

VERITAS CAPITAL ASSURANCE PLC

CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS

31 DECEMBER 2018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty Second (42nd) ANNUAL GENERAL MEETING (“AGM”) of the members of **VERITAS KAPITAL ASSURANCE PLC** (“The Company”) will be held on **Tuesday, 18th June, 2019** at the **Ladi Kwali Hall, Sheraton Abuja Hotel, Ladi Kwali Street, Maitama, Abuja, FCT**, at **11:00am** to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2018, together with the reports of the Directors, Auditor and Audit Committee thereon.
2. To authorize the Directors to appoint and fix the remuneration of the Auditors.
3. To elect members of the Audit Committee.

PROXY

A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. A proxy form is at the end of the Financial Statements. For the appointment to be valid, all valid instruments of proxy should be completed, duly stamped at the Stamp Duties Office and deposited at the registered office of the Company, or office of the Registrars, Unity Registrars Limited, No 25 Ogunlana Drive, Surulere, Lagos not more than 48 hours before the time of the meeting.

BY THE ORDER OF THE BOARD



SARATU UMAR GARBA
Company Secretary
FRC/2019/NBA/00000019159
Plot 497 Abogo Largema Street
Off Constitutional Avenue
Central Business District
Abuja

May 24th, 2019

NOTES

1 AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting. The Securities and Exchange Commission's Code of Corporate Governance for Public Companies indicated that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

3 E-DIVIDEND MANDATE

Shareholders are advised to complete the e-dividend mandate form in this Annual Report and submit to the Registrars: Unity Registrars Limited, No. 25 Ogunlana Drive, Surulere, Lagos.

This Form can also be downloaded from the Company's website at www.veritaskapital.com.

5 CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 12th June, 2019 to 17th June, 2019 (both days inclusive).

7 ELECTRONIC ANNUAL REPORT

The electronic version of the Annual Report is available at www.veritaskapital.com. Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual Report via e-mail. Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report are kindly required to request via e-mail to info@unityregistrarsng.com.

2 QUESTIONS FROM SHAREHOLDERS

Any member attending the meeting reserves the right to ask questions not only at the meeting but also in writing prior to the meeting. Any questions, observations or comments should be forwarded to the Company Secretariat, Veritas Kapital Assurance Plc, Plot 497 Abogo Largema Street, Off Constitutional Avenue, CBD, Abuja, not later than 48 hours before the time fixed for the meeting.

4 UNCLAIMED DIVIDEND AND SHARE CERTIFICATES

Some Dividend warrants and Share Certificates have remained unclaimed or are yet to be presented for payment or returned to the Registrars for revalidation. Affected Shareholders are advised to contact the Registrars, Unity Registrars Limited, No 25 Ogunlana Drive, Surulere, Lagos.

6 WEBSITE

A copy of this notice and other information relating to the meeting can be found at www.veritaskapital.com

BRIEF HISTORY

Unity Kapital Assurance was incorporated in 1973 as a Private Limited Liability Company, under the name, Kano State Insurance Company Limited with Registration Number RC 11785. It started business in 1974 at its Head Office in Kano State. The name was changed to Kapital Insurance Company Limited in 1981.

Following the Insurance Regulation of September, 2005, which required Insurance Companies to recapitalize to the level of ₦3billion for Non-Life Companies and ₦2billion for Life Companies, three Companies which had over the years shared similar vision and mission, met and decided to merge and consolidate. The Companies were, Kapital Insurance Company Limited, Intercontinental Assurance Company Limited and Global Commerce & General Assurance Company Limited.

In 2007, the scheme of the merger was implemented and the Company moved its Head Office to Plot 497 Abogo Largema Street, Off Constitutional Avenue, Central Business District, Abuja and changed its name to UnityKapital Assurance Plc on August 4, 2008.

Following the divestment of Unity Bank Plc holdings in UnityKapital Assurance Plc which was acquired by Veritas Capital Limited in 2017 and the intention of the Board and Management to rebrand and reposition the Company to align with the Vision and Mission of the entity towards enhancing its competitiveness, members at the Annual General Meeting of 14th September, 2017, changed the name of the Company to Veritas Kapital Assurance Plc.

BRANCH NETWORK

STATE	BRANCH ADDRESS
ABUJA	Head Office Plot 497, Abogo Largema Street, Off Constitution Avenue, Central Business District P.M.B 13233 Wuse, Abuja.
LAGOS	Lagos Annex Office Plot 173 Gbagada/Oshodi Expressway, Opposite UPS Express Office, Lagos.
BAUCHI	Badala Plaza, opposite Jifatu Shopping Mall, Plot C4, C5 Adamu Jumba Road, Bauchi.
EDO	No. 82 First East Circular Road, Benin City.
KADUNA	NUT Endwell House B8 Mogadishu City Center Off Intercity Bank Road, Kaduna.
ANAMBRA	No 41, New Market Road, Onitsha.

