (Notes 32.(iia))	108,233	109,555	99,493	101,721
General maintenance and running costs	86,595	82,296	68,553	56,779
Legal and professional fees	41,207	80,228	40,920	80,148
Audit fees	8,800	800	8,000	-
Insurance supervision fees	6,949	11,431	6,632	10,611
Depreciation	118,031	116,071	108,414	109,676
Amortisation of Intangible Assets	7,718	5,548	7,718	5,548
Impairment gain/(loss)	-	(942)	-	(942)
Interest on overdrafts	-	-	-	-
Cost of sales - Hotels	-	-	-	-
Other operating expenses	383,841	408,247	345,881	366,165
Other operating and administrative expenses	718,399	739,034	671,372	682,377

(ii.a) Other charges and expenses

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
OTHER PROFESSIONAL CHARGES	-	-	-	-
TRANSPORT ALLOWANCE	723	2,499	186	896
TERMINAL PAY	-	-	-	-
HOTEL ACCOMMODATION	5,655	7,472	5,655	7,472
SECURITY EXPENSES	1,702	2,066	460	332
ENTERTAINMENT	9,295	6,599	3,680	3,484
BUSINESS PROMOTION	-	-	-	-
ADVERTISEMENTS	4,162	11,649	4,162	11,649
NEWSPAPERS & PERIODICALS	256	258	27	33
TELEPHONE BILLS	3,149	2,569	2,546	2,024
INTERNET CONNECTIVITY	6,950	4,617	6,950	4,580
PRINTING COST	9,358	8,233	8,844	7,671
STATIONERY COST	3,920	1,329	3,920	1,329
LOCAL GOVT. LEVIES	6,741	716	6,741	716
VALUE ADDED TAX	(64)	-	(64)	-
LEVY/FEE/PENALTY	1,388	4,157	1,388	4,157
DIRECTORS EXPENSES	-	-	-	-
DIRECTORS SITTING ALLOWANCES	5,335	9,340	5,335	9,340
ASSETS INSURANCE EXPENSES	6,518	5,927	6,518	5,927
FILING FEE	-	1,020	-	1,020
DIRECTORS FEES	6,000	13,100	6,000	13,100
GIFTS	7,651	6,479	7,651	6,479
OFFICE CLEANING EXPENSES	326	217	326	204
CHRISTMAS GIFT	10,830	2,563	10,830	2,563
SUBSCRIPTIONS TO PROFESSIONAL BODIES/CLUBS	750	45	750	45
MEDICAL EXPENSES	6,430	4,222	5,796	4,222
WATER BILL	4,968	-	-	-
ENTERTAINMENT ALLOWANCE	-	-	-	-
EXCHANGE VARIANCE A/C	-	-	-	-
POSTAGES & COURIER	(972)	(27,917)	(972)	(27,917)
INTEREST ON LOANS	2,010	717	2,010	717
OVERSEAS TRAVEL EXPENSES	-	-	-	-
SERVICE CHARGE - ABUJA	-	2,569	-	2,569
RENT & RATES	-	-	-	-
NIA LEVIES	-	2,376	-	2,376
INDUSTRIAL TRAINING FUND LEVY	6,314	4,468	6,314	4,468
ANNUAL GENERAL MEETING	1,393	3,317	1,393	3,317
TRAINING	2,931	28,948	2,931	28,948
REPAIRS & MAINTENANCE OTHER FITTINGS	-	-	-	-
REPAIRS AND MAINTENANCE TV SET + RADIO	5,950	-	12	-
REPAIRS AND MAINTENANCE TV SET + RADIO	19	-	19	-
RENT & RATES - ABAKALIKI	72	-	72	-
FUEL SUBSIDY	15	-	15	-
	108,233	109,555	99,493	101,721

- 33 Interest expense  
Interest expense represents finance cost recognized on the bank loan during the year under review.

