

**UNITY CAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS**  
**AS AT**  
**31 DECEMBER, 2016**

**UNITY CAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**CONTENTS**

1 Corporate Information	3 to 4
2 Directors Report	5 to 10
3 Corporate Governance	11 to 19
4 Statement of Directors' Responsibilities	20
5 Report of Audit Committee	21
6 Independent Auditors Report	21i
7 Statement of Accounting Policies	22 to 46
8 Statement of Financial Position	47
9 Statement of Comprehensive Income	48
10 Statement of Changes in Equity	49 to 50
11 Cash Flow	51
12 Notes to the Financial Statements	50 to 77
13 Underwriting Revenue Account	78
14 Statement of Value Added	79
15 Five Year Financial Summary	80 to 81

**UNITYKAPITAL ASSURANCE PLC.  
ANNUAL REPORT AND ACCOUNTS 2016  
DIRECTORS REPORT**

**CORPORATE INFORMATION**

Membership of the Board of Directors during the year ended 31 December 2016 was as follows:

Aisha Azumi Abraham	Chairman/Non-Executive Director	
Michael DanjumaDogo	Managing Director/CEO	[Resigned 20/07/2016]
Oluyemi P. Olatunji	Managing Director/CEO	[Appointed 06/10/2016]
Olarinde B. Oshadiya	ExecutiveDirector(Ag.MD/CEO)	20/07/2016 to 5/10/2016)
Bonaventure E. Okhaimo	Non-Executive Director	
Farouk LawalYola	Non-Executive Director	
Ibrahim M. Kashim	Independent Director	[Appointed 22/05/2015]
Sen. Gen. M. Magoro (OFR)	Non-Executive Director	[Appointed 22/05/2015]

**REGISTERED OFFICE**

Plot 497, AbogoLargema Street,  
Off Constitution Avenue,  
Central Business District  
Abuja.  
[www.unitykapital.com](http://www.unitykapital.com)

**RC NO: 11785**

**FRC REGISTRATION NO: FRC/2013/0000000000717**

**COMPANY SECRETARY/LEGAL ADVISER**

Halima JubrilWushishi  
FRC/2014/NBA/0000000010135

**BANKERS**

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

**REGULATORY AUTHORITY**

National Insurance Commission

**RE-INSURERS**

African Reinsurance Corporation  
Continental Reinsurance Corporation  
WAICA Reinsurance Corporation  
Nigerian Reinsurance Corporation  
Alwen Hough Johnson (AHJ) Limited  
CK Reinsurance Limited

**UNITYKAPITAL ASSURANCE PLC.  
ANNUAL REPORT AND ACCOUNTS 2016  
DIRECTORS REPORT**

**ACTUARIES**

Adisan& Associates  
Ajami Plaza, TafawaBalewa Way  
Area 3, Garki  
Abuja

**REGISTRARS**

Unity Registrars Limited  
25 Ogunlana Drive  
Surulere  
Lagos

**AUDITORS**

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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**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 31<sup>st</sup> December, 2016.

**1. Legal Form**

The company was incorporated in Nigeria under the Companies and Allied Matters Act, Cap C20, Laws of the Federation, of Nigeria (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 17<sup>th</sup> 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 N2.685 billion in 2015 and N2.197 billion in 2016. Profit after tax was N215 million in 2016 as against N340 million in 2015. Highlights of the operating results for the year under review are as follows:

	<b>2016 N'000</b>	<b>2015 N'000</b>	<b>Changes</b>	<b>%</b>
Gross Premium	2,197,357	2,684,536	(487,179)	(18)
Net Premium Earned	1,561,966	2,095,942	(533,975)	(25)
Net Claim Incurred	(515,906)	(428,896)	(87,010)	(20)
Underwriting Profit	601,790	1,043,959	(428,167)	(42)
Management Expenses	(973,986)	(1,060,031)	87,045	(8)
Impairment charges on receivables	-	(102,311)	(102,311)	(100)
Profit Before Taxation	235,227	411,081	(141,128)	(34)
Taxation (Company Income Tax & Deferred	(54,282)	(70,578)	16,296	(23)
Profit after Taxation	180,946	340,503	(124,833)	(37)
Proposed dividend	69,333	207,999	-	-
Proposed dividend per share	0.0050	0.015		

**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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

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 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 Matters Act and the listing requirements of the Nigerian Stock Exchange as at 31 December, 2016 are as follows:

S/N	Names	Direct Dec'16	Indirect Dec '16
1.	Aisha A. Abraham	2, 245, 613	3,975,343,376
2.	Michael D. Dogo	1, 213, 836	
3.	Olatunji P. Oluyemi	-	-
4.	Olarinde B. Oshadiya	-	-
5.	Farouk L. Yola		7, 859, 649
6.	Sen. Maj. Gen. M. Magoro (Rtd.) (OFR)	105,952,347	-
7.	Bonaventure E. Okhaimo	-	-3,000,000,000
8.	Ibrahim M. Kashim	2,225,077	-

**6. Changes on the Board**

There were changes made to the composition of the Board. During the year Mr. Michael D Dogo resigned as Managing Director/CEO on 20<sup>th</sup> July, 2016 and Mr. Oluyemi P. Olatunji was appointed as Managing Director/CEO on 6<sup>th</sup> October, 2016.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**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 2016.

**8. Acquisition of Own Shares**

The Company did not acquire any of the Company's shares during the year ended 31<sup>st</sup> December, 2016.

**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 ₦1,050, 000 (One Million and Fifty Thousand Naira) to National Association of Insurance & Pension Correspondents (NAIPCO) to various Internally Displaced Camps (IDPs) in Abuja.

**11. Human Resources**

**i. Training and Development**

It is our policy to equip all employees with the skills and knowledge required for successful performance of their jobs. This entails identifying the training needs of our employees and prioritizing implementation of plans to address such needs consistent with the requirements of the business today and in the future. In line with this, in the year under review, the Learning and Development interventions focused on both Functional and Leadership skills of Employees and Directors.

**ii. Dissemination of Information**

In order to maintain a shared perception of our goals, we are committed to communicating information to employees in a fast and effective manner as possible.

We consider this critical to the maintenance of team spirit and high employee morale. Circulars and newsletters are published in respect of relevant corporate issues. A good communication link with the workforce is also maintained through regular meetings between the Management and Staff. Engagement is viewed as an important driver of employee performance.

**iii. Employment of Physically Challenged Persons**

UnityKapital Assurance Plc is an equal opportunity employer and does not discriminate on any ground. Thus, we provide employment opportunities to physically challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability, there could be immense ability.

**iv. Employment Equity, Gender, Policies & Practices**

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

Our resourcing and promotion policy ensures equity and is free from discriminatory bias of gender, ethnic, origin, age, marital status, sexual orientation, disability, religion and other diversity issues. This is role modeled throughout our end to end employee life cycle process.

v. **Staff Diversity, Employee, Development & Training Initiatives**

In the year under review we had staff strength of 112 (75 Males and 37 Females). We have on boarded our new joiners through the corporate induction programme and built people manager capability using the various in-house trainings. We also sent members of the staff to external trainings across the country to build professional and leadership capacity. A further reflection of our people development is the promotion of several staff across levels and functions in the year under review.

vi. **Combating the global challenge on HIV/AIDS, Malaria and other health challenges**

UnityKapital Assurance Plc has a robust plan to address HIV/AIDS, Malaria and other health challenges that might affect the company's employees and their families. 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.

vii. **Health and Safety**

The Health and Safety management has been instituted to provide and maintain safe healthy working conditions, work equipment and system for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by its activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of HSE Officer, First Aid services, fire marshals and emergency procedures etc.

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	<u>8,262,971,394</u>	<u>59.59%</u>	<u>4,131,485,697</u>
	<b>791</b>	<b>13,866,666,666</b>	<b>100.00%</b>	<b>6,933,333,333</b>

b. **Substantial Interest In Shares**

Shareholders, who held more than 5% of the issued share capital of the Company as at 31<sup>st</sup> December, 2016 were as follows:

	2016 Share Units	%
Unity Bank Plc	6,975,343,376	50.30
Dr. Emmanuel I.U. Ojei	<u>1,287,628,018</u>	<u>9.29</u>
<b>Total</b>	<b>8,262,971,394</b>	<b>59.59</b>



**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**c. Shareholding Pattern as at 31 December, 2016**

<b>Categories</b>	<b>No. of Shareholders</b>	<b>No. of Holdings</b>	<b>%</b>
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		
<b>Total</b>	<b>791</b>	<b>13,866,666,666</b>	<b>100</b>

**d. Share Capital History**

	<b>Increase</b>	<b>Cumulative</b>	<b>Increase</b>	<b>Cumulative</b>	
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 and Compliance 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 re-elected at the last Annual General Meeting were as follows:

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

KunleOgunmefun	Shareholder representative	Chairman
Ibrahim M. Kashim	Independent Director	Chairman
Ayuba M. Lolo	Shareholders' representative	Member
UsmanAbaji	Shareholders' representative	Member
Muhammad B. Alhassan	Shareholders' representative	Member
Bonaventure E. Okhaimo	Non-Executive Director	Member
Osarieme Ezekiel O.	Shareholders' representative	Member

\* Alh. Muhammad B. Alhassan and Mr. Ayuba M. Lolo were duly elected as shareholders representatives at the 39<sup>th</sup> AGM on 20<sup>th</sup> July, 2016 replacing Mr. Kunle Ogunmefun and Ms. Osarieme O. Ezekiel.

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 Professional Services, Accountants and Business Advisers (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**

**23 March**, 2017  
**ABUJA, NIGERIA**

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**CORPORATE GOVERNANCE REPORT**

**Introduction**

In UnityKapital Assurance Plc, our actions and interactions with our consumers, employees, government officials, shareholders and other stakeholders reflects our values, beliefs and principles. We are committed to conducting our business in line with best practice, in accordance with applicable laws and regulations in Nigeria and as well as in compliance with the Code of Corporate Governance in Nigeria.

As a publicly quoted company, the Company carries out its business operations on the principle of integrity and professionalism while enhancing shareholders value through transparent conduct at all times with the adoption and application of local regulatory standards as well as international best practice in corporate governance, service delivery and value creation for all.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with the various applicable Codes of Corporate Governance such as the Securities and Exchange Commission (SEC) Code and the National Insurance Commission (NAICOM) Code with particular reference to compliance, disclosures and structure.

**The Board**

The governance of the company resides with the Board of Directors which is accountable to shareholders for creating and delivering sustainable value through the management of the company's business. The Board of Directors is responsible for the efficient operation of the company and to ensure the company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to management. These oversight functions of the Board of Directors are exercised through its various Committees.

In the course of the year under review the Board has four (4) Committees to ensure the proper management and direction of the company.

The Board meets quarterly and additional meetings are convened as at when required. Material discussions may be taken between meetings by way of written resolutions as provided in the articles of association of the company.

**Composition of the Board of Directors**

S/N	NAMES OF DIRECTORS	
1	Mrs. Aisha Azumi Abraham	- <b>CHAIRMAN</b>
2	Mr. Oluyemi P. Olatunji	- <b>MANAGING DIRECTOR/CEO</b>
3	Mr. Babatunde Oshadiya	- <b>EXECUTIVE DIRECTOR, OPERATIONS</b>
4	Alhaji Farouk LawalYola	- <b>DIRECTOR</b>
5	Sen. Maj. Gen. Mohammed Magoro (OFR)	- <b>DIRECTOR</b>
6	Ibrahim Muhammad Kashim	- <b>INDEPENDENT DIRECTOR</b>
7	Bonaventure Okhaimo	- <b>DIRECTOR</b>

The Board which is composed of 7 (Seven) members have 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 stakeholders including regulators.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

The Independent Director does not have significant shareholding interest or special business relationship with the company. The Non-executive Directors are independent of the management and are free from any constraints which may materially affect the exercise of their judgment as Directors of the Company. The effectiveness of the Board derives from the appropriate balance and mix of skills and experience of directors both executive and non-executive.

