NIGERIAN AGRICULTURAL INSURANCE CORPORATION

Annual Report - 31 December 2015

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Other National Disclosures

Corporate Information

Registered office	Plot 590, Zone A. O. Central Area Box 3754 Abuja, Nigeria
Directors	
Mr Bashir Binji	Acting Managing Director/Executive Director, Operations
Mr. Philip Ashinze	Executive Director, Finance and Admin
Corporation Secretary	Barr. C.C Okafor
Reinsurers	Nigerian Reinsurance Corporation African Reinsurance Corporation Continental Reinsurance Plc WAICA Reinsurance Corporation
Bankers	Ecobank Nigeria Limited First Bank of Nigeria Plc Skye Bank PLC Unity Bank Plc Fidelity Bank Limited Guaranty Trust Bank PLC United Bank for Africa Union Bank of Nigeria Plc
Reporting actuary	HR Nigeria Limited 7th Floor, AIICO Plaza, Afri bank street,Victoria Island Lagos. FRC/NAS/00000000738
Estate surveyor and valuer	Femi Shodunke and Associates 19, Olayeni Abiola street, Off Salvation road,Opebi-Ikeja Lagos FRC/2015/NIESV/00000012385
Auditor	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos, Nigeria

Directors' Report
for the year ended 31 December 2015

The Directors have the pleasure of presenting the report on the affairs of the Corporation together with the audited financial statements and the auditors' report for the year ended 31 December, 2015.

Legal form and principal activity
The Corporation was established in 1993 by the Nigerian Agriculture Insurance Corporation (NAIC) Act of 1993. The Corporation initially started as the Nigerian Agricultural Insurance Scheme which was established on 15 November, 1987.
The implementation of the Scheme was initially vested in the Nigerian Agricultural Insurance Company Limited, which was later incorporated in June, 1988 but later turned into a Corporation in 1993.
Nigerian Agricultural Insurance Corporation ("the Corporation") is a wholly-owned Federal Government of Nigeria insurance entity set up specifically to provide agricultural risks insurance cover to Nigerian farmers. The Corporation is equally licensed by NAICOM to provide non-life insurance services.
The Corporation's principal activities continue to be the provision of agricultural and non-life insurance policies to its numerous clients.

Operating results
The following is a summary of the Corporation's operating results for the year ended 31 December 2015.

	31-Dec-2015	**31-Dec-2014 Restated***
	N'000	N'000
(Loss)/profit after tax	(194,264)	301,696
Transfer to contingency reserve	(31,118)	(78,990)
Transfers to Minstry of Finance Incorporated	-	(16,624)
Transfer to general reserve	**(225,382)**	**206,082**

Directors' interest and shareholding

The directors of the Corporation who held office during the year had no direct or indirect interest in the share capital of the Corporation as at 31 December 2015.
The following directors served during the year under review:

Name	**Status**
Barr. Chioma Ohakim ^	- Chairman
Mr. Bode Opadokun ^	- Managing Director
Igwe Ben Eze ^	- Non-Executive Director
Barr. Grace Nsot ^	- Non-Executive Director
Barr. Jubril Abdulkadir ^	- Non-Executive Director
Mr. Fola Daniel ^	- Non-Executive Director
Dr. Mudashiru A. Olaitan ¶^	- Non-Executive Director
Mr. Paul Eluhiawe □	- Non-Executive Director
Mr. Philip Ashinze *	-Executive Director, Finance and Admin
Mr Bashir Binji *	-Executive Director, Operations

** Appointed to the Board in July 2015*

^ *The Board member resigned during the year following the dissolution of the Board by President Muhammadu Buhari in November 2015.*

□ *Resigned on retirement from the Central Bank of Nigeria in February 2015.*

¶ *Appointed to the Board in April 2015 as the Central Bank of Nigeria representative to replace Mr Paul Eluhiawe.*

Share shareholding
The Corporation shareholding structure is as shown below:

Name of shareholder	**% holdings**
Federal government of Nigeria	99.99%
Ministry of Finance Incorporated	0.01%
	100.00%

Property and equipment
Information relating to changes in property and equipment durint the year is shown in Note 12 to the financial statements.

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Members of Nigerian Agricultural Insurance Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Nigerian Agricultural Insurance Corporation ("the Corporation"), which comprise the statements of financial position as at 31 December, 2015, and the statements of profit or loss and other comprehensive income, statements of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 54.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria, relevant National Insurance Commission of Nigeria ("NAICOM") guidelines and circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Nigerian Agricultural Insurance Corporation ("the Corporation") as at 31 December, 2015, and of the Corporation's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act 2011, the Insurance Act of Nigeria and relevant National Insurance Commission of Nigeria (NAICOM) guidelines and circulars.

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Registered in Nigeria No BN 986925

Partners:

Abiola F. Bada, Adebisi O. Lamikanra, Adekunle A. Elebute, Adetola P. Adeyemi,
Adewale K. Ajayi, Ajibola O. Olomola, Ayodele A. Soyinka, Ayodele H. Othihiwa,
Ayobami L. Salami, Chibuzor N. Anyanechi, Goodluck C. Obi, Ibitomi M. Adepoju,
Joseph O. Tegbe, Kabir O. Okunlola, Mohammed M. Adama, Oladapo R. Okubadejo,
Oladimeji I. Salaudeen, Olanike I. James, Olumide O. Olayinka, Olusegun A. Sowande,
Oluwafemi O. Awotoye, Oluwatoyin A. Gbagi, Oguntayo I. Ogungbenro, Victor U. Onyenkpa

Associate Partners:

Nneka C. Eluma, Temitope A. Onitiri

KPMG

Other Matter

The financial statements of the Corporation for the year ended 31 December 2014 were audited by another auditor whose report dated 9 September 2015 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Corporation, so far as appears from our examination of those books and the Corporation's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
30 November 2016
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 0848067

Notes to the Financial statements
For the year ended 31 December 2015

1. Reporting Entity

These financial statements are those of Nigerian Agricultural Insurance Corporation (NAIC), the executing agency of the Nigeria Agricultural Insurance Scheme (NAIS). The Scheme was established in 1987 to address the issue of risks facing farmers as a result of incidences of natural hazards such as drought, flood, pests and diseases, etc. The Scheme was meant to, among other activities, make agricultural investments more secured such that financial institutions will be willing to put in more funds in the agricultural sector thereby stabilizing investments in the sector. (NAIC is hereafter referred to as 'the Corporation').

The principal activity of the Corporation is the provision of Agricultural and General (Non-life) Insurance services.

These financial statements were approved by the Board of directors and authorised for issue on 30 November 2016.

2. Basis of preparation

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars and the Financial Reporting Council of Nigeria Act to the extent that these laws are not in conflict with the requirement of IFRS.
The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the account.

(b) Functional and presentation currency

The financial statement is presented in Naira, which is the Corporation's functional currency. Financial information presented in Naira has been rounded to the nearest thousands, except where indicated.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items;

- Available for sale financial assets measured at fair value;
- Investment properties measured at fair value and;
- Retirement benefit obligations, measured at fair value of plan assets less present value of the defined benefit obligation.

(d) Reporting period

The financial statements have been prepared for a 12 month period.

(e) Going concern

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Corporation has adequate resources to continue as going concern for the forseeable future.

(f) Changes in accounting policies

Except for the changes below, the Corporation has consistently applied the accounting policies set out in note 3 to all periods presented in these financial statements.
The Corporation has adopted the following new standards and amendments to standards including any consequential amendments to other standards, with the date of application of 1 January 2015.

- Annual Improvements to IFRSs 2010–2012 Cycle – various standards
- Annual Improvements to IFRSs 2011–2013 Cycle – various standards
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).

These improvements have no significant impact on the Corporation's financial statements.

(g) New standards and interpretation not yet effective

A number of new standards, amendment to standards and interpretation are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing the financial statements. Those which may be relevant to the Corporation are set out below.
The Corporation does not plan to adopt these standards early. However, the Corporation is still evaluating the potential effect of the new standards.

Notes to the Financial statements

For the year ended 31 December 2015

(a) IFRS 9 Financial instruments
IFRS 9, issued by the IASB in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Corporation is yet to determine the impact of the initial application of IFRS 9 would have on itf business.

(b) IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Corporation is assessing the potential impact of the application of the standard on its financial statements.
The Corporation is yet to determine the impact of the initial application of IFRS 15 would have on itf business.

(c) The following new or amended standards are not expected to have a significant impact of the Corporation's financial statements.
• IFRS 14 Regulatory Deferral Accounts.
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
• Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38).
• Annual Improvements to IFRSs 2012 – 2014 Cycle.
• Disclosure Initiative (Amendments to IAS 1)

3. Significant Accounting Policies

Significant accounting policies are defined as those that reflect significant judgments and uncertainties, and potentially give rise to different results under different assumptions and conditions.

Except for the changes explained in Note 2(f) above, the Corporation consistently applied the following accounting policies to the periods presented in the financial statements.

(a) Foreign currency transactions
Transactions in foreign currencies are translated into Naira at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing as at the reporting date. Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items, which are measured in terms of historical cost in a foreign currency, are not translated.

Exchange differences on monetary items are recognised in profit or loss within 'other operating income' or 'other operating expenses' in the period in which they arise. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

However, foreign currency differences arising from the translation of available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss) are recognised in other comprehensive income (OCI).

(b) Cash and cash equivalents
Cash and cash equivalents include cash in hand, cash in central bank and other banks, call deposits and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and used by the Corporation to manage its short term commitments.
Cash and cash equivalents are measured at amortised cost in the statement of financial position.

Notes to the Financial statements
For the year ended 31 December 2015

(c) Financial Instruments

(i) Classification of financial instruments

The classification of the Corporation's financial assets depends on the nature and purpose of the financial assets and are determined at the time of initial recognition. The financial assets have been recognised in the statement of financial position and measured in accordance with their assigned classifications.

The Corporation classifies its financial assets into the following categories:

• Available for sale financial assets.

• Loans and receivables.

The Corporation's financial liabilities are classified as other financial liabilities. They include; insurance contract liabilities, trade and other payables.

(ii) Initial recognition and measurement

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as fair value through profit and loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the Corporation has transferred substantially all risks and rewards of ownership.

(iii) Subsequent measurement

Subsequent to initial recognition, financial assets are measured either at fair value or amortised cost, depending on their categorization as follows:

Available for sale financial assets

Available for sale financial assets include quotes and unquoted securities. The Corporation classifies as available for sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

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 see 3(a), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Dividends received on available for sale investments are recognised in profit or loss when the Company's right to receive payment has been established.

Loans and receivables

Loans and receivables on the statement of financial position comprise trade receivables, staff vehicle and motor cycle loans, statutory deposits and other receivables.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment (if any). Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

Interest on loans and receivables are included in profit or loss and reported as "other operating income".

When the asset is impaired, they are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognized in the statement of profit or loss as "impairment losses".

Other financial liabilities

These include insurance contract liabilities, trade payables and other payables. Trade payables comprise liabilities due to agents, brokers and reinsurance companies. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method with interest recognised on an effective interest basis.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

(iv) Fair value measurement

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 Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Corporation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes to the Financial statements
For the year ended 31 December 2015

If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or liability measured at fair value has a bid price and an ask price, then the Corporation measures the assets and long positions at a bid price and liabilities and short positions at an ask price.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.
The Corporation recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Impairment of financial assets
The Corporation assesses its financial assets at each reporting date to determine whether there is objective evidence of impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence that a financial asset or group of financial assets is impaired could include:
• Significant financial difficulty of the issuer or counter party;
• Breach of contract, such as a default or delinquency in interest or principal payments;
• It becoming probable that the borrower will enter bankruptcy or other financial re-organization;
• The disappearance of an active market for that financial asset because of financial difficulties.

Loans and receivables
For loans and receivables, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.Losses are recognised in profit or loss and reflected in an allowance against the receivables. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Available for sale

In case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting on the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant and a period of 9 months or longer is considered to be prolonged.
All impairment losses are recognized in profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cummulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

An impairment loss in respect of an equity instrument classified as available for sale is not reversed through the profit or loss but accounted for directly in equity.

(vi) Offsetting financial instruments
Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Corporation has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or from gains and losses arising from a similar group of transactions such as in the Corporation's trading activities.

(vii) De-recognition of financial instruments
The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and financial liability separately.
The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(viii) Impairment of non-financial assets
The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.
An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

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

Notes to the Financial statements

For the year ended 31 December 2015

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

(d) Trade receivables

Trade receivables comprise premium receivables from the Federal and state governments on subsidized agriculture business. They are classified as loans and receivable and subsequently measured at amortised cost.

Impairment of trade receivables

The Corporation assesses its trade receivables for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the trade receivable is impaired, the Corporation reduces the carrying amount of the trade receivable to its recoverable amount and recognises that impairment loss in the profit or loss.

(e) Reinsurance assets

The Corporation cedes reinsurance in the normal course of business in order to limit its net loss potential for losses arising from certain exposures. The cost of reinsurance related to long-term contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for these policies. However, reinsurance arrangements do not relieve the Corporation from its direct obligations to its policyholders.

Reinsurance assets include balances due from various reinsurance companies for ceded insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying reinsurance contract.

Impairment of reinsurance assets

The Corporation assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the reinsurance asset is impaired, the Corporation reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Corporation gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets measured at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

(f) Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business which had not expired at the reporting date, are deferred by recognizing an asset. Acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

Deferred acquisition costs are amortised systematically over the life of the contracts at each reporting date.