RIVERS	No 209 B Aba Road Rumuola by Rumuola-Stadium Link Road, Port Harcourt, Rivers State.
SOKOTO	No 11, Kano Road Opposite Central Bank Of Nigeria, Sokoto State.
OYO	No 1, Adeoyo State Hospital Road, 1st Floor Wuraola Building, Ring Road Ibadan.
KANO	Veritas Kapital House, No. 116, Hadejiya Road, Kano.
DELTA	No 60 Effurun Sapele Road, Warri - Delta state.
MINNA	IK53/42 Old Airport Road, Minna - Niger State.

CORPORATE INFORMATION

Membership of the Board of Directors during the year ended 31 December, 2018

1	Mr. Thomas Etuh	Non-Executive Director	Chairman
2	Mal. Aminu Babangida	Non-Executive Director	
3	Dr. Oluwafunsho A. Obasanjo	Non-Executive Director	
4	Mr. Nahim Abe Ibraheem	Non-Executive Director	
5	Hajia Yabawa Lawan Wabi (mni)	Non-Executive Director	
6	Mrs. Priya Heal	Non-Executive Director	
7	Mal. Ibrahim M. Kashim	Independent Non-Executive Director	
8	Sen. Maj. Gen. M. Magoro (OFR)	Non-Executive Director	
9	Mr. Polycarp O. Didam	Managing Director/CEO	
10	Mr. Olalekan A. Oyinlade	Executive Director (Operations)	

COMPANY SECRETARY

Ms. Saratu Umar Garba
FRC/2019/NBA/00000019159

REGISTERED OFFICE

Plot 497, Abogo Largema Street,
Off Constitution Avenue,
Central Business District
Abuja.

www.veritaskapital.com

RC NO: 11785

FRC REGISTRATION NO:

FRC/2013/0000000000717

BANKERS

Unity Bank Plc
Guaranty Trust Bank Plc.
First Bank Limited
Fidelity Bank Plc
Keystone Bank Limited
Sterling Bank Plc
Access Bank Plc

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

ACTUARIES

O & A Hedge Actuarial Consulting
FRC/2016/NAS/00000015764
(Consulting Actuaries & Chartered Insurers)
Suite 28, Motorways Centre
(Opposite 7UP Bottling Plant)
1 Motorways Avenue
Alausa Ikeja - Lagos, Nigeria

PROPERTY VALUERS

Osas and Oseji
FRC/2012/NIESV/0000000522
Suite C7/8, Providence Plaza,
Plot 439c 3rd Avenue,
Gwarinpa II District, Abuja

REGISTRARS

Unity Registrars Limited
25 Ogunlana Drive
Surulere Lagos.

AUDITORS

Deloitte & Touche
(Chartered Accountants)
Civic Center Towers
Ozumba Mbadiwe Avenue,
Victoria Island, Lagos.

MISSION

To help our Stakeholders have peace of mind

VISION

To be one of the top Insurance Companies of choice in Africa

PRINCIPLES**INTEGRITY**

We will act with openness, fairness, integrity and diligence. We will always adhere to the applicable laws, regulations and standards of doing business.

PERFORMANCE

We will promote a positive and challenging high performance culture. We will do this by encouraging personal accountability, development and measuring, reward and recognizing success.

RESPONSIBILITY

We will act responsibly as individuals and as a Company. This applies to the management of our business, our approach to corporate interaction with key external stakeholders.

VALUES

- Working in teams
- Servicing our Customers
- Respecting each other
- Being proactive
- Growing our people
- Delivering to our Shareholders
- Guarding against arrogance
- Upholding the highest levels of integrity

OUR COMMITMENTS

Customers

A satisfied and loyal customer base is core to our business.

We are committed to:

- Delivering the consistent and reliable levels of customer service.
- Acting with integrity, due care and diligence.
- Communicating openly, honestly and with sensitivity and understanding.
- Listening to our customers.
- Handling complaints fairly and promptly.
- Respecting our customers' rights to privacy and confidentiality.
- Protecting our customers and our business from fraud.

Business Partners

We demand high standards from the companies we work with and believe that they should expect the same from us.

