UNITY KAPITAL ASSURANCE PLC.

ANNUAL REPORT AND ACCOUNTS

AS AT

31 DECEMBER 2015

UNITY KAPITAL ASSURANCE PLC
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015
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UNITY KAPITAL ASSURANCE PLC
ANNUAL REPORT AND ACCOUNTS

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS

Henry James Semenitari	Chairman	[Resigned 24/07/2015]
Emmanuel I. U. Ojei	Director	
Farouk Lawal Yola	Director	
Aisha Azumi Abraham (MRS)	Director	[Appointed 24/07/2014]
Bonaventure E. Okhaimo	Director	[Appointed 24/07/2014]
Michael Danjuma Dogo	Managing Director	[Appointed 25/05/2015]

COMPANY SECRETARY/LEGAL ADVISER
Halima J. Wushishi
FRC/2014/NBA/000000010135

REGISTERED OFFICE
Plot 497, Abogo Largema Street,
Off Constitution Avenue,
Central Business District, Abuja.
RC NO: 11785
COMPANY FRC REGISTRATION NO: FRC/2013/0000000000717

AUDITORS
PKF Professional Services
(Accountants and Business Advisers)
18/19 Ahmadu Bello Way
Kaduna

CORPORATE INFORMATION (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2015

REGISTRARS

Unity Registrars Limited
(Unity Bank Building),
94, Agege Motor Road,
Idi-Oro Bus Stop, Mushin, Lagos.

ACTUARIERS

MAJOR BANKS

Unity Bank Plc
Sterling Bank Plc
First Bank Plc
Fidelity Bank Plc
Guaranty Trust Bank Plc
Eco Bank
Keystone Bank

REGULATORY AUTHORITY

National Insurance Commission

DIRECTORS REPORT

DIRECTORS

Henry James Semenitari	Chairman	[Resigned11/08/2015]
Emmanuel I.U. Ojei	Director	
Farouk Lawal Yola	Director	
Aisha Azumi Abrahim (MRS)	Director	
Bonaventure E. Okhaimo	Director	
Michael Danjuma Dogo	Managing Director	[Appointed 22/05/2015]
Olarinde B Oshadiya	Executive Director	[Appointed 08/06/2015]

COMPANY SECRETARY/LEGAL ADVISER
Halima J. Wushishi
FRC/2014/NBA/0000000010135

REGISTERED OFFICE
Plot 497, AbogoLargema Street,
Off Constitution Avenue,
Central Business District, Abuja.
RC NO: 11785
COMPANY FRC REGISTRATION NO: FRC/2013/0000000000717

AUDITORS
PKF Professional Services
(Accountants and Business Advisers)
18/19 Ahmadu Bello Way
Kaduna.

DIRECTORS' REPORT

The Directors have the pleasure in presenting their report on the affairs of UnityKapital Assurance Plc together with the audited financial statements and auditors' report for the year ended 31st December, 2015.

1. **Legal Form**
   The company was incorporated in Nigeria under the Companies and Allied Matters Act, Cap C20, Laws of the federation, (LFN) 2004 as private limited liability company in 1973. It started business in 1974 as Kano State Insurance Company Limited. The name was changed to Kapital Insurance Company Limited in 1981. In 2005 it merged with Global Commerce and General Assurance Company Limited and Inter-Continental Assurance Company Limited. In 2008, the name of the company was changed to UnityKapital Assurance Plc. The Company became quoted on the Nigerian Stock Exchange (NSE) on 17th December 2009. UnityKapital Assurance Plc, as at the reporting date, has two subsidiaries namely FUG Pensions Limited (70%) and Health Care Securities Limited (94%) in addition to a 44.65% stake in Gold link Insurance Plc.

2. **Principal Activities and Business Review**
   The principal activity of the company is to transact general (Non-Life) insurance business. The company ceased transacting life business in 2007. As reported in the past, the net balance on the life funds which is awaiting transfer to a life company is N131.46 million and is included in liabilities in these financial statements. The process of transfer of this fund to a life insurance company is still ongoing.

3. **Operating results**
   The company earned Gross premium of N3.12 in 2014 and N2.685 billion in 2015. Profit after tax was N342 million in 2015 as against N141 million in 2014. Highlights of the operating results for the year under review are as follows:

	2015 N'000	2014 N'000	Changes	%
Gross Premium	2,684,536	3,115,433	(430,897)	(14)
Net Premium Earned	2,095,942	2,509,209	(413,266)	(16)
Net Claim Incurred	(428,896)	(444,852)	15,956	4
Underwriting Profit	1,043,959	1,385,837	341,878	(25)
Management Expenses	(1,060,031)	(1,707,481)	649,085	38
Impairment charges on receivables	(102,311)	-	(102,311)	0%
Profit Before Taxation	411,081	175,024	237,695	136
Taxation (Company Income Tax & Deferred	(70,578)	(33,547)	200,664	(110)
Profit after Taxation	340,503	141,477	97,772	142

4. **Statement of Directors' responsibilities on the financial statements**
   Section 334 and 335 of the Companies and Allied Matters Act CAP C20 LFN 2004; require the directors to prepare financial statements for each financial year that give a true and fair view of the state of the financial affairs of the company at the end of

each financial year and of its profit or loss and cash flows. The directors are to also ensure that the statements comply with the provisions of the insurance Act 2003 and Companies and Allied Matters Act, CAP C20 LFN 2004.

These responsibilities include ensuring that the company:

a. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with requirements of the companies and Allied Matters Act and the Insurance Act of 2003.
b. Establishes adequate internal controls to safeguard its assets and to prevent fraud and other irregularities; and
c. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments

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

- International Accounting Standards
- Relevant guidelines issued by NAICOM
- The Requirements of Insurance Act 2003
- The requirements of the Companies and Allied Matters Act

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

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

5. Directors and their interest

The following Directors served during the year ended 31 December, 2015:

1. Henry James Sementitari Chairman (Resigned11TH August, 2015)
2. Michael D. Dogo — Managing Director (Appointed 22ND May,2015)
3. Olarinde B. Oshadiya — Executive Director (Appointed 8th June, 2015)
4. Farouk Lawal Yola — Non-Executive Director
5. Aisha A. Abraham — Non-Executive Director
6. Dr. Emmanuel I.U. Ojei — Non-Executive Director
7. Bonaventure Okhaimo — Non-Executive Director

The direct and indirect interests of the Directors in the issued share capital of the company as recorded in the Register of Directors' shareholding and/or as notified by the Directors for the purpose of section 275 and 276 of the Companies and Allied Matter Act and the listing requirements of the Nigerian Stock Exchange as at 31 December, 2015 are as follows:

S/N	Names	Direct Dec'15	Indirect Dec '15	Direct Dec '14	IndirectDec '14
1.	Henry James Semenitari	-	6,975,343,376	-	-
2.	Michael D. Dogo	1,213,836	-	1,213,836	-
3.	Olarinde B. Oshadiya	-	-	-	-
4.	Dr. Emmanuel I.U. Ojei	1,287,628,018	-	1,287,628,018	-
5.	Farouk Lawal Yola	-	7,859,649	-	7,859,649
6.	Mrs. Aisha A. Abraham	2,245,613	-	-	-
7.	Mr. Bonaventure Okhaimo	-	-	-	-

6. **Changes on the Board**

During the year Mr Michael D Dogo and Olarinde B. Oshadiya were appointed on 22nd of May 2015 and 8th of June 2015 as Managing Director and Executive Director Operations respectively.

7. **Directors Interest in Contracts**

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any declarable interest in contracts in which the Company was involved during the year ended 31 December 2015.

8. **Acquisition of Own Shares**

The Company did not acquire any of the Company's share during the year ended 31st December 2015.

9. **Property, Plant and Equipment**

Information relating to changes in Property, Plant and Equipment is given in note 14. The Directors are of the opinion that the market value of the Company's assets is not lower than the value shown in the financial statements.

10. **Donations and Charitable Gifts**

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations of N1,430,000.00 in 2015, (2014: Nil):

*Organization	2015
	=N='000
Adeyemi College of Education Ondo	1,430

11. **Human Resources**

i. **Employment of Disabled Persons**

The Company does not discriminate in considering applications from suitably qualified persons. Equal opportunities for development are given to all employees regardless of disability. Where an employee becomes disabled, every effort is made to ensure his/her continued employment.

ii. **Employees' Health, Safety and Welfare**

The members of staff enjoy free and comprehensive medical services, which are extended to members of their families through the payment of reasonable medical allowances.

Every effort is made to provide a safe and healthy working environment for staff.

iii. **Employees Involvement and Training**

The Company attaches great premium to training of its staff. Staffs are sponsored to attend local and overseas courses of the highest quality. For the period under review all staff attended trainings of various types.

12. **Share Capital Information**

a. Share Range Analysis

Range	Holders	Units	%	=N=
1-500000	472	26,925,903	0.19%	13,462,952
500001-1000000	51	32,412,215	0.23%	16,206,108
1000001-50000000	236	1,695,097,208	12.22%	847,548,604
50000001-100000000	15	1,083,968,673	7.82%	541,984,337
100000001-500000000	14	2,229,532,677	16.08%	1,114,766,339
500000001-1000000000	1	535,758,596	3.86%	267,879,298
1000000001-50000000000	2	8,262,971,394	59.59%	4,131,485,697
	791	**13,866,666,666**	**100.00%**	**6,933,333,333**

b. Substantial Interest In Shares

Shareholders, who held more than 5% of the issued share capital of the Company as at 31st December, 2015were as follows:

	2015		2014	
	Share Units	**%**	**Share Units**	**%**
Unity Bank Plc	6,975,343,376	50.30	6,975,343,376	50.30
Dr. Emmanuel I.U. Ojei	1,287,628,018	9.29	1,287,628,018	9.29
Total	**8,262,971,394**	**59.59**	**8,262,971,394**	**59.59**

c. Shareholding Pattern as at 31 December, 2015

Categories	No. of Shareholders	No. of Holdings	%
Individuals	700	3,740,703,757	26.98
Corporate	91	10,125,962,909	73.02
Federal Government	000		
State Government	000		
Local Government	000		
Foreign	000		
Total	**791**	**13,866,666,666**	**100**

d. Share Capital History

	Increase	Cumulative	Increase	Cumulative	
1974	200,000	200,000	200,000	200,000	Cash
1977	100,000	300,000	100,000	300,000	Cash
1978	37,500	337,500		337,500	Cash
1980	162,500	500,000		337,500	Cash
1981		500,000	151,394	488,894	Cash
1983		500,000	11,106	500,000	Cash
1990	4,500,000	5,000,000	900,000	1,400,000	Cash & Bonus
1991	10,000,000	15,000,000	2,100,000	3,500,000	Cash & Bonus
1992		15,000,000	2,100,000	3,500,000	Cash & Bonus
1993		15,000,000	4,700,000	10,000,000	Cash & Bonus
1996	85,000,000	100,000,000	10,000,000	20,000,000	Cash & Bonus
1997		100,000,000	20,000,000	40,000,000	Cash & Bonus
1998		100,000,000	35,685,000	75,685,000	Cash & Bonus
1999		100,000,000	14,315,000	90,000,000	Cash
2003	400,000,000	500,000,000	30,000,000	120,000,000	Cash & Bonus
2001		500,000,000	230,000,000	350,000,000	Cash & Bonus
2005		500,000,000	44,000,000	394,000,000	Cash & Bonus
2006	3,000,000,000	3,500,000,00		2,394,000,000	Cash & Bonus
2007		3,500,000,000	2,000,000,000	2,394,000,000	Cash & Bonus
2008	3,500,000,000	7,000,000,000	3,606,000,000	6,000,000,000	
2008	7,000,000,000	14,000,000,000	6,000,000,000	12,000,000,000	Split 50k per share
2008		14,000,000,000	350,000,000	12,350,000,000	Cash
2009		14,000,000,000	650,000,000	13,000,000,000	Bonus
2011		14,000,000,000	866,666,666	13,866,666,666	Bonus

13. **Audit Committee**

In accordance with section 359(3) of the Company and Allied Matters Act, CAP C20 LFN 2004, the Audit Committee members of the Company reelected at the last Annual General Meeting were as follows:

Kunle Ogunmefun	Shareholders' representative
Osarieme O. Ezekiel (Mrs)	Shareholders' representative
Usman Abaji	Shareholders' representative
Bonaventure E. Okhaimoi	Director
Emmanuel I.U. Ojei	Director
Farouk Lawal Yola	Director

The functions of the Audit Committee are as stated in section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

14. **Post Balance Sheet Events**

There were no significant post balance sheet events which have not been provided for in these financial statements.

15. **Auditors**

The Auditors, Messrs PKF Accountants and Business Advisors (Chartered Accountants), have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20, LFN 2004.

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

BY THE ORDER OF THE BOARD

HALIMA J. WUSHISHI
FRC/2015/NBA/000000010135
COMPANY SECRETARY

1st April, 2016
ABUJA, NIGERIA

CORPORATE GOVERNANCE REPORT

Introduction

At UnityKapital Assurance Plc, the principles of good corporate governance practices remain our driving force. It provides the guiding principle in sustaining our shareholders' value, behaving ethically as well as rendering excellent services to our clients. The Board of Directors has continued to ensure proper implementation of corporate governance principles in the operations of the company.