(g) Other receivables and prepayments

Other receivables balances include rental income receivables and sundry debtors. The Corporation constantly monitors its exposure to their receivables via periodic review.

Prepayment are essentially prepaid rents and prepaid employee benefits. Other receivables are carried at cost less accumulated impairment losses. Prepayments are amortised on a straight line basis to the profit or loss account.

Impairment loss on other receivables are recognised in the profit or loss.

(h) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation (including property under construction for such purposes) or for both purposes, but not for sale in the ordinary course of business.

Recognition and measurement

Investment properties are measured initially at cost, including all transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values of the investment properties are evaluated and assessed annually by an accredited external valuer.

Subsequent costs

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Corporation; otherwise, they are expensed as incurred.

De-recognition

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 on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period of de-recognition. The carrying amount of the asset represents the fair value of the asset as at the date of the latest valuation before disposal.

Transfers

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

Notes to the Financial statements
For the year ended 31 December 2015

(i) Property, plant and equipment

Recognition and measurement

All items of Property, plant and equipment are initially recognized once they are available for use, at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Property, plant and equipment comprise land & buldings, motor vehicles, office furniture, office equipment and computer equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be reliably measured. The costs of the day-today servicing of property and equipment are recognized in profit or loss when incurred. Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the replaced or the renewed component.

Depreciation

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land) 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. Assets held under finance 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.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	Depreciated over the lease term
Building	2.5%
Plant and Machinery	20%
Computer equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%

De-recognition

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 the statement of profit or loss of the year that the asset is de-recognized.

(j) Intangible assets

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are either assessed to be finite or indefinite.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

(k) Statutory deposits

Statutory deposit represents 10% of the paid up capital of the Corporation 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.

Notes to the Financial statements
For the year ended 31 December 2015

(l) Hypothecation of assets
The Corporation structured its assets to meet the requirements of the Insurance Act 2003 such that policyholders' assets and funds are not co-mingled with shareholders'.
In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.
The assets hypothecated are shown in the financial statements, note 39.

(m) Deferred income
Deferred income comprises deferred rental income and deferred acquisition income. Deferred rental income relates to rents received in advance. These are amortized and transferred to the statement of profit or loss over the periods that they relate.
Deferred acquisition income relates to commissions received on ceded reinsurance businesses but not yet earned as at reporting date. Deferred acquisition income are amortized systematically over the life of the contracts at each reporting date.

(n) Provisions
Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation 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).

(o) Insurance contract liabilities

(i) Classification
The Corporation issues contracts that transfer insurance risk.
Insurance contracts are those contracts where the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.
Therefore, the Corporation's insurance contract liabilities represent its liability to the policy holders.
The liability comprises reserves for unearned premium, unexpired risk, outstanding claims and incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.
The Corporation's insurance contracts are non-life contracts. These contracts are subsidized agriculture, commercial agriculture, accident, casualty, and property insurance contracts. They are accounted for in accordance with IFRS 4.

In accordance with IFRS 4, the Corporation has continued to apply its accounting policies on Insurance contracts under its previous Generally Acceptable Accounting Principles.

Unearned premium provision

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relate to the unexpired terms of policies in force at the end of the reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis. At each reporting period, the Corporation performs a liability adequacy test to determine whether there is any overall excess of expected claims and deferred acqusitions costs over unearned premiums.

Reserve for unexpired risk
A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision. This is determined based on the liability adequacy test performed by the Corporation at each reporting period.

Reserve for outstanding claims
Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Reserve for incurred but not reported claims (IBNR)
A provision is made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test performed by the Corporation at each reporting period.

Notes to the Financial statements
For the year ended 31 December 2015

Liability Adequacy Test
At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is recognised in profit or loss by increasing the carrying amount of the related insurance liabilities.
The Liability Adequacy Test (LAT) was performed through an actuarial valuation.

Actuarial valuation
An actuarial valuation of the insurance contract liabilities is conducted annually to determine the liabilities on the existing policies as at the date of the valuation. All surpluses and deficits arising therefrom are charged to the profit or loss account.
The actuarial valuation was performed by HR Nigeria Limited, a recognised firm of actuaries.

(ii) Recognition and Measurement of Insurance contracts
Premium
Gross written premiums for general insurance contracts comprise premiums received in cash, premiums that have been received and confirmed as being held on behalf of the Corporation by insurance brokers and have been duly certified as well as agricultural insurance premiums of 37.5% and 12.5% expected as subsidies from the Federal and State governments respectively in accordance with Section 9(2) of the NAIC Act of 1993. Gross premiums are stated gross of commissions that are payable to intermediaries.
Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Reinsurance
Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognized at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognized on the same basis as the acquisition costs incurred.
Premiums ceded, claims recovered and commission received are presented in the statement of profit or loss and statement of financial position separately from the gross amounts.
Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Corporation may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Corporation will receive from the reinsurer.
Reinsurance cost represents outward premium paid/payable to reinsurance companies less the unexpired portion as at the end of the financial year.

Claims
Claims incurred comprise claims and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims. Claims and claims handling expenses are charged to profit or loss as incurred.

(p) Employee benefits liabilities

(i) Short-term benefits
Staff benefits such as wages, salaries, paid annual leave allowance, and non-monetary benefits are recognized as employee benefit expenses. The expenses are accrued when the associated services are rendered by the employees of the Corporation.
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Defined contribution plans
The Corporation operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2004. The Corporation and employees contribute 10% and 8% respectively (2014: 7.5% and 7.5%) each of the qualifying monthly emoluments in line with the Pension Reform Act.
The Corporation's monthly contribution to the plan is recognized as an expense in profit or loss as part of staff cost.
The Corporation pays contributions to privately administered pension fund administration on a monthly basis. The Corporation has no further payment obligation once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Financial statements
For the year ended 31 December 2015

(iii) Defined benefit plans
Gratuity
The Corporation operates a staff gratuity scheme for its employees. The gratuity liability was actuarially determined using the projected unit credit method with discount rate used being the market yield on government bonds. Net actuarial gains and losses are recognised immediately in other comprehensive income. Past service cost is recognised immediately in the statement of profit or loss for all qualified employees.
The plan is unfunded and payments are made on a pay-as-you-go basis. All confirmed staff of the Corporation are eligible for the gratuity scheme.

(q) Capital and reserves
(i) Share capital
The equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.
Equity instruments issued by the Corporation are recognized as the proceeds are received, net of direct issue costs.

(ii) Contingency reserves
The Corporation maintains contingency reserves for the general business in accordance with the provisions of S.21 (1) of the Insurance Act 2003. In compliance with this regulatory requirement, the Corporation maintains Contingency Reserve at the rate equal to the higher of 3% of gross premium or 20% of the total profit until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

(iii) General reserves
The reserve comprises undistributed profit/ (loss) from previous years and the current year. It is classified as part of equity in the statement of financial position.

(iv) Reserve fund contribution
The NAIC enabling Act established the reserve fund for the payment of indemnities under the National Insurance Scheme, into which shall be paid an initial authorized capital of N 200million by certain stakeholders. Part of this amount was utilized in the course of recapitalization.

(v) Fair value reserves
Fair value reserves represent the cummulative net change in the fair value of available-for-sale financial assets at the reporting date.

(vi) Remeasurement gains/losses on defined benefit obligation
Remeasurement gains/losses represent the fair value on post employment benefit the Corporation pays its employees.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Corporation determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(vii) Exchange gains/loss reserves
Exchange gains/loss reserves represent the cummulative foreign exchanges differences on available -for sale financial assets dominated in other currencies as at reporting date.

(r) Revenue Recognition

(i) Gross Premium written

Gross premium written comprises the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognized at the point of attachment of risk to a policy, gross of commission expense, and before deducting cost of reinsurance cover and unearned portion of the premium. Gross premium written and unearned premiums are measured in accordance with the policies set out in (o)(ii) of the statement of accounting policies.

(ii) Gross premium income

This represents the earned portion of premium received and is recognized as revenue including changes in unearned premium. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

Notes to the Financial statements
For the year ended 31 December 2015

(iii) Fees and commission income
Fees and commission income consists primarily of insurance agency and brokerage commission, reinsurance and profit commissions, 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 are recognized as the services are provided.

(iv) Investment Income
Investment income consists of rental income on investment properties, interest income on loans and receivables, interest income on cash and cash equivalents and unrealised gains and losses on investment properties. Rental income is recognized on an accrual basis.

Interest income is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(v) Realized gains and losses and unrealized gains and losses
Realized gains and losses on investments include gains and losses on investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.
Unrealized 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 recognized unrealized gains and losses in respect of disposals during the year.

(vii) Other operating income
Other operating income represents income generated from sources other than premium revenue and investment income. It includes profit on disposal of fixed assets and write back on impairments no longer required. Income is recognized when payment is received.

(viii) Government grants
Government grants are not recorded in the accounts until it is reasonably certain that the Corporation will meet the conditions stipulated for receipt of the grant and that the grant will be received.
Grants that compensate the Corporation for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(s) Expense Recognition

(i) Claims expenses
Claims expenses consist of insurance claims and benefits incurred within the reporting period, less the amount recoverable from the reinsurance companies.

(ii) Insurance benefits and benefits incurred
Gross benefits and claims consist of benefits and claims paid / payable to policyholders, which include changes in the gross valuation of insurance contract liabilities, except for gross change in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

(iii) Underwriting expenses
Underwriting expense include acquisition costs and maintenance expense. Acquisition costs comprise direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies and clients. All underwriting expenses are charged to profit or loss as they accrue or become payable.

(iv) Management expenses
Management expenses are recognised in profit or loss when goods are received or services rendered. They are expenses other than claims, maintenance and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

(v) Reinsurance expenses
Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portionas at the end of the accounting year.

Notes to the Financial statements
For the year ended 31 December 2015

(v) Leases

(i) Operating leases
The Corporation's leases are classified as operating leases. These are leases where the lessor retains the risks and rewards of ownership of the underlying asset.

The Corporation as a lessor

Rental income from an operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Corporation as a lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(t) Segment reporting
An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation's other components, whose results are reviewed regularly by the Corporation's Chief Executive (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(u) 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 Corporation or the Corporation has a present obligation as a result of past events which is not recognized 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 likely to crystallize.

(v) Taxation
According to Section 30 (2) of the NAIC enabling Act No 37 of 1993, the Corporation is exempted from paying Corporation income tax until such as time when the amount in the general reserve fund of the Corporation is for the first time equal to twice the amount of the paid-up capital of the Corporation. The Corporation however pays both withholding tax and value added tax as required.

Notes to the Financial statements
For the year ended 31 December 2015

4. Critical accounting estimates and judgments

The Corporation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments 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.
The preparation of financial statements requires management to make judgments, 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 circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised thus:

• in the period in which the estimate is revised, if the revision affects only that period, or
• in the period of the revision and future periods, if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes;
• Note 3(c)(iv) - Determination of fair value
• Note 3(o) - Reserve for insurance contract liabilities

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Corporation’s accounting policies and that have the most significant effect on the amounts recognized in financial statements:

(a) Fair value of financial assets

The directors are required to make judgment in selecting an appropriate valuation technique for some financial assets. The Company's policy on fair value measurements is discussed under note 3 (c)(iv).

(b) Impairment of financial and non - financial assets

Impairment of financial assets

Management's judgment is required to assess and determine the amount of impairment for financial assets carried at amortized costs as well as the amount of impairment for trade receivables. The significant estimates and judgments applied in assessing the impairment on financial assets are as shown in the statement of accounting policies note 3 (c)(v).

Impairment of non-financial assets

At the end of each reporting period, the Corporation 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 impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation 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 Corporation 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.

Notes to the Financial statements

For the year ended 31 December 2015

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 revalued amount, in which case the impairment loss is treated as a revaluation decrease and recognised in other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase and recognise in other comprehensive income.

(c) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(d) Determination of fair value of investment properties

Fair value of investment properties is determined by a registered estate valuer using market prices of properties in similar locations and industry information on rent. Factors applied are determined by estimation of certainty.