We are committed to:

- Carrying out our business with fairness and integrity.
- Being reliable and quick to respond.
- Awarding contracts and selecting business partners solely on the basis of fair and objective business criteria and having regards to high ethical standards.
- Respecting all obligations and confidentiality.
- Protecting our customers and our business from fraud.

Employees

Motivated and skilled employees are critical to our success.

We are committed to:

- Fostering a positive and challenging high performance culture.
- Rewarding superior performance.
- Encouraging personal development.
- Encouraging a culture of frank and honest communication.
- Encouraging teamwork and strong leadership.
- Providing a safe and secure working environment.
- Encouraging diversity and equal opportunities.
- Ensuring that grievances and unethical behaviour can be raised without fear of discrimination.

In return we expect our employees to:

- Act with integrity.
- Take responsibility and accountability for their own actions.
- Show support and commitment for change.
- Focus their energy in getting the best from themselves and others.
- Have the confidence and courage to act with conviction.
- Show understanding for and meet external and internal customers' needs.
- Show a relentless desire for success.
- Create positive and effective working relationships.

Regulators

We have an open, cooperative and transparent relationship with our regulators.

We are committed to:

- Dealing with our regulators in an open, cooperative and transparent manner.
- Managing our business with appropriate standards of risk management and controls.
- Preventing and reporting any instances of significant financial crime.
- Preventing breaches of relevant regulatory requirements.
- Complying with all set standards.

Community & Environment

We believe in continuous improvement of our environmental performance and in taking action around emerging environmental issues. Whenever we operate, we will seek positive engagement with local communities. We are committed to:

As a business, we have a responsibility to manage our impacts on the environment through appropriate use of resources such as energy, paper and water and the investment of our assets.

We also have a responsibility to take proactive active on environmental issues that are likely to affect our business and community at large.

In each of these areas, we will look to make continuous improvement and actively monitor our performance.

Shareholders

We are committed to fulfilling the aspirations of our shareholders through a commitment to business performance, and high standards of transparency, communication and corporate governance.

We are committed to:

- A culture of business performance, focused on delivering returns to shareholders.
- Comprehensive and transparent disclosure.
- Aiding Shareholder's understanding through the disclosure of relevant financial and non-financial information.
- Listening to the views of our shareholders.
- Managing our business with appropriate standards of risk and control.
- Ensuring due care in the selection of our third party advisers, including our auditors.
- Preventing and reporting any market abuse.
- Acting with due sense of responsibility on confidence entrusted to us.

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2018, the company has lodged all such returns as are required of a Company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

COMPANY SECRETARY

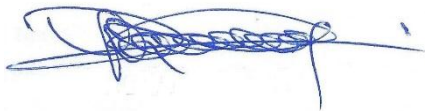
A handwritten signature in black ink, appearing to read 'Saratu Umar Garba', written over a faint horizontal line.

SARATU UMAR GARBA
Company Secretary/Legal Adviser
FRC/2019/NBA/00000019159
Abuja, Nigeria
April, 2019

RISK MANAGEMENT DECLARATION

The Board Enterprise Risk Committee of Veritas Kapital Assurance plc hereby declares as follows:

- a) The company has systems in place for the purpose of ensuring compliance with NAICOM guidelines;
- b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company;
- c) The company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM's guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and
- d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations.



Thomas A. Etuh

Chairman

FRC/2016/CIBN/00000014341



Polycarp Didam

Managing Director/CEO

FRC/2013/CIIN/00000005294

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Environment

Nigeria's recovery gained traction in the final quarter of 2018, with growth accelerating to an over three-year high. According to data released by the National Bureau of Statistics (NBS), GDP expanded 2.4% annually in Q4, well above Q3's 1.8% increase. The acceleration was driven by the non-oil segment of the economy, while momentum within the oil sector remained weak. For the year as a whole, growth came in at 1.9%, picking up notably from the 0.8% expansion logged in 2017.

Activity in the oil sector fell 1.6% over the same period last year, after tumbling 2.9% in Q3. Oil production—which accounts for the lion's share of the overall mining and quarrying sector output—declined from 1.94 million barrels per day (mbpd) in Q3 to 1.91 mbpd in Q4 which, coupled with easing global oil prices throughout the quarter, weighed on the overall figure. Consumer prices rose 0.74% on a month-on-month basis in December, slightly below November's 0.80% increase. The moderation was largely driven by a softer increase in Inflation ticked up from 11.3% in November to 11.4% in December, a seven-month high. As a result, it moved further above the Central Bank's target range of 6.0%–9.0%.

