


VERITAS KAPITAL ASSURANCE PLC

**UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

Separate Statement of Financial Position
As at September 30, 2018

		30-Sept-2018 Company N'000	31-Dec-2017 Company N'000
ASSETS	Note		
Cash and cash equivalents	3	4,058,893	3,756,993
Financial assets	4	92,230	92,500
Trade receivable	5	93,047	6,678
Reinsurance assets	6	695,142	216,302
Deferred acquisition cost	7	109,730	98,318
Other receivables and prepayments	8	333,068	335,215
Investment in subsidiaries	9	1,576,300	1,576,300
Investment in Associates	10	-	-
Investment properties	11	880,201	880,201
Goodwill	12	-	-
<i>Intangible assets - Software</i>	13	51,329	68,378
Property, plant and equipment	14	2,921,180	2,849,945
Statutory deposits	15	355,000	355,000
Deferred tax asset	21.1	-	-
Total Assets		11,166,123	10,235,830
Liabilities:			
Insurance contract liabilities	16	2,429,712	1,687,091
Trade payables	17	188,185	43,520
Employees retirement benefit obligations	18	-	-
Provision and other payables	19	267,868	276,806
Income tax liabilities	20	-	42,600
Deferred Tax Liabilities	21.2	292,730	292,730
Total Liabilities		3,178,495	2,342,747
EQUITY & LIABILITIES			
<i>Share capital & reserves:</i>			
Issued and paid up share capital	22	6,933,333	6,933,333
Share premium	23	663,600	663,600
Statutory Contingency reserves	24	834,561	754,172
Retained earnings	25	(2,038,558)	(2,052,714)
Asset revaluation reserve	26.1	1,559,768	1,559,769
Fair value reserve	26.2	34,923	34,923
Non Controlling interest(NCI)	38	-	-
Total Equity		7,987,629	7,893,083
Total Equity & Liabilities		11,166,123	10,235,830

The Financial Statements were approved by the Board of Directors on 25 October 2018 and signed on its behalf by:


Awolola Rotimi
Chief Finance Officer
FRC/2013/ICAN/00000002881


Polycarp Didam
Managing Director/ CEO
FRC/2013/CIIN/00000005294

BOARD OF DIRECTORS
Non-Executive Directors:

Thomas Etuh (Chairman)
Ibrahim Muhammad Kashim
Priyal Heal
Sen. Maj. General Mohammed Magoro (RTD)
Abe N. Ibraheem
Yabawa Lawan Yabi
Aminu Babangida
Oluwafunsho Obasanjo

Executive Director:

Polycarp Didam (MD/CEO)

VERITAS KAPITAL ASSURANCE PLC

ABUJA HEAD OFFICE

Plot 497 Abogo Largema Street,
off Constitution Avenue, CBD, Abuja.

LAGOS ANNEX OFFICE

Plot 173 Gbagada/Oshodi Expressway,
Opposite UPS Express Office, Gbagada Lagos.

+234 (09) - 461 9900

www.veritaskapital.com

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive income for the period ended September 30, 2018

	Note	January - September 2018 Company N'000	January - September 2017 Company N'000	July - September 2018 Company N'000	July - September 2017 Company N'000
Gross Premium written		2,679,650	2,035,575	546,195	380,134
Gross Premium Income	28	1,994,002	1,894,248	515,724	539,020
Reinsurance Expenses	29	(444,010)	(593,004)	(119,344)	(181,798)
Net premium income		1,549,992	1,301,244	396,380	357,222
Fees and commission income	30	66,961	37,372	32,807	12,370
Net underwriting income		1,616,953	1,338,616	429,186	369,592
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	31	(401,685)	(367,390)	67,595	(168,717)
Underwriting expenses	32	(573,887)	(458,261)	(301,126)	(162,675)
Underwriting result		641,380	512,965	195,655	38,200
Investment income	34	382,427	426,218	107,814	164,584
Fair value changes in financial assets-FVTPL	4a&b	-	-	-	-
Fair value changes in investment property	11	-	-	-	-
Other operating income	35	76,662	66,828	68,993	(24,614)
Impairment of financial assets	36.2	-	-	-	22,704
Management expenses	36	(999,310)	(748,481)	(364,923)	(244,364)
(Loss)\profit before tax		101,160	257,530	7,538	(43,490)
Income tax expense	34	(6,614)	(51,506)	21,472	4,820
(Loss)\profit for the year from continuing operations		94,546	206,024	29,011	(38,669)
Other Comprehensive Income net of tax					
Items that may be reclassified subsequently to profit or loss:					
Fair value adjustment on available for sales equities	26b	-	-	-	-
Items that will not reclassified subsequently to profit or loss:					
Gain on revaluation of properties, plant - and equipment after deferred tax	26a	-	-	-	-
Other Comprehensive Income, net of taxes					
Total Comprehensive Income for the year		94,546	206,024	29,011	(38,669)
Profit for the year, attributable to:					
* Non-controlling interests					
* Owners' of the Parent					
Total Comprehensive Income, attributable to:					
* Non-controlling interests					
* Owners' of the Parent					
Earnings per Share	27	0.01	(0.12)	0.01	(0.12)