As an entity quoted on the Nigerian Stock Exchange (NSE), we take adherence to corporate governance principles very serious. We also ensure compliance with the code of corporate governance issued by the National Insurance Commission (NAICOM), Securities and Exchange Commission (Sec) at all times.

Governance Structure

The Board

The Board, which is composed of nine (9) members, has the overall responsibility for the governance of the Company. The Board of Directors is accountable to the shareholders and is also responsible for managing relationships with all stakeholders, including the regulators.

The Board has two committees namely, Finance, Investment and Risk Management Committee and Establishment Committee. In addition to these two Committees, the Company has the statutory Audit Committee made up of representatives from the Board and the shareholders as a body. It is important to mention that in line with best practices, the office, and for that matter, the roles of the Chairman and Chief Executive are distinctly separated. While the Chairman is responsible for the leadership of the Board, the Chief Executive Officer is the overall performance of the Company. The Board delegates the responsibility for the day-to-day management of the Company to the Managing Director and Chief Executive Officer who, in turn, is supported by the Executive Directors. There are also various management committees that meet regularly.

Responsibilities

The Board reviews and approves the Company's performance by way of quarterly, half yearly and full year financial statements. It determines and monitors the strategic objectives and policies of the Company while also ensuring the maintenance of appropriate system of internal controls to engender regulatory compliance and safeguard the interest of all shareholders.

The Board meets quarterly and additional and/emergency meetings are held as required. The Board met **(5) times during the 2015** financial year.

Appointments and Retirements

Following the dismissal of Mr. Kins Ekebuike the erstwhile Managing Director and Mr. John AbuOyidih erstwhile Executive Director (Finance and Admin) and the resignation of Alh. Lawal Mijiyalwa erstwhile Executive Director (Operation)in December 2014 over non-adherence to corporate governance, the Board appointed Mr Olu-Gbenga Olasogba as

Acting Managing Director to oversee the Company while Messr Michael Dogo and Nkiru Achara were appointed to oversee the offices of Executive Director Operations and Executive Director Finance and Administration respectively.
Thereafter, on 22nd May 2015 and 8th June 2015, Mr. Michael Danjuma Dogo was appointed the substantive Managing Director and Mr. Olarinde B. Oshadiya Executive Director Operations respectively.

Shareholders
The General Meeting of the shareholders of the Company is the highest decision making body. Notices of the meeting are sent and/or published very well in advance. These meetings are attended by representatives of the regulatory authorities. The meetings are conducted fairly and transparently. In addition, the shareholders and the general public are made aware of the Company's quarterly, half-yearly and annual performance via publication in the dailies in compliance with the Nigerian Stock Exchange (NSE) post-listing requirements.

Shareholder's Rights
The Board places serious importance on effective communication with its shareholders. While ensuring the protection of their interest at all times notices of meetings are communicated promptly.

Board Committees
The Board carries out its responsibilities directly in Board meetings and through its Committees which consist of:

Finance, Investment and Risk Management Committee
This Committee which comprises of the Managing Director/Chief Executive Officer, the Executive Director (Finance and Administration) and three other non-Executive Directors is tasked with the responsibility of reviewing and recommending the Company's annual budget to the Board, recommending strategic investment initiatives, reviewing and recommending the annual audited accounts to the Board and reviewing and assessing the overall adequacy and integrity of the risk management framework of the Company. The Committee also considers, reviews, and recommends approval limits to the Board while monitoring compliance with approved limits at all times. The members of this Committee are:

S/No	Names	Status	Position
1.	Bonaventure Okhaimo	Non-Executive Director	Chairman
2.	Dr. Emmanuel I.U. Ojei	Non-Executive Director	Member
3.	Farouk L. Yola	Non-Executive Director	Member
4.	Michael D. Dogo	Managing Director & CEO	Member
5.	Olu-Gbgenga Olasogba	Ag. Chief Finance Officer	Member

Establishment Committee
This Committee is made up of five (5) members. These are the Managing Director, an Executive Director and three (3) non-Executive Directors. The responsibility of this Committee includes the consideration and recommendation for Board approval, the compensation policy of the Company. The Committee is also saddled with the task of

strategicoversight functions, including employee retention and other employees' related matters. The members of this Committee are:

S/No	Names	Status	Position
1.	Farouk L. Yola	Non-Executive Director	Chairman
2.	Bonaventure Okhaimo	Non-Executive Director	Member
3.	Michael D. Dogo	Managing Director & CEO	Member
4.	Olarinde B Oshadiya	Executive Director (Operations)	Member
5.	Aisha A. Abraham	Non-Executive Director	Member

The Statutory Audit Committee

This Committee was set up in compliance with the provisions of the companies and Allied Matters Act, CAP C20, LFN 2004. The Committee consists of six Members three of which are non-Executive Directors while the other three are other shareholders. The Committee's primary responsibility is monitoring statutory and regulatory compliance. The Committee also reviews the annual audited accounts, along with the Management Letter, before submission to the Board. This they do in conjunction with Management and the external auditors. The members of this Committee are:

S/No	Names	Status	Position
1.	Adekunle Ogunmefun	Shareholders Representative	Chairman
2.	Usman Abaji	Shareholders' Representative	Member
3.	Ms. Osarieme O. Ezekiel	Shareholders' Representative	Member
4.	Farouk L. Yola	Non-Executive Director	Member
5.	Emmanuel I.U. Ojei	Non-Executive Director	Member
6.	Bonaventure E. Okhaimo	Non-Executive Director	Member

Attendance at Board and Committee Meetings

The table below shows the frequency of meetings of the Board of Directors, Board Committees and the Statutory Audit Committee as well as members' attendance during the financial year ended 31st December, 2015.

Directors/Members	Board	Finance, Investment & Risks Committee	Establishment Committee	Statutory Audit Committee
Henry James Sementari	4			
Aisha A. Abraham	4			
Michael D. Dogo	4	1	1	
Babatunde Oshadiya	4		1	
Emmanuel I.U. Ojei	0	0	0	0
Farouk L. Yola	4	1	1	5
Bonaventure Okhaimo	4	1	1	5
Olu-Gbgenga Olasogba	4	1		
Kunle Ogunmefun				5
Usman Abaji				5
Ms. Osarieme O. Ezekiel				5

National Insurance Commission (NAICOM)'s Intervention

On 30th July, 2015 National Insurance Commission (NAICOM) issued a regulatory order to the Company due to divestment issues and restricted the Board from holding any meeting or taking any further decision in respect of the affairs of the Company. This Order was vacated on 2nd February, 2016.

Insider Trading

Directors, insiders and other related persons with non-public, confidential and price-sensitive information are prohibited from dealing in the equities of the Company where this will amount to insider trading. This prohibition will last until the information in question is released to the general public.

Regulatory Compliance

The Company has always complied with regulatory provisions including filing of statutory returns with Nigerian Stock Exchange, Securities and Exchange Commission, Corporate Affairs Commission, and National Insurance Commission. The Company filed its 2014 annual accounts with the National Insurance Commission and Securities & Exchange Commission out of time and paid a fine of ₦12.3million. The contraventions are as contained on page 61 of this report.

Unclaimed Dividends

The list of unclaimed dividend has been provided by the Registrars in a separate document.

Management Committees

For a smooth and effective running of the Company, the following Management Committees exist. These Committees give support to the Managing Director in running the Company and also make recommendations to the Board and the relevant Board Committees.

Management Investment Committee
General Executive Committee
Management Project Committee
Information Technology Steering Committee
Claims Committee and
Regulatory Compliance Committee

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

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. Directors are responsible for the preparation of consolidated financial statements which give a true and fair view of the state of affairs of the Company and of its financial performance for the period. These responsibilities include ensuring that:

(a) appropriate and adequate internal controls are established both to safeguard the assets of the company and to prevent and detect fraud and other irregularities;

(b) The Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, International Financial Reporting Standards and Relevant Circulars issued by the National Insurance Commission.

(c) The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

(d) The financial statements are prepared on a going concern basis unless it is presumed that the company will not continue in business.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and relevant circulars issued by the National Insurance Commission.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the financial performance for the year.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

The Directors have made assessment of the Company's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on 2015

AISHA AZUMI ABRAHAM	**MICHEAL DANJUMA DOGO**	**OLU-GBENGA OLASOGBA**
Director	***Managing Director/CEO***	***CFO***
FRC/2015/NBA/00000006951	**FRC/2015/CIIN/00000003468**	**FRC/2013/ICAN/00000001676**

UNITYKAPITAL ASSURANCE PLC.

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REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF UNITYKAPITAL ASSURANCE PLC

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, the members of the Audit Committee of UnityKapital Assurance Plc hereby report as follows:

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

- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of the external audit for the year ended 31 December, 2015 were satisfactory and reinforce the Company's internal control systems.

- We reviewed the management letter of the independent auditors and are satisfied with management's response thereto.

- We have deliberated with the independent auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit.

Kunle Ogunmefun
Chairman, Audit Committee

Members of the Committee

1. Osarieme O. Ezekiel (Ms)
2. Abaji Usman
3. Bonaventure E. Okhaimo - Director
4. Emmanuel I. U. Ojei - Director
5. Farouk Lawal Yola - Director

PKF Professional Services

PKF
Chartered Accountants &
Business Advisers

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF UNITYKAPITAL ASSURANCE PLC.

Report on the Financial Statements

We have audited the accompanying financial statements of **UNITYKAPITAL ASSURANCE PLC.**, as at 31 December 2015, set out on pages 3 to 77 which have been prepared on the basis of the significant accounting policies on pages 18 to 42 and other explanatory notes on pages 45 to 77.

Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS), 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 (NAICOM) guidelines and circulars, to the extent that they do not conflict with the requirements of IFRS. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting estimates that are reasonable in the circumstances.

Auditors' 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 as to 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of express 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 management, 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, the Company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information 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 (NAICOM) guidelines and circulars. The financial statements give a true and fair view of the financial position of **UNITYKAPITAL ASSURANCE PLC.** as at 31 December 2015, and of its financial performance and its cash flow, for the year then ended in accordance with the Statement of Accounting Standards issued by the Financial Reporting Council and relevant International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

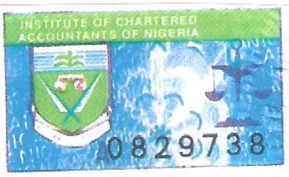
Compliance with the requirements of schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position and the statements of comprehensive income are in agreement with the books of account.

Contraventions

During the year ended 31 December, 2015, the company recorded some regulatory infractions and a total of N12.3million was paid as penalty. Detail is on note 41 in the notes to the financial statements

Isa Yusufu
FRC/2014/ICAN/00000007734
For:PKF Professional Services
Chartered Accountants
Kaduna, Nigeria
Date: 2nd March, 2016



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1. Reporting Entity

UnityKapital Assurance Plc ("the company") was initially incorporated under the name of Kapital Insurance Company Limited as a private limited liability company on the 8 August 1973. On 14 March 2007, it acquired and merged with two other insurance companies and became a public limited liability company. Its shares are quoted on the Nigerian Stock Exchange.

Its Head office is located at 497 Abogo Largema Street, off constitution Avenue, Central Business District, Abuja. Nigeria.

The Company has 93.46% equity interest in Health Care Security Limited and 70% interest in Future Unity Glanvills Pensions Limited. These two subsidiary companies together with the company constitute the Group.

1.2 Principal Activities

The principal business of the company is underwriting of non- life insurance risks.

The subsidiaries activities are:

Future Unity Glanvills Pensions Limited- the administration and management of pension fund assets.

Health Care Security Limited- provision of health insurance.

2. Components of Financial Statements

The financial statements comprise the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, and the accompanying Notes.

Income and expenses (excluding the components of other comprehensive income) are recognized in the profit or loss segment of the statement of comprehensive income to arrive at the profit for the year.

Other comprehensive income is recognized in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognized in the statement of profit or loss as required or permitted by IFRS.

The addition of the profit for the year and the other comprehensive income gives the total comprehensive income for the year.

Reclassification adjustments are amounts reclassified to statement of comprehensive income in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognized in the statement of changes in equity.

3. *Basis of preparation*

3.1 *Basis of measurement*

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matter Act, Insurance Act, 2003 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM). Historical cost basis was used in preparation of the financial statements as modified by the certain items of:

- Property plant and equipment at valuation
- investment property at fair value
- investments at fair value
- impaired assets at their recoverable amounts

3.2 Compliance with IFRS

These financial statements for the year ended 31 December 2012 have been explicitly and unreservedly prepared in accordance with International Financial Reporting Standards (IFRS) Issued by the International Accounting Standards Board (IASB), which were effective and available as at 31 December 2012. Consequently, the
Group's transition date was January 1, 2011.

3.3 Going Concern status

The Group has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are
prepared on going concern basis.

3.4 Significant judgments and key sources of estimation uncertainty

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

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

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

- **Claims arising from insurance contracts**
  Liabilities for unpaid claims are estimated on a case by case basis. The liabilities recognized for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate.

- **Fair value of unquoted equity financial instruments**
  The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data using valuation models.