In December, the Purchasing Managers' Index (PMI) came in at 55.0, slightly below November's 55.5. Despite the fall, the PMI lies far above the 50-point threshold that separates expansion from contraction in business conditions, pointing to robust growth in the private sector.

With the announcement of President Muhammadu Buhari as winner of the 2019 presidential elections by the INEC, it is expected that the President – will continue to support the Central Bank's system of controlling the value of the naira.

The Insurance Industry

The insurance sector, like every other sector of the economy in the year 2018, still struggled to overcome the challenges posed by the lingering effects of the economic recession experienced in 2017 which left businesses in stagnated position and eroded the purchasing power of the masses thereby slowing down their urge for the industry patronage.

The effects of the recession, which manifested in job cuts in various sectors and slowed down in economic activities in both formal and informal sectors of the economy was that renewal of most policy contracts in both life and general business suffered major significantly due to lack of funds to execute such renewals. As a result, efforts by the sector operators and regulators to deepen insurance penetration in Nigeria and improve on the sector's contributions to the gross domestic product did not yield expected result.

Preliminary estimates suggest that the non-life market bounced back in 2018. With growth in nominal NGN terms of 10.6% in 2019 expected. In USD terms, it is predicted that premiums will rise 5.7% in 2019.

Business Overview

The company recorded a 40% increase in Gross Premium Written from N2.231 billion in 2017 to N3.239 billion in 2018, this is largely attributed to the significant increase in premium written across all our business lines. The Net underwriting income increased significantly by 91% from N76.784 million in 2017 to N873.15 million mainly due to quality underwriting.

The Company is well-capitalized with robust liquidity and solvency margin above the required benchmark.

The investment portfolio was well-balanced during the year with more focus on securities whose maturity profiles were matched to those of insurance contract liabilities

Outlook

We are optimistic that the country will emerge stronger as the successful conduct of the 2019 election and commitment of the current government to improve the economy

More so, the Company is committed to innovation towards delivering prime customer value, and best-in-class brand experience across all its touch-points.

We are consistently inspired by the doggedness, unflinching support and patronage of our revered customers, brokers, agents and other stakeholders.

We thank you for your unsullied loyalty and pledge our improved services to your contentment.

Concerted effort is continuously been made to put the customer first in everything we do. We will continue to deepen our understanding of our customer's need and accordingly improve the product offering, the customer experience and the channels through which they are served.

To ensure that we provide value to shareholders and customers, we will continue to drive high performance in our businesses by delivering profitable growth and operational efficiency, and by optimising risk and return.

ENTERPRISE RISK MANAGEMENT

The Company has a robust enterprise risk management framework which has been designed along the requirements of NAICOM and the Committee of Sponsoring Organisation of the Treadway Commission (COSO). Effective risk management remains fundamental to the business activities of the Company and there is a framework that supports a culture where risk management is everyone's responsibility from the levels of the Board and Executive committees down to risk owners and respective risk units.

The Company's Enterprise Risk Management framework clearly identifies, assesses, monitors, evaluates and manages the principal risks it assumes in conducting its activities. These risks include credit, market and operational risks, as well as legal, compliance, reputational information security risk and underwriting risks. The risk structure includes management's approach to risks inherent in the business and its appetite for these risk exposures. Under this approach, the Company continuously assesses its top risks and monitors the risk profile against approved limits. The main strategies for managing and mitigating risks include policies and tools that target specific broad risk categories.

Enterprise Risk Management philosophy

The Company's risk management principles and strategies are hinged on maximising value creation and returns on investments. The risk management strategy is such that will assist the Company in achieving its vision and delivery of business objectives. As part of the risk strategy, the Company's Enterprise Risk Management framework will ensure identification, quantification and treatment of all the foreseeable key risks. Our basis include that the risk management process will:

- a) Uphold the Company's integrity and value system;
- b) Add sustainable value to all the activities of the organisation;
- c) Aid the understanding of the potential upside and downside of key risks;
- d) Support compliance to regulatory requirements;
- e) Increase probability of success;
- f) Reduce the uncertainty of achieving the organisation's overall objectives;
- g) Support the culture that "managing risk is everybody's responsibilities" and pursue and reinforce this objective through risk awareness, clear executive sponsorship, setting risk appetite and risk boundaries that are generally known, agreed and widely discussed; and
- h) Provide clear lines of responsibilities.

Our risk management context is entrenched in our mission statement of wealth protection through a team of risk and investment managers that provides our customers and other stakeholders with effective, creative solutions, assuring their financial security with our superior strength and capacity in the Nigerian market space.