Earnings per share

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Profit attributable to equity holders	(46,936)	635,938	(48,031)	634,184
Weighted average number of ordinary shares in issue (in thousands)	16,000,000	16,000,000	16,000,000	16,000,000
Basic earnings per share (kobo per share)	(0.293)	3.97	(0.300)	3.96

The calculation of basic earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares

35 RELATED PARTIES INTEREST

35.1 Related party transactions				
Other Loans and Receivables	35,960	33,960	35,960	33,960
Other payables	1,599,667	1,613,995	1,599,667	1,599,667
	<u>1,635,627</u>	<u>1,647,955</u>	<u>1,635,627</u>	<u>1,633,627</u>
35.2 Related Party				
Conau Limited	-	-	-	-
Universal Hotels Limited	35,960	33,960	35,960	33,960
Frenchies Foods Nig. Ltd	4,569	4,569	4,569	4,569
African Alliance Insurance Plc	1,599,667	1,599,667	1,599,667	1,599,667
	<u>1,640,196</u>	<u>1,638,196</u>	<u>1,640,196</u>	<u>1,638,196</u>

35.3 Employees

The average number of persons employed by the

	31-12-2018 Number	31-12-2017 Number	31-12-2018 Number	31-12-2017 Number
Executive directors	3	2	3	2
Management	30	30	8	25
Non-management	80	80	73	55
	<u>113</u>	<u>112</u>	<u>84</u>	<u>82</u>

36 CONTRAVENTIONS AND PENALTIES

During the year there was no noticed penalty by the National Insurance Commission (NAICOM) for any contravention of certain sections of the Insurance Act and certain circulars as issued by the NAICOM. Only listing penalty by Security and Exchange Commission was noticed  
Details of the contraventions and the related penalties are as follows:

	31-12-2018 N'000	31-12-2017 N'000	31-12-2018 N'000	31-12-2017 N'000
Penalty to National Insurance Commission(NAICOM) (See (i) below)	-	1,179	-	1,179
Penalty on Listing fee (See (ii) below)	1,389	-	1,389	-
	<u>1,389</u>	<u>1,179</u>	<u>1,389</u>	<u>1,179</u>

- (i) 2017 the company paid penalties to NAICOM in contravention on section S 26 of the Insurance Act 2003  
(ii) 2018 the company paid penalty on Listing contravention to Security and Exchange Commission (SEC).



UNIVERSAL INSURANCE PLC

COMPUTATION OF SOLVENCY MARGIN

AS AT 31 December 2018

	TOTAL N'000	Inadmissible N'000	Admissible N'000
<b>1 ADMISSIBLE ASSETS</b>			
Cash and bank balances	419,296		419,296
Financial Assets - Quoted	612,182		612,182
Financial Assets - Unquoted	2,245,971	516,420	1,729,551
Trade Receivable	10,931		10,931
Reinsurance Assets	237,065		237,065
Deferred Acquisition cost	96,592		96,592
Other Receivable	1,744,652	161,305	1,583,347
Investment in Subsidiaries	2,449,516	1,810,339	639,177
Investment Properties	1,875,000	816,000	1,059,000
Intangible Asset	42,914	42,914	0
Property, Plant and Equipment	2,822,622	1,881,748	940,874
Statutory Deposits	335,000		335,000
<b>A</b>	<b>12,891,741</b>		<b>7,663,015</b>
Insurance Contract Liabilities	1,018,179		1,018,179
Trade payable	21,287		21,287
Other payable	1,666,578		1,666,578
Employee benefit liability	2,178		2,178
Income Tax liabilities	32,534		32,534
Deferred tax liabilities	700,560	700,560	-
Less Non Admissible Liabilities:	3,441,315		2,740,755
Due to other insurance and reinsurance companies			-
<b>B</b>	<b>3,441,315</b>		<b>2,740,755</b>
<b>Solvency Margin (A-B)</b>	<b>C</b>		<b>4,922,259</b>
15% of Net Premium( 1,152,992 *15%)	<b>D</b>		<b>172,949</b>
Minimum required paid up capital	<b>E</b>		<b>3,000,000</b>

**Basis for conclusion:**

The solvency margin arrived at in C above shall not be less than 15 per centum of the net premium income D or the minimum paid-up capital E which ever is greater.

**Conclusion:**

The company is solvent since its solvency margin of N4,922 billion is higher than the minimum paid up capital of N3.00 billion.