Consolidated and Separate Statement of Financial Position

Statement of Changes in Equity
for the period ended September 30, 2018
Company-2018

As at 1 January 2018

Transferred from statement of Profit or loss for the year

Other Comprehensive Income:
Changes in fair value of AFS Investments

Total Comprehensive Income
Transfer to Contingency Reserve

Transactions with owners of equity
Dividends to equity holders
As at September 31 2018

Share Capital	Share Premium	Asset revaluation reserve	Fair value reserve	Contingency Reserve	Retained Earnings	Total
N'000	N'000	N'000	N'000	N'000	N'000	N'000
6,933,333	663,600	1,559,767	34,923	754,172	(2,052,714)	7,893,081
-	-	-	-	-	94,546	94,546
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,933,333	663,600	1,559,767	34,923	754,172	(1,958,168)	7,987,627
				80,389	(80,389)	-
6,933,333	663,600	1,559,767	34,923	834,561	(2,038,558)	7,987,627

As at 1 January 2017

Transferred from statement of Profit or loss for the year

Other Comprehensive Income:
Changes in fair value of AFS Investments
Gain on revaluation of properties, plant
Transfer to Contingency Reserve

Total Comprehensive Income
Transactions with owners of equity
Dividends to equity holders

As at September 30 2017

Share Capital	Share Premium	Asset revaluation reserve	Fair value reserve	Contingency Reserve	Retained Earnings	Total
N'000	N'000	N'000	N'000	N'000	N'000	N'000
6,933,333	663,600	1,559,768	33,725	684,549	(1,051,655)	8,823,320
-	-	-	-	-	(862,103)	(862,103)
-	-	-	-	-	-	-
-	-	-	1,198	-	-	1,198
-	-	-	-	-	-	-
6,933,333	663,600	1,559,768	34,923	754,172	(69,623)	7,962,415
				69,623	(69,623)	-
6,933,333	663,600	1,559,768	34,923	754,172	(1,983,381)	7,962,415
6,933,333	663,600	1,559,768	34,923	754,172	(69,333)	(69,333)
					(2,052,714)	7,893,082

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER, 2018

		2018 Parent N'000	2017 Parent N'000
Cash flows from operating activities			
Premium received	28	2,586,603	2,028,897
Commission received	30	66,961	37,372
Reinsurance receipts in respect of claims	31(i)	-	-
Other operating receipts	34	10,088	66,453
Cash paid to and on behalf of employees	36	(533,624)	(284,563)
Reinsurance premium paid	29	(604,931)	(593,004)
Insurance benefits and claims paid	31	(463,761)	(390,188)
Underwriting expenses	32	(585,300)	(458,261)
Cash paid to intermediaries and other suppliers		(327,132)	(993,315)
Company income tax paid	20	(49,214)	(60,389)
Net cash used in/from operating activities		99,690	(646,998)
Cash flow from Investing Activities			
Purchase of property and equipments	14	(103,711)	(30,155)
Purchase of intangible assets	13b	(5,860)	(29,510)
Proceed from sale of property and equipment			-
Proceed from sales of equity investment			-
Dividend income	34	3,500	7,013
Interest received	34	308,282	419,205
Purchase of held to maturity	4(a)	303	
Redemption / Repayment of HTM		383	
Purchase of investment property	11		
Net cash provided by investing activities		202,211	366,553
Cash flow from Financing Activities			
Dividend paid		-	-
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalent		301,900	(280,445)
Cash and cash equivalent at the beginning		3,756,993	4,037,438
Cash and cash equivalent at the end of the year		<u>4,058,893</u>	<u>3,756,993</u>