- ***Property, plant and equipment***
  Property, plant and equipment represent one of the most significant proportion of the asset base of the Group, accounting for about 25% of the Group's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

  The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

  The useful lives and residual values of the property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

- *Taxation*
  Whether it is probable that that future taxable profits will be available against which temporary differences can be utilized; and

- ***Fair value of HTM financial instruments***
  Whether the Group has the ability to hold 'held-to maturity' investments until they mature. If the Group were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

3.5 Functional and presentation currency

The financial statements are presented in Nigerian Naira (Naira), rounded to the nearest thousand, which is also the functional currency of the Group.

3.6 *Changes in Accounting Policies and Disclosures*

The accounting policies adopted are consistent with those of the previous financial period.

3.6.1 New standards and amendments issued and effective for the financial year beginning 1 January 2013

Amendment to IAS 19 – Employee Benefits:
The amendment introduces changes to recognition of deficit / surplus on defined benefit plans and presentation of defined benefit cos. It also introduces recognition of net interest on net defined benefit assets (liability) and more extensive disclosures.
The Group or parent does not maintain a defined benefit plan for its employees; therefore this standard does not have an important on the financial statements of the group or parent.

Amendments to IAS 34 – 34 Interim financial reporting and segment information for total assets and liabilities (Amendment):
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements I FIRS 8 Operating Segments.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements:
IFRS 10 establishes a single control model that applies to all entities including special purpose entities.
IFRS 10 replaces the portion of previously existing IAS 27 Consolidated and Separated Financial Statements that dealt with consolidated financial statements and SIC- 12 Consolidation –Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

a. an investor has power over an investee
b. the investor has exposure, or rights, to variable returns from its involvement with the investee: and
c. the investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

The impact of this standard has been fully effected in these financial statements. The directors of the Company decided that the application of this standard has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements since control over the subsidiaries still exit based on the requirement of IFRS 10.

Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial liabilities:
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. Collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity’s financial position.
The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32.

Based on the assessment of the management, this amendment has no impact on the financial statements of the group as set off-setting between assets and liabilities.

Amendment to IAS 32 – Tax effects of distributions to holders of equity instruments:
The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions t equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

This amendment did not have an impact on the consolidated financial statements for the Group, as there is no company income tax consequences attached to cash or non-cash distribution.

IFRS 12 Disclosure of Interests in Other Entities:
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structure entities. The group has made the disclosures relevant to its interest in subsidiaries in these consolidated financial statements.

IFRS 13 Fair Value Measurement:
IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it harmonizes the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures, and expands them by requiring that all assets, liabilities and equities, including those that are not financial instruments, be measured at fair value.
Furthermore, additional extensive disclosures are required in many areas and the extent of these disclosures increase as the Fair value inputs fall significantly within level 2 and 3 of the fair value hierarchy.

In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

IFRS 1 First-time Adoption of International Reporting Standards:
This amendment was made for first-time adopters of IFRS on or after 1 January 2013. The standard does not have an impact on the group as it not a first-adopter of IFRS.

Amendment to IAS 16**" Classification of Servicing Equipment":**
This amendment does not have an impact on the financial statements of the group.

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IFRS 1 Fist-time Adoption of International Financial Reporting standards:
This amendment was made for first-time adopters of IFRS on or after 1 January 2013. The standard does not have an impact on the group as it is not a first-adopter of IFRS.

Amendments to IAS 16 "Classification of Servicing Equipment":
This amendment does not have an impact on the financial statements of the group.

Amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

(a) items that will not be reclassified subsequently to profit or loss and
(b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items that other comprehensive income is required to be allocated on the same basis, the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 "Clarification of requirements for comparative information".

The amendment clarifies the IAS 1 requirements for comparative information when an entity prepares financial statements that include more than the minimum comparative information requirements. It also clarifies the requirement for presentation of a third Statement of Financial Position as a result of a change in accounting policy, retrospective restatement or reclassification.

As there were no errors or misstatements during the year, there was no impact on these financial statements.

3.6.2 ***Standards and interpretations issued but not yet effective as at 31 December 2013 are:***

Standard	Content	Effective Year
Amendments to IAS 27	Separate Financial Statements	1 January 2015
Amendments to IFRS 12	Disclosure of Interests in Other Entities	1 January 2015
Amendments to IFRS 10	Consolidated Financial Statements	1 January 2015
Amendments to IAS 32	Financial Instruments – Presentation	1 January 2015
Amendments to IAS 36	Impairment of Assets	1 January 2015
Amendments to IAS 39	Financial Instruments-Recognition and measurement	1 January 2015
Amendments to IFRS 1	First- Time Adoption of IFRS	1 July 2015
Amendments to IAS 40	Investment Property	1 July 2015
Amendments to IFRS 13	Fair Value Measurement	1 July 2015
Amendments to IFRS 3	Business Combination	1 July 2015
IFRIC Interpretation 21	Levies	1 January 2015
IFRS 9	Financial Instruments	1 January 2018

3.6.3 Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2015. as shown in the table above, have not been applied in preparing these financial statements and the group is yet to assess the full impact of the amendments arising from these standards.

3.7 Off setting and net off

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

3.8 Presentation of financial statements

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

4 Summary of Significant Accounting Policies

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

4.1 Foreign currencies

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

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

4.1 Foreign currencies

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

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

4.2 Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues for example startup operations may be operating segments before earning revenues.

The Company currently operates a single line of business and entirely within a geographical region.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents have a maturity period of less than or equal to three months.

4.4 Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised and derecognized on the basis of trade date (the date at which the agreement has been entered) accounting.

4.4.1 Recognition of financial assets

Financial instruments are recognised initially at fair value.
The Group classifies its financial instruments in the following categories:

- Financial assets at fair value through profit or loss,
- Loans and receivables,
- Held-to-maturity
- Available-for-sale investments

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

4.4.1a Financial assets at fair value through profit or loss

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

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis, or

- The assets and liabilities are part of a portfolio of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information regarding these instruments are reported to the key management personnel on a fair value basis.
  These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are re- measured at fair value. Fair value adjustments and realized gain and loss are recognised in the statement of profit or loss.

Financial assets at fair value through profit or loss comprise of:

- Quoted shares,
- Government securities-Bonds & Treasury Bills
- Commercial paper and corporate bonds.

4.4.1b Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are disclosed on the face of the statement of financial position.

Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment loss. Interest on loans is included in the income statement and is reported as interest income. Where the asset is impaired, they are carried on the statement of financial position as a deduction from the carrying amount of the loan and receivable and recognized in profit or loss as impairment losses.

4.4.1c Held–to-maturity investments

Held–to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments comprise bonds on lien. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gains and losses on held to maturity assets are recognised on impairment, de- recognition and through the amortization process.

4.4.1d Available–for–sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. They include investment in –non-quoted shares. These investments are initially recorded at fair value. Where equity instruments do not have a quoted market price in an active market and whose fair value cannot be reliably measured the instruments have been measured at cost. After initial measurement, available-for-sale financial assets are measured at fair value. Fair value gains and losses are reported as a separate component in other comprehensive income until the investment is derecognized or the investment is determined to be impaired.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss.

4.4.2 Derecognition of financial assets

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the amount of the asset and the maximum amount of consideration that the Group could be required to repay. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

4.4.3 Amortized cost

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

4.4.4 Fair value

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

These include:

- The use of recent arm's length transactions,
- Reference to other instruments that are substantially the same,
- Discounted cash flow analysis and
- Option pricing models refined to reflect the issuer's specific circumstances

4.4.5 Impairment of financial assets

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

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

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

4.5 Trade/Premium receivables

Receivables are recognised when due. These include amounts due from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortized cost. The impairment loss is calculated under the same method used for these financial assets.

4.6 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses.

4.6.1 Reinsurance assets

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims or insurance contract liabilities associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss recorded in the statement of profit or loss and other comprehensive income.

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortized. Ceded reinsurance arrangements do not relieve the Group from its obligations to policy holders.

4.6.2 Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

4.7 Deferred Policy Acquisition Costs (DAC)

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

4.8 Prepayments

Prepayments are carried at cost less accumulated impairment losses.

4.9 Consolidation

4.9.1 Subsidiaries

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-Group transactions, balances and unrealized gains on transactions between companies within the Group are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statement of the parent entity is measured at cost.

Acquisition-related costs are expensed as incurred.
If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

4.9.1a Disposal of Subsidiaries

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.9.2 Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4.10 Investment Properties

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

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

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

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

4.11 Intangible Assets

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

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life.

Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortization ceases at the earlier date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily, while the residual value exceeds or is equal to the carrying value.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized.

Intangibles recognised as assets are amortized over their useful lives, which does not exceed five years.

4.12 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 4.9 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated [statement of comprehensive income/income statement]. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at 21 below.

4.13 Property Plant and Equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalized as part of the computer equipment.

Work in progress owner-occupied property that are included in property, plant and equipment are stated at cost to date and are not yet decomponetised as the asset have not been put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the statement of profit or loss.

Freehold land is not depreciated. Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

Lease hold land	**Over the lease period**
Buildings	*2%*
Furniture & Fittings	*20%*
Office Equipment	*20%*
Computer Equipment	*20%*
Plant & Equipment	*20%*
Motor Vehicles	25%

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

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

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

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

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

4.14 Statutory deposits

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

4.15 Insurance contract liabilities

Contracts that are classified as insurance contracts are those under which the Group underwrites significant insurance risk from another party (the broker or insured) by agreeing to compensate the insured or other beneficiary if a fortuitous random event (the insured event) adversely affects the policy holder or other beneficiary.

4.15.1 Types of Insurance Contracts

Insurance contracts may be non-life or life. The group issues only non-life insurance contracts. Non-life insurance contracts are accident, casualty and property insurance contracts.

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

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

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

4.15.2 Recognition and measurement of non-life insurance contracts

a. For all non-life insurance contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

b. Salvages

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

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

c. Subrogation

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

d. Deferred Income

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

e. Reinsurance contracts held

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

f. Technical reserves

These are computed in accordance with the provisions of section 22 of the insurance Act 2003 as follow:

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

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

g. Liability adequacy test

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

The provisions of the Insurance Act 2003 require an actuarial valuation for life insurance reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns well.

4.16 Trade and other payables

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

4.17 Retirement benefit obligations

4.17.1 Pension Cost

The Group operates a defined contributory retirement benefit scheme as stipulated in the Pension Reforms Act 2004. Under the defined contribution scheme, the Group pays fixed contributions of7.5% of emoluments as defined by the Act to Pension Fund Administrators; employees also pay a fixed percentage of 7.5% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan.

4.17.2 Gratuities

The Group also maintains a funded defined contribution and self-administered gratuity scheme for the majority of its employees based on the employee's years of service. The scheme is non-contributory but the Group annual contribution of 5% of their pensionable emoluments is charged to the profit and loss account. Qualified retiring employees are only entitled to lump sum payment of the accumulated contribution in their favor without interest

4.18 Provisions

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounting using a current pre- tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.19 Income Taxes

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

4.19.1 Current Income tax

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

4.19.2 Deferred Income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such as:

- Current tax assets against current income tax liabilities and
- The deferred taxes relate to the same taxable entity and
- The same taxation authority

4.20 Share capital and share premium

Ordinary shares are recognized at par value and classified as 'share capital 'inequity. Any amounts received over and above the par value of the shares issue dare classified as 'share premium' in equity.

4.21 Statutory contingency reserve

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

4.22 Retained Earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

4.23 Assets revaluation reserve

This represents the Group's revaluation reserve emanating from revaluations of certain assets.

4.24 Income recognition

4.24.1 Gross premiums

Gross premiums on insurance contract are recognized as revenue when payable by the policyholder.

For single premium business revenue is recognised on the date on which the policy is effective. Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

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

4.24.2 Reinsurance premiums

Gross reinsurance premiums on insurance contracts are recognized as an expense when payable or on the date on which the policy is effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

4.24.3 Commission income

Commissions are recognized on ceding business to the reinsurers and are credited to the Income Statements.

4.24.4 Investment income

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

Investment income also includes dividend income which is recognised when the right to receive the payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

4.24.5 Management and Administrative fees

Management fee

Management fee, an asset based fee is charged as a percentage of the opening net assets value of the pension fund investments at the beginning of the year of charge for the Retirement Savings Account (RSA). It is accrued daily upon portfolio valuation while the actual charge is effected against the Fund within five working days of the month end. Fee for the Retiree Account is computed based on 5% of income earned on the fund.

Administrative fee

Administration fee is calculated as a flat charge payable monthly from contributions received. It is deducted before converting contributions into accounting units of pension fund assets.

4.24.6 Realized/unrealized gains and losses

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

4.25 Claims and expenses recognition

4.25.1 Gross benefits and claims

Claims incurred in respect of Insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance and investment contract liabilities. All claims paid and incurred are charged against revenue as expenses when incurred.

4.25.2 Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

4.26 Interest income and expense

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the entity estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs and discounts or premiums that are integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the financial statement include:

- Interest on financial assets and liabilities measured at amortized cost calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

4.27 Expenses

Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in the income statement on the basis of systematic and rational allocation procedures. This is often necessary in recognizing the equipment associated with the using up of assets such as property, plant and equipment in such cases the expense is referred to as a depreciation or amortization.