(e) Retirement benefits obligations

The cost of defined benefit obligation and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	Note	31-Dec-2015 N'000	31 Dec. 2014 Restated* N'000
Gross premium written:	26	1,037,268	1,243,237
Gross premium income	26	1,073,090	1,179,230
Reinsurance expenses	27	(168,927)	(254,234)
Fees and commission income	28	37,166	55,138
Net underwriting income		**941,329**	**980,134**
Claims expenses	29	(3,495)	42,910
Underwriting expenses	30	(102,452)	(98,500)
Underwriting expenses		**(105,947)**	**(55,590)**
Underwriting profit		**835,382**	**924,544**
Investment income	31	394,889	450,651
Government grants	32	-	7,833
Impairment losses	33	(318,355)	(117,028)
Other operating income	34	16,452	1,150
		92,986	**342,606**
Net income		**928,368**	**1,267,150**
Personnel expenses	35	(727,852)	(674,453)
Foreign exchange loss	36	(17,720)	-
Operating expenses	37	(377,060)	(291,001)
		(1,122,632)	**(965,454)**
(Loss)/profit before tax		(194,264)	301,696
Income tax expense	38	-	-
(Loss) /profit after tax		**(194,264)**	**301,696**
Other comprehensive income			
Net loss on available-for-sale financial assets	22	(1,107)	(1,555)
Exchange gains on available-for-sale financial assets	25	3,400	-
Net actuarial (losses)/gains on employee benefits	18(b)	(80,623)	111,792
Other comprehensive (loss)/income attributable to shareholders		**(78,330)**	**110,237**
Total comprehensive (loss)/income attributable to shareholders		**(272,594)**	**411,933**

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2015

31 December 2015

	Share capital	Reserve fund contribution	Contingency Reserve	Retained Earnings	Fair value reserves	Exchange gains reserves	Actuarial Gain / (Loss) Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As previously stated	2,500,000	76,670	771,947	4,410,242	5,323	-	-	7,764,182
Restatements (see note 18)	-	-	-	(552,865)	-	-	111,792	(441,073)
Restated balance at 1 January 2015	2,500,000	76,670	771,947	3,857,377	5,323	-	111,792	7,323,109
Loss for the year	-	-	-	(194,264)		-	-	(194,264)
Other comprehensive income								-
Net actuarial gains/(losses) on defined benefit obligations	-	-	-	-	-		(80,623)	(80,623)
Exchange gains on available for sale financial instruments						3,400		3,400
Fair value gains/(losses) on available for sale financial instruments	-	-	-	-	(1,107)	-	-	(1,107)
Total comprehensive loss for the year	-	-	-	(194,264)	(1,107)	3,400	(80,623)	(272,594)
Transactions within Equity:								
Transfer to Contingency reserve	-	-	31,118	(31,118)				-
At 31 December 2015	**2,500,000**	**76,670**	**803,065**	**3,631,995**	**4,216**		**31,169**	**7,050,515**

31 December 2014

	Share capital	Reserve fund contribution	Contingency Reserve	Retained Earnings	Fair value reserves	Exchange gains reserves	Remeasurement Gain / (Loss) Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As previously stated	2,500,000	76,670	692,957	4,110,906	6,878	-	-	7,387,411
Restatements (see note 18)	-	-	-	(459,611)	-	-	-	(459,611)
Restated balance at 1 January 2014	2,500,000	76,670	692,957	3,651,295	6,878	-	-	6,927,800
Profit for the year	-	-	-	301,696	-	-	-	301,696
Other comprehensive income								-
Net actuarial gains/(losses) on defined benefit obligations	-	-	-	-	-	-	111,792	111,792
Fair value gains/(losses) on available for sale financial instruments	-	-	-	-	(1,555)	-	-	(1,555)
Total comprehensive income for the year	-	-	-	301,696	(1,555)	-	111,792	411,933
Transactions within Equity:								
Transfer to Contingency reserve	-	-	78,990	(78,990)	-	-	-	-
Transfer to Ministry of Finance	-	-	-	(16,624)	-	-	-	(16,624)
At 31 December 2014	**2,500,000**	**76,670**	**771,947**	**3,857,377**	**5,323**		**111,792**	**7,323,109**

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2015

	Note	31-Dec-2015 N'000	31-Dec-2014 Restated* N'000
Cash flows from operating activities:			
Premium received from policy holders		726,912	1,009,595
Cash paid to and on behalf of employees		(623,704)	(623,191)
Reinsurance premium paid		(169,029)	(203,876)
Commission received	28	47,143	55,138
Other income received		5,458	-
Claims paid		(206,270)	(331,693)
Claims recoveries		78,430	71,933
Other operating expenses		(220,428)	(283,297)
Commission paid		(86,203)	(98,500)
Net cash from operating activities		**(447,691)**	**(403,891)**
Cash flows from investing activities:			
Purchases of property and equipment	13	(78,934)	(109,822)
Additions to investment properties		(28,900)	(25,676)
Purchase of intangible assets		(25,404)	(21,369)
Proceeds from sale of property and equipment	34	244	1,150
Loans to other parties		(80,000)	(87,500)
Investment income		249,750	471,327
Net cash used in investing activities		**36,756**	**228,110**
Cash flows from financing activities:			
Grants from Ministry of Finance		-	7,833
Transfers to Ministry of Finance		-	(16,624)
Net cash used in financing activities		**-**	**(8,791)**
Net increase in cash and cash equivalents		(410,935)	(184,572)
Cash and cash equivalents at beginning of year		3,546,013	3,730,585
Cash and cash equivalents at end of year		**3,135,078**	**3,546,013**

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2015

5 **Cash and cash equivalents**

	31-Dec-15	12/31/2014 Restated*	1-Jan-14
	N'000	N'000	N'000
Cash and bank balances	2,430,061	99,929	209,112
Short term bank deposits (see (a) below)	-	1,387,232	3,271,473
Treasury bills (see (b) below)	705,017	2,058,852	250,000
	3,135,078	**3,546,013**	**3,730,585**

(a) Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Corporation.

(b) This includes cash and cash equivalents includes treasury bills of initial maturities of 90days or less.

6 **Financial assets**

	31-Dec-15	12/31/2014 Restated*	1-Jan-14
	N'000	N'000	N'000
(a) **Available for sale**			
Quoted equities (see (i) below)	9,767	10,874	12,429
Unquoted equities (see (ii) below	51,004	36,600	-
	60,771	**47,474**	**12,429**
Within one year	-		
More than one year	60,771	47,474	12,429
	60,771	**47,474**	**12,429**

(i) Quoted equities

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Balance as at 1 January	10,874	12,429	9,553
Additions	-	-	2,876
Fair value gains /(losses)	(1,107)	(1,555)	-
	9,767	**10,874**	**12,429**

(ii) Unquoted equities

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Balance as at 1 January	36,600	-	-
Additions	11,004	36,600	-
Exchange gains	3,400	-	-
	51,004	**36,600**	**-**

(b) **Loans and receivables at amortised cost**			
Staff motor vehicle and motorcycle loans	32,934	26,551	32,439
Loans to other parties	91,551	87,500	-
	124,485	**114,051**	**32,439**
Within one year	91,551	87,500	-
More than one year	32,934	26,551	32,439
	124,485	**114,051**	**32,439**
Total	**185,256**	**161,525**	**44,868**

7 **Trade receivables**

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Due from Federal government	730,880	400,244	229,630
Due from state governments	243,626	263,907	200,878
	974,506	664,151	430,508
Impairment allowance (see (b) below)	(664,150)	(430,508)	(313,480)
	310,356	**233,643**	**117,028**
Within one year	310,356	233,643	117,028
More than one year	-	-	-
	310,356	**233,643**	**117,028**

(a) Trade receivables represents 37.5% and 12.5% of the subsidies on qualifying premiums due from the Federal and state governments respectively.

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

(b) The movement in impairment allowance on trade receivables is analysed below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	430,508	313,480	161,686
Allowance made during the year (see note 33)	233,642	117,028	151,794
At 31 December	**664,150**	**430,508**	**313,480**

(c) The Corporation collected amounts due from brokers prior to reporting date. As such, there were no trade receivables from brokers as at year end.

8 **Reinsurance assets**

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Prepaid reinsurance premium (see (b) below)	35,774	35,672	86,030
Reinsurance share of claims outstanding (see (c) below)	67,366	-	-
Reserve for IBNR on claims recoverable (see (d) below)	24,267	17,614	42,216
	127,407	**53,286**	**128,246**
Within one year	127,407	53,286	128,246
More than one year	-	-	-
	127,407	**53,286**	**128,246**

(a) Reinsurance assets are valued after allowance for recoverability and the carrying amount is a reasonable approximation of fair value.

(b) The movement in prepaid reinsurance premium is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	35,672	86,030	9,328
Movement during the year (see note 27)	102	(50,358)	76,702
At 31 December	**35,774**	**35,672**	**86,030**

(c) The movement in reinsurance share of claims outstanding is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	-	-	-
Movement during the year (see note 29)	67,366	-	-
At 31 December	**67,366**	**-**	

(d) The movement in reinsurance share of IBNR claims is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	17,614	42,216	1,470
Movement during the year (see note 29)	6,653	(24,602)	40,746
At 31 December	**24,267**	**17,614**	**42,216**

9 **Deferred acquisition cost**

This represents the unexpired portion of the commission paid to brokers and agents as at the reporting date.

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	48,468	34,938	47,029
Additions in the year	86,203	112,030	86,409
Amortization for the year (See note (30))	(102,452)	(98,500)	(98,500)
At 31 December	**32,219**	**48,468**	**34,938**
Within one year	32,219	48,468	34,938
More than one year	-	-	-
	32,219	**48,468**	**34,938**

(a) Analysis of deferred acquisition cost by class of insurance is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Subsidized agric	12,461	19,695	16,057
Commercial agric	1,439	1,906	870
Fire	6,308	5,932	2,970
Accident	2,031	12,056	5,964
Motor	7,629	6,812	6,440
Marine and aviation	1,836	385	669
Oil & gas	515	1,682	1,968
	32,219	**48,468**	**34,938**

Notes to the financial statements (Cont'd)

for the year ended 31 December 2015

10 **Other receivables and prepayments**

	31-Dec-15	12/31/2014 Restated*	1-Jan-14
	N'000	N'000	N'000
Prepayments	23,317	34,206	5,585
Prepaid staff benefit	5,362	-	
Staff furniture grant	35,711	5,550	32,672
Staff children education allowances	18,298	12,318	11,410
Rental income receivables	72,435	-	-
Prepaid insurance levy	-	2,147	-
Other receivables	14,801	5,355	4,535
	169,924	59,576	54,202
Impairment allowance (see (a) below and Note 33)	(84,713)	-	-
	85,211	**59,576**	**54,202**

(a) Impairment allowance relates to impairment charges on rental income receivables and other receivables.

Within one year	85,211	59,576	54,202
More than one year	-		
	85,211	**59,576**	**54,202**

11 **Investment properties**

	31-Dec-15	31-Dec-14
	N'000	N'000
Balance as at 1 January	4,033,000	4,028,000
Additions	28,900	25,676
Fair value gains/(loss) (see Note 31)	40,100	(20,676)
At 31 December	**4,102,000**	**4,033,000**

(a) Movement in investment properties are shown below:

31-Dec-15

Property details	**Balance as at 1 January 2015**	**Additions during the year**	**Fair value gain/(loss)**	**Balance as at 31 December 2015**
	N'000	N'000	N'000	N'000
NAIC BUILDING, plot 590, Zone A/O, Central Area, Abuja	2,969,000	28,900	(4,900)	2,993,000
NAIC BUILDING, Plot 9 Bank Layout, off Udo Udoma Avenue, Itim Utoi, Uyo, Akwa Ibom State	310,000	-	20,000	330,000
NAIC BUILDING , No. 14, Hassan Katsina, Road, GRA, Katsina	460,000	-	25,000	485,000
NAIC BUILDING, 14 Sir Kashim Ibrahim, Road, Maiduguri.	294,000	-	-	294,000
	4,033,000	**28,900**	**40,100**	**4,102,000**

31-Dec-14

Property details	**Balance as at 1 January 2014**	**Additions during the year**	**Fair value gain/(loss)**	**Balance as at 31 December 2014**
	N'000	N'000	N'000	N'000
NAIC BUILDING, plot 590, Zone A/O, Central Area, Abuja	2,945,000	25,676	(1,676)	2,969,000
NAIC BUILDING, Plot 9 Bank Layout, off Udo Udoma Avenue, Itim Utoi, Uyo, Akwa Ibom State	305,000	-	5,000	310,000
NAIC BUILDING , No. 14, Hassan Katsina, Road, GRA, Katsina	498,000	-	(38,000)	460,000
NAIC BUILDING, 14 Sir Kashim Ibrahim, Road, Maiduguri.	280,000	-	14,000	294,000
	4,028,000	**25,676**	**(20,676)**	**4,033,000**

(b) **Measurement of fair value**

The fair value was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Corporation's investment property annually.

The fair value of the Corporation's investment property is categorised into Level 3 of the fair value hierarchy. See (c) below for a summary of the valuation techniques used in measuring the fair value of investment property as well as the significant unobservable market inputs used.

(c) **Valuation techniques and significant unobservable inputs**

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
The fair value of investment properties has been determined based on valuations performed by Femi Shodunke and Associates (FRC/2013/NIESV/0000000012385), as at 31 December 2015 and 2014. The valuer is an industry specialist in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount that would be received to sell the properties in an orderly transaction between market participants at the measurement date in the principal market to which the Corporation has access at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss. The profits or losses on disposal are also reported in statement of profit or loss as they occurred.	- Prices per square metre - Rate of development in the area - Quality of the land - Influx of business and / or people to the area - Rental income	The estimated fair value would increase (decrease) if: - the rate of development in the area increases (decreases); - quality of the land increases (decreases); - influx of people, rental income increases (decreases); and/or - business to the area increases (decreases).

(e) **Amounts recognised in profit or loss**

During the year, investment property rentals of approximately N105 million (2014: N124 million) were included in 'investment income' (see note 31). Maintenance expense, included in 'management expenses' have been considered to be insignificant.