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

1 General information

Veritas Kapital 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 liability company. Its shares are quoted

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

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

The Group consist of the company, two subsidiaries and an associate. The Company has 93.46% equity interest in Health Care Security Limited, 70% equity interest in Future Unity Glanvills Pensions Limited, and 44.65% equity interest in

2 Summary of significant accounting policies

The principal accounting policies applied at the preparation of these financial statements are disclosed under General information on the 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

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
a. This comprises of :		
Cash at hand	5,356	2,898
Cash at Bank	315,959	469,813
Short term deposit/bank placements (3a)	3,737,578	3,284,282
Total	<u>4,058,893</u>	<u>3,756,993</u>

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

Financed by Insurance fund	2,429,712	1,687,090
Financed by other funds	1,629,181	2,069,903
Total short term deposit	<u>4,058,893</u>	<u>3,756,993</u>

Short term deposits consist of placements with commercial banks with a maturity date of less than 3 months.

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
4 Financial Assets		
This comprises of:		
Fair value through profit or loss-quoted equities (See note 4(a)below)	55,037	55,307
Held to maturity (See note 4(b)below)	-	-
Available for sales (See note 4(c)below)	37,193	37,193
	<u>92,230</u>	<u>92,500</u>
Current	55,037	55,307
Non-current	37,193	37,193
	<u>92,230</u>	<u>92,500</u>

a) Fair value through profit or loss

These are quoted equities on the Nigerian Stock Exchange. The fair value is determined by reference to the quoted closing bid price at the end of the reporting year, and are derived as follows:

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Cost		
Balance at 1 January	55,307	84,136
Additions during the year	-	-
Disposal in the year	(270)	(23,365)
Fair value loss	-	(5,464)
Balance at 31 December	<u>55,037</u>	<u>55,307</u>
Fair value as at 31 December 2017	<u>55,037</u>	<u>55,307</u>

(b) Held-to-maturity

Held-to-maturity investments are measured at amortised cost using the effective interest method and assessed for impairment for uncollectibility at the end of each reporting period.

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
FGN treasury bills (see note (i) below)	-	-
State/FGN government bonds (see note (ii) below)	-	-
Corporate bond (see note (iii) below)	-	-
	<u>-</u>	<u>-</u>
Balance at 1 January	-	-
Movement during the year	-	-
Balance at 31 December	<u>-</u>	<u>-</u>

(i) FGN Treasury Bills

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	-	-
Additions	-	-
Redemption/Repayment during the year	-	-
Accrued interest	-	-
Balance at 31 December	<u>-</u>	<u>-</u>

(ii) FGN Bonds & State Bonds

	N'000	N'000
Balance at 1 January	-	-
Additions	-	-
Redemption/Repayment during the year	-	-
Accrued interest	-	-
Balance at 31 December	<u>-</u>	<u>-</u>

(ii) Corporate Bonds

	N'000	N'000
Balance at 1 January	-	-
Additions	-	-
Redemption/Repayment during the year	-	-
Accrued interest	-	-
Balance at 31 December	<u>-</u>	<u>-</u>

(c) Available for sale

The fair value of some of the unlisted equity investments could not be reliably determined at the end of the reporting period. As such, those unlisted equity investments have been accounted for at cost less impairment. Management believes that the recoverable amount of these unlisted investments is not significantly different from the carrying amount.

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Cost		
Balance at 1 January	79,227	84,854
Reclassification to other receivables	-	(6,825)
Fair value gain	-	1,198
	<u>79,227</u>	<u>79,227</u>
Impairment charge during the year	(42,034)	(42,034)
Balance at 31 December	<u>37,193</u>	<u>37,193</u>

i. Reclassification from Available for sale represents investment in Nigeria Liability Insurance Pool (NLIP) which has been dissolved.