Our Risk Culture

- a) The Board and Senior Management consciously promote a responsible approach to risk management and ensure that the sustainability and reputation of the Company are not jeopardised while expanding its market share.
- b) The responsibility for risk management in the Company is fully vested in the Board which in turn delegates such to senior management.
- c) The Company pays adequate attention to both quantifiable and unquantifiable risks.
- d) The Company management creates awareness of risk and risk management across board.
- e) The Company continually subject its products, distribution channels and businesses to effective risk assessment process and it will not engage in any business until it has objectively assessed and managed the associated risk.

Risk management framework

Our risk management framework was designed and embedded in our operating culture and processes. There are clear levels of responsibilities (from the Board of Directors to the Staff Unit) assigned for effective management of our business risks.

We operate and maintain three levels of risk governance structure for the oversight and management of risk. These are:

1st line: Management

The Board includes the Board of Directors and the Board Audit and Compliance Committee and are charged with the responsibility for oversight of the Enterprise Risk Management process, proposing and approving the Risk Appetite level for the business and delegating responsibility of detailed oversight to Risk Committee.

2nd line: Risk oversight

This consists of the Risk Management Committees and the Chief Risk Officer of the Company. The Management evaluates the risks inherent within the business and ensures that they are captured appropriately within the business Risk Profile. The Chief Risk Officer facilitates an improved understanding of Risk Management process throughout the organisation in order to embed and improve continuously a risk awareness culture and to work with business management to review and update the Risk and control log.

The Chief Risk Officer (CRO) is responsible for setting policies and procedures necessary for the implementation of the risk framework. The role of the Chief Risk officer includes communicating the Company's risk profile to the Board and Management Committee and also communicates the decisions of the Board and Risk Management Committee to the other members of the Company.

3rd line: Independent assurance

This is the last line or level of defence within our risk management structure and comprises the internal audit and external auditors' function that provides independent and objective assurance of the effectiveness and adequacy of risk management control and governance process.

Risk appetite

The Company is committed to driving its business initiatives without loss of value or unmitigated exposures to related risks. In order to improve the value of shareholders' wealth and remain profitable, the Company designed its appetite for risk exposures at any given situation. The risk appetite represents the amount of risk exposure or potential adverse impact from an event that the Company is willing to accept/retain. The risk appetite of the Company is set by the Board of Directors annually, and it is aimed at minimising erosion of earnings or capital due to avoidable losses in the trading, investment and underwriting books, or from frauds or operational inefficiencies. The Company's Risk Appetite objective include:

- a) Optimisation of capital employed through enhanced returns on equity.
- b) Consistently strive to minimise overall cost of risk exposure and its management through effective risk mitigation practices.
- c) Losses due to frauds and operational lapses should be a maximum of a specified percentage of gross earnings and in any case be lower than the industry average.

Risk management policies and procedures

The Enterprise-wide Risk Management policies and procedures which have been instituted strategically are aimed at managing potential, inherent and residual risk categories in our operations.

The Board recognizes that the practice of risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and

opportunity, primed risk-taking and acceptance of risk which is inherent in all our activities, whilst reducing barriers to successful implementation.

Risk classification

The Company is exposed to different kinds of risk while conducting its business. Some of these include:

Market risk/Investment risk

This is the risk to a Company's financial condition resulting from adverse movements in the level or volatility of market prices. The Company has a structured process and basis for measuring and calculating the probability of loss and possible impact on the Company's capital resources caused by adverse changes in the price of stock and shares, property, exchange rates and other market conditions that are relevant. The Companies have established investment limits in its operational guidelines and policy of assets diversification in line with NAICOM regulations to prevent over concentration and over exposure to any particular market.

Credit risk

This is the risk that counterparty will default on payment or fail to perform an obligation to the Company. The Company has a system for conducting due diligence on the credit worthiness of any party to which it has credit exposure. The Company does not ordinarily grant credit facilities to third parties in the course of its business but could have credit risk associated with Insurance Brokers consequent upon the "No Premium No Cover" enforcement by NAICOM.

Operational risk

This is the risk of loss from inadequate or failed internal processes, people and systems or from external events which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. The Company has policies that cover risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedure and policies, driving compliance culture, process automation, Information Technology support systems, data integrity, IT systems access, etc.

Liquidity risk

Liquidity risk exist when there is insufficient cash flow to meet the Company's operational and financial obligations and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due. The Company manages its liquidity risk through appropriate assets and liability management strategies through the Investment Management Committee. Monthly reports and review of liquidity gaps is conducted to assess the level of liquidity risk.

Reinsurance risk

This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Company has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for Reinsurer selection, monitoring, claims recovery, etc.