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

12 **Property and equipment**

	Land & Building	Office Equipment	Furniture, Fittings	Motor Vehicles	Computer Equipment	Plant and Machinery	Total
	N'000	N'000	N'000	N'000	N'000		N'000
Cost							
At 1 January 2015	9,226	20,194	125,744	312,116	67,215	15,944	550,439
Additions	-	55	22,334	32,906	6,736	16,901	78,932
Disposals		(48)	(55)	(1,564)		-	(1,667)
At 31 December 2015	**9,226**	**20,201**	**148,023**	**343,458**	**73,951**	**32,845**	**627,704**
At 1 January 2014	9,226	19,861	105,671	249,691	63,348	15,904	463,701
Additions		333	20,073	85,509	3,867	40	109,822
Disposals	-	-	-	(23,084)	-		(23,084)
At 31 December 2014	**9,226**	**20,194**	**125,744**	**312,116**	**67,215**	**15,944**	**550,439**

Accumulated depreciation

	Land & Building	Office Equipment	Furniture, Fittings	Motor Vehicles	Computer Equipment	Plant and Machinery	Total
	N'000	N'000	N'000	N'000	N'000		N'000
At 1 January 2015	923	18,221	89,891	170,804	44,846	13,898	338,583
Charge for the year	230	387	13,235	42,635	7,604	2,935	67,026
Disposals		(48)	(55)	(1,564)	-		(1,667)
At 31 December 2015	**1,153**	**18,560**	**103,071**	**211,875**	**52,450**	**16,833**	**403,942**
At 1 January 2014	692	17,390	79,840	170,546	41,787	13,063	323,318
Charge for the year	231	831	10,051	23,342	3,059	835	38,349
Disposals	-	-	-	(23,084)	-		(23,084)
At 31 December 2014	**923**	**18,221**	**89,891**	**170,804**	**44,846**	**13,898**	**338,583**
Carrying amounts:							
At 31 December 2015	**8,073**	**1,641**	**44,952**	**131,583**	**21,501**	**16,012**	**223,762**
At 31 December 2014	**8,303**	**1,973**	**35,853**	**141,312**	**22,369**	**2,046**	**211,856**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2014: nil)
(b) In the opinion of the directors, the market value of the Corporation's property and equipment is not less than the value shown in the financial statements.
(c) The Corporation had no capital commitments as at the reporting date (2014: nil)
(d) The Corporation had no restrictions to the use of its property, plant and equipment as at the balance sheet date.
(e) No leased assets are included in the property, plant and equipment. (2014: nil)

Notes to the financial statements (Cont'd)

for the year ended 31 December 2015

13 Intangible assets

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Cost			
Balance, beginning of year	21,369	-	-
Additions	25,404	21,369	-
Balance, end of year	**46,773**	**21,369**	**-**
Accumulated Amortization			
Balance, beginning of year	-	-	-
Charge for the year	7,966	-	-
Balance, end of year	**7,966**	**-**	**-**
Net book value			
Balance, end of year	38,807	21,369	-
Balance, beginning of year	**21,369**	**-**	**-**

14 Statutory deposits

In line with section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital is kept with the Central Bank of Nigeria. The amount held will increase or decrease in relation to the amount of paid up share capital in issue. The cash amount held is considered to be a restricted cash balance.

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Deposits with CBN	300,000	300,000	300,000
	300,000	**300,000**	**300,000**

15 **Insurance contract liabilities**

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	**N'000**	N'000
Unearned premium (see (a) below)	382,220	418,042	354,035
Outstanding claims:			
- Claims outstanding (see (b) below)	255,264	232,247	145,362
- Incurred but not reported (see (c) below)	98,991	172,334	586,491
	736,475	**822,623**	**1,085,888**
Within one year	736,475	822,623	1,085,888
More than one year			
	736,475	**822,623**	**1,085,888**

(a) Unearned premium is summarised by class below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Subsidized agric	246,711	191,051	145,755
Commercial agric	17,118	14,975	8,796
Motor	57,953	61,222	65,559
General accident	9,138	84,078	76,609
Fire	30,774	46,573	29,848
Marine and aviation	6,024	2,798	8,001
Oil and gas	14,502	17,345	19,467
Total	**382,220**	**418,042**	**354,035**

(i) The movement in unearned premium reserves is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	418,042	354,035	268,005
Movement during the year (see note 26)	(35,822)	64,007	86,030
At 31 December	**382,220**	**418,042**	**354,035**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2014

(b) Outstanding claims represent the estimated ultimate cost of settling claims arising from incidents occurring as at the reporting date.
Analysis of outstanding claims by class is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Subsidized agric	79,763	26,068	81,076
Commercial agric	-	6,644	47,223
Fire	1,700	12,180	3,350
Accident	3,946	9,985	223,807
Motor	5,105	10,627	25,666
Marine and aviation	-	1,993	89,619
Oil and gas	49,000	49,000	-
Bonds	115,750	115,750	115,750
Total	**255,264**	**232,247**	**586,491**

(i) The movement in outstanding claims reserves is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	232,247	586,491	197,222
Movement during the year (see note 30)	23,017	(354,244)	389,269
At 31 December	**255,264**	**232,247**	**586,491**

(c) The incurred but not reported reserves by class of contract is summarised below by reference to liabilities.

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Subsidized agric	35,678	46,733	82,085
Commercial agric	15,810	19,074	5,833
Fire	6,091	10,562	24,037
Accident	17,466	64,263	2,767
Motor	6,394	6,803	695
Marine and aviation	7,478	3,076	4,147
Oil and gas	10,074	21,823	25,798
Total	**98,991**	**172,334**	**145,362**

(i) The movement in incurred but not reported reserves is shown below:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	172,334	145,362	-
Movement during the year (See note 30)	(73,343)	26,972	145,362
At 31 December	**98,991**	**172,334**	**145,362**

16 **Trade payables**

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Reinsurance payable	-	4,671	4,671
	-	**4,671**	**4,671**
Within one year	-	4,671	4,671
More than one year	-	-	-
	-	**4,671**	**4,671**

17 **Accruals and other payables**

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Deferred rental income (see (a) below)	25,628	48,111	48,232
Deferred commission income (see (b) below)	9,978	-	-
Provision for NAICOM levy	8,500	8,500	8,788
Provision for professional fees	9,461	4,500	5,088
Pension payables	30,320	-	-
Payable to National Health Insurance Scheme	3,314	-	-
Payable to National Housing Fund	3,244	-	-
PAYEE payable	9,074	12,740	-
Other creditors	9,477	3,408	13,606
	108,996	**77,259**	**75,714**
Within one year	108,996	77,259	75,714
More than one year	-	-	-
	108,996	**77,259**	**75,714**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2014

(a) **Deferred rental income**
Deferred rental income relates to income received in advance from rent of investment properties to other tenants.

(b) **Deferred commission income**
Deferred commission income represents the unearned portion of commission earned from ceding out insurance business.

18 **Retirement Benefit obligations**
The defined benefit obligation is actuarially determined at year end. The actuarial valuation was carried out using the "Projected Unit Credit" otherwise known as accrued benefit method. Gains and losses on experience adjustments and changes in actuarial assumptions are charged to other comprehensive income. The defined benefit obligation was actuarially determined by HR Nigeria Limited (FRC/NAS/00000000738) as at 31 December 2015. There are no explicit/physical assets held to fund grauities. Gratuity payments are met by Company on a pay-as-you-go basis.

The amounts recognised in the statement of financial position are determined as follows:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Present value of funded obligations	-	-	-
Fair value of plan assets	-	-	-
Present value of unfunded obligations	644,110	441,074	459,611
	644,110	441,074	459,611
Liability in the statement of financial position	(644,110)	(441,074)	(459,611)

The movement in the gratuity obligation over the year is as follows:

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
At 1 January	441,074	459,611	-
Current service cost	62,837	66,040	-
Interest cost	65,268	59,479	-
Past Service Cost (including curtailments)	-	-	459,611
Benefits paid	(5,692)	(32,264)	-
Actuarial losses/(gains) (see (b) below)	80,623	(111,792)	-
At 31 December	**644,110**	**441,074**	**459,611**
Within a year	-	-	-
More than a year	644,110	441,074	459,611
	644,110	**441,074**	**459,611**

		31-Dec-15	31-Dec-14	1-Jan-14
(a)	Income statement charges:-			
	Past service costs	-	-	-
	Current service cost	62,837	66,040	459,611
	Interest cost	65,268	59,479	-
	Total recognised in income statement (see Note 35)	**128,105**	**125,519**	**459,611**
(b)	(Losses)/gains on other comprehensive income			
	(Losses)/gains due to assumptions	(102,661)	68,393	-
	(Losses)/gains due to experience	22,038	43,399	-
	Total recognised in OCI	**(80,623)**	**111,792**	**-**

(c) Actuarial assumptions
The following are the actuarial assumptions at the reporting date:

	31-Dec-15	31-Dec-14	1-Jan-14
Long term average discount rate	12%	15%	13.5%
Average future pay increase	11%	12%	12%
Average future rate of inflation	9%	9%	9%
Mortality rate	A67/70 Ultimate	A67/70 Ultimate	A67/70 Ultimate
Retirement age	60 years or 35 years of service	60 years or 35 years of service	60 years or 35 years of service

(d) Sensitivity analysis for actuarial valuation

	31-Dec-15	31-Dec-14	1-Jan-14
	N'000	N'000	N'000
Base	644,110	441,074	459,611
Discount rate (+1%)	587,373	402,615	416,315
Discount rate (-1%)	709,328	485,075	509,756
Salary increase (+1%)	712,516	488,074	512,266
Salary increase (-1%)	583,764	399,526	413,552
Mortality (age rated up by 1 year)	644,325	441,548	459,865
Mortality (age down up by 1 year)	643,917	440,647	459,383

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

19 **Share capital**

Share capital comprises

	31-Dec-15	31-Dec-14	31-Dec-13
	N'000	N'000	N'000
Authorized share capital			
5,000,000,000 ordinary share of N1 each	**5,000,000**	**5,000,000**	**5,000,000**
Paid up share capital			
2,500,000,000 ordinary share of N1 each	**2,500,000**	**2,500,000**	**2,500,000**

20 **Reserve fund contribution**

Reserve fund contribution fund was maintained in compliance with Part 5, Section 18 of the NAIC enabling Act for payment of indemnities under the agricultural insurance scheme. Part of the original amount of N200,000,000 was utilized in meeting the recapitalization need of the corporation leaving the current balance of N76million (2014: N76million).

21 **Contingency reserves**

In compliance with Section 21(1) of Insurance Act 2003, the contingency reserve for general business is transferred from general reserve and credited with the greater of 3% of gross premium or 20% of Net Profit and accumulated until it reaches the amount of greater of minimum Paid up Capital or 50% of Net Premium.

	31-Dec-15	31-Dec-14	31-Dec-13
	N'000	N'000	N'000
At 1 January	771,947	692,957	661,715
Transfer from general reserve	31,118	78,990	31,242
At 31 December	**803,065**	**771,947**	**692,957**

22 **Fair value reserve**

	31-Dec-15	31-Dec-14	31-Dec-14
	N'000	N'000	N'000
At 1 January	5,323	6,878	4,002
Changes in fair value of financial assets	(1,107)	(1,555)	2,876
At 31 December	**4,216**	**5,323**	**6,878**

23 **General reserves**

The General reserves are maintained in line with Part V(19) of the NAIC Act which provides that "without prejudice to the provisions of any enactment requiring the establishment of technical reserves by a registered insurer, the Corporation shall establish and maintain a general reserve fund out of the profits of the Corporation for meeting contingencies, depreciation of assets, for liquidation of any debt or liability of the Corporation and for such purposes as the Board may consider necessary for the proper functioning of the Corporation under the Act"

	31-Dec-15	31-Dec-14	31-Dec-13
	N'000	N'000	N'000
At 1 January - before restatement	4,410,242	4,110,906	4,716,186
Restatement (see note 19 (c))	(552,865)	(459,611)	-
At 1 January - as restated	3,857,377	3,651,295	4,716,186
Transfer from (loss)/profit	(194,264)	301,696	(964,792)
Transfer to contingency reserve (see note 22)	(31,118)	(78,990)	(31,242)
Transfers to Ministry of Finance Incorporated	-	(16,624)	(68,857)
At 31 December	**3,631,995**	**3,857,377**	**3,651,295**

24 **Actuarial gains/(losses) on defined benefit obligations**

	31-Dec-15	31-Dec-14	31-Dec-13
	N'000	N'000	N'000
At 1 January	111,792	-	-
Actuarial gains/loss for the year (see note 18(b))	(80,623)	111,792	-
At 31 December	31,169	111,792	-

25 **Exchange gains reserves**

The exchange gains reserve warehouses foreign exchange gains/lossess on available for sale financial assets denominated in other currencies apart from the Corporation's functional currency which is the Naira.