Movement in impairment loss

	(35,709)	(6,324.00)
Impairment loss		
Balance at 1 January	(35,709)	(35,709)
Impairment charge during the year	(35,709)	(35,709)
Balance at 31 December	<u>(35,709)</u>	<u>(35,709)</u>

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
5 Trade receivables		
a. This comprises of:		
Premium receivable from insurance brokers	474,206	560,199
Premium receivable from insurance agents	61,428	6,004
Premium receivable from policy holders	2,166	2,183
Premium receivable from insurance companies	299,390	182,436
	<u>837,191</u>	<u>750,822</u>
Less:		
Impairment of premium receivables	<u>(744,144)</u>	<u>(744,144)</u>
	<u>93,047</u>	<u>6,678</u>
b. Age analysis of gross trade receivables are as follows		
0-30 days		6,678.00
	<u>-</u>	<u>6,678</u>
c. Analysis of movement in impairment allowance		
Group	Provision no longer required N'000	Balance at 31 December N'000
Premium receivable from insurance brokers	545,262	545,262
Premium receivable from insurance agents	6,728	6,728
Premium receivable from policyholders	55,610	55,610
Premium receivable from insurance companies	136,544	136,544
	<u>744,144</u>	<u>744,144</u>
c. Analysis of movement in impairment allowance		
Company	Provision no longer required N'000	Balance at 31 December
Premium receivable from insurance brokers		545,262
Premium receivable from insurance agents		6,728
Premium receivable from policyholders		55,610
Premium receivable from insurance companies		136,544
	<u>-</u>	<u>744,144</u>
6 Reinsurance assets		
This is analysed as follows:		
Prepaid reinsurance(see note(a) below)	239,788	78,867
Reinsurer' share of outstanding claims (see note(b)below)	455,354	109,434
Reinsurers share of claims paid (see note 6(c) below)		28,001
	<u>695,142</u>	<u>216,302</u>
a Movement in prepaid reinsurance is as follows:		
Balance 1 January	78,867	69,590
Additions during the year	604,931	600,331
Amortized in the year - reinsurance expenses (note 29)	<u>(444,010)</u>	<u>(591,054)</u>
Balance 31 December	<u>239,788</u>	<u>78,867</u>
b Movement in reinsurer' share of outstanding claims		
Balance at 1 January	109,434	74,989
Movement in Reinsurers/coassurers' share of outstanding claims re	345,920	34,445
Balance at 31 December	<u>455,354</u>	<u>109,434</u>
c Movement in reinsurer' share of claims paid		
Balance at 1 January	-	-
Movement in Reinsurers/coassurers' share of claims paid	-	-
Balance at 31 December	<u>-</u>	<u>-</u>
current	695,142	216,302
Non-current	<u>-</u>	<u>-</u>
	<u>695,142</u>	<u>216,302</u>
7 Deferred acquisition cost		
a This is analysed as follows:		
Motor	25,439	16,993
Fire	30,992	11,910
General Accident	23,789	7,873
Marine	12,149	3,880
Aviation	3,454	1,426
Engineering	2,001	27,366
Oil and Gas	3,146	27,245
Bond	8,759	1,626
Total	<u>109,730</u>	<u>98,318</u>
b The movement in deferred acquisition cost is as follow:		
Acquisition Cost brought forward	98,318	90,191
Acquisition costs paid during the period (note 32)	526,249	467,981
Total	624,567	558,172
Amortised during the year (see note 32.)	<u>(514,836)</u>	<u>(459,854)</u>
Acquisition costs carried forward	<u>109,731</u>	<u>98,318</u>
Current	109,731	98,318
Non-current	<u>-</u>	<u>-</u>
	<u>109,731</u>	<u>98,318</u>

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
8 Other receivables and prepayments		
The balance is analysed as follow:		
Receivables from staff(See Note (a)below)	31,634	38,252
Deposit for investment (See Note (b)below)	121,457	121,457
Commercial papers (See Note (c)below)	261,872	261,872
Prepayment	71,077	49,283
Inventory	7,567	7,556
Fees receivables and Other receivables	33,591	33,591
ASO saving and loans(See Note (e) below)	219,361	219,361
Receivables from bank (See note (f) below)	-	17,601
Reclassification from available for sales (See note (g) below)	6,825	6,825
	<u>753,383</u>	<u>755,798</u>

Impairment of other receivables and prepayment(See Note (h)below)	(420,315)	(420,315)
	<u>333,068</u>	<u>335,483</u>

Current	333,068	335,483
Non-current	-	-
	<u>333,068</u>	<u>335,483</u>

- a Receivables from staff consist of amount due to from staff in respect of advances and upfront allowances. The analysis is shown below:

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	38,252	34,418
Addition		56,920
Interest on loans		156
Loan Repayment during the year**	(6,618)	(18,845)
Impairment charge during the year		(34,397)
Balance at 31 December	<u>31,634</u>	<u>38,252</u>

** The impaired staff loan of N18.845m represents a legacy balance of loans to staff of the defunct Intercontinental Assurance.