The company's Board is made up of seasoned professionals who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear, independent judgement on the deliberations of the Board.

**Appointments and Retirements**

Within the year under review, Mr. Michael D. Dogo resigned as Managing Director/CEO on 20<sup>th</sup> July, 2016 and the Board appointed Mr. Oluyemi P. Olatunji as Managing Director on 6<sup>th</sup> October, 2016.

**Separation of the Positions of Chairman and Managing Director**

The positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and the Managing Director is responsible for the implementation of the Company's business strategy and the day-to-day management of the business.

**Responsibilities of the Board**

The Board determines the strategic objectives of the company in delivering long-term growth and short-term goals. In fulfilling its primary responsibilities, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic importance.

The power reserved for the Board includes the following:

- a. Determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board, Senior Management and Board Committee members.
- b. Approval of mergers and acquisition, branch expansion/reduction, establishment of subsidiaries, approval of remuneration policy and packages of the Board members.
- c. Approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate Governance and Anti-money laundering.
- d. Approval of resources and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with regulators.
- e. Approval of major change to the company's corporate structure, and changes relating to the company's capital structure or its status as a public liability company.
- f. Approval of quarterly, half-yearly, and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices.
- g. Approval of the company's strategy, medium and short-term plans and its annual operating and capital expenditure budget.
- h. Recommendation to shareholders of the appointment or removal of auditors and the remuneration of auditors.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**Induction and Training**

The Company has in place a formal induction programme for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the senior management team.

The Company Secretary is in charge of evolving a continuing education programme to ensure existing Directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing education seminars or programmes which would be beneficial to the Company and the Directors' service on the Board.

**Non-Executive Director's (NED) Remuneration**

The company's policy on remuneration of Non-Executive Directors is guided by the provision of National Insurance Commission and Securities Exchange Commission Codes which stipulates that the Non-Executive Directors' remuneration shall be limited to Directors' fees and reimbursable travel and hotel expenses. Directors' fees and sitting allowance was paid to only Non-Executive Directors as recommended by the Board Establishment and Governance Committee.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**Attendance at Board Meetings**

The Board held 10 meetings during the 2016 financial year. The following table shows membership and the attendance of Directors at the Board meetings in the 2016 financial year:

S/ N	NAME	16/0 2/20 16	01/03/ 2016	03/05 /2016	16/05/2 017	17/06/2 016	19/07/201 6	20/7/2016	13/10/2016	5/12/2016	15/12/2 016
1	Mrs. Aisha Azumi Abraham	P	P	P	P	P	P	P	P	P	P
2	Mr. Michael D. Dogo	P	P	P	P	P	P	LTB	LTB	LTB	LTB
3	Mr. Oluyemi P. Olatunji	NYA	NYA	NYA	NYA	NYA	NYA	NYA	P	P	P
4	Mr. Bonaventure E. Okhaimo	P	P	P	P	P	P	P	P	P	P
5	Alhaji Faruk Lawal Yola	P	P	P	P	P	P	P	P	P	P
6	Sen. Maj. Gen. Mohammed Magoro (OFR)-	P	P	P	P	P	P	P	P	P	P
7	Malam Ibrahim Muhammad Kashim	P	P	P	P	P	P	P	P	P	P
8	Mr. Babatunde Oshadiya	P	P	P	P	P	P	P	P	P	P

- P – Present
- AWA – Absent with Apology
- LTB – Left the Board
- NYA – Not Yet Appointed

**Board Committees**

The Board carries out its responsibilities through its committees, namely; Audit and Compliance Committee, Board Establishment and Governance Committee, Board Finance, Investment and General Purpose Committee and Board Enterprise Risk Management Committee.

Through these Committees, the Board is able to more effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the company. The Committees make recommendations to the Board which retains responsibility for final decision making.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

All Committees in the exercise of their powers as delegated, conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each committee. The Committees render reports to the Board at the Board quarterly meeting.

The Committees composition and meetings that took place during the year:

a. Establishment and Governance Committee:

The Establishment and Governance Committee is charged with instituting a transparent procedure for the appointment of new Directors to the Board and making recommendations to the Board regarding the tenures and the re-appointment of Non-Executive Directors on the Board and also review and submit to the Board for approval, staff qualified for Senior Management positions, bi-annually reviews the description of the Executive Directors and establish objectives to assess performance etc.

The Committee comprised of the following members during the financial year:

S/N	NAME	01/03/2016	22/03/2016	17/05/2016	24/06/2016	11/10/2016	14/12/2016
1	AlhajiFarukLawalYola	P	P	P	P	P	P
2	Mr. Michael D. Dogo	P	P	P	P	LTB	LTB
3	Mr. Oluyemi P. Olatunji	NYA	NYA	NYA	NYA	P	P
4	Mr. Bonaventure E. Okhaimo	P	P	P	P	P	P
5	Sen. Maj. Gen. Mohammed Magoro (OFR)	P	P	P	P	P	P
6	Malam Ibrahim Muhammad Kashim	P	P	P	P	P	P
7	Mr. BabatundeOshadiya	P	P	P	P	P	P
<ul style="list-style-type: none"> <li>• P – Present</li> <li>• AWA – Absent with Apology</li> <li>• LTB – Left the Board</li> <li>• NYA – Not Yet Appointed</li> </ul>							

b. Finance, Investment and General Purpose Committee:

The Finance, Investment and General Purpose Committee is responsible for monitoring the integrity of the financial statements of the Company and reviewing the effectiveness of the Company's internal control and risk management system, among others. The Committee comprises four Non-Executive Directors selected to provide a wide range of financial, commercial and international experience.

Members of the Committee who served during the year are:

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

S/ N	NAME	29/02/2016	21/03/2016	26/04/2016	28/04/2016	27/7/2016	10/10/2016	05/12/2016	14/12/2016
1	Sen. Maj. Gen. Mohammed Magoro (OFR)	P	P	P	P	P	P	P	P
2	Mr. Michael D. Dogo	P	P	P	P	LTB	LTB	LTB	LTB
3	Mr. Oluyemi P. Olatunji	NYA	NYA	NYA	NYA	AWA	P	P	P
4	Mr. Bonaventure E. Okhaimo	P	P	P	AWA	P	P	P	P
5	AlhajiFarukLaw alYola	AWA	P	P	AWA	P	P	P	P
6	Malam Ibrahim Muhammad Kashim	P	P	P	P	P		P	P
7	Mr. BabatundeOshadiya	P	P	P	P	P	P	P	P
<ul style="list-style-type: none"> <li>• P – Present</li> <li>• AWA – Absent with Apology</li> <li>• LTB – Left the Board</li> <li>• NYA – Not Yet Appointed</li> </ul>									

c. Statutory Audit and Compliance Committee:

The Company has an Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act. It comprises of a mixture of Non-Executive Directors and shareholders elected at the Annual General Meeting. It evaluates annually, the independence and performance of external auditors, receives the interim and final audit presentation from the external auditors and also reviews with management and the external auditors, the annual audited financial statements before its submission to the Board. During the year, the Committee approved the audit plan and scope of the external auditors' work for the financial year and reviewed quarterly and half yearly financial results before they were presented to the Board. The Committee also received reports from management on the accounting system and internal controls framework of the Company.



**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

The members of the Audit Committee during the 2016 financial year are as follows:

S/N	NAME	29/02/2016	26/04/2016	19/07/2016	11/10/2016	13/12/2016
1	Mr. KunleOgunmefun	P	P	P	NRA	NRA
2	AlhajiFarukLawalYola	P	P	P	P	LTC
3	Mr. Bonaventure E. Okhaimo	P	P	P	P	P
4	Ms. Osarieme O. Ezekiel	P	P	P	NRA	NRA
5	Mr. UsmanAbaji	P	P	P	P	P
6	Alh. Muhammad B. Alhassan	NYA	NYA	NYA	P	P
7	Mr. Ayuba M. Lolo	NYA	NYA	NYA	P	P
6	Mal. Ibrahim M. Kashim	NYA	NYA	NYA	NYA	P
<ul style="list-style-type: none"> <li>• P – Present</li> <li>• AWA – Absent with Apology</li> <li>• NRA – Not Re-elected at AGM</li> <li>• NYA – Not Yet Appointed</li> </ul>						

d. Enterprise Risk Management Committee:

The primary purpose of the Enterprise Risk Management Committee is to assist the Board and the Audit Committee in supervising, reviewing and assessing the overall adequacy and integrity of the risk management framework of the company.

The members of the Enterprise Risk Management Committee during the 2016 financial year are as follows:

S/N	NAME	22/03/2016	27/04/2016	10/010/2016	15/12/2016
1	Mal. Ibrahim Muhammad Kashim	P	P	P	P
2	Mr. Michael D. Dogo	P	P	LTB	LTB
3	Mr. Oluyemi P. Olatunji	NYA	NYA	P	P
4	Mr. Bonaventure E. Okhaimo	P	P	P	P
5	AlhajiFarukLawalYola	P	P	P	P
6	Sen. Maj. Gen. Mohammed Magoro (OFR)	P	P	P	P
7	Mr. BabatundeOshadiya	P	P	P	P
<ul style="list-style-type: none"> <li>• P – Present</li> <li>• AWA – Absent with Apology</li> </ul>					

- LTB – Left the Board
- NYA – Not Yet Appointed

### **Code of Business Ethics and Code of Governance for Directors**

The Company has a Code of Business Conduct which is based on our purpose and values as an organization. The Code sets out collective and individual commitments to ethical business practices in line with the company's global Policies, relevant laws, regulations and industry standards. The Code is applicable to all employees, Directors and business partners of the Company and employees are trained and annually certified on the salient provisions of the Code.

In addition to the Code of Business Ethics, we have policies which inspire and guide how we work every day and everywhere. These key policies govern our conduct in all facets of the Company's operations and include policies on Anti-Corruption, Anti-Money Laundering etc. We apply the principles of fairness, integrity and transparency in all our business dealings as entrenched in our Code of Business Ethics and in line with international best practices. Training, communication programmes and compliance monitoring mechanisms are in place to ensure that all relevant stakeholders remain aware of and comply with the provisions of the Code and policies.

### **Insider Trading and Price Sensitive Information**

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. Directors, insiders and related parties are prohibited from disposing, selling and buying or transferring their shares in the company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the company from time to time.

### **Monitoring Compliance with Corporate Governance**

- a. The Chief Compliance Officer monitors compliance with money laundering requirements and implementation of Code of Corporate Governance of the company.

The Chief Compliance Officer together with the Chief Executive Officer certifies each year to National Insurance Commission (NAICOM) and Securities Exchange Commission (SEC) that they are not aware of any other violation of the corporate governance code other than as disclosed during the year.

- b. Whistle Blowing Procedures:

In line with the Groups commitment to instill the best corporate governance practice, a whistle blowing procedure was established that ensures anonymity on any reported incidence(s). The Company has a dedicated e-mail address for whistle blowing procedures.

### **Complaint Management Policy**

In accordance with the rules and regulations of Securities Exchange Commission, the Company adopted and implemented a complaint management policy which is a platform that addresses complaints arising out of issues that are covered under the Investment and Securities Act, 2007 (ISA) by the company's shareholders.

The Complaint Management Policy was designed to handle and resolve complaints from all shareholders of the company.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

A copy of the Complaint Management Policy shall be made available for inspection to shareholders of the company at the Annual General Meeting of the company. The Policy can be found on the company's website: [www.unitykapital.com](http://www.unitykapital.com).

**Unclaimed Dividends**

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

**Shareholders**

The Shareholders have an opportunity to express their concerns (if any) and opinions on the company's financial results and all other issues at the Annual General Meeting of the company. The meetings are conducted in a fair and transparent manner where regulators such as National Insurance Commission, Securities Exchange Commission, Nigerian Stock Exchange, Corporate Affairs Commission, the Auditors as well as other Shareholders Associations are in attendance.