Underwriting risk

Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallises when there are severe and frequent claims against the Company's projected capacity. The Company has embedded internal control processes to guide its insurance business and guide against the risk of unexpected losses and

capital erosion. There is a well-documented underwriting policies and procedure and are enforced throughout the organisation.

Business risk

The Company's business risk is associated with gaining market shares and remains profitable. This risk is considered through documented process for product development and launch, business segment profitability analysis, stakeholder's engagement as well as being embedded in our brand promise.

Reputational risk

This is the risk of events that could cause public distrust and damages to the Company's integrity, reputation and goodwill especially in the eyes of the customers, regulators, competitors, and the general public. We manage reputational risk through a structured approach for defining and implementing core values and acceptable standard of behaviour which the staff are expected to follow while conducting the day to day business of the Company.

The Company risk assessment and monitoring process has embedded controls for testing reputational risk and the outcome of such exercise is communicated to the Board Risk Committee on a quarterly basis.

Legal/compliance risk management

The Company has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all times. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

- a) Know -your-customer (KYC) procedure
- b) Anti-money laundering/combating the financing of terrorism (AML/CFT)
- c) Anti-bribery and corruption measures
- d) Guidelines for adherence to Corporate Governance principles
- e) Gift policies
- f) Whistle blowing policies

Risk report and risk map

Issues arising from risk assessment process are collated and presented in a report called the Risk Report which forms the basis of constructing the risk map. The risk map draws senior management's attention to the critical risk factors as well as the adequacy of existing controls to mitigate the risk. The risk map provides a snapshot summary of the significant risk and the ratings and probability of occurrence within a specific period. This forms the basis for estimating the potential operational loss.

Risk control self-assessment (RCSA)

The Company has a mechanism for risk assessment on periodic basis and this is known as Risk control self-assessment (RCSA) principle. It involves the tests and procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed. The control requirements are proactively assessed through Process risk analysis and review of policy requirements, loss events, and audit findings. The Company then set controls required to comply with policy requirements and test these processes for adequacy and risk mitigation capability. Risk Champions are engaged in each business or risk unit and facilitates the process of risk control self-assessment in the Company.

Key risk indicators

The key risk indicator (KRI) provides trend analysis of risk exposures or deviation from standard processes. This helps the Risk Officers and Risk owners to promptly identify increasing threat to

business activities and escalate to the appropriate senior levels for control and to probably review the risk appetite. The trend analysis is one of the sources of data for the risk report and risk map documented by the Company.

Loss events reporting

The Company has a Loss Event Register that captures all actual loss sustained during operational processes.

Health and safety management

The Health and Safety Management has been instituted to provide and maintain safe healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of the HSE officer.

Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) has been designed to promote resilience against operational threats especially with regards to continuity of critical operations, in the event of a disaster or disruption to critical operations. The BCP framework also addresses adherence to contingency planning procedures, in the event of emergencies. We aim to continually improve on inherent gaps identified during each simulation exercise.

REPORT OF THE AUDIT COMMITTEE.

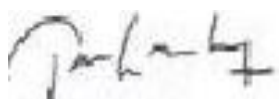
TO THE MEMBERS OF VERITAS CAPITAL ASSURANCE PLC

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, we confirm that we have seen the Audit Plan and Scope and the Management Letter on the audit of the books of the Group and Company and the response.

In our opinion, the plan and scope of the audit for the year ended 31 December, 2018 were adequate.

We have reviewed the auditor's findings and we are satisfied with the management response thereon.

We also confirm that the accounting and reporting policies of the company are in accordance with legal requirements and ethical practices.



Ibrahim M. Kashim
FRC/2017/NBA/00000016458
Chairman, Audit and Compliance Committee

Mal. Ibrahim M. Kashim	Independent Non-Executive Director	Chairman
Alh. Muhammed B. Alhassan	Shareholders' Representative	Member
Alh. Usman Abaji	Shareholders' Representative	Member
Mr. Olusegun J. Akintunde	Shareholders' Representative	Member
Hajia Yabawa Lawan Wabi (mni)	Non-Executive Director	Member
Mr. Nahim Abe Ibraheem	Non-Executive Director	Member

Director's Report

The Directors have the pleasure in presenting their report on the affairs of Veritas Kapital Assurance Plc together with the audited consolidated and separate financial statements and auditors' report for the year ended 31 December, 2018.