- b Deposit for investment represent net balances with Lighthouse stockbrokers for purchase of quoted equities on the Nigeria Stock exchange. An impairment charge has been recognised in the financial statement with respect to this .

- c Commercial papers represents receivables from the following entities

a) Back-up Network Ltd	44,412	44,412
b) TKM Mestro Nigeria Ltd	131,649	131,649
c) Off-shore integrated Concession Ltd	39,711	49,711
d) Kruger Brent Global Services Ltd	<u>46,099</u>	<u>46,099</u>
	<u>261,872</u>	<u>271,871</u>

These commercial paper have being impaired by the company as they are in doubt of recovery.

- d Fees receivables include fees and commission receivable on RSA assets and administrative fee as at year end, the sum of N5.6m was reclassified from financial assets and other receivables.
- e This represents amount receivable from Aso Savings and loans on the fund placed with the entity. As at the reporting date, the placement has matured but the fund is yet to be returned to the entity.
- f Receivables from bank represent trade receivables held in intermediary bank accounts as at 31 December 2017.
- g Reclassification from Available for sale represents investment in Nigeria Liability Insurance Pool (NLIP) which has been dissolved.
- h(i) This relates to real estate swap from Lighthouse Registrar as part of deposit for investment previously impaired. The perfection of title document is still ongoing.

9 Investment in Subsidiaries

UnityCapital has 2 subsidiaries as at 31 December 2017. The details of the subsidiaries and principal activities are detailed below:

	30-Sept-2018 N'000	31-Dec-2017 N'000
Future Unity Glanvills(FUG) Pension Limited at cost(See Note (b)below)	1,160,000	1,160,000
Health care Security Limited at cost (See Note (b)below)	<u>416,300</u>	<u>416,300</u>
	<u>1,576,300</u>	<u>1,576,300</u>

Future Unity Glanvills (FUG) Pension Limited has issued share ordinary share capital of 1.5 billion units of N1 each.

- a VeritasCapital holds 1.05 billion (70%): The company was incorporated on 20 April 2005, and licenced by National Pension Commission to carry on business of a Pension Fund Administrator on 19 June 2007. Its principal place of business is Lagos

Health Care Security Limited has issued ordinary share capital of 429,075,000 units of N1 each

- b UnityCapital 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.

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

The calculation of value-in-use was based on the following key assumptions

- The cashflows were projected based on the company's approved budget. The cashflows were based on past experiences and were adjusted to reflect expected future performances of the company .

-A terminal growth rate averaging 2.8% was applied in determining the terminal cash flows

- Discount rates of averaging 21.88%, representing pre-tax weighted average cost of capital (WACC), was applied in determining the value in use. An additional 6.34% was incorporated into WACC as an adjustment

- The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount

Assessment of impairment on goodwill developed by the management of the Company with the use of a valuation specialist from Deloitte with FRC registration number FRC/2013/ICAN/00000001336

13 Intangible assets - Software

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

	Group 30-Sept-2018 N'000	Group 31-Dec-17 N'000	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Computer software	87,489	90,582	51,329	68,378
Cost				
Balance, at 1 January	346,453	296,341	275,497	247,183
Additions	50,112	50,112	5,860	28,314
Balance, 31 December	396,565	346,453	281,357	275,497
Accumulated amortisation				
Balance, at 1 January	255,871	202,666	207,119	160,458
Amortisation expense	53,205	53,205	22,909	46,661
Balance, 31 December	309,076	255,871	230,028	207,119
Carrying amount 31 December	87,489	90,582	51,329	68,378

14 NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

GROUP

Property, plant and equipment

Cost/Valuation	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
At 1 January	1,067,272	1,940,743	418,006	448,241	144,229	4,018,491
Additions						-
Disposals						
As at 30 September	1,067,272	1,940,743	418,006	448,241	144,229	4,018,491
Accumulated depreciation						-
At 1 January	-	24,860	330,025	343,402	136,667	834,954
Depreciation expenses						
Disposals						
As at 31 December	-	24,860	330,025	343,402	136,667	834,954
Carrying amount as at 30 September, 2018	1,067,272	1,915,883	87,981	104,839	7,562	3,183,537
Carrying amount as at 31 December, 2017	1,067,272	1,915,883	87,981	104,839	7,562	3,183,537