To ensure timely and effective communication with Shareholders on all matters of the company, the Secretariat deals with all enquiries from Shareholders and it is communicated to Management and the Board.

The company also dispatches its annual reports, providing highlight of all the company's activities to its Shareholders.

**Protection of Shareholders Right**

The Board ensures the protection of statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All Shareholders are equally treated regardless of volume of Shareholding of social status.

**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.

**Executive Committee**

**Information Technology Steering Committee**

**Claims Committee**

**Salvage Committee**

**Asset Disposal Committee**

**Product Development Committee**

**Management Committee**

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**DIRECTORS REPORT**

**2016 ANNUAL REPORT AND ACCOUNTS**  
**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.

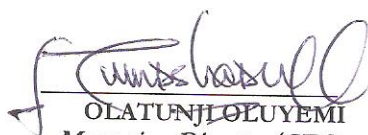
Signed on behalf of the Directors on 23 MARCH 2017



**OKEDUN OLABODE**

*Ag. CFO*

FRC/2013/ICAN/00000000948



**OLATUNJI OLUYEMI**

*Managing Director/CEO*

FRC/2016/CIIN/00000014173



**AISHA AZUMI ABRAHAM**

*Chairman*

FRC/2015/NBA/00000006951

**UNITYKAPITAL ASSURANCE PLC.  
ANNUAL REPORT AND ACCOUNTS 2016  
DIRECTORS REPORT**

**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, 2016 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.



**Ibrahim M. Kashim**

**FRC/2017/NBA/00000016458  
Chairman, Audit Committee**

**Members of the Committee**

1. Ibrahim M. Kashim	Chairman
2. Mr. Bonaventure Okhaimo	Member
3. Alh. Usman Abaji	Member
4. Mr. Ayuba M. Lolo	Member
5. Alh. Muhammad B. Alhassan	Member
6. Alh. Farouk L. Yola	Member
7. Mr. Kunle Ogumefun	Chairman (NRA)
8. Ms. Osarieme .O. Ezekiel	Member (NRA)

\* NRA – Not reelected at 39<sup>th</sup> Annual General Meeting.



## Independent Auditor's Report

### To the Shareholders of UnityKapital Assurance Plc

#### Opinion

We have audited the consolidated financial statements of **UnityKapital Assurance Plc** ("the Company) and its subsidiaries ("the Group) which comprise the consolidated statement of financial position at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2016, 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.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

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2nd Floor (left wing) Muktar El-Yakub's Place | Zakariya Maimalari Street | Central Business District | G.P.O. Box 2071 | Abuja | Nigeria

Partners: O.P.S. Adaji, T.A. Akande, N.A. Abdus-salaam, O.O. Ogundeyin, B.O. Adejayan

Offices in: Bauchi, Kaduna, Jos, Kano, Lagos.

PKF Professional services is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Key Audit Matters	How the matters were addressed in the audit
<p>Insurance contract liabilities represent the liabilities due to policy holders which include outstanding claims payable arising from incidents occurring as at reporting date as well as estimated unexpired risks as at the reporting date. The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. The measurement of insurance contract liabilities involves judgment over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders. Various economic and non-economic assumptions are being used to estimate these long-term liabilities, both in the insurance contract liabilities as reported in the balance sheet. The insurance liabilities of <b>UnityKapital Assurance Plc</b> are calculated based on an acceptable actuarial method. The specific methodologies applied may differ between reporting units.</p>	<p>We assessed the competence, capabilities and objectivity of the external independent actuary engaged by <b>UnityKapital Assurance Plc</b> and verified his qualification. We confirmed that approaches used are consistent with industry norms.</p> <p>We made use of our internal expert to evaluate the valuer's judgments, mostly on the:</p> <ul style="list-style-type: none"> <li>• Consideration of the appropriateness of assumptions used in the valuation of Non Life Insurance Contracts by reference to company and industry data and expectations of investment returns, future longevity and expense developments.</li> <li>• Consideration of the appropriateness of the non-economic assumptions used in the valuation of the Insurance contracts in relation to lapse or extension assumptions by reference to company specific and industry data. Further key audit procedures included assessing the Company's methodology for calculating the insurance liabilities, reserve adequacy tests and an analyses of the movements in insurance contracts liabilities and reserve adequacy surplus per segment during the year. We assessed whether the movements are in line with the changes in assumptions adopted by <b>UnityKapital Assurance Plc</b>, our understanding of developments in the business and our expectations derived from market experience.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the Chairman's statements, Directors' Report; Audit Committee's Report Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If based on the work, we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors and those charged with Governance for Consolidated Financial Statements**

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards in compliance with Financial Reporting Council of Nigeria Act, Act, No 6, 2011 and the requirements of the companies and Allied Matters Acts, CAP C20, LFN 2004, and for such internal as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve



collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transaction and events in a manner that achieves fair representation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

*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, 2016, the company recorded no regulatory infractions.

*O.P.S. Adaji*

O.P.S. Adaji, FCA  
FRC/2014/ICAN/00000006846  
For: PKF Professional Services  
Chartered Accountants  
Abuja, Nigeria



Date: *24 March 2017* .....

**UNITYKAPITAL ASSURANCE PLC.  
ANNUAL REPORT AND ACCOUNTS 2016  
SIGNIFICANT ACCOUNTING POLICIES**

**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 Matters 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, 2016 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:

UNITYKAPITAL ASSURANCE PLC.  
ANNUAL REPORT AND ACCOUNTS 2016  
SIGNIFICANT ACCOUNTING POLICIES

- **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 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, this 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.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

3.6.1 New standards and amendments issued and effective for the financial year beginning 1 January 2016.

**IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations.**

Changes in methods of disposal (1) Assets (or disposal groups) are generally disposed of through sale or distribution to owners. The amendment clarifies that changing some one of these disposal methods to the other would not be considered. The new plan of disposal, rather, it is a confirmation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

**IFRS 11: Accounting for Acquisition of interest in Joint Operations.**

Effective for annual period beginning on or after 1 January, 2016.

The amendment requires an entity acquiring an interest in a joint operation; in which the activity of the joint operation constitute a business, to apply to the extent of its share. Furthermore entities are required to disclose the information required by IFRS and other IFRS for business combinations.

The group or parents did not partake in any joint operations during the period under review, therefore this standard did not have impact on the financial statements of the group or parent.

**IFRS 14: Regulatory deferrals Accounts.**

Effective on or after 1 January, 2016.

The IFRS 14 allows an entity whose activities are subject to rate regulation to continue applying most of its existing policies for regulatory deferral accounts balances upon its first time adoption of IFRS. The standard does not apply to existing IFRS preparer.

Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities or that has not adopted such policy under its current GAAP, would not be allowed to recognize them on first time application of IFRS.

The standard does not apply to the Company because the Company does not have rate regulated assets and liabilities and also, its not a first time adopter of IFRS.

Amendments to IAS 1:**Presentation of Financial Statements.** Effective 1 January, 2016.

The amendments rather than significantly change the existing IAS 1 requirements: the amendments clarify

- The materiality requirements in IAS1
- That specific line items in the statements of profit or loss and OCI and statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements.
- That the share of OCI of associates a joint ventures accounted for using the equity method must be presented in aggregate as a single lid item and classified between these items that will or will not be subsequently reclassified to profit or loss.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

Furthermore, the amendments clarify the requirements that apply when additions that are substantial are presented in the statement of financial position and statement of profit or loss and OCI.

**IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization** – Effective for annual periods beginning on or after 1 January 2016

The amendments clarify the principle in IAS 16 property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, Plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The group or parents do not depreciate volume revenue generated or expected.

**Amendment to IAS 27 – Equity Method in Separate Financial Statements**

The amendments to IAS 27 separate financial statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiary(ies), Joint Venture and associates in its separate financial statements. therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39) or
- Using the equity method.

The entity must apply same accounting for each category of investment.

The amendments did not have significant impact on the consolidation of the financial statements for the group.

**IFRS 7 Financial Instruments: Disclosures: Servicing Contracts**

- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 B30 and IFRS 7 42C in order to access whether the disclosures are required.
- The assessment of which servicing contract constitute confirming involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applied the amendments.

Applicability of the offsetting disclosures to condensed interim financial statements.

- The amendments clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.



**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

**IAS 19: Employee Benefits**

Discount rate: Regional Market issue

- The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is the deep market for high quality corporate bonds in that currency, government bond rates must be used.

This did not impact on any of the group and parent financial statements.

- (a) 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 2016 are:**

<u>Standard</u>	<u>Content</u>	<u>Effective Year</u>
IAS 7	Statement of Cash Flows	on or after 1 January 2017
IFRS 4	Insurance Contracts	on or after 1 January 2018
IAS 40	Investment Property	on or after 1 January 2018
IFRS 9	Financial Instruments	on or after 1 January 2018
IFRS 15	Revenue from Contracts with Customer	on or after 1 January 2018
IFRS 16	Leases	on or after 1 January 2019

- 3.6.3 Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2016. 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 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



**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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**

**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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

- 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 recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized 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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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 amortized 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 recognized 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 recognized 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.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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 recognize 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 recognizing 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.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's 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 license 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.



**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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 has 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.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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:

<b>Lease hold land</b>	<b>Over the lease period</b>
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) 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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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 Pension Cost**

The Group operates a defined contributory retirement benefit scheme as stipulated in the Pension Reforms Act 2014. Under the defined contribution scheme, the Group pays fixed contributions of 10% of emoluments as defined by the Act to Pension Fund Administrators; employees also pay a fixed percentage of 8% 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.

**4.18 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 discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**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 in equity in which case it is also recognised directly in equity.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

**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' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

**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 revaluation 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 policy holder.

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.

**UNITYKAPITAL ASSURANCE PLC.  
ANNUAL REPORT AND ACCOUNTS 2016  
SIGNIFICANT ACCOUNTING POLICIES**

**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.



**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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.

**UNITYKAPITAL ASSURANCE PLC.**  
**ANNUAL REPORT AND ACCOUNTS 2016**  
**SIGNIFICANT ACCOUNTING POLICIES**

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 CAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

ASSETS	NOTES	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Parent 31-Dec-16 N'000	Parent 31-Dec-15 N'000
Cash and cash equivalents	3	4,691,391	5,393,268	4,037,438	4,365,288
Financial assets	4	1,190,206	431,448	162,666	133,223
Trade receivables	5	-	1,723	-	1,723
Reinsurance assets	6	144,579	193,019	144,579	193,019
Deferred acquisition cost	7	90,191	137,687	90,191	137,687
Other receivables and prepayments	8	487,548	335,669	331,801	226,120
Investment in subsidiaries	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	676,201	576,609	676,201	576,609
Goodwill	12	386,444	386,444	-	-
Other intangible asset	13	93,675	88,558	86,726	75,489
Property, plant and equipment	14	3,293,545	2,518,219	2,875,075	2,077,110
Statutory deposits	15	355,000	355,000	355,000	355,000
<b>Total assets</b>		<b>12,419,431</b>	<b>11,428,295</b>	<b>11,346,628</b>	<b>10,728,219</b>
<b>LIABILITIES</b>					
Insurance contract liabilities	16	729,386	855,892	729,386	855,892
Trade payables	17	9,024	1,933	9,024	1,933
Retirement benefit obligation	18	57,455	78,581	57,455	78,581
Provision and other payables	19	300,398	326,640	161,222	164,829
Income tax liabilities	20	77,273	101,701	19,883	65,359
Deferred tax liabilities	21	343,442	312,076	258,004	177,764
<b>Total liabilities</b>		<b>1,516,977</b>	<b>1,676,823</b>	<b>1,234,974</b>	<b>1,344,359</b>
<b>EQUITY</b>					
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	684,549	623,267	684,549	623,267
Retained earnings	25	438,401	307,533	236,678	326,055
Asset revaluation reserve	26a	1,559,767	837,605	1,559,768	837,605
Fair value reserve	26b	33,725	-	33,725	-
		<b>10,313,375</b>	<b>9,365,338</b>	<b>10,111,653</b>	<b>9,383,860</b>
Non controlling interest	38	589,077	386,134	-	-
<b>Total Equity</b>					
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,419,431</b>	<b>11,428,295</b>	<b>11,346,628</b>	<b>10,728,219</b>