UNIVERSAL INSURANCE PLC

FORM 19

(Under the Insurance Act 2003)  
AUDITORS CERTIFICATES OF SOLVENCY ON OATH IN  
RESPECT OF A REGISTERED INSURER IN NIGERIA

We certify that (a) Universal Insurance Plc has during the period covered by our Audit report for the year ended (b) 31 December, 2018 dated 10 May, 2019 complied with section 24 of the Insurance Act CAP 117 LFN 2004. This is to say that the company has in respect of its insurance business, other than life, maintained at all times a margin of solvency (as defined under section 24 (1) and (2) of the Act). The solvency margin maintained is N 4,922,259 (Four Billion, Seven hundred and five Million One hundred and Seven one thousand) Naira

The accounts and balance sheet are in accordance with information given to us and with the provisions of the Insurance Act CAP 117 LFN 2004 and reflect a true and fair view of the financial position of the Insurer.

Every information we require has been supplied and the books appear to us to have been properly kept.

Signed:

AUDITORS

Date: 10 May, 2019

Name and address of Auditors

UKWUEGBU, OGBELEJE & CO,  
23 RASAKI SHITTU STREET, ISHERI - OSHUN,  
LAGOS - NIGERIA.

Sworn to at .....

This ..... day of .....2019

BEFORE ME

## OTHER DISCLOSURES



UNIVERSAL INSURANCE PLC  
STATEMENT OF VALUE ADDED

	GROUP		COMPANY				
	2018 N,000	%	2017 N,000	%	2018 N'000	2017 N'000	%
Underwriting income	1,202,802	372%	617,750	57	1,202,802	617,750	58
Re-insurance, claims and commission and others	(960,251)	-297%	338,363	31	(878,828)	316,022	30
Investment and other income	81,062	25%	128,029	12	81,062	128,029	12
Value Added	323,613	100%	1,084,142	100	405,036	1,061,801	100
Applied as follows:							
Staff and other costs	334,558	25%	330,787	31	325,491	316,212	30
Government							
Taxation	(8,993)	3%	(32,407)	(3)	(8,478)	(32,024)	(3)
Retained in the business							
Depreciation and amortization	1,868	11%	116,071	11	92,938	109,676	10
Retained Profit/(loss) for the year	(54,481)	9%	635,938	59	(55,576)	634,184	60
Fair value reserve	-	51%	11,162	1	-	11,162	1
Contingency reserve	50,660	2%	22,592	2	50,660	22,592	2
Value added	323,613	100%	1,084,143	100	405,036	1,061,802	100