Parent

Cost/Valuation	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
At 1 January	1,047,272	1,719,547	249,694	250,892	116,334	3,383,739
Additions	0		5,038	96,228	2,446	103,711
Disposals		508		(4,544)		(4,036)
As at 31 December	1,047,272	1,720,055	254,732	342,576	118,780	3,483,414
Accumulated depreciation						
At 1 January	-	-	194,483	222,987	116,324	533,794
Depreciation expenses	-	-	16,470	13,362	(1,392)	28,439
Disposals	-	-				-
As at 31 December	-	-	210,953	236,349	114,932	562,233
Carrying amount as at 30 September, 2018	1,047,272	1,720,055	43,779	106,227	3,848	2,921,180
Carrying amount as at 31 December, 2017	1,047,272	1,719,547	55,211	27,905	10	2,849,945

a) Land and Building was independently valued by Osas&Osas and Partners, Estate surveyors & Valuers (FRC/2012/0000000000522) in 2018 to ascertain the open market value of land and building. The open market value of land and building as at 31 December 2018 was N2,766,818,000 (2017:2,766,818,000)

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
15 Statutory deposit	355,000	355,000
This represent amount deposited with the Central bank of Nigeria (CBN) as at December, 2017 in pursuant to section 9(1) and section 10(3) of insurance Act 2003. Interest income earned on this deposit is included in investment income.		
16 Insurance contract liabilities	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Outstanding claims(see Note(a) below)		
Unearned Premium including AURR (See note (a) below)	1,230,981	545,334
Claims incurred but not reported	182,279	182,279
Outstanding claims reported (see note (c) below)	1,016,452	959,478
	2,429,712	1,687,091
a (i) Reserve for unearned premium		
Motor insurance	227,611	159,051
Fire insurance	197,677	67,372
General accident insurance	100,251	36,007
Marine insurance	54,611	19,270
Engineering	226,814	134,711
Aviation	17,364	7,111
Oil and gas	349,735	106,394
Bond	43,795	2,294
1% PHI PREMIUM	-	-
General accident insurance (AURR)	1,217,857	532,210
	13,124	13,124
	1,230,981	545,334
a(ii) Movement in unearned premium can be analysed as follows:		
Balance, beginning of the year	545,333	518,231
Increase/(Decrease) in unearned premium(see note 28)		27,102
	545,333	545,333
b Movement in IBNR is analysed as follows:		
Balance, beginning of the year	87,037	87,037
Increase/(Decrease) in IBNR (see note 28)	95,242	95,242
	182,279	182,279
c(i) Provision for outstanding claims		
Motor insurance	35,653	6,697
Fire insurance	87,344	9,550
General accident insurance	239,997	267,109
Marine insurance	34,692	8,910
Engineering	96,577	45,458
Aviation	94,018	21,665
Oil and gas	609,398	600,089
Bond	1,053	-
	1,198,731	959,478
c(ii) Movement in outstanding claims:		
Balance, beginning of the year	959,478	401,800
Increase/(Decrease) in IBNR (see note 28)	239,253	557,678
	1,198,731	959,478

All claims are recorded as outstanding claims upon receipt of notification from the broker/ beneficiary. Claims are settled within the stipulated timelines in accordance with Section 70 of the Insurance Act, 2003 upon receipt of signed discharged voucher from the beneficiary. As at 31 December 2018, the balance of outstanding claims represents claims for which appropriate complete documentations are yet to be received.

The investment in respect of this insurance funds is as stated in Note 3b

Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the management of the company with the use of a professional actuary (O and A Hedge Actuarial Consulting) with FRC registration number FRC/2016/NAS/00000015764.

17 Trade payables

Trade payables represent amounts payable to reinsurance, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date.