The consolidated financial statements were approved by the Board of Directors on 23 March 2017, and signed on its behalf by:

Okedun Olabode [Ag. CFO]  
FRC/2013/ICAN/00000000948

OLATUNJI OLUYEMI [Managing Director/CEO]  
FRC/2016/CIIN/00000014173

Aisha A. Abraham [Chairman]  
FRC/2014/NBA/00000006951

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

		<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
		<b>31-Dec-16</b>	<b>31-Dec-15</b>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>NOTES</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Gross premium written		2,042,788	2,651,717	2,042,788	2,651,717
Gross premium income	28	2,197,357	2,684,534	2,197,357	2,684,534
Reinsurance expenses	29	(635,391)	(588,593)	(635,391)	(588,593)
Net premium income		1,561,966	2,095,941	1,561,966	2,095,941
Fees and commission income	30	36,352	25,531	36,352	25,531
<b>Net underwriting income</b>		<b>1,598,318</b>	<b>2,121,472</b>	<b>1,598,318</b>	<b>2,121,472</b>
Claims expense	31	(515,906)	(428,896)	(515,906)	(428,896)
Underwriting expenses	32	(480,622)	(648,619)	(480,622)	(648,619)
<b>Underwriting profit</b>		<b>601,790</b>	<b>1,043,957</b>	<b>601,790</b>	<b>1,043,957</b>
<b>Investment income</b>	34	<b>476,513</b>	<b>497,674</b>	<b>476,513</b>	<b>497,674</b>
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	(4,282)	(8,264)	(4,282)	(8,264)
Fair value gains on investment properties	11	64,592	47,209	64,592	47,209
Impairment charges on other receivables	33	-	(102,311)	-	(102,311)
Other operating income	35	382,688	602,903	70,600	30,564
Management expenses	36	(1,255,867)	(1,601,834)	(973,986)	(1,060,031)
Profit before taxation		265,435	441,617	235,227	411,081
Income taxes	37	(73,285)	(119,636)	(54,282)	(70,578)
<b>Profit for the year</b>		<b>192,150</b>	<b>321,981</b>	<b>180,945</b>	<b>340,503</b>
<b>Other comprehensive income</b>					
Gain on revaluation of properties, plant and equipment after deferred tax	26a	722,162	(342,565)	722,162	(151,297)
Fair Value gain on financial asset available for sale	26b	33,725	-	33,725	-
Other comprehensive income for the year		755,887	(342,565)	755,887	(151,297)
<b>Total comprehensive income for the year</b>		<b>948,037</b>	<b>(20,584)</b>	<b>936,832</b>	<b>189,206</b>
<b>Profit attributable to:</b>					
Owners of the Parent		183,857	308,085		
Attributable to non-controlling interest		9,748	13,896		
		<b>193,605</b>	<b>321,981</b>		
Basic earnings per share (kobo)	27	0.03	0.05	0.03	0.05

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

**UNITY CAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**GROUP**

	Paid up share capital N'000	Share premium N'000	Asset revaluation reserve N'000	Fair Reserve N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000
<b>Balance at 1 January 2016</b>	6,933,333	663,600	837,605	-	623,267	307,533	9,365,338	386,134
Transferred from statement of profit or loss	-	-	-	-	-	192,150	192,150	202,943
Additions during the year	-	-	-	-	-	-	-	-
Revaluation of properties and equipment after deferred tax	-	-	722,162	-	-	-	722,162	-
Fair value gain on financial assets	-	-	-	33,725	-	-	33,725	-
Transfer to contingency reserve	-	-	-	-	61,282	(61,282)	-	-
	6,933,333	663,600	1,559,767	33,725	684,549	438,401	10,313,375	589,077
<b>Transactions with owners of equity</b>								
Dividends to equity holders	-	-	-	-	-	-	-	-
<b>Balance at 31 December, 2016</b>	6,933,333	663,600	1,559,767	33,725	684,549	438,401	10,313,375	589,077

	Paid up share capital N'000	Share premium N'000	Asset revaluation reserve N'000	Fair Reserve N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000
<b>Balance at 1 January 2015</b>	6,933,333	663,600	988,902	-	543,715	65,104	9,194,655	359,589
Transferred from statement of profit or loss	-	-	-	-	-	321,981	321,981	26,545
Loss on revaluation of properties, plant and	-	-	(151,297)	-	79,552	(79,552)	(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	9,365,339	386,134
<b>Transactions with owners of equity</b>								
Dividends to equity holders	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	6,933,333	663,600	837,605	-	623,267	307,533	9,365,339	386,134

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**STATEMENT OF CHANGES IN EQUITY(CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**PARENT**

**YEAR ENDED 31 DECEMBER 2016**

	Paid up share capital N'000	Share premium N'000	Revaluation reserve N'000	Fair value reserve N'000	Contingency reserve N'000
<b>Balance at 1 January 2016</b>	6,933,333	663,600	837,606	-	623,267
Transferred from statement of profit or loss	-	-	-	-	-
Gain on revaluation of properties, plant and Equipment after deferred tax	-	-	722,162	-	-
Fair value gain on financial assets available for sale	-	-	-	33,725	-
Transfer to contingency reserve	-	-	-	-	61,282
Total comprehensive income for the year	6,933,333	663,600	1,559,768	33,725	684,549
<b>Transactions with owners of equity</b>					
Dividends to equity holders	-	-	-	-	-
Total Transactions with owners of equity	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>6,933,333</b>	<b>663,600</b>	<b>1,559,768</b>	<b>33,725</b>	<b>684,549</b>

**YEAR ENDED 31 DECEMBER 2015**

	Paid up share capital N'000	Share premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency reserve N'000
<b>Balance at 1 January 2015</b>	6,933,333	663,600	988,903	-	543,715
Transferred from statement of profit or loss	-	-	-	-	-
Gain on revaluation of properties, plant and Equipment after deferred tax	-	-	(151,297)	-	-
Transfer to contingency reserve	-	-	-	-	79,552
Total comprehensive income for the year	6,933,333	663,600	837,606	-	623,267
<b>Transactions with owners of equity</b>					
Bonus share issue	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-
Total Transactions with owners of equity	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>6,933,333</b>	<b>663,600</b>	<b>837,606</b>	<b>-</b>	<b>623,267</b>

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

		<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
		<b>31-Dec-16</b>	<b>31-Dec-15</b>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>Note</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Cash flows from operating activities</b>					
Premium received	28	2,005,365	2,638,811	2,005,365	2,638,811
Commission received	30	36,352	25,531	36,352	25,531
Reinsurance receipts in respect of claims	29	135,802	588,593	135,802	(187,497)
Other operating receipts	34	67,377	497,674	67,377	497,674
Cash paid to and on behalf of employees		(458,423)	(846,163)	(458,423)	(480,920)
Reinsurance premium paid	29	(546,176)	(401,096)	(546,176)	(401,096)
Insurance benefits and claims paid	31	(623,646)	(528,502)	(623,646)	(528,502)
Underwriting expenses	32	(433,125)	(486,484)	(433,125)	(486,484)
Other operating cash payments		(992,216)	(1,260,018)	(643,581)	(1,038,609)
Company Income paid	20	(99,758)	(59,728)	(99,758)	(52,232)
<b>Net cash (used in)/ from operating activities</b>		<b>(908,447)</b>	<b>168,618</b>	<b>(559,812)</b>	<b>(13,324)</b>
<b>Cash Flows from Investing Activities</b>					
Purchase of property and equipment	14	(76,598)	(137,990)	(50,818)	(51,456)
Purchase of intangible assets	13b	(29,510)	-	(29,510)	-
Proceeds from sale of property and equipment		3,222	41,297	3,222	31,600
Proceeds from sale of equity investment		-	152,461	-	152,461
Dividend received		18,273	8,558	18,273	8,558
Interest received		540,012	555,187	458,240	489,090
Disposal of financial assets			84,977		
Purchase of investment property		(35,000)		(35,000)	
Additional investments in Associates					
Additional investments in subsidiaries					
<b>Net Cash provided by investing activities</b>		<b>420,398</b>	<b>704,490</b>	<b>364,406</b>	<b>630,253</b>
<b>Cash Flows from Financing Activities</b>					
Dividend paid		(213,828)		(209,040)	-
<b>Net cash provided by financing activities</b>		<b>(213,828)</b>	<b>-</b>	<b>(209,040)</b>	<b>-</b>
<b>Net Increase/(decrease) in cash and cash equivalent</b>		<b>(701,877)</b>	<b>873,108</b>	<b>(327,850)</b>	<b>616,929</b>
Cash and Cash equivalent at the beginning		5,393,268	4,520,160	4,365,288	3,748,359
Cash and Cash equivalent at the end of the year		<b>4,691,391</b>	<b>5,393,268</b>	<b>4,037,438</b>	<b>4,365,288</b>

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

## ANNUAL REPORT AND ACCOUNTS

### NOTES OF FINANCIAL STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER, 2016

#### 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.

#### 3 Cash and cash equivalents

a. This comprises of:

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Parent 31-Dec-16 N'000	Parent 31-Dec-15 N'000
Cash at hand	41,064	1,390	215	91
Cash at bank	493,489	239,905	486,822	234,110
Staff gratuity fund assets	119,476	111,882	119,476	111,882
Short term deposit(see 3b)	4,037,362	5,040,091	3,430,925	4,019,205
<b>Total</b>	<b>4,691,391</b>	<b>5,393,268</b>	<b>4,037,438</b>	<b>4,365,288</b>

b. In compliance with section 19(3) of Insurance Act 2003, the short-term deposit is financed as follows:

Financed by insurance fund	685,612	855,892	729,672	855,892
Financed by other funds	3,351,751	4,184,199	2,701,253	3,163,313
<b>Total short term deposit</b>	<b>4,037,362</b>	<b>5,040,091</b>	<b>3,430,925</b>	<b>4,019,205</b>

2015: The N204.6million Commercial paper was impaired and reclassified to other receivables from cash and cash equivalent to other receivables

**UNITY CAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Parent 31-Dec-16 N'000	Parent 31-Dec-15 N'000
<b>4 Financial assets</b>				
This comprises of:				
Fair value through profit or loss-quoted equities (Note 4a)	84,136	88,418	84,136	88,418
Fair value through profit or loss-bond (Note 4b)	-	-	-	-
Held to Maturity(Note 4c)	1,027,540	298,225	-	-
Available for sale (Note 4d)	78,530	44,805	78,530	44,805
	<u>1,190,206</u>	<u>431,448</u>	<u>162,666</u>	<u>133,223</u>
Current	-	-	84,136	88,418
Non current	<u>1,190,206</u>	<u>431,448</u>	<u>78,530</u>	<u>44,805</u>
	<u>1,190,206</u>	<u>431,448</u>	<u>162,666</u>	<u>133,223</u>
a. These are quoted equities on the Nigerian Stock Exchange, and are derived as follows:				
<b>Cost</b>				
Balance, beginning of period	188,904	341,365	188,904	341,365
Purchase in the period	-	-	-	-
Disposal in the period	-	(152,461)	-	(152,461)
Balance, end of period	<u>188,904</u>	<u>188,904</u>	<u>188,904</u>	<u>188,904</u>
<b>Market value reserve</b>				
Balance, beginning of period	(100,486)	(92,222)	(100,486)	(92,222)
Gain/(Loss) in the period	(2,018)	(8,264)	(4,282)	(8,264)
Balance, end of period	<u>(98,468)</u>	<u>(100,486)</u>	<u>(104,768)</u>	<u>(100,486)</u>
Fair value as at 30 June	<u>90,436</u>	<u>88,418</u>	<u>84,136</u>	<u>88,418</u>
b. Fair value through profit or loss -bonds are debt securities with fixed interest rates which management are holding for sales.				
<b>Cost</b>				
Balance, beginning of period	-	-		
Purchase in the period	-	-		
Reclassification	-	-		
Fair value gain /(loss)	-	-		
Balance, end of period	<u>-</u>	<u>-</u>		
4c Held to maturity are debt securities with fixed interest rates and maturity dates stated at amortised cost, and details are:				
<b>Group</b>				
Held to maturity are debt securities with fixed interest rates and maturity dates stated at amortised cost, and details are:				
FGN treasury bills	588,000	231,247		
State government bonds	52,000	31,360		
Corporate bond/Treasury bills	387,540	35,618		
	<u>1,027,540</u>	<u>298,225</u>		
Balance, beginning of period	298,225	383,202		
Movement during the period	729,315	(84,977)		
Balance, end of the period	<u>1,027,540</u>	<u>298,225</u>		