	31-Dec-15	31-Dec-14	31-Dec-13
	N'000	N'000	N'000
At 1 January	-	-	-
Foreign exchange gain on AFS investments	3,400	-	-
At 31 December	**3,400**	**-**	**-**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

26 Gross premium income

	31-Dec-15	31-Dec-14
	N'000	N'000
Gross premium written	1,037,268	1,243,237
	1,037,268	1,243,237
Changes in unearned premium reserve (see note 15a(i))	35,822	(64,007)
	1,073,090	**1,179,230**

27 Reinsurance expenses:

	31-Dec-15	31-Dec-14
	N'000	N'000
Reinsurance premium paid	(169,029)	(203,876)
Change in prepaid reinsurance (see note 8(b))	102	(50,358)
	(168,927)	**(254,234)**

28 Fee and commission income

	31-Dec-15	31-Dec-14
	N'000	N'000
Reinsurance commissions	37,166	55,138
	37,166	**55,138**

29 Claims expenses

	31-Dec-15	31-Dec-14
	N'000	N'000
Insurance claims and benefits incurred	206,270	331,693
Claims recovered from reinsurers	(78,430)	(71,933)
Changes in reinsurers' share of outstanding claims (see note 8(c))	(67,366)	-
Changes in reinsurers' share of IBNR (see note 8(d))	(6,653)	24,602
Changes in outstanding claims (see note 15b(i))	23,017	(354,244)
Changes in IBNR (See note 15c(i))	(73,343)	26,972
	3,495	**(42,910)**

30 Underwriting expenses

	31-Dec-15	31-Dec-14
	N'000	N'000
Acquisition cost (see note 9 and (a) below)	102,452	98,500
	102,452	**98,500**

(a) The movement in acquisition cost is shown below:

	31-Dec-15	31-Dec-14
	N'000	N'000
Commission paid	86,203	112,029
Movement in deferred acquistion cost (see (b) below)	16,249	(13,529)
At 31 December	**102,452**	**98,500**

(b) Analysis of movement in deferred cost is shown below:

	31-Dec-15	31-Dec-14
	N'000	N'000
Subsidized agric	7,235	3,637
Motor	(818)	372
Fire	(376)	2,962
General accident	10,025	6,092
Commercial agric	467	1,036
Marine and aviation	(1,451)	(284)
Oil and gas	1,167	(286)
Total	**16,249**	**13,529**

31 Investment income

	31-Dec-15	31- Dec- 2014 Restated*
	N'000	N'000
Debt securities:		
- Loan & receivables (amortised cost)	3,452	553
Interest income on deposits with financial institutions	138,298	310,358
Interest income on treasury bills	108,000	-
Interest income on statutory deposit	-	36,033
Rental income from investment properties	105,039	124,383
Fair value gain/(loss) on investment properties (unrealised) (a)	40,100	(20,676)
	394,889	**450,651**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

32 **Government grants**

	31-Dec-15	31-Dec-14
	N'000	N'000
Government grants (see (a) below)	-	7,833
	-	**7,833**

(a) This represents the allocation made to the Corporation by the Federal government of Nigeria to cater for overhead costs. No allocation was received in the 2015 financial year from the Federal government.

33 **Impairment losses**

	31-Dec-15	31-Dec-14
	N'000	N'000
Impairment allowance on trade receivables (see note 8)	(233,642)	(117,028)
Impairments allowance on other assets (see Note 10)	(84,713)	-
	(318,355)	**(117,028)**

34 **Other operating income**

	31-Dec-15	31-Dec-14
	N'000	N'000
Profit on disposal of property and equipment	244	1,150
Other income	16,208	-
	16,452	**1,150**

35 **Personnel expenses**

	31-Dec-15	31-Dec-14 Restated *
	N'000	N'000
Wages and salaries	559,614	519,584
Pension costs	37,003	29,350
Interest expense on staff loans	3,130	-
Post employment benefit expenses (see note 18)	128,105	125,519
	727,852	**674,453**

(a) Personnel expenses for 2014 were initially included in maintenance expenses in the 2014 financial statements. They have been separately reported for better reporting purposes in the current period.

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

36 Foreign exchange gain/(loss)

	31-Dec-15	31-Dec-14
	N'000	N'000
Loss on translation of foreign currency transactions	17,720	-
	17,720	**-**

37 Operating expenses
(a) Management expenses analysed by nature

	31-Dec-15	31-Dec-14 Restated*
	N'000	N'000
Depreciation on property and equipment	67,027	38,348
Amortisation of computer software	7,966	-
Audit fees	5,000	3,000
Professional fees	15,761	28,604
Rent and rates	21,685	10,750
Directors' fees	21,399	9,010
Donations	551	350
Bank charges	1,515	3,354
Insurance levy	9,246	8,500
Industrial training fund levy	2,706	3,671
Training and development	33,587	36,498
Insurance premium-corporation properties	25,229	9,705
Communication expenses	9,472	10,007
Computer consumables	1,761	6,153
Stationeries	7,193	7,865
Adverts and publicity	30,966	18,283
Travel expenses	22,766	27,231
Contract staff allowance	5,900	5,495
Offices- repairs and maintenance	28,779	22,684
Vehicle- repairs and maintenance	16,181	18,555
Office cleaning expenses	6,430	5,500
Entertainment	5,676	4,008
Utility expenses	5,157	5,265
Books and periodicals	9,784	7,854
Pre-insurance inspection	8,766	-
Other administrative expenses	6,557	311
	377,060	**291,001**

38 Income taxes

In accordance with Section 1 and 2 of the NAIC Act of 1993, the Corporation is not liable for Company income taxes until the general reserve fund of the Corporation is for the first time equal to twice the amount of the paid-up capital of the Corporation. This condition was not met by the Corporation as at the reporting date. Consequently, no income taxes have been booked in the current reporting period.

Notes to the financial statements (Cont'd)

for the year ended 31 December 2015

39 **Hypothecation of assets**

Assets allocation was done in accordance with NAICOM guidelines in force to meet the minimum requirement of Section26(1) (c) of the Insurance Act of Nigeria for hypothecation of investments representing the insurance funds as follows:

31 December 2015		Policyholders' funds N'000	Shareholders' funds N'000	Total N'000
Assets				
Cash and cash equivalents	5	705,017	2,430,061	3,135,078
Financial assets	6	-	185,256	185,256
Trade receivables	7	-	310,356	310,356
Reinsurance assets	8	127,407	-	127,407
Deferred acquisition cost	9	32,219	-	32,219
Other receivables and prepayments	10	-	85,211	85,211
Investment properties	11	-	4,102,000	4,102,000
Property, plant and equipment	12	-	223,762	223,762
Intangible assets	13	-	38,807	38,807
Statutory deposits	14	-	300,000	300,000
Total assets		**864,643**	**7,675,453**	**8,540,096**
Liabilities				
Insurance contract liabilities	15	736,475	-	736,475
Trade payables	16	-	-	-
Accruals & other payables	17	-	108,996	108,996
Retirement benefit obligations	18	-	644,110	644,110
Total Liabilities		**736,475**	**753,106**	**1,489,581**
Surplus		**128,168**	**6,922,347**	**7,050,515**

31 December 2014		Policyholders' funds N'000	Shareholders' funds N'000	Total N'000
Assets				
Cash and cash equivalents	5	1,008,852	2,537,161	3,546,013
Financial assets	6	-	161,525	161,525
Trade receivables	7	-	233,643	233,643
Reinsurance assets	8	53,286	-	53,286
Deferred acquisition cost	9	48,468	-	48,468
Other receivables and prepayments	10	-	59,576	59,576
Investment properties	11	-	4,033,000	4,033,000
Property, plant and equipment	12	-	211,856	211,856
Intangible assets	13	-	21,369	21,369
Statutory deposits	14	-	300,000	300,000
Total assets		**1,110,606**	**7,558,130**	**8,668,736**
Liabilities				
Insurance contract liabilities	15	822,623	-	822,623
Trade payables	16	-	4,671	4,671
Accruals & other payables	17	-	77,259	77,259
Retirement benefit obligations	18	-	441,074	441,074
Total Liabilities		**822,623**	**523,004**	**1,345,627**
Surplus		**287,983**	**7,035,126**	**7,323,109**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

40 **Related party transactions**

(a) ***Transactions with key management personnel***

The Corporation’s key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control.

(i) ***Key management personnel and director transactions***

The Corporation did not earn premium income from any director during the year as no insurance cover was provided to any director and key management personnel.

(ii) **Compensation of key management personnel**

Key management personnel of the Corporation includes all directors, executive and non-executive. The summary of compensation of key manangement personnel for the year is as follows:

	31-Dec-15	31-Dec-14
	N'000	N'000
Directors’ fees:		
Fees and sitting allowance	21,399	9,010
Executive compensation	55,058	21,593
	76,457	**30,603**
The highest paid director	21,593	21,593

(iii) **Staff information**

The number of employees in receipt of emoluments including allowances within the following ranges were:

			2015	2014
Below		2,000,000	221	231
2,000,001	-	4,000,000	19	15
4,000,001	-	6,000,000	5	2
6,000,001	-	8,000,000	-	
8,000,001	-	10,000,000	-	
10,000,001	-	12,000,000	-	
12,000,001	-	and above	3	1
			248	**249**

Average number of persons employed in the financial year and the related staff cost were as follows:

	31-Dec-15	31-Dec-14
Executive management	3	1
Senior management	16	16
Middle management	176	178
Junior staff	53	54
	248	**249**

41 **Contingencies and commitments**

The Corporation has no contingent assets or liabilities at the reporting date.

42 **Events after the reporting period**

There were no major events after the reporting period that can impact on the Financial Statement.

43 **Contraventions**

The Corporation did not pay any penalties in respect of contravention of laws and regulations of NAICOM and the Insurance Act during the year.

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

44 Restatement of prior period financial information

The financial information in 2014 and 2013 were restated mainly to correctly account for the effect of the retirement benefit obligation created as a result of the Company's practice. Previously, the Corporation only recognised the liability when payment was due. IAS 19 provides that an entity shall disclose information that enables users of financial statements to evaluate the nature of its defined benefit plans and the financial effects of changes in those plans during the period.

The summary of the restatement to financial information as at 31 December 2014 and 1 January 2014 are presented below:

(I) **Summary of restatement to 31 December 2014 and 1 January 2014 figures**
Statement of financial position
In thousands of Naira

		31-Dec-14	Effect of restatement	31-Dec-14	1-Jan-14	Effect of restatement	1-Jan-14
		Previously reported		Restated	Previously reported		Restated
Assets							
Cash and cash equivalents	(b)	3,616,475	(70,462)	3,546,013	3,730,585	-	3,730,585
Financial assets	(c)	74,025	87,500	161,525	44,868	-	44,868
Trade receivables		233,643	-	233,643	117,028	-	117,028
Reinsurance assets		53,286	-	53,286	128,246	-	128,246
Deferred acquisition cost		48,468	-	48,468	34,938	-	34,938
Other receivables and prepayments	(d)	76,611	(17,035)	59,576	54,202	-	54,202
Investment properties		4,033,000	-	4,033,000	4,028,000	-	4,028,000
Property and equipment		211,856	-	211,856	115,817	-	115,817
Intangible assets		21,369	-	21,369		-	-
Statutory deposits		300,000	-	300,000	300,000	-	300,000
Total assets		**8,668,734**	**2**	**8,668,736**	**8,553,684**	**-**	**8,553,684**
Liabilities							
Insurance contract liabilities		822,623	-	822,623	1,085,888	-	1,085,888
Trade payables		4,671	-	4,671	4,671	-	4,671
Accruals & other payables		77,259	-	77,259	75,714	-	75,714
Retirement benefits obligation	(a)	-	441,074	441,074	-	459,611	459,611
Total liabilities		**904,552**	**441,074**	**1,345,627**	**1,166,274**	**459,611**	**1,625,884**
Net asset		**7,764,182**	**(441,072)**	**7,323,109**	**7,387,411**	**(459,611)**	**6,927,800**
Equity							
Paid up share capital		2,500,000	-	2,500,000	2,500,000	-	2,500,000
Reserve fund contribution		76,670	-	76,670	76,670	-	76,670
Contingency reserves		771,947	-	771,947	692,957	-	692,957
Fair value reserves		5,323	-	5,323	6,878	-	6,878
General reserves	(a)	4,410,242	(552,865)	3,857,377	4,110,906	(459,611)	3,651,295
Actuarial (loss)/gain on defined benefit obligation	(a)	-	111,792	111,792	-	-	-
Total equity		**7,764,182**	**(441,072)**	**7,323,109**	**7,387,411**	**(459,611)**	**6,927,800**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

(II) **Summary of restatement of 2014 figures- Statement of Profit or Loss and Other comprehensive income**
In thousands of Naira

	Notes	31-Dec-14	Effect of restatement	31-Dec-14
		Previously reported		Restated
Gross premium written		1,243,237	-	1,243,237
Gross premium income		1,179,230		1,179,230
Reinsurance expenses		(254,235)		(254,234)
Net premium income		924,996	-	924,996
Fees and commission income		55,138	-	55,138
Net underwriting income		980,134	-	980,134
Claims expenses		42,910	-	42,910
Underwriting expenses	(e)	(896,267)	797,767	(98,500)
Underwriting profit		126,778	797,766	924,544
Investment income	(f)	472,477	(21,826)	450,651
Government grants		7,833	-	7,833
Net fair value gain on financial asset at fair value	(g)	(20,676)	20,676	-
Other operating income		-	1,150	1,150
Net income		586,412	797,766	1,384,178
Impairment losses		(117,028)	-	(117,028)
Personnel expenses	(h)	-	(674,453)	(674,453)
Management expenses/Operating expenses	(i)	(74,432)	(216,569)	(291,001)
Profit / (loss) before tax		394,952	(93,256)	301,696
Income taxes		-	-	-
Profit/(loss) for the year		394,952	(93,256)	301,696
Other comprehensive income:				
Items that are or may be classified to profit or loss:				
Fair value changes on available for sale equities	(j)	5,323	(6,878)	(1,555)
		5,323	(6,878)	(1,555)
Items that may not be reclassified to profit or loss:				
Net actuarial (losses)/gains on employee benefits		-	111,792	111,792
Other comprehensive income net of taxes		5,323	104,914	110,237
Total comprehensive income for the year		400,275	11,658	411,933

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

(III) **Explanation of material changes to Statement of Financial position**

Retirement benefit obligations, related actuarial gains and general reserves

All confirmed employees of the Corporation are entitled to gratuity benefits as stated in the conditions of service. The Corporation however did not recognise provisions for gratuity benefits in prior years. Payments of gratuity benefits to retiring staff were recorded as period costs. During the 2015 reporting period, management reassessed the gratuity benefits and came to the conclusion that the Corporation has a legal and constructive obligation for the retirement benefits and that a liability should be recorded as at 31 December 2015. Management also concluded that that the obligation existed in previous years and that as a result, the prior period financial statements need to be restated as the impact of this erroneous treatment was considered material. Management therefore engaged the services of an actuarial expert; HR Nigeria Limited to determine the obligations for 2013, 2014 and 2015. The changes have been applied retrospectively in accordance with IAS 8 and the effect of the restatement is shown in note (a) below.