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
This is analysed as follows:		
Co-insurance premium	77,731	
Commission payable	110,454	43,520
	188,185	43,520

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
18 Retirement benefit obligation		
a. Gratuity Scheme		
Balance, beginning of period	-	-
Contributions in the period(see note (b) below)	-	-
Payments in the period	-	-
Reclassified to payable(see note(a) below)	-	-
Balance, end of year	-	-

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
19 Provision and other payables		
This is analysed as follows:		
Life insurance fund (see note (a) below)	131,417	131,417
PAYE tax, VAT, NHF and other remitable deductions	(4,956)	874
Staff accounts (see note (b) below)	1,957	3,142
Accrued professional fees (see note © below)	22,258	21,040
Accrued NAICOM Levy		20000
Accrued Penalty charge		30000
Other accruals and payables	5,590	7,743
Unclaimed Dividend	24,248	24248
Due to Employees (note 18a)	21,616	38,342
Pension Protection fund (see note (d) below)	65,736	-
	267,868	276,806

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.

Staff Account balance is in respect of unremitted amount on behalf of staff to National Housing Fund (NHF) and deductions from staff salary to be remitted to their cooperative scheme administrator.

Accrued Professional fees includes accrual for audit fees, tax review and annual dues to the financial reporting council (FRC).

Pension Protection Fund represents Pension Protection fund maintained by the Pension Fund Administrators as a cushion to Pensioner whose Pension balance is not enough to guarantee at least 2/3 of the Federal Government minimum wage bill on retirement based on section 82 of the

Current	107,047	107,047
Non-current	169,759	169,759
	276,806	276,806

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
20 Income tax liabilities		
Company income tax		42,600
Education tax		-
Under/ (over) provision in prior years	6,614	40,506
Per income statement	6,614	83,106
Balance at beginning of the year	42,600	19,883
Payments/adjustment	(49,214)	(60,389)
Per statement of financial position	-	42,600

21.1 Deferred tax asset

At 1 January	-	-
Charge to income statement	-	-
At 31 December	-	-

The movement in deferred tax asset is analysed below:

	Others N'000	Total N'000
At 1 January 2017	19,351	46,403
Charge to the statement of profit or loss	(1,121)	(2,682)
At 31 December 2017	18,230	43,721
At 1 January 2018	18,230	45,282
Charge to the statement of profit or loss	(1,121)	(2,682)
At 31 December 2018	17,109	42,600

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future profits is probable

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
21.2 Deferred tax liability		
At 1 January	292,730	258,004
Charge for the period on building revaluation	-	-
Other Charges for the year	-	34,726
Charge on revaluation of investment property	-	-
At 31 December	292,730	292,730

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
22 Issued and paid up share capital		
a Authorised		
14 billion ordinary shares of 50 kobo each	7,000,000	7,000,000
b Issued and fully paid		
Balance at 1 January	6,933,333	6,933,333
Bonus shares issued from share premium	-	-
Balance at 31 December	6,933,333	6,933,333

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the Company.

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
23 Share premium		
Share premium comprises additional paid-in capital in excess of their per value.		
Balance at 31 December	663,600	663,600
	663,600	663,600

24 Statutory contingency reserve
In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the net profits and the amount 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:-

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	754,172	684,549
Transfer from retained earnings	80,389	69,623
Balance at 31 December	834,561	754,172

25 Retained earnings
The retained earnings are carried forward recognised income net of expenses plus current period profit attributable to shareholders.

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	(2,052,714)	(1,051,655)
Transferred from statement of Profit or loss for the year	94,545	(862,103)
Transfer to Contingency Reserve	(80,389)	(69,623)
Dividend paid (see note 25.1 below)	-	(69,333)
Balance at 31 December	(2,038,559)	(2,052,714)

25.1 This relates to dividend paid during the year as approved during the last Annual General Meeting, 2017 : 0.005k

26.1 Assets revaluation reserve

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

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Land		
Balance, beginning of year	636,068	636,068
Revaluation deficit	-	-
Balance, end of year	636,068	636,068
Building		
Balance, beginning of year	923,700	923,700
Revaluation surplus	-	-
Balance, end of year	923,700	923,700
Carrying amount	1,559,768	1,559,768

26.2 Available for sale reserve

	Parent 30-Sept-2018 N'000	Parent 31-Dec-17 N'000
Balance, beginning of year	34,923	33,725
Movement during the year	-	1,198
	34,923	34,923

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:

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 30-Sep-17 N'000
(Loss)/Profit after tax attributable to equity holders	94,546	(858,156)
Weighed average number of ordinary shares at end of year	6,933,333	6,933,333
Basic (loss)/earnings per share (kobo)	0.01	(0.12)

The Company does not have any instrument with a dilutive effect on its capital, Hence, the basic earnings per share is same as diluted earnings per share