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Parent 31-Dec-16 N'000	Parent 31-Dec-15 N'000
<b>4d. Available for sale are long term investments</b> in unquoted equities, and are carried at cost less impairment, and are derived as follows:				
<b>Cost</b>				
Balance, beginning of period	51,129	51,129	51,129	51,129
Fair value gain	33,725	-	33,725	-
Balance, end of period	84,854	51,129	84,854	51,129
<b>Provision for impairment</b>				
Balance, beginning of period	(6,324)	(6,324)	(6,324)	(6,324)
Balance, end of the period	(6,324)	(6,324)	(6,324)	(6,324)
 Fair value, end of the period	 <b>78,530</b>	 <b>44,805</b>	 <b>78,530</b>	 <b>44,805</b>
<b>5 Trade receivables</b>				
a. This comprises of:				
Premium receivable from insurance brokers	545,262	560,574	538,272	560,574
Premium receivable from insurance agents	6,728	6,004	6,009	6,004
Premium receivable from policy holders	55,610	52,299	62,836	52,299
Premium receivable from Insurance Companies	136,544	126,990	137,026	126,990
	744,144	745,867	744,144	745,867
<b>Less:</b>				
Impairment of premium receivables (Note 5b)	(744,144)	(744,144)	(744,144)	(744,144)
	-	1,723	-	1,723
<i>2015: NOTE: The N1.7m outstanding in receivables were cleared on 8th January 2016</i>				
b. Movement in impairment is as follow:				
Balance, beginning of period	744,144	744,144	744,144	744,144
Debts written off	-	-	-	-
Charge for the period	-	-	-	-
Balance, end of the period	744,144	744,144	744,144	744,144
<b>6 Reinsurance assets</b>				
This is analysed as follows:				
Prepaid reinsurance	69,590	158,805	69,590	158,805
Claim recoverable	74,990	34,214	74,990	34,214
	144,579	193,019	144,579	193,019
<b>7 Deferred acquisition cost</b>				
a. This is analysed as follows:				
Motor	12,917	16,608	12,917	16,608
Fire	10,102	10,066	10,102	10,066
General Accident	11,227	12,023	11,227	12,023
Marine	2,060	2,759	2,060	2,759
Aviation	1,223	5,072	1,223	5,072
Engineering	14,583	13,732	14,583	13,732
Oil & Gas	38,066	77,387	38,066	77,387
Bond	14	40	14	40
Deferred acquisition cost	90,191	137,687	90,191	137,687

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b>Group 31-Dec-16 N'000</b>	<b>Group 31-Dec-15 N'000</b>	<b>Parent 31-Dec-16 N'000</b>	<b>Parent 31-Dec-15 N'000</b>
7b. The movement in deferred acquisition cost is as follows:				
Acquisition Costs brought forward	137,687	116,152	137,687	116,152
Acquisition Costs paid during the period	312,971	670,154	312,971	670,154
Total	450,658	786,306	450,658	786,306
Amortised during the year(acquisituion exp.)	(360,461)	(648,619)	(360,461)	(648,619)
Acquisition Costs carried forward	<b>90,197</b>	<b>137,687</b>	<b>90,191</b>	<b>137,687</b>
<b>8 Other receivables and prepayments</b>				
(i) The balance is analysed as follow:				
Receivables from staff	40,713	29,908	34,418	25,434
Deposits for investments (Note 8(ii))	117,611	130,676	117,611	170,380
Commercial papers	271,871	204,622	271,871	204,622
Prepayments	260,028	53,864	128,935	50,943
Inventory	41,105	170,380	22,746	28,522
	731,328	589,449	575,581	479,900
Impairment of other receivables and prepayment (Note 8(iii))	(243,780)	(253,780)	(243,780)	(253,780)
	<b>487,548</b>	<b>335,669</b>	<b>331,801</b>	<b>226,120</b>
(ii) Deposit for investments represent net balances with stockbrokers for the purchase of quoted equities on the Nigerian Stock exchange.				
(iii) The movement in impairment charge is as follow:				
Balance, beginning of period	253,780	218,935	253,780	151,469
Written back during the period	(10,000)	-	(10,000)	-
Charged during the period	-	34,845	-	102,311
Balance, end of period	243,780	253,780	243,780	253,780
(iv) Commercial papers represents recieveables from the following entities				
a) Back-up Network Ltd	44,412,055			
b) TKM Mestro Nigeria Ltd	131,649,315			
c) Off-Shore Integrated Concession Ltd	49,711,233			
d) Kruger Brent Global Services Ltd	46,098,965			
	<b>271,871,567</b>			
v) The write back under the impairment allowance represents N10m owed by Light House Management Ltd which was paid back in cash				

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Parent 31-Dec-16 N'000	Parent 31-Dec-15 N'000
<b>9 Investment in subsidiaries</b>		
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
	<u>1,576,300</u>	<u>1,576,300</u>
Less: Diminution in value	-	-
	<u><b>1,576,300</b></u>	<u><b>1,576,300</b></u>

- 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	<u>1,010,650</u>	<u>1,010,650</u>
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UnityKapital holds 1,268,314,351 ordinary shares representing 44.65% holding in Goldlink Insurance Plc as at 31/12/2016

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 issue 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 their financial statements of 2015 and 2016.

The investment in the company has been accounted for at cost instead of equity method which is appropriate method of accounting for associate.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**11 Investment properties**

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

Investment properties were independently valued by Osas & Oseji & Co - Estate surveyors and valuers as at December 2016 to ascertain the open market value of the investment properties. The open market value of the were N676,201,000 as at 2016(2015:N576,609,021) and same value was applied for the year ended.

The determination of open market value of the investment properties was 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:-

	<b>Group 31-Dec-16 N'000</b>	<b>Group 31-Dec-15 N'000</b>	<b>Parent 31-Dec-16 N'000</b>	<b>Parent 31-Dec-15 N'000</b>
Balance, beginning of period	576,609	529,400	576,609	529,400
Addition (i)	35,000	-	35,000	-
Fair value gain or (loss)	64,592	47,209	64,592	47,209
Balance, end of period	<u>676,201</u>	<u>576,609</u>	<u>676,201</u>	<u>576,609</u>

**12 Goodwill**

Balance, beginning of period	386,444	386,444
Adjustment		
Balance, end of period	<u>386,444</u>	<u>386,444</u>

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.

Computer software (Note 13b)	<b>93,675</b>	<b>88,558</b>	<b>86,726</b>	<b>75,489</b>
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**b Computer software**

**Cost**

Balance, beginning of period	268,763	268,763	217,673	217,673
Additions/ Adjustments	27,578	-	29,510	-
Balance, 31 December	<u>296,341</u>	<u>268,763</u>	<u>247,183</u>	<u>217,673</u>

**Accumulated amortisation**

Balance, beginning of period	180,216	155,537	142,184	123,010
Amortisation expense/impairment charge	22,450	24,679	18,274	19,174
Balance, end of period	<u>202,666</u>	<u>180,216</u>	<u>160,458</u>	<u>142,184</u>

**Carrying amount**

31 December	<b>93,675</b>	<b>88,547</b>	<b>86,726</b>	<b>75,489</b>
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**UNITY CAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**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
<b>Cost / valuation</b>						
At 1 January 2016	1,035,695	1,123,709	377,390	547,725	163,720	3,248,239
Reclassification/Reversal (i)	(17,691)	-	-	-	-	(17,691)
Revaluation gain	(31,646)	834,048	-	-	-	802,402
Additions	3,540	-	52,025	13,159	7,874	76,598
Disposals	-	-	-	(83,484)	(21,264)	(104,748)
<b>At 31 Dec., 2016</b>	<b>989,898</b>	<b>1,957,757</b>	<b>429,415</b>	<b>477,400</b>	<b>150,330</b>	<b>4,004,800</b>
<b>Accumulated depreciation</b>						
At 1 January 2016	-	27,504	253,828	338,031	110,856	730,219
Reinstatement	-	-	-	-	-	-
Depreciation expenses	-	19,146	19,072	36,000	11,565	85,784
Disposals	-	-	-	(83,484)	(21,264)	(104,748)
<b>At 31 Dec., 2016</b>	<b>-</b>	<b>46,650</b>	<b>272,900</b>	<b>290,547</b>	<b>101,157</b>	<b>711,255</b>
<b>Carrying amount at 31 December 2016</b>	<b>989,898</b>	<b>1,911,107</b>	<b>156,515</b>	<b>186,853</b>	<b>49,172</b>	<b>3,293,545</b>
<b>Carrying amount at 31 December 2015</b>	<b>1,035,695</b>	<b>1,096,205</b>	<b>123,562</b>	<b>209,694</b>	<b>52,864</b>	<b>2,518,020</b>

**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
<b>Cost / valuation</b>						
At 1 January 2016	1,096,609	875,128	203,807	339,121	131,633	2,646,298
Reclassification/Reversal (i)	(17,691)	-	-	-	-	(17,691)
Revaluation gain / (loss)	(31,646)	834,048	-	-	-	802,402
Additions	-	9,993	38,265	-	2,560	50,818
Disposals	-	-	-	(80,494)	(21,264)	(101,758)
<b>At 31 Dec. 2016</b>	<b>1,047,272</b>	<b>1,719,169</b>	<b>242,072</b>	<b>258,627</b>	<b>112,929</b>	<b>3,380,069</b>
<b>Accumulated Depreciation</b>						
At 1 January 2015	-	-	155,769	288,019	125,400	569,188
Reinstatement	-	-	-	-	-	-
Depreciation expenses	-	-	16,836	15,270	5,457	37,564
Disposals	-	-	-	(80,494)	(21,264)	(101,758)
<b>At 31 Dec., 2016</b>	<b>-</b>	<b>-</b>	<b>172,605</b>	<b>222,795</b>	<b>109,593</b>	<b>504,994</b>
<b>Carrying amount at 31 December 2016</b>	<b>1,047,272</b>	<b>1,719,169</b>	<b>69,467</b>	<b>35,832</b>	<b>3,335</b>	<b>2,875,075</b>
<b>Carrying amount at 31 December 2015</b>	<b>1,096,609</b>	<b>875,128</b>	<b>48,038</b>	<b>51,102</b>	<b>6,233</b>	<b>2,077,110</b>