Cash and cash equivalents, Financial assets , Other receivables and prepayments

As at 31 December 2014, the Corporation recorded loan availed to Pine Hill Leasing Limited amounting to N 87,500,000 as short term deposits. The loan is repayable over a year and does not meet the definition of cash equivalents. The loan should have been recorded as financial assets based on the requirements of IAS 39.

The Corporation also separately reported the interest receivable on short term deposits amounting to N 17,038,000 under other receivables and prepayments instead of reporting them as part of their principal amounts; which are warehoused in cash and cash equivalents.

As these errors had a material impact, the prior period result has been restated to correct the errors.

(a) **Retirement benefit obligations and related actuarial gains**

1 January 2014

	As previously reported N'000	Adjustments N'000	Reclassifications N'000	As restated N'000
Total assets	**8,553,684**	**-**		**8,553,684**
Retirement benefit obligations	-	459,611	-	459,611
Other liabilities	1,166,273	-	-	1,166,273
Total Liabilities	**1,166,273**	**459,611**		**1,625,884**
Retained earnings	4,110,906	(459,611)	-	3,651,295
Other equity components	3,276,505	-	-	3,276,505
	7,387,411	**(459,611)**	**-**	**6,927,800**
Total liabilities and equity	**8,553,684**	**-**	**-**	**8,553,684**

31 December 2014

	As previously reported N'000	Adjustments N'000	Reclassifications N'000	As restated N'000
Total assets	8,668,736	-	-	8,668,736
			-	
Retirement benefit obligations	-	441,074	-	441,074
Other liabilities	904,553	-	-	904,553
Total Liabilities	**904,553**	**441,074**		**1,345,627**
Retained earnings (see (i) below)	4,410,242	(552,866)	-	3,857,376
Actuarial (gains)/losses on defined benefit obligations	-	111,792	-	111,792
Other equity components	3,353,940	-	-	3,353,940
	7,764,182	**(441,074)**		**7,323,108**
Total liabilities and equity	**8,668,735**	**-**		**8,668,735**

(i) Adjustments comprise the following line items

	31-Dec-14 N'000	1-Jan-14 N'000
Adjustments to opening retained earnings	(459,611)	(459,611)
Personnel expenses	(125,519)	-
Benefits paid initially reported as management expenses	32,264	-
	(552,866)	**(459,611)**

(ii) Impact on statement of profit or loss

31 December 2014	As previously reported N'000	Adjustments N'000	Reclassifications N'000	As restated N'000
Personnel expenses	586,693	(125,519)	-	461,174
Other expenses	981,643	-	-	981,643
	1,568,336	**(125,519)**		**1,442,817**

Notes to the financial statements (Cont'd)
for the year ended 31 December 2015

Explanation of Material adjustments to the Statement of Financial Position (Cnt'd)
In thousands of Naira

(b) **Cash and cash equivalents**

In thousands of Naira	**Note**	**31-Dec-14**	**1-Jan-14**
Balance, as previously reported		3,616,475	3,730,585
Interest receivable on short term deposits	(d)	17,038	-
Loans reclassifed to loans and receivables	(c)	(87,500)	-
Balance, as restated		**3,546,013**	**3,730,585**

(c) **Financial assets**

In thousands of Naira	**Note**	**31-Dec-14**	**1-Jan-14**
Balance, as previously reported		74,025	44,868
Loans initially warehoused in short term deposits	(b)	87,500	-
Balance, as restated		161,525	44,868

(d) **Other receivables and prepayments**

In thousands of Naira	**Note**	**31-Dec-14**	**1-Jan-14**
Balance, as previously reported		76,611	54,202
Interest receivable on short term placements reclassified to the principal amounts	(b)	(17,038)	-
Balance, as restated		**59,573**	**54,202**

IV Explanation of Material adjustments to the Statement of Profit and Loss and Other Comprehensive Income

Underwriting expenses , maintenance expenses and management expenses

Underwriting expenses for December 2014 financial year comprised of acquisition expenses amounting to N 98,500,037 and Maintenance expenses of N 797,766,948. Acquisition expenses are those expenses incurred in obtaining and renewing insurance contacts while Maintenance expenses are those costs incurred in servicing existing policies /contracts. However, wages and salaries of all the Corporation's staff amounting to N 581,198,000 and operational expenses of N 216,568,948 were erroneously included in maintenance expenses. As these errors are material, the statement of profit and loss and other comprehensive income for December 2014 have been corrected. As a result of the restatement, wages and salaries; N 581,198,000 are now reported under personnel expenses while the operational expenses; N 216,568,948 are now reported under operating expenses.

Investment income, Net fair value gains on financial assets at fair value and Other operating income

Profit on disposal of property and equipment for 31 December 2014; N 1,150,000 was previously reported in investment income and has now been reclassified to other operating income in the current period for better reporting purposes. Fair value losses of N 20,676,000 for the year ended 31 December 2014; were separately reported in the 2014 financial statements. They have now been reported as part of net fair value gains on financial assets at fair value for better reporting purposes.

Fair value changes on available for sale equities

The fair value reserves amount of N 5,323,294 was erroneously reported under other comprehensive income as fair value change on available for sale equities. This presentation is erroneous as the fair value reserves amount already includes the opening fair value reserves of N 6,878,000 and as such cannot be regarded as a fair value change. The fair value change; which is the difference between the opening fair value reserves and the closing fair value reserves has now been appropriately disclosed in the other comprehensive income.

(e) Underwriting expenses

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		896,267
Wages and salaries reclassified to personnel expenses	(i)	(581,198)
Operational expenses reclassified to management expenses	(j)	(216,569)
Effect of restatement		(797,767)
Balance, as restated		**98,500**

(f) Investment income

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		472,477
Fair value losses reclassifed from net fair value gains	(g)	(20,676)
Profit on disposal of property and equipment reclassified to other operating income	(h)	(1,150)
Effect of restatement		(21,826)
Balance, as restated		**450,651**

(g) Net fair value gain on financial asset at fair value

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		(20,676)
Fair value losses reclassfied to investment income	(f)	20,676
Balance, as restated		**-**

(h) Other operating income

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		-
Profit on disposal of property and equipment reclassified from investment income	(f)	1,150
Balance, as restated		**1,150**

(i) Personnel expenses

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		-
Wages and Salaries reclassified from maintenance expenses	(e)	581,198
Previously unrecognised gratuity provisions	(a)	125,519
Gratuity benefit payments relassified from management expenses	(a)	(32,254)
Balance,as restated		**674,463**

(j) Management expenses/Operating expenses

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		74,432
Reclassified from maintenance expenses	(e)	216,569
Balance, as restated		**291,001**

(k) Fair value changes on available for sale equities

In thousands of Naira	Note	31-Dec-14
Balance, as previously reported		5,323
Fair value reserves as at 1 January 2014		(6,878)
Balance, as restated		**(1,555)**

45. Financial Risk Management

Factors relating to general economic conditions, such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation, all affect the profitability of businesses in Nigeria.

The Nigerian economy is characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial and insurance products could be adversely affected following the general economic conditions and as such there is a need for the Corporation to manage its financial risks.

The Corporation's risk management process includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns on the underlying assets and minimizing costs associated with liabilities. Risk range limits are established for each type of risk, and are approved by the Board's Investment Committee and subject to ongoing review.

The Corporation's risk management strategy is an integral part of managing the Corporation's core businesses, and utilizes a variety of risk management tools and techniques such as:

- Measures of price sensitivity to market changes (e.g., interest rate and foreign exchange rate);
- Periodic Internal Audit and Control, and;
- Risk management governance, including risk oversight committee, policies and guidelines, and approval limits.

In addition, the Corporation monitors and manages the financial risks relating to the operations of the organization through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

(a) Financial asset valuation bases

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 Corporation has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the Corporation applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Corporation has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Corporation's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Corporation considers relevant and observable market prices in its valuations where possible.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, analyzed into Levels 1 to 3 based on the degree to which the fair value is observable.

Financial Risk Management (Cont'd)

31 December 2015		**Level 1**	**Level 2**	**Level 3**	**Total**
		N'000	N'000	N'000	N'000
Financial Assets:					
Available- for sale					
Quoted equity shares	6(a)	9,767	-	-	9,767
Unquoted equity shares	6(a)	-	-	51,004	51,004
Total financial assets measured at fair value		**9,767**	**-**	**51,004**	**60,771**

31 December 2014		**Level 1**	**Level 2**	**Level 3**	**Total**
		N'000	N'000	N'000	N'000
Financial assets:					
Available- for sale					
Quoted equity shares	6(a)	10,874	-	-	10,874
Unquoted equity shares	6(a)	-	-	36,600	36,600
Total financial assets measured at fair value		**10,874**	-	**36,600**	**47,474**

Financial instruments not measured at fair value

No fair value disclosures are provided for cash and cash equivalent, loans and receivables, trade receivables, other receivables, trade payables, accruals and other payables that are measured at amortised cost because their carrying value are a reasonable approximation of fair value.

(b) Risk Categorization

The Corporation is exposed to the following categories of risk as a consequence of offering different financial products and services by the Corporation;

(i) Market risk

This reflects the possibility that the value of the Corporation's investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Corporation is exposed to this risk through its financial assets and comprises of currency risk, interest rate risk and price risk.

The Corporation seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Corporation’s principal products and the associated control techniques is detailed below;

Financial Risk Management (Cont'd)

Foreign Currency risk

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates.

The Corporation accepts receipt of premiums in foreign currency, in addition to Naira, from its clients; hence, exposures to exchange rate fluctuations arise. The Corporation is also exposed to foreign currency risk as it maintains domiciliary bank accounts.

Foreign exchange risk arises from other recognized assets and liabilities denominated in other currencies, and their total sum.

The Corporation's exposure to foreign exchange risk as at year end amounted to approximately N73.3 million (2014: N44.9 million) arising from USD, Pounds and Euro denominated cash and bank balances.

The carrying amounts of the Corporation's foreign currency denominated assets and liabilities are as follows:

31 December 2015

	Pounds sterling	**Euro**	**US Dollar**	**Total**
	N'000	N'000	N'000	N'000
Assets (Cash & cash equivalents)	24	179	36,186	**36,389**
Available for sale financial assets	-	-	51,004	**51,004**
	24	179	87,190	**87,393**

31 December 2014

	Pounds sterling	**Euro**	**US Dollar**	**Total**
	N'000	N'000	N'000	N'000
Assets (Cash & cash equivalents)	24	179	8,090	**8,293**
Available for sale financial assets	-	-	36,600	**36,600**
	24	179	44,690	**44,893**

Foreign currency sensitivity analysis

The following table details the Corporation's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

The following tables show the effect on the profit as at 31 December 2015 from N214.11/€, N291.19/£ and N196.5/$ closing rate. These closing rates were determined by obtaining the closing rate of the Central Bank of Nigeria.

31 December 2015

	Base	**Pounds sterling**	**Euro**	**US Dollars**	**Total**
	N'000	N'000	N'000	N'000	N'000
10% increase	36,389	2	18	8,719	**8,739**
10% decrease	36,389	(2)	(18)	(8,719)	**(8,739)**

Interest Rates risk

The Corporation's exposure to interest rate risk relates primarily to the market price and cash flow variability of assets and liabilities associated with changes in interest rates. Changes in interest rates result to reduction in income 'spread' or the difference between the amounts that the Corporation is required to pay under the contracts and the rate of return the Corporation is able to earn on investments intended to support obligations under the contracts. Investment spread is, arguably, one of the key components of the net income of insurers.

The Corporation's mitigation efforts with respect to interest rate risk are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration or tenor approximately equal to the duration of our liability cash flow profile.

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

Furthermore, the Corporation uses sensitivity analytics to measure the impact of interest rate changes and movements on the value of our financial assets scenarios.

Financial Risk Management (Cont'd)

The Corporation's exposure to interest rate risk is limited to changes in fixed income and money market instruments interest rates. These instruments have fixed interest rates.

Interest rate profile

At the end of the reporting period the interest rate profile of the Corporation's interest bearing financial instruments as reported to the Management of the Corporation are as follows:

Financial instruments	Notes	**31-Dec-15**	**31-Dec-14**
		N'000	N'000
Cash and cash equivalents	5	3,135,078	3,546,013
Staff loans	6(b)	124,485	114,051
		3,259,563	**3,660,064**

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Base	**31-Dec-15**	**Base**	**31-Dec-14**
	N'000	N'000	N'000	N'000
Increase in interest rate by 50 basis points (+0.5%)	3,259,563	16,298	3,660,064	18,300
Decrease in interest rate by 50 basis point (-0.5%)	3,259,563	(16,298)	3,660,064	(18,300)

Other price risk management

The Corporation is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Corporation with opportunity for return through dividend income and capital appreciation.