## THE UNIVERSAL INSURANCE PLC

UNDERWRITING REVENUE ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2018

GENERAL												
MOTOR	FIRE	ACCIDENT	BOND	ENGINEERING	OIL & GAS	AVIATION	MARINE	31/12/2018	31/12/2017			
N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000			
131,142	737,896	139,323	136,176	50,679	257,906	31,324	70,170	1,554,615	657,625			
31,470	36,111	15,506	4,805	13,606	16,493	1,548	14,518	134,058	95,442			
162,612	774,007	154,828	140,981	64,286	274,399	32,872	84,688	1,688,673	753,067			
(15,449)	(167,700)	(12,315)	17,773	(16,802)	(80,614)	(5,206)	(28,753)	(309,067)	(22,218)			
147,163	606,307	142,513	158,754	47,483	193,785	27,666	55,935	1,379,607	730,849			
(420)	(1,746)	(4,174)	4,478	(6,590)	(1,145)	(986)	(6,677)	(17,260)	-			
(9,781)	(41,609)	(39,762)	(30,450)	(39,634)	(52,305)	-	(30,334)	(243,874)	(155,465)			
136,962	562,952	98,577	132,783	1,260	140,334	26,680	18,924	1,118,473	575,584			
27,801	3,542	7,994	2,916	3,745	-	-	3,813	49,810	34,008			
164,763	566,494	106,571	135,699	5,005	140,334	26,680	22,737	1,168,283	609,392			
36,367	188,616	68,693	5,943	688	12,200	20,708	7,651	340,867	194,975			
(3,017)	12,976	(7,806)	3,969	8,648	8,867	1,266	7,656	32,559	62,968			
9,996	(145,437)	20,120	(37,473)	4,909	27,131	1,555	8,478	(110,722)	204,788			
43,346	56,155	81,007	(27,561)	14,245	48,197	23,529	23,785	408,359	462,731			
-	-	-	-	-	-	-	-	-	(278,679)			
(2,948)	(131,901)	(45,405)	(1,500)	(116)	-	(3,381)	(185,252)	(23,866)				
40,398	(75,746)	35,602	(29,061)	14,130	48,197	23,529	20,405	223,107	160,186			
17,913	155,680	32,153	20,548	8,815	50,240	104	17,777	303,231	97,438			
(2,108)	(34,741)	(4,305)	2,632	(7,017)	(13,830)	(31)	(6,102)	(65,502)	(6,777)			
26,540	26,521	26,521	26,450	26,521	26,450	26,450	29,267	214,720	75,549			
42,345	147,460	54,369	49,630	28,319	62,861	26,524	40,942	452,449	166,210			
82,743	71,714	89,971	20,568	42,449	111,058	50,052	61,347	675,556	326,396			
82,020	494,780	16,600	115,131	(37,444)	29,276	(23,372)	(38,610)	492,727	282,996			
36,943	31,590	50,024	59,586	17,354	16,947	647	10,294	223,384	201,166			
52,393	199,290	62,339	41,812	34,156	97,562	5,853	39,047	532,451	223,384			
(15,449)	(167,700)	(12,315)	17,773	(16,802)	(80,614)	(5,206)	(28,753)	(309,067)	(22,218)			
14,317	161,687	61,873	223,634	6,322	25,669	4,433	2,990	500,924	296,136			
24,313	16,249	81,993	186,161	11,231	52,800	5,987	11,468	390,202	500,924			
9,996	(145,437)	20,120	(37,473)	4,909	27,131	1,555	8,478	(110,722)	204,788			

Provision for Outstanding Claims- 1 JANUARY 2018  
Provision for Outstanding Claims- 31 DECEMBER 2018  
\*\* Changes in provision for outstanding claims



UNIVERSAL INSURANCE PLC  
FIVE YEAR FINANCIAL SUMMARY  
For the period ended 31 December

GROUP  
STATEMENT OF FINANCIAL POSITION

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Cash and Cash Equivalent	421,033	298,867	581,513	960,418	1,035,301
Financial Assets	2,858,153	2,856,058	2,845,502	2,057,934	1,859,545
Trade Receivables	57,064	97,096	78,040	84,132	95,696
Reinsurance Assets	237,065	375,503	84,874	113,062	115,919
Deferred Acquisition Cost	96,592	31,090	24,313	25,516	32,135
Other Receivables	1,734,940	1,743,243	1,763,605	1,733,661	1,740,186
Investment in Subsidiary	-	-	-	-	-
Intangible Assets	5,224,697	5,203,697	5,136,792	4,614,621	1,250,560
Property Plant and Equipment	42,914	20,550	17,369	12,063	8,489
Statutory Deposits	2,874,540	2,854,211	2,952,267	2,883,659	7,036,036
Assets classified as held for sale	335,000	335,000	335,000	335,000	335,000
Total Assets	13,881,998	13,815,316	13,819,275	13,618,472	13,508,867
Liabilities					
Insurance Contract Liabilities	1,018,179	787,275	497,301	509,656	407,172
Borrowing	-	-	-	-	-
Trade Payables	40,907	33,423	31,998	13,892	14,236
Other Payables	1,698,568	1,720,622	1,792,531	1,677,123	1,693,550
Employee benefits liability	2,178	2,178	5,043	13,142	9,346
Income tax liabilities	36,924	67,931	62,807	83,588	104,438
Deferred tax liabilities	791,120	791,120	787,005	550,684	544,140
Liabilities associated with assets classified as Equity	3,587,875	3,402,548	3,176,685	2,921,965	2,772,882
Total Liabilities					
Issued and paid Shared capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018	825,018
Contingency Reserve	428,667	378,007	335,415	337,406	315,545
Fair value reserve	1,583,838	1,576,710	1,566,217	778,649	568,117
Revaluation reserve	2,513,040	2,513,040	2,513,040	3,383,466	3,383,466
Retained earnings	(3,056,441)	-2,880,007	-2,617,101	-2,628,033	-2,356,162
Shareholders fund	10,294,123	10,412,768	10,642,589	10,696,506	10,735,984
Non-controlling interest	-	-	-	-	-
TOTAL EQUITY & LIABILITIES	13,881,998	13,815,316	13,819,274	13,618,471	13,508,866