- (i) This represents cheques issued in 2015 in respects of capitalised cost on Head Office building, (the capitalised fund represents Capital Gain Tax)The transaction was later cancelled in 2016 and the cheques issued was not presented and subsequently reversed from the books.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Parent 31-Dec-16 N'000	Parent 31-Dec-15 N'000
<b>15 Statutory deposit</b>	<b>355,000</b>	<b>355,000</b>	<b>355,000</b>	<b>355,000</b>
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				
<b>16 Insurance contract liabilities</b>				
Outstanding claims [see Note (a) below]				
Outstanding claims reported	191,960	167,830	191,960	167,830
Claims incurred but not reported	19,196	16,783	19,196	16,783
Actuarial adjustment on valuation	12,095	10,575	12,095	10,575
Details in Note 16a	223,252	195,188	223,252	195,188
Unearned premium [see Note (b) below]	506,134	660,704	506,134	660,704
	<u>729,386</u>	<u>855,892</u>	<u>729,386</u>	<u>855,892</u>
(a) Provision for outstanding claims				
Motor insurance	15,708	10,386	15,708	10,386
Fire insurance	13,721	13,016	13,721	13,016
General accident insurance	175,495	154,240	175,495	154,240
Marine insurance	4,082	4,082	4,082	4,082
Engineering	3,190	3,204	3,190	3,204
Aviation	993	197	993	197
Oil and gas	10,063	10,063	10,063	10,063
Bond	-	-	-	-
	<u>223,252</u>	<u>195,188</u>	<u>223,252</u>	<u>195,188</u>
(b) Reserve for unearned premium				
Motor insurance	142,430	159,687	142,430	159,687
Fire insurance	49,211	45,955	49,211	45,955
General accident insurance	55,735	59,182	55,735	59,182
Marine insurance	10,537	15,056	10,537	15,056
Bond	72,738	213	72,738	213
Engineering	8,473	70,460	8,473	70,460
Aviation	166,725	18,913	166,725	18,913
Oil and gas	285	291,238	285	291,238
	<u>506,134</u>	<u>660,704</u>	<u>506,134</u>	<u>660,704</u>
	<u>729,386</u>	<u>855,892</u>	<u>729,386</u>	<u>855,892</u>

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

**17 Trade payables**

This is analysed as follow:

Re - insurance premium	-	-	-	-
Co - insurance premium	5,495	-	5,495	-
Commission payable	3,528	1,933	3,528	1,933
	<u>9,024</u>	<u>1,933</u>	<u>9,024</u>	<u>1,933</u>



**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	<b>31-Dec-16</b>	<b>31-Dec-15</b>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>18 Retirement benefit obligation</b>				
<b>a Gratuity Scheme</b>				
Balance, beginning of period	78,581	70,941	78,581	70,941
Contribution/interest in the period	-	21,472	-	21,472
Payments in the period	(21,127)	(13,832)	(21,127)	(13,832)
Balance, end of period	<b>57,455</b>	<b>78,581</b>	<b>57,455</b>	<b>78,581</b>

The company operates a funded defined contribution gratuity scheme for its qualified employees based on the employees' 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 employees' 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.

**19 Provision and other payables**

This is analysed as follows:

Life insurance fund (Note 19b)	131,417	131,417	131,417	131,417
PAYE tax, VAT, NHF and other remitable deductions	22,555	13,224	2,588	1,245
Staff accounts	1,650	244	1,650	244
Accrued professional fees	37,903	30,373	7,500	7,500
Other accruals and payables	106,873	151,382	18,067	24,423
	<b>300,398</b>	<b>326,640</b>	<b>161,222</b>	<b>164,829</b>

- 19b Life insurance fund arose from the business of the defunct Kapital Insurance 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 2016.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b>Group 31-Dec-16 N'000</b>	<b>Group 31-Dec-15 N'000</b>	<b>Parent 31-Dec-16 N'000</b>	<b>Parent 31-Dec-15 N'000</b>
<b>20 Income tax liabilities</b>				
Company income tax	49,527	75,461	49,527	58,032
Education tax	4,755	14,545	4,755	12,547
Under / (over) provision in prior years		-	-	-
<b>Per income statement</b>	<b>54,282</b>	<b>90,006</b>	<b>54,282</b>	<b>70,579</b>
Balance at beginning of the period	101,701	71,423	65,359	47,012
Payments/adjustment	(78,710)	(59,728)	(99,758)	(52,232)
<b>Per statement of financial position</b>	<b>77,273</b>	<b>101,701</b>	<b>19,883</b>	<b>65,359</b>
<b>21 Deferred tax liabilities</b>				
Balance, beginning of period	312,076	15,149	177,764	194,576
Charge for the period on building revaluation	(52,039)	(38,063)	83,405	(38,063)
Adjustment during the period	-	334,990	-	-
Charge on revaluation of investment property	-	-	(3,165)	-
Charge on revaluation of land	-	-	-	21,251
	<b>343,442</b>	<b>312,076</b>	<b>258,004</b>	<b>177,764</b>
The deferred tax computation for the company resulted in deferred tax liabilities of N258. million for the year which would have resulted in charge of N274.6 million in the year.				
<b>22 Issued and paid up share capital</b>	<b>Notes</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>a Authorised</b>				
14 billion ordinary shares of 50 kobo each		<b>7,000,000</b>	<b>7,000,000</b>	<b>7,000,000</b>
<b>b Issued and fully paid</b>				
Balance, beginning of year		6,933,333	6,933,333	6,933,333
Bonus shares issued from share premium during the year		-	-	-
Balance, end of year		<b>6,933,333</b>	<b>6,933,333</b>	<b>6,933,333</b>
<b>23 Share premium</b>				
Balance, beginning of period		663,600	663,600	663,600
Transfer to share capital		-	-	-
Balance, end of period		<b>663,600</b>	<b>663,600</b>	<b>663,600</b>

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**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:-

	<b>Group 31-Dec-16 N'000</b>	<b>Group 31-Dec-15 N'000</b>	<b>Parent 31-Dec-16 N'000</b>	<b>Parent 31-Dec-15 N'000</b>
Balance, beginning of period	623,267	543,715	623,267	543,715
Charge for the period	61,282	79,552	61,282	79,552
Balance, end of period	<b>684,549</b>	<b>623,267</b>	<b>684,549</b>	<b>623,267</b>

**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**

- a 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 period	664,548	473,280	664,548	473,280
Addition to land	(28,481)	191,268	(28,481)	191,268
Balance, end of period	<b>636,067</b>	<b>664,548</b>	<b>636,067</b>	<b>664,548</b>

**Building**

Balance, beginning of period	173,057	515,622	173,057	515,622
Movement in building	750,643	(342,565)	750,643	(342,565)
Balance, end of period	<b>923,700</b>	<b>173,057</b>	<b>923,700</b>	<b>173,057</b>

**Carrying amount**

<b>1,559,767</b>	<b>837,605</b>	<b>1,559,767</b>	<b>837,605</b>
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- b Fair value gain on financial assets

33,725	-	33,725	-
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**27 Earnings per share**

Basic earnings per share (kobo)

The calculation of basic earnings per share 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:

Profit after tax attributable to equity holders	180,945	340,503	180,945	340,503
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)	0.03	0.05	0.03	0.05

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b>Group 31-Dec-16 N'000</b>	<b>Group 31-Dec-15 N'000</b>	<b>Parent 31-Dec-16 N'000</b>	<b>Parent 31-Dec-15 N'000</b>
<b>28 Gross premium</b>				
Gross premium earned (Note 28a)	2,005,365	2,638,811	2,005,365	2,638,811
Inward reinsurance premium	37,422	12,906	37,422	12,906
Gross written premium	2,042,788	2,651,717	2,042,788	2,651,717
Changes in unearned premium	154,569	32,817	154,569	32,817
	<b>2,197,357</b>	<b>2,684,534</b>	<b>2,197,357</b>	<b>2,684,534</b>
<b>a Gross premium earned is further analysed as follows:</b>				
Fire	189,684	225,696	189,684	225,696
General accident	229,789	293,364	229,789	293,364
Marine	43,403	78,525	43,403	78,525
Motor	357,439	424,731	357,439	424,731
Oil and gas	919,529	1,323,998	919,529	1,323,998
Aviation	31,998	54,983	31,998	54,983
Engineering	233,034	237,027	233,034	237,027
Bond	490	487	490	487
	<b>2,005,365</b>	<b>2,638,811</b>	<b>2,005,365</b>	<b>2,638,811</b>
<b>29 Reinsurance cost</b>				
Reinsurance cost	546,176	401,096	546,176	401,096
Movement in prepaid reinsurance	89,215	187,497	89,215	187,497
Reinsurance expenses	<b>635,391</b>	<b>588,593</b>	<b>635,391</b>	<b>588,593</b>
<b>30 Commission income</b>	<b>36,352</b>	<b>25,531</b>	<b>36,352</b>	<b>25,531</b>
<b>31 Claims expenses</b>				
Direct claims paid	623,646	578,830	623,646	578,830
Changes in outstanding claims	11,184	(60,903)	11,184	(60,903)
Actuarial losses in outstanding claims	16,878	10,575	16,878	10,575
Gross claims incurred	651,708	528,502	651,708	528,502
Reinsurance recovery	(135,802)	(99,606)	(135,802)	(99,606)
	<b>515,906</b>	<b>428,896</b>	<b>515,906</b>	<b>428,896</b>

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	GROUP 31-Dec-16 N'000	GROUP 31-Dec-15 N'000	PARENT 31-Dec-16 N'000	PARENT 31-Dec-15 N'000
<b>32 Underwriting expenses</b>				
Acquisition cost paid during the year	312,971	508,019	312,971	508,019
Movement in deferred acquisition cost during the year	47,496	(21,535)	47,496	(21,535)
Acquisition expenses	<b>360,467</b>	<b>486,484</b>	<b>360,467</b>	<b>486,484</b>
Business maintenance cost	120,155	162,135	120,155	162,135
	<b>480,622</b>	<b>648,619</b>	<b>480,622</b>	<b>648,619</b>
<b>33 Impairment charges</b>				
On premium receivables through profit or loss	-	-	-	-
On other receivables (2015: This represents 50% impairment of N204m short term deposit)	-	102,311	-	102,311
	-	102,311	-	102,311
<b>34 Investment income</b>				
Dividends from equity investments at FVTPL	18,273	8,558	18,273	8,558
Interest received from:				
Staff loan-Interest	121	25	121	25
Short term deposits	423,401	469,358	423,401	469,358
Statutory deposit	34,717	19,732	34,717	19,732
	<b>476,513</b>	<b>497,674</b>	<b>476,513</b>	<b>497,674</b>
Further analysed as follows:				
Attributable to policy holders fund	98,685	103,068	98,685	103,068
Attributable to shareholders funds	377,828	394,606	377,828	394,606
	<b>476,513</b>	<b>497,674</b>	<b>476,513</b>	<b>497,674</b>
<b>35 Other operating income</b>				
Rental and other incomes	298,214	527,735	6,317	8,954
Bad debt write-off recovered	10,000	-	10,000	-
Profit on sale of investment	-	-	-	-
Profit on sale of assets	3,222	5,020	3,222	5,020
Sundry income	71,252	70,148	51,060	16,590
	<b>382,688</b>	<b>602,903</b>	<b>70,600</b>	<b>30,564</b>
<b>36 Management expenses</b>				
Staff costs	788,188	846,163	458,423	511,484
Depreciation and amortisation	96,219	146,055	55,838	96,360
Professional fees	20,605	20,606	7,500	7,500
Marketing and advertisement	118,992	52,179	74,908	78,942
Administration expenses		291,081	229,608	219,449
NITDA information technology levy	19,333	5,654	2,385	4,609
Repairs and maintenance	37,766	19,453	19,576	19,655
Travel costs and allowances	72,729	93,809	55,806	78,045
Directors' Costs	102,035	69,429	69,942	43,986
Health insurance capitation & other fees paid		57,405	-	-
	<b>1,255,867</b>	<b>1,601,834</b>	<b>973,986</b>	<b>1,060,031</b>

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	GROUP 31-Dec-16 N'000	GROUP 31-Dec-15 N'000	PARENT 31-Dec-16 N'000	PARENT 31-Dec-15 N'000
<b>37a Income tax expense</b>				
Education tax	23,758	14,545	4,755	12,546
Company income tax	49,527	75,461	49,527	58,032
Under provision in prior years	-	-	-	-
Deferred tax expense/ (write back)	-	29,630	-	-
	<u>73,285</u>	<u>119,636</u>	<u>54,282</u>	<u>70,578</u>

<b>37b Reconciliation of effective tax rate</b>				
Profit before income tax			235,227	411,081
Income tax using the domestic corporation tax rate			(77,410)	(38,063)
Companies Income Tax (CIT)			47,142	52,349
Non-deductible expenses				
Education tax levy				
Information Technology Levy			2,385	4,609
Tax exempt income				
Prior year under provision				
Deferred tax expense/ (writeback)			(175,870)	(359,399)
Total income tax expense in comprehensive income			<u>31,474</u>	<u>70,578</u>

**38a. Non-controlling interest**

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

Balance, beginning of year	386,134	359,589
Share of profit for the period	202,943	26,545
Loss of equity interest	-	-
Share of increase in share capital	-	-
	<u>589,077</u>	<u>386,134</u>

**38b. Proposed Dividend**

The Directors proposed that a cash dividend of N0.0050 per ordinary share will be paid.