28 Gross premium

Gross premium earned (see note (a) below)	2,448,187	2,018,888
Inward reinsurance premium (see note (b) below)	231,463	16,687
Gross written premium	2,679,650	2,035,575
Changes in unearned premium (see note 16 a(ii))	(685,648)	(141,327)
	1,994,002	1,894,248

a Group premium earned is further analysed as follows:

Fire	346,108	107,645
General accident	196,776	174,772
Marine	114,481	25,637
Motor	422,783	337,169
Oil and gas	890,225	1,064,996
Aviation	32,968	25,369
Engineering	379,280	276,779
Bond	65566.21	6,521
PHI Premium	-	-
	2,448,187	2,018,888

b Inward reinsurance premium

Fire	29,788	5,414
Motor	13,994	867
General accident	69,673	353
Aviation	2,897	653
Engineering	87,730	2,813
Marine	10,274	3,735
Oil and gas	17,107	-
Bond	-	2,852
	231,463	16,687

29 Reinsurance cost

Reinsurance cost	604,931	593,004
Movement in prepaid reinsurance	(160,921)	-
Reinsurance expenses (note 6a)	444,010	593,004

30 Fees and commission income

	66,961	37,372
--	---------------	---------------

31 Insurance claims and benefits

Direct claims paid	463,761	390,188
Changes in outstanding claims	56,704	18,158
Actuarial losses in outstanding claims	-	-
PHI claims	-	-
Gross claims incurred	520,464	408,346
Reinsurance recovery (see note 31(a) below)	(118,779)	(40,956)
	401,685	367,390

31a Analysis of reinsurance recoverable

Reinsurance recovery on paid claims	118,779	40,956
Reinsurance recoverable on outstanding claims	-	-
Total reinsurance recoverable	118,779	40,956

32 Underwriting expenses

Acquisition cost paid during the year	526,249	451,848
Movement in deferred acquisition	(11,413)	-
Cost during the year (See note 7)	514,836	451,848
Maintenance cost during the year	59,051	6,413
Total underwriting expenses	573,887	458,261

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2018

	Parent 30-Sept-2018 N'000	Parent 30-Sep-17 N'000
33 Impairment Loss		
Impairment charge (other receivables and prepayments)		211,035
Impairment provision no longer required		(34,500)
Impairment charge on unquoted equities		35,709
	<u>-</u>	<u>212,244</u>
34 Investment income		
*Dividends from equity investments at FVTPL	3,500	7,013
Interest received from:		
Short term deposits	378,926	419,205
FGN Treasury bills (accrued interest)		
FGN bond and state bond	-	-
RSA asset based fee		0
Statutory deposit	1	
	<u>382,427</u>	<u>426,218</u>
Further analysed as follows:		
Attributable to policy holders fund	80,310	108,256
attributable to shareholders funds.	302,117	317,962
	<u>382,427</u>	<u>426,218</u>
35 Other operating income		
Rental and other incomes	6,434	9,897
Bad debt write-off recovered	-	-
Profit on sale of investment	0	-
Profit on disposal of PPE	1,329	375
Fee income	-	-
Exchange gain (Domiciliary account)	65,235	-
Admin charges-Formal sector		-
Staff loan-interest	10	140
*Sundry income	3,654	56,416
	<u>76,662</u>	<u>66,828</u>
36 Management expenses		
Staff costs	533,624	284,563
Directors' allowances and expenses	109,297	104,118
Depreciation and amortisation	58,965	50,089
Professional fees	39,098	45,672
Audit fees	19,067	
Marketing and advertisement	40,563	47,890
Administrative expenses	67,274	94,485
NITDA information technology levy	-	
Repairs and maintenance	33,907	35,625
Travel costs and allowances	38,551	40,451
NAICOM Levy	5,417	
Donation	-	
Electricity and power	20,829	21,562
Penalty charge for contravention (see note 41)	8,783	
Subscription	6,908	8,720
Printing and Stationeries	7,645	6,554
Information Technology expenses	9,381	8,752
Pension Protection Fund Levy		
	<u>-</u>	<u>-</u>
	<u>999,310</u>	<u>748,481</u>
37a Income tax expense		
Education tax	-	-
Company income tax		51,506
Under provision in prior years	6,614	
Deferred tax expense	-	
	<u>6,614</u>	<u>51,506</u>