These allocation procedures are intended to recognize expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

An expense is recognised immediately in the income statement when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

4.27.1 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from writing insurance contracts. These cost are charged in the income statement in the period they are incurred.

4.28 Impairment of non-financial assets

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

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

4.29 Earnings Per Share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.30 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are approved by the company's shareholders. Proposed dividends are not recognised in equity until they have been declared at a general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.31 Comparatives

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

4.32 Contingent liabilities

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

4.33 Contingent assets

Contingent assets are not recognised in the financial statements but are disclosed when, as a result of the past events, it is highly likely that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non- occurrence of one or more uncertain future events which are not wholly within the group's control.

UNITY KAPITAL ASSURANCE PLC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	Group 31-Dec-15 N'000	Group 31-Dec-14 N'000	Parent 31-Dec-15 N'000	Parent 31-Dec-14 N'000
ASSETS					
Cash and cash equivalents	3	5,393,268	4,520,160	4,365,288	3,748,359
Financial assets	4	431,448	677,150	133,223	293,947
Trade receivables	5	1,723	8,138	1,723	8,138
Reinsurance assets	6	193,019	372,041	193,019	372,041
Deferred acquisition cost	7	137,687	116,152	137,687	116,152
Other receivables and prepayments	8	335,669	115,428	226,120	162,264
Investment in subsdiaries	9	-	-	1,576,300	1,576,300
Investment in associates	10	1,010,650	1,010,650	1,010,650	1,010,650
Investment properties	11	576,609	529,400	576,609	529,400
Goodwill	12	386,444	386,444	-	-
Other intangible asset	13	88,558	113,236	75,489	94,663
Property, plant and equipment	14	2,518,219	2,667,085	2,077,110	2,279,208
Statutory deposits	15	355,000	355,000	355,000	355,000
Total assets		**11,428,295**	**10,870,886**	**10,728,219**	**10,546,124**
LIABILITIES					
Insurance contract liabilities	16	855,892	827,805	855,892	827,805
Trade payables	17	1,933	20,486	1,933	20,486
Retirement benefit obligation	18	78,580	70,941	78,581	70,941
Provision and other payables	19	326,640	256,241	164,829	190,648
Income tax liabilities	20	101,701	71,423	65,359	47,012
Deferred tax liabilities	21	312,076	15,149	177,764	194,576
Total liabilities		1,676,823	1,262,045	1,344,359	1,351,468
EQUITY					
Issued and paid up share capital	22	6,933,333	6,933,333	6,933,333	6,933,333
Share premium	23	663,600	663,600	663,600	663,600
Statutory contingency reserves	24	623,267	543,715	623,267	543,715
Retained earnings	25	307,533	119,701	326,055	65,104
Asset revaluation reserve	26	837,605	988,902	837,605	988,902
		9,365,339	9,249,252	9,383,860	9,194,655
Non controlling interest	38	386,134	359,590		
Total Equity					
TOTAL LIABILITIES AND EQUITY		**11,428,295**	**10,870,886**	**10,728,219**	**10,546,124**

The consolidated financial statements were approved by the Board of Directors on 1st April, 2016, and signed on its behalf by:

Olugbenga Olasogba [CFO]	**Micheal D. Dogo[Managing Director]**	**Aisha A. Abraham[Director]**
FRC/2013/ICAN/00000001676	**FRC/2016/CIIN/00000003468**	**FRC/2014/NBA/00000006951**

UNITY KAPITAL ASSURANCE PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	Group 31-Dec-15 N'000	Group 31-Dec-14 N'000	Parent 31-Dec-15 N'000	Parent 31-Dec-14 N'000
Gross premium written		2,651,717	3,032,045	2,651,717	3,032,045
Gross premium income	28	2,684,534	3,115,433	2,684,534	3,115,433
Reinsurance expenses	29	(588,593)	(606,224)	(588,593)	(606,224)
Net premium income		2,095,941	2,509,209	2,095,941	2,509,209
Fees and commission income	30	25,531	24,768	25,531	24,768
Net underwriting income		2,121,472	2,533,977	2,121,472	2,533,977
Claims expense	31	(428,896)	(444,852)	(428,896)	(444,852)
Underwriting expenses	32	(648,619)	(703,288)	(648,619)	(703,288)
Underwriting profit		1,043,957	1,385,837	1,043,957	1,385,837
Investment income	34	497,674	589,398	497,674	478,847
Net realised gains / (losses) on equity investments		(37,717)		(37,717)	
Net fair value gains / (loss) on financial assets- at fair value through profit or loss	4a&b	(8,264)	(81,930)	(8,264)	(81,930)
Fair value gains on investment properties	11	47,209	44,771	47,209	14,900
Impairment charges on other receivables	33	(102,311)	(130,660)	(102,311)	-
Other operating income	35	602,903	562,334	30,564	84,851
Management expenses	36	(1,601,834)	(2,211,085)	(1,060,031)	(1,707,482)
Profit before taxation		441,617	158,665	411,081	175,023
Income taxes	37	(119,636)	(59,672)	(70,578)	(33,547)
Profit for the year		**321,981**	**98,993**	**340,503**	**141,476**
Other comprehensive income					
Gain on revaluation of properties, plant and equipment after deferred tax	26	(151,297)	45,000	(151,297)	45,000
Other comprehensive income for the year		(151,297)	45,000	(151,297)	45,000
Total comprehensive income for the year		**170,684**	**143,993**	**189,206**	**186,476**
Profit attributable to:					
Owners of the Parent		80,461	120,035		
Attributable to non-controlling interest		26,545	4,246		
		107,006	**124,281**		
Basic earnings per share (kobo)	27	0.05	0.02	0.05	0.02

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

UNITY KAPITAL ASSURANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

GROUP

	Paid up share capital N'000	Share premium N'000	Asset revaluation reserve N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000	Total N'000
Balance at 1 January 2015	6,933,333	663,600	988,902	543,715	65,104	9,194,655	359,589	9,554,244
Transferred from statement of profit or loss	-	-	-		321,981	321,981	26,545	348,526
Additions during the year	-	-	(151,297)	79,552	(79,552)	(151,297)	-	(151,297)
Revaluation of properties and equipment after deferred tax	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-		-	-	-	-
	6,933,333	663,600	837,605	623,267	307,533	9,365,338	386,134	9,751,472
Transactions with owners of equity								
Dividends to equity holders	-	-	-	-	-	-		-
Balance at 31 December 2015	6,933,333	663,600	837,605	623,267	307,533	9,365,338	386,134	9,751,472

	Paid up share capital N'000	Share premium N'000	Asset revaluation reserve N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000	Total N'000
Balance at 1 January 2014	6,933,333	663,600	943,902	453,038	14,305	9,008,178	343,970	9,352,148
Transferred from statement of profit or loss	-	-	-	-	141,477	141,477	15,619	157,096
Loss on revaluation of properties, plant and	-	-	45,000	-	-	45,000	-	-
Revaluation of properties and equipment after deferred tax	-	-	-	90,678	(90,678)	-	-	-
Transfer to contingency reserve	-	-	-	-		-	-	-
	6,933,333	663,600	988,902	543,716	65,104	9,194,655	359,589	9,509,244
Transactions with owners of equity								
Dividends to equity holders	-	-	-	-	-	-	-	-
Balance at 31 December 2014	**6,933,333**	**663,600**	**943,902**	**468,436**	**20,707**	**9,029,980**	**359,589**	**9,509,244**

UNITY KAPITAL ASSURANCE PLC

STATEMENT OF CHANGES IN EQUITY(CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

PARENT

YEAR ENDED 31 DECEMBER 2015	**Paid up share capital N'000**	**Share premium N'000**	**Revaluation reserve N'000**	**Contingency reserve N'000**	**Retained earnings N'000**	**Total N'000**
Balance at 1 January 2015	6,933,333	663,600	988,903	543,715	65,104	9,194,655
Transferred from statement of profit or loss	-	-	-	-	340,503	340,503
Gain on revaluation of properties, plant and	-	-	(151,297)	-	-	(151,297)
Equipment after deferred tax	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	79,552	(79,552)	-
Total comprehensive income for the year	6,933,333	663,600	837,606	623,267	326,055	9,383,861
Transactions with owners of equity						
Dividends to equity holders	-	-	-	-	-	-
Total Transactions with owners of equity	-	-	-	-		-
Balance at 31 December 2015	**6,933,333**	**663,600**	**837,606**	**623,267**	**326,055**	**9,383,861**

YEAR ENDED 31 DECEMBER 2015	**Paid up share capital N'000**	**Share premium N'000**	**Asset revaluation reserve N'000**	**Contingency reserve N'000**	**Retained earnings N'000**	**Total N'000**
Balance at 1 January 2015	6,933,333	663,600	943,903	453,037	14,305	9,008,178
Transferred from statement of profit or loss	-	-	-	-	141,477	141,477
Gain on revaluation of properties, plant and	-	-	45,000	-	-	45,000
Equipment after deferred tax	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	90,678	(90,678)	-
Total comprehensive income for the year	6,933,333	663,600	988,903	543,715	65,104	9,194,655
Transactions with owners of equity						
Bonus share issue						
Dividends to equity holders	-	-	-	-	-	-
Total Transactions with owners of equity	-	-	-	-		-
Balance at 31 December 2014	**6,933,333**	**663,600**	**988,903**	**543,715**	**65,104**	**9,194,655**

UNITY KAPITAL ASSURANCE PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 N'000	Group 2014 N'000	Parent 2015 N'000	Parent 2014 N'000
Cash flows from operating activities					
Premium received	28	2,638,811	3,022,561	2,638,811	3,022,561
Commission received	30	25,531	24,768	25,531	24,768
Reinsurance receipts in respect of claims	29	588,593	606,224	(187,497)	105,023
Other operating receipts	34	497,674	589,398	497,674	563,698
Cash paid to and on behalf of employees		(846,163)	(1,050,628)	(480,920)	(648,554)
Reinsurance premium paid	29	(401,096)	(711,247)	(401,096)	(711,247)
Insurance benefits and claims paid	31	(528,502)	(555,089)	(528,502)	(555,089)
Underwriting expenses	32	(486,484)	(548,303)	(486,484)	(548,303)
Other operating cash payments		(1,260,018)	(1,193,574)	(1,038,609)	(1,504,641)
Company Income paid	20	(59,728)	(60,552)	(52,232)	(51,985)
Net cash (used in)/ from operating activities		**168,618**	**123,558**	**(13,324)**	**(303,769)**
Cash Flows from Investing Activities					
Purchase of property and equipment	14	(137,990)	(176,610)	(51,456)	(59,162)
Purchase of intangible assets	13b	-	(28,161)	-	(9,802)
Proceeds from sale of property and equipment		41,297	4,989	31,600	2,658
Proceeds from sale of equity investment		152,461	13,240	152,461	13,240
Dividend received		8,558	20,897	8,558	20,897
Interest received		555,187	568,502	489,090	457,951
Disposal of financial assets		84,977	245,386		
Purchase of investment property			-		
Additional investments in Associates			-		
Additional investments in subsidiaries			-		
Net Cash provided by investing activities		**704,490**	**648,243**	**630,253**	**425,782**
Cash Flows from Financing Activities					
Dividend paid			-	-	-
Net cash provided by financing activities		-	-	-	-
Net Increase/(decrease) in cash and cash equivailent		873,108	771,801	616,929	122,013
Cash and Cash equivalent at the beginning		4,520,160	3,748,359	3,748,359	3,626,346
Cash and Cash equivalent at the end of the year		**5,393,269**	**4,520,160**	**4,365,288**	**3,748,359**

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

UNITY KAPITAL ASSURANCE PLC
NOTES OF FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

1 General Information

UnityKapital Assurance Plc ("the company") was initially incorporated under the name of Kapital Insurance Company Limited as a private limited liability company on the 8 August 1973. On 14 March 2007, it acquired and merged with two other insurance companies and became a public limited liability company. Its shares are quoted on the Nigerian Stock Exchange.

Its Head Office is located at 497 Abogo Largema Street, Off Constitution Avenue, Central Business District, Abuja. Nigeria.

The principal business of the company is underwriting of non- life insurance risks.
The Company has 93.46% equity interest in Health Care Security Limited and 70% interest in Future Unity Glanvills Pensions Limited. These two subsidiary companies together with the Company constitute the Group.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are disclosed under 'General Information on Reporting Entity and Summary of Significant Accounting Policies'. These policies have been consistently applied to all the years presented, unless otherwise stated.