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The dividend is payable to all shareholders on the Register of Members as at closure date subject to a withholding tax at the appropriate rate

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

			GROUP 31-Dec-16 N'000	GROUP 31-Dec-15 N'000	PARENT 31-Dec-16 N'000	PARENT 31-Dec-15 N'000
<b>39 Information regarding employees</b>						
(i)	The table below shows the number of staff whose emoluments during the year excluding pension contributions were within the ranges stated:					
			2016 Number	2015 Number	2016 Number	2015 Number
	N	N				
	Below	- 1,000,000	58	46	0	0
	1,000,001	- 3,000,000	138	183	87	145
	3,000,001	- 5,000,000	31	36	17	27
	5,000,001	- 8,000,000	9	14	4	3
	8,000,001	- 10,000,000	0	0		0
	Above	- 10,000,000	6	4	2	2
			<b>242</b>	<b>283</b>	<b>110</b>	<b>177</b>
(ii)	The related staff costs were:					
	Staff cost		753,035	809,052	437,643	484,357
	Staff pension and gratuity		35,153	37,111	20,780	27,127
			<b>788,188</b>	<b>846,163</b>	<b>458,423</b>	<b>511,484</b>

**40 Contingent liabilities**

There were claims and litigations against the company as at 31 December 2016, amounting to N623,751,536.00 (2015:N135,2555,666.54). No provision is made in respect of this on account of its insignificance.

**41 Contraventions**

The company did not contraven any known regulations and operational guidelines during the year and thus no penalty was paid

**42 Related Parties Transactions**

The company undertook the following transactions 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
Unity Bank Plc	Major Shareholder	245,734,266	173,980,076
FUG Pensions Limited	Subsidiary	8,719,192	1,010,971
Healthcare Security Ltd	Subsidiary	150,550	459,454
Emmanuel Ojei	Director	-	-

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**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 31/12/2016 were allocated as follows:

	<b>Insurance Contract N'000</b>	<b>Shareholders' Funds N'000</b>	<b>Total N'000</b>
Cash and cash equivalents	729,386	2,701,539	3,430,925
Financial assets	-	162,666	162,666
Trade receivables	-	-	0
Reinsurance assets	74,990	69,589	144,579
Deferred acquisition cost	-	90,191	90,191
Other receivables and prepayments	-	331,801	331,801
Investment in subsidiaries	-	1,576,300	1,576,300
Investment in associates	-	1,010,650	1,010,650
Investment properties	-	676,201	676,201
Goodwill and other intangible asset	-	75,489	75,489
Property, plant and equipment	-	2,245,218	2,245,218
Statutory deposits	-	355,000	355,000
<b>Total assets</b>	<b>804,376</b>	<b>9,294,644</b>	<b>10,099,020</b>
Insurance contract liabilities	729,386	-	729,386
Trade payables	-	9,024	9,024
Retirement benefit obligation	-	57,455	57,455
Provision and other payables	-	160,222	160,222
Income tax liabilities	-	19,883	19,883
Deferred tax liabilities	-	258,004	258,004
<b>Total liabilities</b>	<b>729,386</b>	<b>504,588</b>	<b>1,233,974</b>
<b>Gap (surplus)</b>	<b>74,990</b>	<b>8,790,056</b>	<b>8,865,046</b>



**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**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 conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

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, 2016.

	<b>Gross sum insured N'000</b>	<b>Re-insurance N'000</b>	<b>Net sum insured N'000</b>
<b>2016</b>			
Fire	186,618	(69,766)	116,852
General Accident	233,235	(27,035)	206,200
Marine	55,983	(27,237)	28,746
Motor	374,669	(4,050)	370,619
Oil & Gas	1,044,042	(447,056)	596,986
Aviation	63,768	-	63,768
Engineering	238,366	(59,815)	178,551
Bond	676	(431)	245
	<b>2,197,357</b>	<b>(635,391)</b>	<b>1,561,966</b>
	<b>Gross sum insured N'000</b>	<b>Re-insurance N'000</b>	<b>Net sum insured N'000</b>
<b>2015</b>			
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
	<b>2,684,534</b>	<b>(588,591)</b>	<b>2,095,943</b>

**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.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**c Process used to decide on assumptions**

Two sets 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 on 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	
2011	26,992,478	10,338,547	109,458	-	-	-	
2012	48,364,913	6,615,072	988,548	-	-	-	
2013	59,488,843	294,808	-	-	-	-	
2014	191,466,031	-	-	-	-	-	
2015	31,458,700	-	-	-	-	-	
2016	13,016,089	-	-	-	-	-	

Motor		Development Year					
Accident Year	1	2	3	4	5	6	
2011	26,992,478	10,338,547	109,458	-	-	-	
2012	48,364,913	6,615,072	62,210	-	-	-	
2013	59,488,843	1,287,472	-	-	-	-	
2014	191,466,031	-	-	-	-	-	
2015	31,458,700	-	-	-	-	-	
2016	128,209,883	-	-	-	-	-	

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

Accident	Development Year					
Accident Year	1	2	3	4	5	6
2011	25,380,997	11,126,208	-	-	-	-
2012	40,706,936	8,453,969	-	-	-	-
2013	50,069,531	-	-	-	-	-
2014	80,370,499	-	-	-	-	-
2015	45,878,921	-	-	-	-	-
2016	40,706,936	-	-	-	-	-

#### 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 organisations 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'.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**Premium debtors by Intermediaries as at 31 December 2015**

	<b>2016</b>	<b>2015</b>
	<b>N'm</b>	<b>N'm</b>
Brokers/ Policy holders	-	1,723
Agents	-	-
Insurance companies	-	-
<b>Gross debt</b>	<b>-</b>	<b>1,723</b>

**Premium debtors by age band as at 31 December 2015**

Under 90 days	-	1,723
91 - 180 days	-	-
Over 180 days	-	-
	<b>-</b>	<b>1,723</b>

- 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.

<b>2016</b>	<b>Residual contractual maturities of financial assets and liabilities</b>				
	<b>Carrying Amount</b>	<b>Gross nominal Inflow/(Outflow)</b>	<b>0-3 Months</b>	<b>3-12 Months</b>	<b>1-5Years</b>
<b><u>Assets</u></b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash and cash equivalents	4,037,438	4,037,438	4,037,438		
Equity securities-available for sale	78,530	78,530			78,530
Equity securities-held for trading	917,622	917,622		917,622	
Trade receivables	-	-			
	<b>5,033,590</b>	<b>5,033,590</b>	<b>4,037,438</b>	<b>917,622</b>	<b>78,530</b>
<b><u>Liabilities</u></b>					
Insurance liabilities	729,386	729,386		729,386	
Trade and other payables	246,584	246,584	37,786	151,343	57,455
	<b>975,970</b>	<b>975,970</b>	<b>37,786</b>	<b>880,729</b>	<b>57,455</b>
<b>Gap (asset - liabilities)</b>	<b>4,057,620</b>	<b>4,057,620</b>	<b>3,999,652</b>	<b>36,893</b>	<b>21,075</b>
<b>Cumulative liquidity gap</b>	<b>2,836,206</b>	<b>2,836,206</b>	<b>3624153</b>	<b>2,862,342</b>	<b>2,836,206</b>

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Residual contractual maturities of financial assets and liabilities				
	Carrying Amount	Gross nominal Inflow/(Outflow)	0-3 Months	3-12 Months	1-5 Years
2015	N'000	N'000	N'000	N'000	N'000
<b>Assets</b>					
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
<b>Liabilities</b>					
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
<b>Gap (asset - liabilities)</b>	<b>3,118,420</b>	<b>3,118,420</b>	<b>4,282,015</b>	<b>(1,129,819)</b>	<b>(33,776)</b>
<b>Cumulative liquidity gap</b>	<b>3,334,688</b>	<b>3,118,420</b>	<b>4,282,015</b>	<b>3,356,808</b>	<b>3,323,032</b>

- 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 that was 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:

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

31-Dec-16	Carrying Amount	No Stated maturity	Re-pricing period		
			1-3 Months	3-12 Months	1-5 Years
<u>Assets</u>	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	4,037,438		4,037,438		
Equity securities-available for sale	78,530	78,530			78,530
Equity securities-held for trading	1,027,540			1,027,540	
Trade receivables	-				
	5,143,508	78,530	4,037,438	1,027,540	78,530
<u>Liabilities</u>					
Insurance liabilities	729,386			729,386	
Trade and other payables	246,584		37,786	151,343	57,455
	975,970	-	37,786	880,729	57,455
<b>Total interest re-pricing gap</b>	<b>4,167,538</b>	<b>78,530</b>	<b>3,999,652</b>	<b>146,811</b>	<b>21,075</b>

31-Dec-15	Carrying Amount	No Stated maturity	Re-pricing period		
			1-3 Months	3-12 Months	1-5 Years
<u>Assets</u>	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
<u>Liabilities</u>					
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
<b>Total interest re-pricing gap</b>	<b>3,118,420</b>	<b>44,805</b>	<b>4,282,015</b>	<b>(1,129,819)</b>	<b>(33,776)</b>

- 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.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**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 shortfall compared to the cost base due to strategic and/or reputational reasons.

**Mitigation:**

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

**44.3 Capital management**

The Group's objectives with respect to capital management are to maintain a capital base that is structured 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.



**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

The solvency margin for the company as at 31 December 2016 is as follows:

	<b>2016</b>	<b>2015</b>
	<b>N'000</b>	<b>N'000</b>
Cash and Cash Equivalents	606,513	346,083
Placement with Financial Institutions	3,430,925	4,019,205
Less: Excess fund placed in a single bank	(745,584)	-
Investment in Ordinary & Preference Shares	162,666	133,223
Loan to staff	152,029	25,434
Statutory Deposits	355,000	355,000
Trade Receivables	-	1,723
Less: Other Receivables & Prepayments inadmissibles	(179,772)	(226,120)
Reinsurance Assets	144,579	193,019
Other Receivables & Prepayments	179,772	226,120
Deferred Acquisition cost	90,191	137,687
Investment in subsidiaries,	1,576,300	1,576,300
Investment in Associates	1,010,650	1,010,650
Intangible assets	86,726	75,489
Investment Properties	676,201	576,609
Property, Plant & Equipment	2,875,075	2,077,110
<b>Total Admissible Assets</b>	<b>10,421,271</b>	<b>10,527,532</b>
Insurance Contract Liabilities	729,386	855,892
Trade payables	9,024	1,933
Provision and Other Payables	161,222	164,826
Retirement Benefit Obligations	57,455	78,581
Tax payable	19,883	65,359
<b>Total Admissible Liabilities</b>	<b>976,970</b>	<b>1,166,591</b>
<b>Solvency Margin</b>	<b>9,444,301</b>	<b>9,360,941</b>
The higher of 15% of Net premium income or Minimum capital base	3,000,000	3,000,000
<b>Solvency ratio</b>	<b>315%</b>	<b>312%</b>

**Solvency ratio must be above 100%**

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**NOTES OF FINANCIAL STATEMENT (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

**44.4 Fair value Hierarchy**

The Group's accounting policy on fair value measurement 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 classified 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 incorporates 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' 2016

<b>Asset Type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities at fair value through profit or loss	84,136	-	-	84,136
Held to Maturity	1,027,540			1,027,540
Available for sale	33,725	0	44,805	78,530
	<b>1,145,401</b>	<b>0</b>	<b>44,805</b>	<b>1,190,206</b>