The carrying amounts of the Corporation's equity investments are as follows:

		31-Dec-15	**31-Dec-14**
		N'000	N'000
Equity Securities; - Quoted	7(a)	9,767	10,874
Equity Securities; - Unquoted	7(a)	51,004	36,600
		60,771	**47,474**

Equity price sensitivity analysis

The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on profit and shareholders' equity based on the exposure to equity price risk at the reporting date.

	Base	**31-Dec-15**	**Base**	**31-Dec-14**
	N'000	N'000	N'000	N'000
10% increase	60,771	6,077	47,474	4,747
10% decrease	60,771	(6,077)	47,474	(4,747)

(ii) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Corporation. The key areas of exposure to credit risk for the Corporation are in relation to its investment portfolio, reinsurance program, trade receivables from federal and state government and receivables from reinsurers and other intermediaries.

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Corporation has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation transacts predominantly with entities that have an investment grade rating and above.

Financial Risk Management (Cont'd)

The Corporation's financial asset's exposure to credit risk can be analysed as follows:

	Notes	31-Dec-15	31-Dec-14
		N'000	N'000
Cash and cash equivalents	5	3,135,078	3,546,013
Loans and receivables	6 (b)	124,485	114,051
Trade receivables	7	310,356	233,643
Reinsurance assets	8	127,407	53,286
Other receivables	10	2,523	5,355
Total Carrying Amount		**3,699,849**	**3,952,348**

Loans and receivables
These includes loans to staff and Pinehill Leasing Limited. The loans to staff are for a maximum of six years while the loans to Pinehill Leasing Limited is for a year. None of this loans have been impaired as at reporting date.(2014:Nil)

Trade receivables
The Corporations is exposed to risk from its core business-outstanding premiums. Trade receivables are short term in nature and consisting of premium receivables from the federal and state governments in respect of subsidized premiums.
Oulined below is the Corporation's exposure to credit risk arising from trade receivables:

	31-Dec-15	31-Dec-14
	N'000	N'000
Gross amount		
Neither past due nor impaired		
Past due but not impaired	310,356	233,643
Impaired	664,150	430,507
	974,506	664,150
Impairment		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	664,150	430,507
Carrying amount	**310,356**	**233,643**

Reinsurance
Reinsurance is placed with counterparties who have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. Reinsurance treaties are reviewed annually by Management prior to the renewal of the reinsurance contract.

Other receivables
Other receivables constitute rental income receivables and other debtors. Oulined below is the Corporation's exposure to credit risk arising from other receivables:

	31-Dec-15	31-Dec-14
	N'000	N'000
Gross amount		
Neither past due nor impaired		
Past due but not impaired	2,523	59,576
Impaired	84,713	-
	87,236	59,576
Impairment		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Impaired	84,713	-
Carrying amount	**2,523**	**59,576**

(iii) Liquidity risk
The Corporation’s principal objective in managing liquidity is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

The Corporation's policy is to make sure that it will always have sufficient cash to allow it meet its liabilities when they become due without incurring unacceptable losses or the risk of damage to the Corporation's reputation.

The Corporation mitigates liquidity risk by monitoring cash activities and expected cahs flows. The Corporation's current liabilities arise as claims are made and claim payments are funded by current operating cash flows including investment income. There have been no significant changes in the exposure to risk or policies,procedures and methods used to measure the risk from one year to othe other.

Financial Risk Management (Cont'd)

At the Corporation level, there is a liquidity risk appetite which requires that sufficient liquid resources be maintained to cover net outflows in a stress scenario. The Corporation has a strong liquidity position and through the apllication of the Corporation's liquidity risk policy and business standard seek to maintain sufficient financial resources to meet their obligations as they fall due.

Maturity Profile

The following table shows the Corporation's expected maturity for its non-derivative assets and liabilities. The table has been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Corporation anticipates that the cash flow will occur in a different period.

It also shows details of the expected maturity profile of the Corporation's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. It includes both interest and principal cash flows.

It should be noted that unit-linked assets and liabilities and reinsurers' share of unearned premiums are excluded from this analysis.

31 December 2015	**Notes**	**Carrying amount**	**Contractual cashflow**	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**
Non-derivative financial assets		N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	5	3,135,078	3,135,078	-	3,135,078	-	-	-
Available for sale financial assets	6(a)	60,771	60,771	-	-	60,771	-	-
Loans and receivables	6(b)	124,485	124,485	-	-	124,485	-	-
Trade receivables	7	310,356	974,506	974,506	-	-	-	-
Reinsurance assets - recoverable from reinsurers	8	91,633	91,633	-	-	91,633	-	-
		3,722,323	**4,386,473**	**974,506**	**3,135,078**	**276,889**	**-**	**-**
Non-derivative financial liabilities								
Trade payables	16	-	-	-	-	-	-	-
Insurance contract liabilities	17	255,264	255,264	-	-	255,264	-	-
		255,264	**255,264**	**-**	**-**	**255,264**	**-**	**-**
Gap (asset - liabilities)		**3,467,059**	**4,131,209**	**974,506**	**3,135,078**	**21,625**	**-**	**-**
Cumulative liquidity gap		**3,467,059**	**4,131,209**	**974,506**	**4,109,584**	**4,131,209**	**4,131,209**	**4,131,209**

31 December 2014	**Notes**	**Carrying amount**	**Contractual cashflow**	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**
Non-derivative financial assets		N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	5	3,546,013	3,546,013	-	3,546,013	-	-	-
Available for sale	6(a)	47,474	47,474	-	-	47,474	-	-
Loans and receivables	6(b)	114,051	114,051	-	-	114,051	-	-
Trade receivables	7	233,643	664,150	664,150	-	-	-	-
Reinsurance assets - recoverable from reinsurers	8	17,614	17,614	-	-	17,614	-	-
		3,958,795	**4,389,302**	**664,150**	**3,546,013**	**179,139**	**-**	**-**
Non-derivative financial liabilities								
Trade payables	16	4,671	4,671	4,671	-		-	-
Insurance contract liabilities	17	822,623	822,623	-	-	822,623	-	-
		827,294	**4,671**	**4,671**	**-**	**-**	**-**	**-**
Gap (asset - liabilities)		**3,131,501**	**4,384,631**	**659,479**	**3,546,013**	**179,139**	**-**	**-**
Cumulative liquidity gap		**3,131,501**	**7,516,132**	**8,175,611**	**11,721,624**	**11,900,763**	**11,900,763**	**11,900,763**

Although the Corporation has access to financing facilities, the Corporation expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets and other sources listed in "Sources of Liquidity" above.

(iv) Insurance risk management

The Corporation accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Corporation is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Corporation 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 Corporation 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.

Financial and Insurance Risk Management (Cont'd)

The Corporation writes agricultural, fire, accident, oil & gas,bond, marine and motor risks primarily over a twelve month duration (usually longer for engineering policies). The most significant risks arise from natural disasters such as droughts and flood, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to different types of commercial business or agricultural business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of non-life insurance by type of contract is summarised below by reference to liabilities.

	Gross		**Reinsurance**		**Net**	
	2015	2014	2015	2014	2015	2014
Outstanding claims	N'000	N'000	N'000	N'000	N'000	N'000
Subsidized agric	79,763	26,068	29,988	-	49,775	26,068
Commercial agric	-	6,644	-	-	-	6,644
Fire	1,700.00	12,180	842	-	858	12,180
Accident	3,946.00	9,985	36,536	-	(32,590)	9,985
Motor	5,105.00	10,627	-	-	5,105	10,627
Marine and aviation	-	1,993	-	-	-	1,993
Oil and gas	49,000	49,000	-	-	49,000	49,000
Bonds	115,750	115,750	-	-	115,750	49,000
Total	**255,264**	**232,247**	**67,366**	-	**187,898**	**165,497**

	Gross		**Reinsurance**		**Net**	
	2015	2014	2015	2014	2015	2014
IBNR	N'000	N'000	N'000	N'000	N'000	N'000
Subsidized agric	35,678	46,733	12,893	5,675	22,785	41,058
Commercial agric	15,810	19,074	740	1,805	15,070	17,269
Fire	6,091	10,562	3,015	1,335	3,076	9,227
Accident	17,466	64,263	5,331	4,533	12,135	59,730
Motor	6,394	6,803	319	725	6,075	6,078
Marine and aviation	7,478	3,076	-	-	7,478	3,076
Oil and gas	10,074	21,823	1,969	3,541	8,105	18,282
Total	**98,991**	**172,334**	**24,267**	**17,614**	**74,724**	**154,720**

	Gross		**Reinsurance**		**Net**	
	2015	2014	2015	2014	2015	2014
Unearned premium	N'000	N'000	N'000	N'000	N'000	N'000
Subsidized agric	246,711	191,051	22,299	17,726	224,412	173,325
Commercial agric	17,118	14,975	-	-	17,118	14,975
Motor	57,953	61,222	2,475	-	55,478	61,222
General accident	9,138	84,078	2,579	7,492	6,559	76,586
Fire	30,774	46,573	5,871	8,661	24,903	37,912
Marine and aviation	6,024	2,798	55	1,793	5,969	1,005
Oil and gas	14,502	17,345	2,495	-	12,007	17,345
Total	**382,220**	**418,042**	**35,774**	**35,672**	**346,446**	**382,370**

Financial and Insurance Risk Management (Cont'd)

(c) Outstanding claims on insurance contracts
Outstanding claim represents the estimated ultimate cost of settling all claims arising from incidents occurring as at the date of the statement of financial position.

(i) Reserving Methods and Assumptions - 31 December 2015
The provision for outstanding claims, including IBNR, was determined for each line of business on both gross and net of reinsurance basis. A yearly cohort was used to group claims to study the settlement pattern. In some cases, only the year of accidents or settlement was given and hence made it impossible to identify the exact period of the year when the accident or settlement was made. However, where such cases arose, we have assumed that the accident or settlement was made in the same year.

The actuarial calculations were made using the following two (2) approaches explained below;

(a) The Basic Chain Ladder Method (BCL)
The Basic Chain Ladder method forms the basics to the reserving methods explained below. Historical incremental claims paid were grouped into accident year cohorts by class of business – representing when they were paid after their accident year e.g. a year after 2007 etc. These cohorts are called loss development triangles.

The incremental paid claims are cumulated to the valuation date and projected to their expected ultimate claim estimate. The gross claim reserve are then derived from the difference between the cumulated paid claims and the estimated ultimate claim.

For the more recent under developed years, the Bornheutter Ferguson method was used as a check on the reserves that were calculated using the Basic Chain Ladder model. The appropriate loss ratio used is normally the average of fully developed historical years.

(b)The Inflation Adjusted Chain Ladder Method (IACL):
Under this method, the historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims. The following official inflation index have been adopted:

Year	Inflation
2007	6.60%
2008	15.10%
2009	13.90%
2010	11.80%
2011	10.30%
2012	12.00%
2013	8.00%
2014	8.30%
2015	9.60%

The calculation are on two bases;
- ☐ By discounting the claims estimated to the valuation date at a discount rate of 10% p.a.
- ☐ With no discounting

Financial and Insurance Risk Management (Cont'd)

Expected loss ratio
This method is simple and gives an approximate estimate. This method was used as a check on the ultimate projections and also where the volume of data available is too small to be credible when using a statistical approach. Under the method, the ultimate claims was obtained by studying the historical loss ratios, investigating any differences and using judgements to derive a loss ratio. Paid claims already emerged is then deducted for from the estimated ultimate claims to obtain the reserves.

Assumptions underlying the valuation methods
- ☐ Policies are written uniformly throughout the year for each class of business
- ☐ Claims occur uniformly throughout the year for each class of business. The implies that claims occur on average halfway through the year

- ☐ The methods assume the future claims follow a regression pattern from the historical data
- ☐ Hence, payment patterns will be broadly similar in each accident year. The proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for future development periods.

- ☐ An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.
- ☐ We assume gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claims expenses.
- ☐ The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
- ☐ Under the average cost per claim method, it was assumed that the early years e.g accident years 2007 and 2008 are fully developed.