	Group	Group	Parent	Parent
	December, 2015	December, 2014	December, 2015	December, 2014
3 Cash and cash equivalents	**N'000**	**N'000**	**N'000**	**N'000**
a. This comprises of:				
Cash at hand	1,390	12,441	91	2,675
Cash at bank	239,905	624,964	234,110	138,260
Staff gratuity fund assets	111,882	91,027	111,882	91,027
Short term deposit(see 3b)	5,040,091	3,791,728	4,019,205	3,516,397
Total	**5,393,268**	**4,520,160**	**4,365,288**	**3,748,359**
b. In compliance with section 19(3) of Insurance Act 2003, the short-term deposit is financed as follows:				
Financed by insurance fund	855,892	827,805	855,892	827,805
Financed by other funds	4,184,199	2,688,592	3,163,313	2,688,592
Total short term deposit	5,040,091	3,516,397	4,019,205	3,516,397

Note: The N204.6million Commercial paper was impaired and reclassified to other receivables from cash and cash equivalent to other receivables

UNITY KAPITAL ASSURANCE PLC
NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

		Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
4	**Financial assets**				
	This comprises of:				
	Fair value through profit or loss-quoted equities (Note 4a)	88,418	249,143	88,418	249,142
	Fair value through profit or loss-bond (Note 4b)		-	-	-
	Held to Maturity(Note 4c)	298,225	383,202	-	-
	Available for sale (Note 4d)	44,805	44,805	44,805	44,805
		431,448	677,150	133,223	293,947
	Current	158,742	249,142	88,418	249,142
	Non current	272,706	428,008	44,805	44,805
		431,448	677,150	133,223	293,947
a.	These are quoted equities on the Nigerian Stock Exchange, and are derived as follows:				
	Cost				
	Balance, beginning of year	341,365	354,605	341,365	354,605
	Purchase in the year	-	-	-	-
	Disposal in the year	(152,461)	(13,240)	(152,461)	(13,240)
	Balance, end of year	188,904	341,365	188,904	341,365
	Market value reserve				
	Balance, beginning of year	(92,222)	(10,292)	(92,222)	(10,292)
	Gain/(Loss) in the year	(8,264)	(81,930)	(8,264)	(81,930)
	Balance, end of year	(100,486)	(92,222)	(100,486)	(92,222)
	Fair value as at 31 December	88,418	249,143	88,418	249,142
b.	Fair value through profit or loss -bonds are debt securities with fixed interest rates which management are holding for sales.				
	Cost				
	Balance, beginning of year	-	326,890		
	Purchase in the year	-	-		
	Reclassification	-	(326,890)		
	Fair value gain /(loss)	-	-		
	Balance, end of year	-	-		

4c Held to maturity are debt securities with fixed interest rates and maturity dates stated at amortisedcost, and details are:

Group

	Group December, 2015 N'000	Group December, 2014 N'000
Held to maturity are debt securities with fixed interest rates and maturity dates stated at amortised cost, and details are:		
FGN treasury bills	231,247	326,890
State government bonds	31,360	33,312
Treasury bills	35,618	23,000
	298,225	**383,202**
Balance, beginning of year	383,202	628,587
Movement during the year	(84,977)	(245,385)
Balance, end of year	**298,225**	**383,202**

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
4d. Available for sale are long term investments in unquoted equities, and are carried at cost less impairment, and are derived as follows:				
Cost				
Balance, beginning of year	51,129	51,129	51,129	51,129
Movement in the year	-	-	-	-
Balance, end of year	51,129	51,129	51,129	51,129
Provision for impairment				
Balance, beginning of year	(6,324)	(6,324)	(6,324)	(6,324)
Balance, end of year	(6,324)	(6,324)	(6,324)	(6,324)
Fair value, end of year	**44,805**	**44,805**	**44,805**	**44,805**
5 Trade receivables				
a. This comprises of:				
Premium receivable from insurance brokers	560,574	569,499	560,574	569,499
Premium receivable from insurance agents	6,004	4,775	6,004	4,775
Premium receivable from policy holders	52,299	31,937	52,299	31,937
Premium receivable from Insurance Companies	126,990	146,071	126,990	146,071
	745,867	752,282	745,867	752,282
Less:				
Impairment of premium receivables (Note 5b)	(744,144)	(744,144)	(744,144)	(744,144)
	1,723	8,138	1,723	8,138

NOTE: The N1.7m outstanding in receivables were cleared on 8th January 2016

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
b. Movement in impairment is as follow:				
Balance beginning of the year	744,144	790,437	744,144	790,437
Debts written off	-	(46,293)	-	(46,293)
Charge for the year	-	-	-	-
Balance, end of year	744,144	744,144	744,144	744,144
6 Reinsurance assets				
This is analysed as follows:				
Prepaid reinsurance	158,805	346,302	158,805	346,302
Claim recoverable	34,214	25,739	34,214	25,739
	193,019	372,041	193,019	372,041
7 Deferred acquisition cost				
a. This is analysed as follows:				
Motor	16,608	32,255	16,608	32,255
Fire	10,066	17,496	10,066	17,496
General Accident	12,023	12,442	12,023	12,442
Marine	2,759	9,843	2,759	9,843
Aviation	5,072	3,270	5,072	3,270
Engineering	13,732	16,959	13,732	16,959
Oil & Gas	77,387	23,316	77,387	23,316
Bond	40	572	40	572
Deferred acquisition cost	137,687	116,152	137,687	116,152

UNITY KAPITAL ASSURANCE PLC
NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

		Group	Group	Parent	Parent
		December, 2015	December, 2014	December, 2015	December, 2014
		N'000	N'000	N'000	N'000
7b.	The movement in deferred acquisition cost is as follows:				
	Acquisition Costs brought forward	116,152	137,235	116,152	137,235
	Acquisition Costs paid during the year	670,154	682,204	670,154	682,204
	Total	786,306	819,439	786,306	819,439
	Amortised during the year(acquisituion exp.)	(648,619)	(703,287)	(648,619)	(703,287)
	Acquisition Costs carried forward	**137,687**	**116,152**	137,687	**116,152**
8	**Other receivables and prepayments**				
(i)	The balance is analysed as follow:				
	Receivables from staff	29,908	25,771	25,434	18,370
	Deposits for investments (Note 8(ii))	130,676	130,676	170,380	130,676
	Commercial papers	204,622	-	204,622	-
	Other receivables	53,864	53,301	50,943	53,301
	Prepayments	170,380	124,616	28,522	111,387
		589,449	334,363	479,900	313,733
	Impairment of other receivables and prepayment (Note 8(iii))	(253,780)	(218,935)	(253,780)	(151,469)
		335,669	**115,428**	**226,120**	**162,264**

(ii) Deposit for investments represent net balances with stockbrokers for the purchase of quoted equities on the Nigerian Stock exchange.

		Group December, 2015	Group December, 2014	Parent December, 2015	Parent December, 2014
(iii)	The movement in impairment charge is as follow:				
	Balance, beginning of year	218,935	151,469	151,469	151,469
	Written back during the year	-	-	-	-
	Charged during the year	34,845	67,466	102,311	-
	Balance, end of year	253,780	218,935	253,780	151,469

Note: Charged during the year represent 50% impairment of N204.6m (commercial paper) short-term deposit.

UNITY KAPITAL ASSURANCE PLC
NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

		Parent December, 2015 N'000	Parent December, 2014 N'000
9	**Investment in subsidiaries**		
a	This comprises of investment in:		
	Future Unity Glanvills (FUG) Pension Limited at cost (Note 9b)	1,160,000	1,160,000
	Health Care Security Limited at cost (Note 9c)	416,300	416,300
		1,576,300	1,576,300
	Less: Dimunition in value	-	-
		1,576,300	**1,576,300**

b. Future Unity Glanvills (FUG) Pension Limited has issued ordinary share capital of 1.5 billion units of N1 each.
UnityKapital holds 1.05 billion units (70%) : The company was incorporated on 20 April 2005, and licensed by National Pension Commission to carry on business of a Pension Fund Administrator on 19 June 2007. Its principal place of business is Lagos

c Health Care Security Limited has issued ordinary share capital of 429,075,000 units) of N1 each
UnityKapital holds 401,000,000 units (93.5%) : The company carries on the business of a health maintenance organisation, and its principal place of business is Abuja.

10 Investment in associates

Goldlink Insurance Plc	1,010,650	1,010,650	1,010,650	1,010,650

UnityKapital holds 1,268,314,351 ordinary shares representing 44.65% holding in Goldlink Insurance Plc as at 31/12/2015

Goldlink Insurance Plc became the associate company of UnityKapital in 2011 but was taken over in 2012 by the regulatory authority - National Insurance Commission for infractions of insurance regulations and its Board of Directors was dissolved.
The company did not issued any financial statements since 31/12/2010, not until December 2014 therefore, UnityKapital's share of its profit or loss could not be determined for inclusion in these financial statements, and 2015 accounts was not available as the time of this financial statement was being considered, hence, the investment in the company has been accounted for at cost instead of equity method which is appropriate method of accounting for associate.

11 Investment properties

These are real estates held for capital appreciation and /or for rental purposes.

Investment properties were independently valued by Oyetunji Oyetunji & Co - Estate surveyors and valuers as at December 2015 to ascertain the open market value of the investment properties. The open market value of the were N576,609,021 (2014: N529,400,000). The determination of open market value of the investment properties were supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and recent experience in the location and category of the property being valued. The movement in investment properties is given as follows:-

	Group	Group	Parent	Parent
	December, 2015	December, 2014	December, 2015	December, 2014
	N'000	N'000	N'000	N'000
Balance, beginning of year	529,400	514,500	529,400	514,500
Addition in the year	-	-	-	-
Fair value gain or (loss)	47,209	14,900	47,209	14,900
Balance, end of year	576,609	529,400	576,609	529,400

12 Goodwill

	Group December, 2015 N'000	Group December, 2014 N'000
Balance, beginning of year	386,444	386,444
Balance, end of year	386,444	386,444

Goodwill arose on the acquisition of Health Care Security Limited and FUG Pensions Limited. There is no event to suggest that this goodwill has been impaired.

13 Other intangible assets

This comprises of acquired computer software which does not form part of a related hardware.

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
Computer software (Note 13b)	**88,558**	**113,236**	**75,489**	**94,663**

b Computer software

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
Cost				
Balance, beginning of year	268,763	240,602	217,673	207,871
Additions	-	28,161	-	9,802
Balance, end of year	268,763	268,763	217,673	217,673
Accumulated amortisation				
Balance, beginning of year	155,537	122,676	123,010	93,595
Amortisation expense/impairment charge	24,679	32,851	19,174	29,415
Balance, end of year	180,216	155,527	142,184	123,010
Carrying amount				
31 December	**88,547**	**113,236**	**75,489**	**94,663**

UNITY KAPITAL ASSURANCE PLC
NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

GROUP

14 Property, plant and equipment

	Leasehold land N'000	Building N'000	Office & computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Total N'000
Cost / valuation						
At 1 January 2015	823,175	1,466,046	348,572	506,866	154,686	3,299,345
Reinstatement	-	-	-	-	-	-
Revaluation gain	212,520	(380,628)	-	-	-	(168,108)
Additions	-	38,291	32,963	57,702	9,034	137,990
Disposals	-	-	(4,145)	(16,843)		(20,988)
At 31 December, 2015	1,035,695	1,123,709	377,390	547,725	163,720	3,248,239
Accumulated depreciation						
At 1 January 2015	-	9,032	202,250	265,981	92,835	570,099
Reinstatement	-					-
Depreciation expenses	-	18,272	55,611	86,091	18,116	178,090
Disposals	-		(4,033)	(14,041)	(95)	(18,169)
At 31 December, 2015	-	27,304	253,828	338,031	110,856	730,020
Carrying amount at 31 December 2015	**1,035,695**	**1,096,405**	**123,562**	**209,694**	**52,864**	**2,518,219**
Carrying amount at 31 December 2014	823,175	1,457,014	146,322	240,885	61,851	2,729,246

PARENT

	Leasehold land N'000	Building N'000	Office & computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Total N'000
Cost / valuation						
At 1 January 2015	853,175	1,255,756	201,206	354,121	130,292	2,794,550
Reinstatement	-	-	-	-	-	-
Revaluation gain /loss	212,520	(380,628)	-	-	-	(168,108)
Additions	30,914	-	2,601	16,600	1,341	51,456
Disposals	-	-	-	(31,600)	-	(31,600)
At 31 December, 2015	**1,096,609**	**875,128**	**203,807**	**339,121**	**131,633**	**2,646,298**
Accumulated Depreciation						
At 1 January 2014	-	-	133,402	263,250	118,690	515,342
Reinstatement	-	-	-	-	-	-
Depreciation expenses	-	-	22,367	48,110	6,710	77,187
Disposals				(23,341)		(23,341)
At 31 December, 2014	-	-	155,769	288,019	125,400	569,188
Carrying amount at 31 December 2015	**1,096,609**	**875,128**	**48,038**	**51,102**	**6,233**	**2,077,110**
Carrying amount at 31 December 2014	853,175	1,255,756	67,804	90,871	11,602	2,279,208

UNITY KAPITAL ASSURANCE PLC
NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
15 Statutory deposit	**355,000**	**355,000**	**355,000**	**355,000**

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act 2003 The deposit is not available for the use by the Company on a normal day-to-day business.
However, biannual interest is being earned on the deposit

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
16 **Insurance contract liabilities**				
Outstanding claims [see Note (a) below]				
Outstanding claims reported	167,830	119,894	167,830	121,524
Claims incurred but not repoted	16,783	11,989	16,783	12,152
Actuarial adjustment on valuation	10,575	1,796	10,575	609
Details in Note 16a	195,188	134,285	195,188	134,285
Unearned premium [see Note (b) below]	660,704	693,520	660,704	693,520
	855,892	827,805	855,892	827,805
(a) Provision for outstanding claims				
Motor insurance	10,386	21,752	10,386	21,752
Fire insurance	13,016	62	13,016	62
General accident insurance	154,240	53,037	154,240	53,037
Marine insurance	4,082	685	4,082	685
Engineering	3,204	876	3,204	876
Aviation	197	9,792	197	9,792
Oil and gas	10,063	48,081	10,063	48,081
Bond	-	-	-	-
	195,188	134,285	195,188	134,285
(b) Reserve for unearned premium				
Motor insurance	159,687	271,019	159,687	271,019
Fire insurance	45,955	91,626	45,955	91,626
General accident insurance	59,182	70,008	59,182	70,008
Marine insurance	15,056	43,669	15,056	43,669
Bond	213	3,507	213	3,507
Engineering	70,460	93,431	70,460	93,431
Aviation	18,913	18,131	18,913	18,131
Oil and gas	291,238	102,128	291,238	102,128
	660,704	693,520	660,704	693,520
	855,892	827,805	855,892	827,805

(c) The investment in respect of this insurance funds is a stated in Note 3b.