STATEMENT OF COMPREHENSIVE INCOME

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
GROSS Premium written	1,688,673	753,067	753,067	536,526	728,685
Premium earned	1,379,607	730,849	730,849	573,838	728,685
Profit before tax	(45,488)	668,345	668,345	125,929	(156,780)
Taxation	(8,993)	(32,407)	(32,407)	(33,237)	(29,550)
Profit after taxation	(54,481)	635,938	635,938	92,692	(186,330)
Transfer to contingency reserve	(50,660)	(22,592)	(22,592)	(18,009)	(21,861)
Retained earnings	(46,936)	613,346	613,346	74,683	(6,097)
Earning per share	(0.29)	4	0.58	0.58	(1.16)

UNIVERSAL INSURANCE PLC  
FIVE YEAR FINANCIAL SUMMARY  
For the period ended 31 December

COMPANY  
STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalent	419,296	271,230	553,536	933,534	1,029,733
Financial Assets	2,858,153	2,856,058	2,845,502	2,057,934	1,859,545
Trade Receivables	10,931	6,773	5,429	11,632	23,196
Reinsurance Assets	237,065	375,503	84,874	113,062	115,919
Deferred Acquisition Cost	96,592	31,090	24,313	25,516	32,135
Other Receivables	1,744,652	1,753,153	1,752,244	1,709,913	1,709,917
Investment in Subsidiary	2,449,516	2,449,516	1,576,703	1,610,015	1,570,315
Investment Properties	1,875,000	1,854,000	1,796,000	1,279,410	1,250,560
Intangible Assets	42,914	20,550	17,369	12,063	8,489
Property Plant and Equipment	2,822,622	2,808,784	2,905,183	2,840,804	2,900,005
Statutory Deposits	335,000	335,000	335,000	335,000	335,000
Total Assets	12,891,741	12,761,658	11,896,153	10,928,883	10,834,814

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Liabilities					
Insurance Contract Liabilities	1,018,179	787,275	497,301	509,656	407,172
Borrowing	-	-	-	-	-
Trade Payables	21,287	22,900	18,385	246	6,341
Other Payables	1,666,578	1,687,537	1,763,746	1,649,390	1,649,891
Employee benefits liability	2,178	2,178	5,043	13,142	9,346
Income tax liabilities	32,534	64,056	59,314	81,696	103,738
Deferred tax liabilities	700,560	700,560	697,211	460,890	397,730
Total Liabilities	3,441,315	3,264,505	3,041,000	2,715,020	2,574,218

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Equity					
Issued and paid Shared capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018	825,018
Contingency Reserve	428,667	378,007	355,415	337,406	315,545
Fair value reserve	1,583,838	1,576,710	1,566,217	778,649	568,117
Revaluation reserve	757,329	757,329	757,329	757,329	757,329
Retained earnings	(2,144,427)	(2,039,913)	(2,648,825)	(2,484,539)	(2,205,414)
Shareholders fund	9,450,426	9,497,151	8,855,154	8,213,863	8,260,595
Non-controlling interest	-	-	-	-	-

TOTAL EQUITY & LIABILITIES	12,891,741	12,761,656	11,896,154	10,928,883	10,834,813
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	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
STATEMENT OF COMPREHENSIVE INCOME					
GROSS Premium written	1,688,673	753,067	536,526	728,685	722,228
Premium earned	1,379,607	730,849	573,837	656,826	699,055
Profit before tax	(47,098)	666,208	121,681	121,680	(447,789)
Taxation	(8,478)	(32,024)	(33,237)	(31,637)	(24,381)
Profit after taxation	(55,576)	634,184	88,444	90,043	(472,170)
Transfer to contingency reserve	(50,660)	(22,592)	(18,009)	(16,096)	(21,667)
Retained earnings	(55,576)	611,592	70,435	73,947	(493,837)
Earning per share	(0.30)	3.96	0.55	0.56	(2.95)