The summary of gross outstanding claims reserves under the Basic Chain Ladder method is presented below:

Discounted Inflation adjusted basic chain ladder method
Summary of Expected Outstanding Claims (Net of Reinsurance) - Discounted

Class of Business	Gross Outstanding Claims	Estimated Reinsurance Recoveries	Net Outstanding Claims N'000
Subsidized agric	115,441	(42,881)	72,560
Commercial agric *	15,810	(740)	15,070
Motor	11,499	(319)	11,180
General accident	137,162	(41,867)	95,295
Fire *	7,791	(3,857)	3,934
Marine and aviation *	7,478	-	7,478
Oil and gas *	59,074	(1,969)	57,105
TOTAL	**354,255**	**(91,633)**	**262,622**

**Estimated using Expected Loss Ratio Approach*

(ii) Claims data
The claims data has seven risk groups – (Marine, Motor, Subsidized agriculture, Fire, General Accident, Commercial agriculture and Oil and gas).
The incremental claims data, for the all lines of business except those estimated using the expected loss ratio method between 2007 and 2015, are summarized below:

Incremental Chain Ladder- Yearly Projections (N '000)									
Accident year	1	2	3	4	5	6	7	8	9
2007	22,151	40,519	5,245	-	-	284			
2008	27,964	59,454	1,726	-	-	316			
2009	69,735	43,121	8,721	-	805	2,380			
2010	59,656	27,908	-	1,426	1,189				
2011	56,326	11,001	7,953	2,985	485				
2012	82,923	217,473	15,424	4,613					
2013	94,017	43,333	18,805						
2014	90,681	97,140							
2015	81,302								

Financial and Insurance Risk Management (Cont'd)

A further summary of this data for each individual class of business is detailed below:

(a) Incremental Claims Development Pattern: Subsidized Agric

Incremental Chain Ladder- Yearly Projections (N'000)									
Accident year	1	2	3	4	5	6	7	8	9
2007	19,102	29,951	4,858	-	-	-			
2008	26,228	59,454	974	7	-	-			
2009	67,769	27,257	7,981	-	637	-			
2010	44,852	17,542	0	-	-				
2011	39,446	7,465	309	64	-				
2012	46,270	151,086	5,006	201					
2013	48,545	34,084	11,088						
2014	73,667	38,957							
2015	62,640								

(b) Incremental Claims Development Pattern: General Accident

Incremental Chain Ladder- Yearly Projections (N)									
Accident year	1	2	3	4	5	6	7	8	9
2007	3,048	6,709	14	-	-	284			
2008	1,366	2,964	88	32	-	-			
2009	1,560	398	136	-	-	-			
2010	607	3,861	284	1,426	1,026	-			
2011	4,940	541	9	-	485				
2012	5,750	3,356	23	112					
2013	1,105	1,377	-						
2014	2,098	8,478							
2015	1,320								

(c) Incremental Claims Development Pattern: Motor

Incremental Chain Ladder- Yearly Projections (N)									
Accident year	1	2	3	4	5	6	7	8	9
2007	-	-	-						
2008	3,909	5,905	752						
2009	8,289	15,466	740						
2010	5,258	3,281	-						
2011	11,320	834	3,794						
2012	10,429	9,558	273						
2013	11,387	1,603	137						
2014	7,998	6,417							
2015	4,775								

Financial Risk Management (Cont'd)

(c) Capital Management

The Corporation's capital management framework is primarily based on statutory risk-based capital and solvency margin measures. The Corporation manages its capital to ensure that it continues as a going concern and complies with the regulators' capital requirements while maximizing the return to stakeholders through the optimization of its equity balance.The capital structure of the Corporation consists of equity attributable to equity holders of the Corporation, comprising issued capital, reserves and retained earnings.

The regulatory capital (as required under Insurance Act 2003 and NAICOM Guideline) within the Corporation has been maintained and preserved over the reporting periods. The minimum regulatory capital for general insurers in Nigeria is N3 billion.

The Corporation equally measures its capital using an economic capital model which is the Corporation's own assessment of the amount of capital it needs to hold and takes into account both financial and non-financial assumptions. In most cases the internally required capital is determined by the application of percentages to premiums, claims, reserves and expenses.
The capital management process is governed by the Board of Directors who has the ulitmate responsibility for the capital management process.
There was no change made neither to the capital base nor to the objectives, policies and processes for managing capital.

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.
The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

The Corporation's solvency position is as follows:

Solvency margin computation

	31-Dec-15			31-Dec-14 Restated*
Admissible Assets	N'000 **Total**	N'000 **Inadmissible**	N'000 **Admissible**	N'000 **Admissible**
Cash and cash equivalents	3,135,078	-	3,135,078	3,546,013
Other financial assets:				
- Available for sale	60,771	-	60,771	47,474
- Loans and receivables	124,485	-	124,485	114,051
Trade receivables	310,356	-	310,356	233,643
Deferred acquisition cost	32,219	-	32,219	48,468
Other receivables and prepayments	85,211	25,840	59,371	17,868
Reinsurance assets	127,407	-	127,407	53,286
Investment properties	4,102,000	3,102,000	1,000,000	998,942
Statutory deposit	300,000	-	300,000	300,000
Property and equipment	223,762	-	223,762	211,856
	8,501,289	**3,127,840**	**5,373,449**	**5,571,601**
Less: Admissible liabilities				
Insurance liabilities	736,475	-	736,475	822,623
Trade payables	-	-	-	10,611
Accruals and other payables	108,996	-	108,996	77,259
Retirement benefit obligations	644,110	-	644,110	441,074
	1,489,581	**-**	**1,489,581**	**1,351,567**
Solvency margin (A-B)			**3,883,868**	**4,220,034**
Minimum paid up capital			3,000,000	3,000,000
Net premium			904,163	924,996
15% of Net premium			**135,624**	**138,749**

The Corporation's solvency margin of N3.88 billion (2014: N4.22 billion) is above the minimum capital of N3,000,000,000 (2014: N3,000,000,000) prescribed by the Insurance Act of Nigeria.

Notes to the financial statements
for the year ended 31 December 2015

Segment Reporting

This is the measure reported to the Corporation’s Chief Executive for the purpose of resource allocation and assessment of segment performance. The Corporation has one operating segment; which is its non-life business. As a result, no additional disclosures are made in this regard. The Corporations assets, liablities and revenue information for its operating segmenat have already been prepared in accordance with IFRSs.

OTHER NATIONAL DISCLOSURES

Other National Disclosures

STATEMENT OF VALUE ADDED
for the year ended 31 December 2015

	31-Dec-2015		31-Dec-2014	
	N'000	%	N'000	%
Gross premium income	1,073,090	87	1,179,230	85
Reinsurance, claims, commission and others	(237,708)	(20)	(254,686)	(18)
Investment income	394,889	32	450,651	32
Other income	16,452	1	8,983	1
Value added	**1,246,723**	**100**	**1,384,178**	**100**
Applied as follows:				
Salaries, wages and other benefits	1,029,919	83	927,106	60
Impairment losses	318,355	26	117,028	7
Foreign exchange losses	17,720	2	-	-
Retained in the business				
Depreciation of property and equipment	67,027	5	38,348	5
Amortization of intangible assets	7,966	-	-	-
To augment contingency reserve	31,118	2	78,990	12
To (deplete)/augment reserves	(225,382)	(18)	206,082	16
	1,246,723	**100**	**1,367,554**	**100**

Other National Disclosures

FINANCIAL SUMMARY

	31-Dec-15	31-Dec-14 Restated*	31-Dec-13 Restated*	31-Dec-12
	₦'000	N'000	₦'000	₦'000
ASSETS				
Cash and cash equivalents	3,135,078	3,546,013	3,730,585	4,099,607
Financial assets	185,256	161,525	44,868	46,932
Trade receivables	310,356	233,643	117,028	151,794
Reinsurance assets	127,407	53,286	128,246	10,798
Deferred acquisition cost	32,219	48,468	34,938	47,028
Other receivables and prepayments	85,211	59,576	54,202	10,573
Investment properties	4,102,000	4,033,000	4,028,000	3,936,000
Property, plant and equipment	223,762	211,856	115,817	111,227
Intangible assets	38,807	21,369	-	-
Statutory deposits	300,000	300,000	300,000	300,000
Total assets	**8,540,096**	**8,668,736**	**8,553,684**	**8,713,959**
EQUITY & LIABILITIES				
Share Capital & Reserves:				
Paid up share capital	2,500,000	2,500,000	2,500,000	2,500,000
Reserve fund contribution	76,670	76,670	76,670	76,670
Contingency reserves	803,065	771,947	692,957	661,715
Fair value reserves	4,216	5,323	6,878	4,002
General reserves	3,631,995	3,857,377	3,651,295	4,716,186
Actuarial (loss)/gain on defined benefit obligation	31,169	111,792	-	-
Exchange gains reserve	3,400	-	-	-
Total equity	**7,050,515**	**7,323,109**	**6,927,800**	**7,958,573**
Insurance contract liabilities	736,475	822,623	1,085,888	642,797
Trade payables	-	4,671	4,671	23,627
Accruals & other payables	108,996	77,259	75,714	88,962
Retirement benefit obligations	644,110	441,074	459,611	-
Total liabilities	**1,489,581**	**1,345,627**	**1,625,884**	**755,386**
Total equity & liabilities	**8,540,096**	**8,668,736**	**8,553,684**	**8,713,959**
TURNOVER AND PROFIT				
Gross premium written	1,037,268	1,243,237	995,816	1,009,680
Net premium earned	941,329	980,134	1,039,513	830,468
(Loss)/Profit for the year	(194,264)	301,696	(505,181)	(156,122)

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

Other National Disclosures

Revenue Account

For the year ended 31 December 2015

	31 December 2015								
	Subsidized Agric	**Commercial Agric**	**Motor**	**Fire**	**General Accident**	**Marine and Aviation**	**Bond and Engineering**	**Oil & Gas**	**Total**
Income:	N'000	N'000	N'000	N'000	N'000	N'000		N'000	N'000
Gross premium revenue	649,287	39,927	147,847	58,842	57,851	17,844	-	65,671	1,037,268
Change in unearned premium reserve	(55,660)	(2,143)	15,799	3,269	74,940	(3,226)	-	2,842	35,821
Gross premium earned	**593,627**	**37,784**	**163,646**	**62,111**	**132,791**	**14,618**	**-**	**68,513**	**1,073,090**
Reinsurance premium expenses	(109,308)	-	(2,475)	(20,647)	(14,139)	(6,799)	(3,559)	(11,999)	(168,926)
Net insurance premium earned	484,319	37,784	161,171	41,464	118,652	7,819	(3,559)	56,514	904,164
Fee and commission income	35,415	-	-	5,751	3,383	1,598	995	-	47,142
Changes in deferred commission income	(6,219)		(690)	(1,637)	(719)	(15)		(696)	(9,976)
Net underwriting income/(loss)	**513,515**	**37,784**	**160,481**	**45,578**	**121,316**	**9,402**	**(2,564)**	**55,818**	**941,330**
Gross claims incurred	112,886	15,120	13,291	7,526	10,395	36,277	-	10,774	206,270
Change in outstanding claims/IBNR	42,640	(9,908)	(5,931)	(14,951)	(52,836)	2,409		(11,749)	(50,326)
Gross claims expenses incurred	155,526	5,212	7,360	(7,425)	(42,441)	38,686	-	(975)	155,943
Reinsurance claims recovery	(63,460)	-	(154)	(4,860)	(4,155)	(5,085)	-	(717)	(78,430)
Changes in reinsurance share of outstanding claims/IBNR	(37,206)	1,065	406	(2,522)	(37,334)	-	-	1,572	(74,019)
Net claims expenses incurred/(recovered)	**54,860**	**6,277**	**7,615**	**(14,807)**	**(83,930)**	**33,601**	**-**	**(120)**	**3,496**
Underwriting expenses:									
Acquisition cost	40,630	3,732	17,318	11,640	21,591	1,790	-	5,751	102,452
Total underwriting expenses	**95,490**	**10,009**	**24,933**	**(3,167)**	**(62,339)**	**35,391**	**-**	**5,631**	**105,948**
Underwriting profit/(loss)	**418,025**	**27,775**	**135,548**	**48,745**	**183,655**	**(25,989)**	**(2,564)**	**50,187**	**835,382**

Other National Disclosures

Revenue Account (Cont'd)

	31 December 2014								
	Subsidized Agric	**Commercial Agric**	**Motor**	**Fire**	**General Accident**	**Marine and Aviation**	**Bond and Engineering**	**Oil & Gas**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000		N'000	N'000
Income:									
Gross premium revenue	735,911	36,077	123,300	108,448	194,709	7,539	-	37,254	1,243,238
Change in unearned premium reserve	(45,296)	(6,179)	4,337	(16,725)	(7,469)	5,203	-	2,122	(64,007)
Gross premium earned	**690,615**	**29,898**	**127,637**	**91,723**	**187,240**	**12,742**		**39,376**	**1,179,231**
Reinsurance premium expenses	(153,454)	-	(6,000)	(21,190)	(49,181)	(11,108)		(13,302)	(254,235)
Net insurance premium earned	537,161	29,898	121,637	70,533	138,059	1,634		26,074	924,996
Fee and commission income	29,702	-	-	7,488	15,484	2,464	-	-	55,138
Net underwriting income/(loss)	**566,863**	**29,898**	**121,637**	**78,021**	**153,543**	**4,098**		**26,074**	**980,134**
Gross claims incurred	154,863	53,827	14,445	7,117	5,383	80,635	-	15,423	331,693
Change in outstanding claims/IBNR	(90,360)	(27,338)	(8,930)	(4,645)	(152,327)	(88,697)	-	45,025	(327,272)
Gross claims expenses incurred	64,503	26,489	5,515	2,472	(146,944)	(8,062)		60,448	4,421
Reinsurance claims recovery	(70,729)	2,062	2,581	(3,393)	(2,454)	-	-	-	(71,933)
Changes in reinsurance share of outstanding claims/IBNR	13,392	(1,805)	587	3,168	649	240		8,371	24,602
Net claims expenses incurred/(recovered)	**7,166**	**26,746**	**8,683**	**2,247**	**(148,749)**	**(7,822)**	**-**	**68,819**	**(42,910)**
Underwriting expenses:									
Acquisition cost	35,857	4,804	14,869	12,258	26,440	1,506	-	2,766	98,500
Total underwriting expenses	**43,023**	**31,550**	**23,552**	**14,505**	**(122,309)**	**(6,316)**		**71,585**	**55,590**
Underwriting profit/(loss)	**523,840**	**(1,652)**	**98,085**	**63,516**	**275,852**	**10,414**	**-**	**(45,511)**	**924,544**