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
17 Trade payables				
This is analysed as follow:				
Re - insurance premium	-	78	-	78
Co - insurance premium	-	1	-	1
Commission payable	1,933	20,407	1,933	20,407
	1,933	20,486	1,933	20,486

		Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
18	**Retirement benefit obligation**				
a	**Gratuity Scheme**				
	Balance, beginning of year	70,941	51,572	70,941	51,572
	Contribution/interest in the year	21,472	19,369	21,472	19,369
	Payments in the year	(13,832)	-	(13,832)	-
	Balance, end of year	**78,580**	**70,941**	**78,581**	**70,941**

The company operates a funded defined contribution gratuity scheme for its qualified employees based on the employee's years of service. The scheme is self administered and the fund is deposited in a term deposit bank account which is included in Cash and cash equivalent in Note 3a. The scheme is non-contributory but the company's annual contribution of 5% of the relevant emoluments (as defined in the scheme terms and conditions) of qualifying employee is charged to the profit and loss account. Qualified retiring employees are only entitled to lump sum payment of the accumulated contribution in their favour without interest

b **Pension scheme**

In addition to the gratuity scheme, the employees of the Company are members of a state arranged Pension scheme (Pension Reform Act, 2004) which is managed by several Pension Funds Administrators. The only obligation of the Company with respect to this pension plan is to make the specified contributions.

		Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
19	**Provision and other payables**				
	This is analysed as follow:				
	Life insurance fund (Note 19b)	131,417	131,417	131,417	131,417
	PAYE tax, VAT, NHF and other remitable deductions	13,224	11,995	1,245	1,262
	Staff accounts	244	1,163	244	1,163
	Accrued professional fees	30,373	33,478	7,500	7,500
	Other accruals and payables	151,382	78,187	24,423	49,305
		326,640	256,241	164,829	190,648

19b Life insurance fund arose from the business of the defunct Kapital Insrance Company Limited that ceased life business in 2007 because the emerged Unity Kapital is not licensed to carry on life business. The fund was kept in abeyance pending transfer to a life assurance company. The net fund liability was as determined by actuarial valuation of the life insurance fund which was done by A.D. Sani & Associates (Actuaries) as at 31 December 2014 and 31December 2015.

		Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
20	**Income tax liabilities**				
	Company income tax	75,461	56,896	58,032	50,470
	Education tax	14,545	582	12,547	-
	Under / (over) provision in prior years	-	-		-
	Per income statement	90,006	57,478	70,579	50,470
	Balance at beginning of the year	71,423	74,497	47,012	48,527
	Payments/adjustment during the year	(59,728)	(60,552)	(52,232)	(51,985)
	Per statement of financial position	101,701	71,423	65,359	47,012
21	**Deferred tax liabilities**				
	Balance, beginning of year	15,149	136,844	194,576	253,104
	Charge for the year	(38,063)	(49,144)	(38,063)	(63,528)
	Adjustment during the year	334,990			
	Charge on revaluation of investment property	-	-	-	-
	Charge on revaluation of land and buildings		(72,551)	21,251	5,000
		312,076	15,149	177,764	194,576

The deferred tax computation for the company resulted in deferred tax liabailties of N328.06 million for the year which would have resulted in charge of N274.6 million in the year.

		Notes	N'000	N'000	N'000	N'000
22	**Issued and paid up share capital**					
a	**Authorised**					
	14 billion ordinary shares of 50 kobo each		**7,000,000**	**7,000,000**	7,000,000	**7,000,000**
b	**Issued and fully paid**					
	Balance, beginning of year		6,933,333	6,933,333	6,933,333	6,933,333
	Bonus shares issued from share premium during		-	-	-	-
	the year Balance, end of year		6,933,333	6,933,333	6,933,333	6,933,333
23	**Share premium**					
	Balance, beginning of year		663,600	663,600	663,600	663,600
	Transfer to share capital		-	-	-	
	Balance, end of year		**663,600**	**663,600**	663,600	**663,600**

24 Statutory contingency reserve

In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. The movement in the account is as follows:-

	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
Balance, beginning of year	543,715	453,037	543,715	453,037
Charge for the year	79,552	90,678	79,552	90,678
Balance, end of year	**623,267**	**543,715**	**623,267**	**543,715**

25 Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equity for movement in retained earnings.

26 Assets revaluation reserve

Assets revaluation reserve represents the net accumulated change in the fair value of land and buildings until the asset is derecognized or impaired.

Land				
Balance, beginning of year	473,280	428,280	473,280	428,280
Addition to land	191,268	45,000	191,268	45,000
Balance, end of year	664,548	473,280	664,548	473,280
Building				
Balance, beginning of year	515,622	515,622	515,622	515,622
Movement in building	(342,565)	-	(342,565)	-
Balance, end of year	173,057	515,622	173,057	515,622
Carrying amount	**837,605**	**988,902**	**837,605**	**988,902**

27 Earnings per share

Basic earnings per share (kobo)

The calculation of basic earnings per share at 31 December 2015 was based on the profit after tax attributable to ordinary shareholders, and a weighted average number of ordinary shares outstanding on that date calculated as follows:

	Notes	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
Profit after tax attributable to equity holders		195,192	98,993	340,503	141,476
Weighted average number of ordinary shares at end of year		6,716,667	6,716,667	6,716,667	6,716,667
Basic earnings per share (kobo)		0.05	0.02	0.05	0.02

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

	Notes	Group December, 2015 N'000	Group December, 2014 N'000	Parent December, 2015 N'000	Parent December, 2014 N'000
28 Gross premium					
Gross premium earned (Note 28a)		2,638,811	3,022,561	2,638,811	3,022,561
Inward reinsurance premium		12,906	9,484	12,906	9,484
Gross written premium		2,651,717	3,032,045	2,651,717	3,032,045
Changes in unearned premium		32,817	83,388	32,817	83,388
		2,684,534	3,115,433	2,684,534	3,115,433
a Gross premium earned is further analysed as follows:					
Fire		225,696	329,502	225,696	329,502
General accident		293,364	389,484	293,364	389,484
Marine		78,525	167,171	78,525	167,171
Motor		424,731	707,181	424,731	707,181
Oil and gas		1,323,998	1,075,973	1,323,998	1,075,973
Aviation		54,983	60,324	54,983	60,324
Engineering		237,027	277,111	237,027	277,111
Bond		487	15,816	487	15,816
		2,638,811	**3,022,561**	**2,638,811**	**3,022,561**
29 Reinsurance cost					
Reinsurance cost		401,096	711,247	401,096	711,247
Movement in prepaid reinsurance		187,497	(105,023)	187,497	(105,023)
Reinsurance expenses		**588,593**	**606,224**	**588,593**	**606,224**
30 Commission income		**25,531**	**24,768**	**25,531**	**24,768**
31 Claims expenses					
Direct claims paid		578,830	559,347	578,830	559,347
Changes in outstanding claims		(60,903)	(4,867)	(60,903)	(4,867)
Actuarial losses in outstanding claims		10,575	609	10,575	609
Gross claims incurred		528,502	555,089	528,502	555,089
Reinsurance recovery		(99,606)	(110,237)	(99,606)	(110,237)
		428,896	**444,852**	**428,896**	**444,852**

		GROUP	GROUP	PARENT	PARENT
		December, 2015	December, 2014	December, 2015	December, 2014
		N'000	N'000	N'000	N'000
32	**Underwriting expenses**				
	Acquisition cost paid during the year	508,019	527,219	508,019	527,219
	Movement in deferred acquisition cost during the year	(21,535)	21,084	(21,535)	21,084
	Acquisition expenses	**486,484**	**548,303**	**486,484**	**548,303**
	Business maitenence cost	**162,135**	**154,985**	**162,135**	**154,985**
		648,619	**703,288**	**648,619**	**703,288**
33	**Impairment charges**				
	On premium receivables through profit or loss		-	-	-
	On other receivables (This represents 50% impairment of N204m short term deposit)	102,311	130,660	102,311	-
		102,311	130,660	102,311	-
34	**Investment income**				
	Dividends from equity investments at FVTPL	8,558	20,897	8,558	20,897
	Interest received from:				
	Staff loan-Interest	25		25	
	Short term deposits	469,358	528,434	469,358	417,883
	Statutory deposit	19,732	40,068	19,732	40,068
		497,674	**589,398**	**497,674**	**478,847**
	Further analysed as follows:				
	Attributable to policy holders fund	103,067.8	99,169	103,068	99,169
	Attributable to shareholders funds	394,605.8	490,129	394,606	379,678
		497,673.6	**589,298**	**497,674**	**478,847**
35	**Other operating income**				
	Rental and other incomes	527,735	453,897	8,954	8,217
	Bad debt write-off recovered	-	46,293	-	46,293
	Profit on sale of investment	-	20,195	-	20,195
	Profit on sale of assets	5,020	1,289	5,020	1,289
	Sundry income	70,148	40,660	16,590	8,857
		602,903	562,334	30,564	84,851
36	**Management expenses**				
	Staff costs	846,163	1,050,628	511,484	648,554
	Depreciation and amortisation	146,055	207,685	96,360	165,303
	Professional fees	20,606	17,557	7,500	7,500
	Marketing and advertisement	52,179	25,543	78,942	287,569
	Administration expenses	291,081	517,469	219,449	414,985
	NITDA information technology levy	5,654	10,259	4,609	3,076
	Repairs and maintenance	19,453	40,256	19,655	25,510
	Travel costs and allowances	93,809	145,070	78,045	121,568
	Directors' Costs	69,429	54,874	43,986	33,416
	Health insurance capitation & other fees paid	57,405	141,743	-	-
		1,601,834	**2,211,085**	**1,060,031**	**1,707,482**

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

	GROUP December, 2015 N'000	GROUP December, 2014 N'000	PARENT December, 2015 N'000	PARENT December, 2014 N'000
37 Income tax expense				
Education tax	14,545	-	12,546	-
Company income tax	75,461	73,137	58,032	47,012
Under provision in prior years		40,063	-	40,063
Deferred tax expense/ (write back)	29,630	(53,528)	-	(53,528)
	119,636	59,672	70,578	33,547

	GROUP December, 2015 N'000	GROUP December, 2014 N'000	PARENT December, 2015 N'000	PARENT December, 2014 N'000
b Reconciliation of effective tax rate				
Profit before income tax			411,081	175,024
Income tax using the domestic corporation tax rate			(38,063)	33,547
Companies Income Tax (CIT)			52,349	50,470
Non-deductible expenses				-
Education tax levy				-
Information Technology Levy			4,609	3,076
Tax exempt income				-
Prior year under provision				-
Deferred tax expense/(writeback)			(359,399)	(228,570)
Total income tax expense in comprehensive income			70,578	33,548

38 Non-controlling interest

The movement in non-controlling interest during the year is shown below:

	GROUP December, 2015 N'000	GROUP December, 2014 N'000
Balance, beginning of year	359,589	343,970
Share of profit for the period	26,545	15,619
Loss of equity interest	-	-
Share of increase in share capital	-	-
	386,134	**359,589**

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

	GROUP	GROUP	PARENT	PARENT
	December, 2015	December, 2014	December, 2015	December, 2014
	N'000	N'000	N'000	N'000

39 Information regarding employees

(i) The table below shows the number of staff whose emoluments during the year excluding pension contributions were within the ranges stated:

₦		₦	2015 Number	2014 Number	2015 Number	2014 Number
Below	-	1,000,000	46	53	0	1
1,000,001	-	3,000,000	183	189	145	149
3,000,001	-	5,000,000	36	61	27	42
5,000,001	-	8,000,000	14	13	3	3
8,000,001	-	10,000,000	0	5	0	0
Above	-	10,000,000	4	3	2	3
			283	**324**	**177**	**198**

(ii) The related staff costs were:

Staff cost	809,052	920,497	484357	622,139
Staff pension and gratuity	37,111	36,738	27,127	26,415
	846,163	**957,235**	**511,484**	**648,554**

40 Contingent liabilities

There were claims and litigations against the company as at 31 December 2015 amounting to N135,255,666.54 (2014:N1,044,975,000). No provision is made in respect of this on account of its insignificance.