31 December' 2015

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

**Parent**

31 December' 2016

<b>Asset Type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities at fair value through profit or loss	84,136	-	-	84,136
Available for sale	33,725	0	44,805	78,530
	<b>117,861</b>	<b>0</b>	<b>44,805</b>	<b>162,666</b>

31 December' 2015

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

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**PARENT UNDERWRITING REVENUE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b>FIRE N'000</b>	<b>G/ACCIDENT N'000</b>	<b>MARINE N'000</b>	<b>MOTOR N'000</b>	<b>OIL &amp; GAS N'000</b>	<b>AVIATION N'000</b>	<b>ENGINEERING N'000</b>	<b>BOND N'000</b>	<b>2016 N'000</b>	<b>2015 N'000</b>
<b>INCOME</b>										
Direct premium	189,683,662	229,789,071	43,402,814	357,438,692	919,528,625	31,998,273	233,033,742	490,425	2,005,365,304	<b>2,638,811,593</b>
Inward premium	190,390	-	8,060,828	230,390	-	21,330,208	7,610,603	-	37,422,419	<b>12,907,286</b>
<b>Gross premium written</b>	<b>189,874,052</b>	<b>229,789,071</b>	<b>51,463,642</b>	<b>357,669,082</b>	<b>919,528,625</b>	<b>53,328,481</b>	<b>240,644,345</b>	<b>490,425</b>	<b>2,042,787,723</b>	<b>2,651,718,879</b>
(Increase)/Decrease in provision for unexpired risks	(3,255,894)	3,446,167	4,519,609	17,256,714	124,513,066	10,439,749	(2,278,027)	(71,933)	154,569,451	<b>(32,816,504)</b>
<b>Gross premium earned</b>	<b>186,618,158</b>	<b>233,235,238</b>	<b>55,983,251</b>	<b>374,925,796</b>	<b>1,044,041,691</b>	<b>63,768,230</b>	<b>238,366,318</b>	<b>418,492</b>	<b>2,197,357,174</b>	<b>2,684,535,383</b>
Outward premium	(69,766,060)	(27,034,926)	(27,236,883)	(4,050,000)	(447,056,363)	-	(59,815,420)	(430,922)	(635,390,574)	<b>(588,592,406)</b>
Prepaid reinsurance	-	-	-	-	-	-	-	-	-	
<b>Net Premium earned</b>	<b>116,852,098</b>	<b>206,200,312</b>	<b>28,746,368</b>	<b>370,875,796</b>	<b>596,985,328</b>	<b>63,768,230</b>	<b>178,550,898</b>	<b>-12,430</b>	<b>1,561,966,600</b>	<b>2,095,942,977</b>
Commission Received	16,516,134	96,920	7,313,750	24,902	-	-	12,363,131	36,883	36,351,720	<b>25,506,589</b>
<b>TOTAL OPERATING INCOME</b>	<b>133,368,232</b>	<b>206,297,232</b>	<b>36,060,118</b>	<b>370,900,698</b>	<b>596,985,328</b>	<b>63,768,230</b>	<b>190,914,029</b>	<b>24,453</b>	<b>1,598,318,320</b>	<b>2,121,449,566</b>
<b>Claims Expenses</b>										
Gross claims paid	(58,804,908)	(243,660,347)	(15,567,876)	(133,263,208)	(32,704,082)	(20,505,251)	(119,140,212)	-	(623,645,884)	<b>(589,405,247)</b>
Increase/(Decrease) in provision for outstanding claims	(705,272)	(21,253,765)	-	(5,321,902)	55	(796,005)	14,504	-	(28,062,385)	<b>60,903,302</b>
<b>Gross claims incurred</b>	<b>(59,510,180)</b>	<b>(264,914,112)</b>	<b>(15,567,876)</b>	<b>(138,585,110)</b>	<b>(32,704,027)</b>	<b>(21,301,256)</b>	<b>(119,125,708)</b>	<b>-</b>	<b>(651,708,269)</b>	<b>(528,501,945)</b>
Reinsurance claims recoveries	43,329,683	37,059,677	34,943,653	5,250,328	-	-	15,218,943	-	135,802,284	<b>99,605,933</b>
<b>Net claims incurred</b>	<b>(16,180,497)</b>	<b>(227,854,435)</b>	<b>19,375,777</b>	<b>(133,334,782)</b>	<b>(32,704,027)</b>	<b>(21,301,256)</b>	<b>(103,906,765)</b>	<b>-</b>	<b>(515,905,985)</b>	<b>(428,896,012)</b>
<b>Underwriting Expenses</b>										
Acquisition & Maintenance costs less deferred cost	39,444,204	41,349,962	11,723,985	67,298,676	266,061,524	8,550,957	46,130,891	61,700	480,621,899	<b>648,618,743</b>
Acquisition cost	13,805,471	12,404,989	3,165,476	22,208,563	71,836,612	2,308,758	12,455,341	16,659	138,201,868	<b>187,866,379</b>
Maintenance cost	25,638,733	28,944,973	8,558,509	45,090,113	194,224,913	6,242,199	33,675,551	45,041	342,420,031	<b>460,752,364</b>
	39,444,204	41,349,962	11,723,985	67,298,676	266,061,524	8,550,957	46,130,891	61,700	480,621,899	648,618,743
<b>TOTAL DIRECT EXPENSES</b>	<b>(55,624,701)</b>	<b>(269,204,397)</b>	<b>7,651,792</b>	<b>(200,633,458)</b>	<b>(298,765,551)</b>	<b>(29,852,213)</b>	<b>(150,037,656)</b>	<b>(61,700)</b>	<b>(996,527,884)</b>	<b>(1,077,514,756)</b>
<b>UNDERWRITING PROFIT:</b>										
<b>2016</b>	<b>77,743,531</b>	<b>(62,907,165)</b>	<b>43,711,910</b>	<b>170,267,240</b>	<b>298,219,777</b>	<b>33,916,017</b>	<b>40,876,373</b>	<b>(37,247)</b>	<b>601,790,436</b>	
<b>2015</b>	<b>120,290,046</b>	<b>118,675,369</b>	<b>60,269,842</b>	<b>278,902,274</b>	<b>279,532,693</b>	<b>27,411,505</b>	<b>151,904,304</b>	<b>6,948,777</b>		<b>1,043,934,810</b>

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

**UNITY CAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**STATEMENT OF VALUE ADDED**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b>Group</b>		<b>Group</b>		<b>Parent</b>		<b>Parent</b>	
	<b>2016</b>		<b>2015</b>		<b>2016</b>		<b>2015</b>	
	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>%</b>
<b>Premium income</b>	2,197,357		2,684,534		2,197,357		2,684,534	
Re-insurance, claims and commission and others	(1,869,114)		(2,300,121)		(1,968,394)		(2,120,752)	
	328,243		384,413		228,963		563,782	
Investment and other income	859,201		1,151,732		547,113		528,238	
<b>Valued added</b>	<b>1,187,445</b>		<b>1,536,145</b>	<b>100</b>	<b>776,076</b>		<b>1,092,020</b>	<b>100</b>
<b>Applied to pay:</b>								
Staff cost	788,188		846,163	56	458,423		511,484	46.49
Government as tax	73,285		119,636	2	54,282		70,578	6.415
Shareholders as dividend								
<b>Retained in the business</b>								
Depreciation and amortisation	108,234		248,366	10	55,838		177,592	16
Retained profit for the year	192,150		321,981	19	180,945		340,503	30.95
	<b>1,161,856</b>		<b>1,536,145</b>	<b>100</b>	<b>749,488</b>		<b>1,100,157</b>	<b>100</b>

Value added is the additional wealth the company has been able to create by its own capital 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.

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**FIVE YEAR FINANCIAL SUMMARY**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Parent 2016 N'000	Parent 2015 N'000	Parent 2014 N'000	Parent 2013 N'000	Parent 2012 N'000
<b>ASSETS</b>					
Cash and cash equivalents	4,037,438	4,365,288	3,748,359	3,626,346	3,009,116
Financial assets	162,666	133,223	293,947	389,118	328,967
Trade receivables	-	1,723	8,138	0	454,323
Reinsurance assets	144,579	193,019	372,041	300,508	215,801
Deferred acquisition cost	90,191	137,687	116,152	137,236	85,036
Other receivables and prepayments	331,801	226,120	162,264	153,645	606,723
Investment in subsidiaries	1,576,300	1,576,300	1,576,300	1,576,300	1,576,300
Investment in associates	1,010,650	1,010,650	1,010,650	1,010,650	1,010,650
Investment properties	676,201	576,609	529,400	514,500	472,526
Other intangible asset	86,726	75,489	94,663	114,276	80,826
Property, plant and equipment	2,875,075	2,077,110	2,279,208	2,307,303	2,349,854
Statutory deposits	355,000	355,000	355,000	355,000	355,000
<b>Total assets</b>	<b>11,346,628</b>	<b>10,728,219</b>	<b>10,546,122</b>	<b>10,484,882</b>	<b>10,545,121</b>
<b>LIABILITIES</b>					
Insurance contract liabilities	729,386	855,892	827,805	906,326	678,769
Trade payables	9,024	1,933	20,486	20,162	75,936
Retirement benefit obligation	57,455	78,581	70,941	51,572	33,729
Provision and other payables	161,222	164,829	190,648	197,013	174,954
Income tax liabilities	19,883	65,359	47,012	48,527	28,925
Deferred tax liabilities	258,004	177,764	194,576	253,104	434,891
<b>Total liabilities</b>	<b>1,234,974</b>	<b>1,344,359</b>	<b>1,351,468</b>	<b>1,476,704</b>	<b>1,427,203</b>
<b>EQUITY</b>					
Issued and paid up share capital	6,933,333	6,933,333	6,933,333	6,933,333	6,933,333
Share premium	663,600	663,600	663,600	663,600	663,600
Statutory contingency reserves	684,549	623,267	543,715	453,037	365,982
Retained earnings	236,678	326,055	65,104	14,305	114,673
Asset revaluation reserve	1,559,768	837,605	988,902	943,903	1,040,330
<b>Shareholders fund</b>	<b>10,077,928</b>	<b>9,383,860</b>	<b>9,194,654</b>	<b>9,008,178</b>	<b>9,117,918</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,312,902</b>	<b>10,728,219</b>	<b>10,546,122</b>	<b>10,484,881</b>	<b>10,545,121</b>
<b>UNITYKAPITAL ASSURANCE PLC</b>					

**UNITY KAPITAL ASSURANCE PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**FIVE YEAR FINANCIAL SUMMARY CONT'D**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	Parent 2016 N'000	Parent 2015 N'000	Parent 2014 N'000	Parent 2013 N'000	Parent 2012 N'000
<b>COMPREHENSIVE INCOME</b>					
Gross premium earned	<b>2,042,788</b>	<b>2,684,534</b>	<b>3,115,433</b>	<b>2,754,554</b>	<b>2,472,195</b>
Underwriting profit	601,790	1,043,957	1,385,837	800,475	1,671,363
Investment and other income	607,423	575,447	578,598	1,720,450	524,070
Provisions	-	(148,292)	(81,930)	(154,995)	(286,670)
Less management expenses	(973,986)	(1,060,031)	(1,707,482)	(2,143,459)	(1,435,746)
Profit/(Loss) before taxation	235,227	411,081	175,023	222,472	473,017
Taxation	(54,282)	(70,578)	(33,547)	41,550	(156,154)
Profit after taxation	180,945	340,503	141,476	264,022	316,863
<b>Transfer to contingency reserve</b>	<b>61,282</b>	<b>79,552</b>	<b>90,678</b>	<b>87,055</b>	<b>82,100</b>
<b>Other comprehensive income</b>	<b>722,162</b>	<b>(151,297)</b>	<b>45,000</b>	<b>96,427</b>	<b>136,736</b>
Earnings per share (kobo)	0.03	0.05	0.02	2	2