41 Contraventions

The company contravened some regulations and operational guidelines during the year and was penalised by the relevant authorities as detailed below:

	Nature of Contravention	Regulator	Penalties
1	Penalties and fines for late submission of 2013 audited accounts	SEC	5,645,000
2	Penalties and fines for late submission of half yearly returns 2014	SEC	3,800,000
3	Penalties and fines for late submission of quarterly returns 2014	SEC	1,250,000
4	Contrvention of minimum investment with an institution	NAICOM	100,000
5	Late submission of 2013 Accounts	NAICOM	1,500,000
			12,295,000

42 Related Parties Transactions

The company undertook the following transaction with its related parties in the ordinary course of business. Transactions between the company, and the subsidiaries also meet the definition of related party transactions. where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

	Relationship	Premium written	Claims paid
Unity Bank Plc	**Major Shareholder**	169,621,065	19,877,468
FUG Pensions Limited	**Subsidiary**	4,251,645	2,575,477
Healthcare Security Ltd	**Subsidiary**	142,650	1,544,376
Emmanuel Ojei	**Director**	2,347,000	-

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

43 Hypothecation

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance and investment contracts. In response to the risk, the Company's assets and liabilities at 31/12/2015 were allocated as follows:

	Insurance Contract	Shareholders' Funds	Total
	N'000	N'000	N'000
Cash and cash equivalents	855,893	3,163,313	4,019,206
Financial assets	-	133,223	133,223
Trade receivables	-	1,723	1,723
Reinsurance assets	34,214	158,805	193,019
Deferred acquisition cost	-	137,687	137,687
Other receivables and prepayments	-	226,120	226,120
Investment in subsidiaries	-	1,576,300	1,576,300
Investment in associates	-	1,010,650	1,010,650
Investment properties	-	576,609	576,609
Goodwill and other intangible asset	-	75,489	75,489
Property, plant and equipment	-	2,077,110	2,077,110
Statutory deposits	-	355,000	355,000
Total assets	890,107	9,492,029	10,382,136
Insurance contract liabilities	855,892	-	855,892
Trade payables	-	1,933	1,933
Retirement benefit obligation	-	78,581	78,581
Provision and other payables	-	164,829	164,829
Income tax liabilities	-	65,359	65,359
Deferred tax liabilities	-	177,764	177,764
Total liabilities	**855,892**	**488,467**	**1,344,358**
Gap (surplus)	**34,215**	**9,003,563**	**9,037,778**

44 Management of insurance and financial risk

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

44.1 Insurance risk

The risk in any insurance contract is the possibility that the insured event occurs which could result in a claim. This risk is very random and unpredictable.
The principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.
Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

a Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs.

The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.
The group has a specialised claims unit that ensure mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjuction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance for the year ended 31 December 2015 and 31 December 2014.

	Gross sum insured N'000	Re-insurance N'000	Net sum insured N'000
2015			
Fire	271,852	(55,258)	216,594
General Accident	304,356	(8,625)	295,731
Marine	108,850	(17,190)	91,660
Motor	537,642	(4,500)	533,142
Oil & Gas	1,134,888	(453,247)	681,641
Aviation	57,600	-	57,600
Engineering	261,567	(49,420)	212,147
Bond	7,779	(351)	7,428
	2,684,534	**(588,591)**	**2,095,943**

	Gross sum insured N'000	Re-insurance N'000	Net sum insured N'000
2014			
Fire	401,116	(39,162)	361,954
General Accident	409,174	(9,375)	399,799
Marine	136,633	(28,037)	108,596
Motor	730,905	(4,500)	726,405
Oil & Gas	1,027,292	(490,938)	536,354
Aviation	69,923	-	69,923
Engineering	314,113	(28,120)	285,993
Bond	26,277	(6,092)	20,185
	3,115,433	**(606,224)**	**2,509,209**

b Sources of uncertainty in the estimation of future claim payments

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The reserves held for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

c Process used to decide on assumptions

Two set of valuations were carried out using different methods. The first method known as The Basic Chain Ladder Method (BCL) uses historical claims paid over a period of years after the year of occurrence of the insured risk.

Two set of valuations were carried out using different methods. The first method known as *The Basic Chain Ladder Method (BCL)* uses historical claims paid over a period of years after the year of occurrence of the insured risk.

The group used 6 year cohorts called claims development years representing when they were paid after the accident and studied the patterns for 6 years. These historical paid claims (2008 – 2013) are then projected to their ultimate values for each accident year. Using the above result, the latest paid losses are then projected in the BCL and calculate the Loss Development Factors (LDF) for each development year. The ultimate claims are then derived using the LDF and the latest paid historical claims. For each line of business, the provision for outstanding claims, including IBNR, was determined on both gross and net of reinsurance basis.

In the same vein as above, a yearly cohort from year 2008 has been employed to construct the historical claims. Where, as in some cases, only the year of accidents or settlement was available and it became difficult to determine the actual period of the year when the accident or settlement was made, we have assumed that the accident or settlement was made in the same year.

The second method known as *The Discounted Basic Chain Ladder Method (DBCL)* , uses the historical paid claims and discounting functions. The historical claims paid in each of the accident years to the year of valuation. The figures are then accumulated to their ultimate values for each accident year to arrive at the projected outstanding claims which are further multiplied by the discounting functions from the year of valuation to the future year of payment of the outstanding claims. For this we rely of the official historical experience of interests and an assumption of 10% per annum.
The claims development history of the company at the reporting date was as follows:

Fire			**Development Year**			
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**
2010	7,806,411	5,102,494				
2011	11,661,486	4,294,808				
2012	5,861,178	5,503,455				
2013	19,837,523					
2014	24,400,153					
2015	15,192,059					

Motor			**Development Year**			
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**
2010	48,687,116	36,615,072	98,509			
2011	35,891,939	10,026,613	62,210			
2012	26,992,478	10,338,547				
2013	48,364,913					
2014	59,488,843					
2015	191,466,031					

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

Accident			**Development Year**			
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**
2010	48,216,582	19,005,137	11,798,034	1,440,000		
2011	24,440,254	11,126,208	5,596,733			
2012	25,380,997	8,453,969				
2013	40,706,936					
2014	50,069,531					
2015	80,370,499					

44.2 Financial Risk

The company has an Enterprise-wide Risk Management (ERM) Frame work that is responsible for identifying and managing the inherent and residual risks facing the Group. The Group has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

Other key risks faced by the Group as a result of its existence and operations include operational risks, underwriting risks, reputational and business risks.

This note presents information about the Group's exposure to each of the risks stated above, the Group's policies and processes for measuring and managing risks, and the Group's management of capital.

a Credit risk: This is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations As the company is not in the business of granting loans like banks, credit risks in terms of customer default on loans repayment is not applicable. However, in terms of premium payment and investments in counterparties, considerable risk exist that brokers and large corporate who are allowed extended payment period may default and this is closely allied to cash flow risks. The three sources of credit risk identified are:

. Direct Default Risk: risk that the company will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations.

. Downgrade Risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.

. Settlement Risk: risk arising from the lag between the value and settlement dates of securities transactions.

Mitigation: The company puts limit on the fixed income and money market instruments including portfolio composition limits and corporate sector limits. The maximum amount of credit that may be approved by specific authorised individual is limited, with the amount above such limit being approved by the relevant committee of the Board. Furthermore, the company strictly applies the policy of 'No premium, No cover'.

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

Premium debtors by Intermediaries as at 31 December 2015

	2015 N'm	2014 N'm
Brokers/ Policy holders	1,723	601.5
Agents	-	4.7
Insurance companies	-	146.0
Gross debt	**1,723**	**752.2**

Premium debtors by age band as at 31 December 2015

Under 90 days	1,723	8.1
91 - 180 days	-	-
Over 180 days	-	744.1
	1,723	**752.2**

b **Liquidity Risk:** The company recognises the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfil its financial obligation once claims crystalize. Our exposure to liquidity risk comprises:

- Funding liquidity risk: Arising from our investment -linked products where there is a financial obligation to customers.
- **Asset liquidity risk:** Arising from our financial assets where we might not be able to execute transactions at prevailing market price because there is temporarily, no appetite for the deal at the other side of the market

Mitigation: The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

The following table shows the undiscounted cash flows on the company's financial assets and liabilities and on the basis of their possible contractual maturity.

Residual contractual maturities of financial assets and liabilities

2015	Carrying Amount	Gross nominal Inflow/(Outflow)	0-3 Months	3-12 Months	1-5 Years
Assets	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	4,365,288	4,365,288	4,365,288		
Equity securities-available for sale	44,805	44,805			44,805
Equity securities-held for trading	88,418	88,418		88,418	
Trade receivables	1,723	1,723	1,723		
	4,500,234	**4,500,234**	**4,367,011**	**88,418**	**44,805**
Liabilities					
Insurance liabilities	855,893	855,893		855,893	
Trade and other payables	525,921	525,921	84,996	362,344	78,581
	1,381,814	1,381,814	84,996	1,218,237	78,581
Gap (asset - liabilities)	**3,118,420**	**3,118,420**	**4,282,015**	**(1,129,819)**	**(33,776)**
Cumulative liquidity gap	**3,334,688**	**3,118,420**	**4,282,015**	**3,356,808**	**3,323,032**

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

Residual contractual maturities of financial assets and liabilities

2014	Carrying Amount	Gross nominal Inflow/(Outflow)	0-3 Months	3-12 Months	1-5 Years
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	3,748,360	3,748,360	3,748,360		
Equity securities-available for sale	44,805	44,805			44,805
Equity securities-held for trading	249,142	249,142		249,142	
Trade receivables	-	-		-	
	4,042,307	4,042,307	3,748,360	249,142	44,805
Liabilities					
Insurance liabilities	827,805	827,805		827,805	
Trade and other payables	378,296	378,296	124,207	183,148	70,941
	1,206,101	1,206,101	124,207	1,010,953	70,941
Gap (asset - liabilities)	**2,836,206**	**2,836,206**	**3,624,153**	**(761,811)**	**(26,136)**
Cumulative liquidity gap	**2,836,206**	**2,836,206**	**3,624,153**	**2,862,342**	**2,836,206**

c **Market risk:** This reflects the possibility that the value of investment's funds 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 company is exposed to this risk through its financial assets and comprises:

- **Equity price risk:** the risk associated with volatility in the stocks in our investment portfolio.
- **Interest rate risk:** this is the probability that the market interest rates will rise significantly higher than the interest rate than earned on investments such as bonds, resulting in lower market value. The company is exposed to interest bearing assets and liabilities in its books.
- **Property price risk:** the Company's portfolio is subject to property price risk arising from changes in the market value of properties.

Mitigation: The equity price risk is guided by (i) investment quality and limit analysis, (ii) stop loss limit analysis and (iii) limitation of concentration in particular sector. Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolio. Property price risk is managed by converting some of the properties to investment properties.

UnityKapital does not have material interest -rate sensitive liabilities compared to its interest-rate sensitive assets; thus fluctuations in interest rates cannot significantly impact its balance sheet. It is moderately exposed to interest rate risk through its investment approach with high investment in money market instruments.

A significant portion of our assets relate to capital rather than liabilities. As a result, the company's investment income will move with interest rates over the medium to long term, while the short-term interest rates fluctuations create unrealised gains or losses in other comprehensive income.

A summary of the company's interest rate gap position on non-trading portfolio's was as follows:

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

			Re-pricing period		
	Carrying	No Stated	1-3 Months	3-12 Months	1-5 Years
31-Dec-15	Amount	maturity			
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	4,365,288		4,365,288		
Equity securities-available for sale	44,805	44,805			44,805
Equity securities-held for trading	88,418			88,418	
Trade receivables	1,723		1,723		
	4,500,234	44,805	4,367,011	88,418	44,805
Liabilities					
Insurance liabilities	855,893			855,893	
Trade and other payables	525,921		84,996	362,344	78,581
	1,381,814	-	84,996	1,218,237	78,581
Total interest re-pricing gap	**3,118,420**	**44,805**	**4,282,015**	**(1,129,819)**	**(33,776)**

			Re-pricing period		
	Carrying	No Stated	1-3 Months	3-12 Months	1-5 Years
31-Dec-14	Amount	maturity			
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	3,748,360		3,748,360		
Equity securities-available for sale	44,805	44,805			
Equity securities-held for trading	249,142			249,142	
Trade receivables	-				
	4,042,307	44,805	3,748,360	249,142	-
Liabilities					
Insurance liabilities	827,805			827,805	
Trade and other payables	378,296		124,207	183,148	70,941
	1,206,101	-	124,207	1,010,953	70,941
Total interest re-pricing gap	**2,836,206**	**44,805**	**3,624,153**	**(761,811)**	**(70,941)**

d **Operational risk:** This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, strategic risk and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Mitigation: This risk is managed through issue tracking report, risk threshold setting and business continuity plan among others.

e **Reputational risk:**

The Company is exposed to this risk through events that damage its image amongst stakeholders and the public which may impair the ability to retain generate and drive sustainable business. We understand that reputational risk is the biggest risk to our business as it poses a special threat to the confidence of our customers, regulators and industry.

Mitigation :

The company's reputed values set a tone for acceptable behaviours required for all staff members. These are consistently assessed and managed within the company's business process.

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

f Underwriting risk:

Our activities are primarily concerned with the pricing, acceptance and management of risks arising from our contracts with customers. It entails the risk that:

- The prices charged by the company for insurance contracts will be ultimately inadequate to support the future obligations arising from those contracts, risk exposure under its insurance contracts that were unanticipated in the design and pricing of the insurance contract;
- Risks are not adequately ceded to reinsurers exposing the company to potential high claims pay-out;
- Many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses and;
- The company's policyholder will act in ways that are unanticipated and have an adverse effect on the company.

Mitigation :

The company manages its underwriting risk by diversification across large portfolio of insurance as well as re-insurance arrangement.

g Business risk:

Business risk relates to the potential erosion of our market position or revenue shortfallcompared to the cost base due to strategic and/or reputational reasons.

Mitigation:

This is managed through consistent monitoring of product lines' profitability.

48.3 Capital management

The Group's objectives with respect to capital management are to maintain a capital base that is structure to exceed regulatory and to best utilize capital allocations.
Insurance industry regulator measures the financial strength of Non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement.

Section 24 of the Insurance Act 2003 define Solvency Margin of a Non-life insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of Net Premium Income (Gross Premium Income less Re-insurance premium paid) or the minimum capital base (3 billion) whichever is higher.

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the company has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the company's operations if the company falls below this requirement and deemed necessary.

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

The solvency margin for the company as at 31 December 2015is as follows:

	2015	2014
	N'000	N'000
Cash and Cash Equivalents	346,083	231,962
Placement with Financial Institutions	4,019,206	3,469,900
Investment in Ordinary & Preference Shares	133,223	279,146
Loan to staff	25,434	18,370
Statutory Deposits	355,000	355,000
Trade Receivables	1,723	8,138
Less:Other Receivables & Prepayments inadmissibles	(226,120)	(143,894)
Reinsurance Assets	193,019	372,041
Other Receivables & Prepayments	226,120	143,894
Deferred Acquisition cost	137,687	116,152
Investment in subsidiaries,	1,576,300	1,576,300
Investment in Associates	1,010,650	1,010,650
Intangible assets	75,489	94,663
Investment Properties	576,609	529,400
Property, Plant & Equipment	2,077,110	2,307,303
Total Admissible Assets	**10,527,534**	**10,369,025**
Insurance Contract Liabilities	855,892	827,805
Trade payables	1,933	20,486
Provision and Other Payables	164,829	190,648
Retirement Benefit Obligations	78,581	70,941
Tax payable	65,359	47,012
Total Admissible Liabilities	**1,166,595**	**1,156,892**
Solvency Margin	**9,360,939**	**9,212,133**
The higher of 15% of Net premium income or Minimum capital base	3,000,000	3,000,000
Solvency ratio	**312%**	**281%**

Solvency ratio must be above 100%

NOTES OF FINANCIAL STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015.

44.4 Fair value Hierarchy

The Group's accounting policy on fair value measurements is discussed under accounting policy 3.6.1

The Group measures fair value using the following fair value hierarchy that reflects the nature and process used in making the measurements.

Level 1: Fair value measurements classifed as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in active market for identical assets and liabilities.

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. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference 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 category include investment securities and other borrowed funds.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized

(All figures are in thousands of naira)

Group

31 December' 2015

Asset Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities at fair value through profit or loss	88,418	-	-	88,418
Held to Maturity	298,225			298,225
Available for sale			44,805	44,805
	386,643	**0**	**44,805**	**431,448**

31 December' 2014

Asset Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities at fair value through profit or loss	249,143	-	-	249,143
Held to Maturity	383,202			383,202
Available for sale			44,805	44,805
	632,345	**0**	**44,805**	**677,150**

Parent

31 December' 2015

Asset Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities at fair value through profit or loss	88,418	-	-	88,418
Available for sale			44,805	44,805
	88,418	**0**	**44,805**	**133,223**

31 December' 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset Type				
Equity securities at fair value through profit or loss	293,947	-	-	293,947
Available for sale			44,805	44,805
	293,947	**0**	**44,805**	**338,752**

PARENT UNDERWRITING REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015.

	FIRE N'000	G/ACCIDENT N'000	MARINE N'000	MOTOR N'000	OIL & GAS N'000	AVIATION N'000	ENGINEERING N'000	BOND N'000	2015 N'000	2014 N'000
INCOME										
Direct premium	225,696,219	293,363,778	78,525,384	424,731,426	1,323,997,601	54,983,045	237,026,760	487,380	**2,638,811,593**	3,022,561,132
Inward premium	484,477	166,434	1,714,232	1,578,443	-	3,399,122	1,567,007	3,997,571	**12,907,286**	9,483,794
Gross premium written	**226,180,696**	**293,530,212**	**80,239,616**	**426,309,869**	**1,323,997,601**	**58,382,167**	**238,593,767**	**4,484,951**	**2,651,718,879**	**3,032,044,926**
(Increase)/Decrease in provision for unexpired risks	(45,671,135)	(10,826,659)	(28,612,672)	(111,332,404)	189,110,084	781,628	(22,970,834)	(3,294,512)	**(32,816,504)**	(84,433,054)
Gross premium earned	**271,851,831**	**304,356,871**	**108,852,288**	**537,642,273**	**1,134,887,517**	**57,600,539**	**261,564,601**	**7,779,463**	**2,684,535,383**	**3,116,477,980**
Outward premium	(55,258,298)	(8,625,000)	(17,190,210)	(4,500,000)	(453,247,376)	-	(49,420,458)	(351,064)	**(588,592,406)**	(606,224,206)
Prepaid reinsurance	-	-	-	-	-	-	-	-		-
Net Premium earned	**216,593,533**	**295,731,871**	**91,662,078**	**533,142,273**	**681,640,141**	**57,600,539**	**212,144,143**	**7,428,399**	**2,095,942,977**	**2,510,253,774**
Commission Received	8,722,285	-	4,372,376	-	-	-	12,314,169	97,759	**25,506,589**	24,768,257
TOTAL OPERATING INCOME	**225,315,818**	**295,731,871**	**96,034,454**	**533,142,273**	**681,640,141**	**57,600,539**	**224,458,312**	**7,526,158**	**2,121,449,566**	**2,535,022,031**
Claims Expenses										
Gross claims paid	(68,232,962)	(216,784,953)	(33,559,430)	(157,982,156)	(79,929,548)	(16,162,581)	(16,753,617)	-	**(589,405,247)**	(559,347,015)
Increase/(Decrease) in provision for outstanding claims	12,954,002	101,203,901	3,397,476	(11,366,171)	(38,018,045)	(679,617)	(6,588,244)	-	**60,903,302**	7,637,000
Gross claims incurred	(55,278,960)	(115,581,052)	(30,161,954)	(169,348,327)	(117,947,593)	(16,842,198)	(23,341,861)	-	**(528,501,945)**	(551,710,015)
Reinsurance claims recoveries	16,319,323	8,405,504	16,121,786	4,401,647	41,558,905	-	12,798,768	-	**99,605,933**	107,466,707
Net claims incurred	(38,959,637)	(107,175,548)	(14,040,168)	(164,946,680)	(76,388,688)	(16,842,198)	(10,543,093)	-	**(428,896,012)**	(444,243,308)
Underwriting Expenses										
Acqusition & Maintenance costs less deffered cost	66,066,135	69,880,954	21,724,444	89,293,319	325,718,760	13,346,836	62,010,915	577,381	**648,618,743**	703,288,222
Acquisition cost	23,123,147	20,964,286	5,865,600	29,466,795	87,944,065	3,603,646	16,742,947	155,893	**187,866,379**	203,451,563
Maintenance cost	42,942,135	69,880,954	15,858,844	59,826,524	237,774,695	9,743,190	45,267,968	421,488	**460,752,364**	499,836,661
	66,066,135	69,880,954	21,724,444	89,293,319	325,718,760	13,346,836	62,010,915	577,381	648,618,743	703,288,222
TOTAL DIRECT EXPENSES	**(105,025,772)**	**(177,056,502)**	**(35,764,612)**	**(254,239,999)**	**(402,107,448)**	**(30,189,034)**	**(72,554,008)**	**(577,381)**	(1,077,514,756)	1,406,576,446
UNDERWRITING PROFIT:										
2015	**120,290,046**	**118,675,369**	**60,269,842**	**278,902,274**	**279,532,693**	**27,411,505**	**151,904,304**	**6,948,777**	**1,043,934,810**	
2014	**276,960,351**	**239,843,861**	**65,301,662**	**446,877,940**	**261,403,995**	**33,632,670**	**196,397,568**	**(132,927,623)**		**1,387,490,499**

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

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2015.

	Group 2015 N'000	%	Group 2014 N'000	%	Parent 2015 N'000	%	Parent 2014 N'000	%
Premium income	2,684,534		3,722,456		2,684,534		3,115,433	
Re-insurance, claims and commission and others	(1,879,973)		(3,010,426)		(2,071,355)		(2,690,251)	
	804,561		712,030		613,179		425,182	
Investment and other income	1,151,732		620,043		528,238		563,698	
Valued added	1,956,293	100	1,332,073	100	1,141,417	100	988,880	100
Applied to pay:								
Staff cost	846,163	56	922,508		511,484	44.88	648,554	
Government as tax	119,636	2	35,313		70,578	6.192	33,547	
Shareholders as dividend								
Retained in the business								
Depreciation and amortisation	248,366	10	204,240		217,215	19	165,303	
Retained profit for the year	321,981	19	170,012		340,503	29.87	141,476	
	1,536,145	100	1,332,073	100	1,139,780	100	988,880	100

Value added is the additional wealth the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, finance providers, government and that retained for the future creation of more wealth or for amortisation.

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FIVE YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2015.
STATEMENT OF FINANCIAL POSITION

	Parent 2015 N'000	Parent 2014 N'000	Parent 2013 N'000	Parent 2012 N'000	Parent 2011 N'000
ASSETS					
Cash and cash equivalents	4,365,288	3,748,359	3,626,346	3,009,116	4,572,301
Financial assets	133,223	293,947	389,118	328,967	244,499
Trade receivables	1,723	8,138	0	454,323	99,174
Reinsurance assets	193,019	372,041	300,508	215,801	54,740
Deferred acquisition cost	137,687	116,152	137,236	85,036	40,832
Other receivables and prepayments	226,120	162,264	153,645	606,723	357,081
Investment in subsidiaries	1,576,300	1,576,300	1,576,300	1,576,300	826,300
Investment in associates	1,010,650	1,010,650	1,010,650	1010650	843,365
Investment properties	576,609	529,400	514,500	472,526	387,289
Other intangible asset	75,489	94,663	114,276	80,826	56,546
Property, plant and equipment	2,077,110	2,279,208	2,307,303	2,349,854	2,061,693
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Total assets	**10,728,219**	**10,546,124**	**10,484,882**	**10,545,121**	**9,898,821**
LIABILITIES					
Insurance contract liabilities	855,892	827,805	906,326	678,769	411,214
Trade payables	1,933	20,486	20,162	75,936	25,488
Retirement benefit obligation	78,581	70,941	51,572	33,729	37,338
Provision and other payables	164,829	190,648	197,013	174,954	205,161
Income tax liabilities	65,359	47,012	48,527	28,925	51,017
Deferred tax liabilities	177,764	194,576	253,104	434,891	374,284
Total liabilities	**1,344,359**	**1,351,468**	**1,476,704**	**1,427,203**	1,104,502
EQUITY					
Issued and paid up share capital	6,933,333	6,933,333	6,933,333	6,933,333	6,500,000
Share premium	663,600	663,600	663,600	663,600	1,096,933
Statutory contingency reserves	623,267	543,715	453,037	365,982	283,883
Retained earnings	326,055	65,104	14,305	114,673	9,910
Asset revaluation reserve	837,605	988,902	943,903	1,040,330	903,594
Shareholders fund	**9,383,860**	**9,194,655**	**9,008,178**	**9,117,918**	**8,794,320**
TOTAL LIABILITIES AND EQUITY	**10,728,219**	**10,546,122**	**10,484,881**	**10,545,121**	**9,898,822**

UNITYKAPITAL ASSURANCE PLC

FIVE YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2015.

	Parent 2015 N'000	Parent 2014 N'000	Parent 2013 N'000	Parent 2012 N'000
COMPREHENSIVE INCOME				
Gross premium earned	**2,684,534**	**3,115,433**	**2,754,554**	**2,472,195**
Underwriting profit	1,043,957	1,385,837	800,475	1,671,363
Investment and other income	575,447	578,598	1,720,450	524,070
Provisions	(148,292)	(81,930)	(154,995)	(286,670)
Less management expenses	(1,060,031)	(1,707,482)	(2,143,459)	(1,435,746)
Profit/(Loss) before taxation	411,081	175,023	222,472	473,017
Taxation	(70,578)	(33,547)	41,550	(156,154)
Profit after taxation	340,503	141,476	264,022	316,863
Transfer to contingency reserve	79,552	90,678	87,055	82,100
Other comprehensive income	-151,297	45,000	96,427	136,736
Earnings per share (kobo)	0.05	0.02	2	2