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 on the company was changed to Unity Kapital Assurance Plc and subsequently veritas Kapital assurance plc. The company became quoted on the Nigerian Stock Exchange (NSE) ON 17th December 2009. Unity Kapital 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 51.53% stake in Goldlink 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 #131.46 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 group earned Gross premium of N3.333 billion in 2018 (2017: N2.411 billion). Loss after tax was N695.2 million in 2018 as against loss of N700.6 million in 2017. Highlights of the operating results for the year under review are as follows:

RESULT AT A GLANCE (Company)

	2018 N'000	2017 N'000	Changes N'000	%
Gross Premium	3,238,769	2,320,768	918,001	40
Net Premium	1,987,284	1,702,612	284,672	17
Net Claim incurred	(664,405)	(1,130,874)	466,469	(41)
Underwriting Profit	873,154	76,784	793,370	1,037
Management Expenses	(1,530,816)	(1,167,141)	(363,675)	31
Loss before Taxation	(50,782)	(744,269)	693,486	(93)
Taxation	(272,513)	(117,834)	(154,679)	131
Loss after taxation	<u>(323,295)</u>	<u>(862,103)</u>	538,807	(62)

RESULT AT A GLANCE (Group)

	2018 N'000	2017 N'000	Changes N'000	%
Gross Premium	3,333,642	2,411,075	922,567	38
Net Premium	2,082,111	1,792,014	290,097	16
Net Claim incurred	(735,637)	(1,194,927)	459,290	(38)
Underwriting Profit	896,749	102,133	794,616	778
Management Expenses	(2,917,007)	(2,074,134)	(842,873)	41
Loss before Taxation	(262,881)	(558,605)	295,724	(53)
Taxation	(432,371)	(142,037)	(290,334)	204
Loss after taxation	<u>(695,252)</u>	<u>(700,642)</u>	5,390	(1)

4 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, 2018 are as follows:

Names	Direct Shareholding	Indirect shareholding	%	Interest represented
Sen. Maj. Gen Mohammed Magoro (RTD)	105,952,347		0.76	
Mal. Ibrahim Kashim	2,225,077		0.02	
Mr. Thomas Etuh	112,280,700	7,668,676,709	56.11	Veritas Capital Management
Mr. Thomas Etuh		219,801,879	1.59	Tak Asset Manaement Limited

5 Changes on the Board

Since the last AGM, there were no changes made to the composition of the Board.

6 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, 2018.

7 Acquisition of Own Shares

The company did not acquire any of its own shares during the year ended 31 December, 2018.

8 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.

9 Security Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in issuers' Share, Rulebook of the Exchange, 2015 (Issuers' Rule), the Company that set up a Security Trading Policy that applies to all Employees and Directors. The Policy processes includes the need to enforce confidentiality against external advisers.

10 Corporate social responsibility

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations of Insurance Text Books to Higher Institutions in the North to the tune of ₦250,000.

11 Complaints Management Policy

In compliance with the Securities and Exchange Commission which became effective in February 2015, the company has in place an investor complaints desk at the Head Office to resolve complaints arising from issues covered under the Investment and Securities Act (ISA) 2007.

12 Agent and Brokers

The Company maintains a network of licensed agents and renders services to its customers through Insurance Licensed Brokers and Registered Agents.

13 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

Veritas Kapital 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

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 modelled 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 125 (82 Males and 43 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 general upwards review of staff salary across levels and functions in the year under review.

vi. Combating the global challenge on HIV/AIDS, Malaria and other health challenges
Veritas Kapital 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 the HSE Officer, First Aid Services, fire marshals and emergency procedures etc.

14 Share Capital Information

a. Share Range Analysis	No. of holders	Units	%
1-500,000	764	40,401,940	46.27
500,001-1,000,000	78	58,227,123	4.72
1,000,001-5,000,000	188	1,399,075,855	11.39
50,000,001-10,000,000	12	859,740,610	0.73
100,000,001-500,000,000	15	2,552,916,411	0.91
500,000,001-10,000,000,000	2	8,956,304,727	0.12
Grand Total	1,059	13,866,666,666	100

b. Substantial Interest in Shares

Shareholders, who held more than 5% of the issues share capital of the company as at 31st December, 2018 were as follows:

	Share units	%
Dr. Emmanuel I.U Ojei	1,287,628,018	9.29
Veritas Capital Management	6,975,343,376	55.3

c. Share Capital History

YEAR	AUTHORIZED (₦)			ISSUED AND FULLY PAID UP				CONSIDERATION
	Increase	Cumulative	Naira Value (₦)	Increase	Cumulative	Naira Value (₦)	Increase	
1974	200,000	200,000	100,000	200,000	200,000	100,000		Cash
1977	100,000	300,000	150,000	100,000	300,000	150,000		Cash
1978	37,500	337,500	168,750	37,500	337,500	168,750		Cash
1980	162,500	500,000	250,000		337,500	168,750		
1981		500,000	250,000	151,394	488,894	244,447		Cash
1983		500,000	250,000	11,106	500,000	250,000		Cash
1990	4,500,000	5,000,000	2,500,000	900,000	1,400,000	700,000		Cash & Bonus
1991	10,000,000	15,000,000	7,500,000	2,100,000	3,500,000	1,750,000		Cash & Bonus
1992		15,000,000	7,500,000	1,800,000	5,300,000	2,650,000		Cash
1993		15,000,000	7,500,000	4,700,000	10,000,000	5,000,000		Cash
1996	85,000,000	100,000,000	50,000,000	10,000,000	20,000,000	10,000,000		Cash & Bonus
1997		100,000,000	50,000,000	20,000,000	40,000,000	20,000,000		Cash & Bonus
1998		100,000,000	50,000,000	35,685,000	75,685,000	37,842,500		Cash & Bonus
1999		100,000,000	50,000,000	14,315,000	90,000,000	45,000,000		Cash
2003	400,000,000	500,000,000	250,000,000	30,000,000	120,000,000	60,000,000		Cash & Bonus
2004		500,000,000	250,000,000	230,000,000	350,000,000	175,000,000		Cash & Bonus
2005		500,000,000	250,000,000	44,000,000	394,000,000	197,000,000		Cash & Bonus
2006	3,000,000,000	3,500,000,000	1,750,000,000		394,000,000			
2007		3,500,000,000	1,750,000,000	2,000,000,000	2,394,000,000	1,197,000,000		Cash & Bonus
2008	3,500,000,000	7,000,000,000	3,500,000,000	3,606,000,000	6,000,000,000	3,000,000,000		
2008	7,000,000,000	14,000,000,000	7,000,000,000	6,000,000,000	12,000,000,000	6,000,000,000		Split 50k per share
2008		14,000,000,000	7,000,000,000	350,000,000	12,350,000,000	6,175,000,000		Cash
2009		14,000,000,000	7,000,000,000	650,000,000	13,000,000,000	6,500,000,000		Bonus
2011		14,000,000,000	7,000,000,000	866,666,666	13,866,666,666	6,933,333,333		Bonus

15 Unclaimed Dividends Account

These are maintained in a fixed deposit account with Unity Bank Plc. The amount is jointly managed by both Veritas Kapital Assurance Plc and Unity Registrars Limited. The total amount in the account as at 31 December 31, 2018 was N24.2 million. Total unclaimed dividends as at 31 December, 2017 was #24.2 million.

16 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:

Ibrahim M. Kashim	Independent Non-Executive Director	Chairman
Hajiya Yabawa Lawan Wabi (mni)	Non-Executive Director	Member
Olusegun J. Akintunde	Shareholders' representative	Member
Usman Abaïi	Shareholders' representative	Member
Muhammed B. Alhassan	Shareholders' representative	Member
Abe Nahim Ibraheem	Non-Executive Director	Member

17 Post Balance Sheet Events

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

18 Auditors

The Auditor, Messer Deloitte & Touche (Chartered Accountants), have indicated their willingness to continue in the 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 determine their remuneration.

BY THE ORDER OF THE BOARD



SARATU UMAR GARBA

Company Secretary/Legal Adviser

Corporate Governance Report

Corporate Governance is central to the operations and structure of Veritas Kapital Assurance PLC “the company” and an essential part of the spirit of the Board, Management and Staff of the Company.

In Veritas Kapital Assurance Plc, we believe that compliance to the highest standards of corporate governance ensures and contributes to the long term success of the Company. In light of this belief, we continuously ensure that our operations are subjected to the highest standards of corporate governance in order to create and deliver sustainable value to shareholders and achieve continuous corporate success. We recognise the fact that good corporate governance practices enhance the confidence placed in the Company by our shareholders, customers, business partners, employees, the financial markets in which we operate and all stakeholders.

As a publicly quoted Company under the Nigerian Stock Exchange, 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 corporate governance structure to align with additional regulatory requirements and global best practices, in order to remain a pace setter in the area of good corporate governance practices.

Furthermore, the Company participates in the Corporate Governance Rating System (CGRS) developed by the Nigerian Stock Exchange (NSE) in partnership with the Convention on Business Integrity (CBI) with the main objective of raising its corporate governance ‘ceiling’ and ensuring commitment to good corporate governance practices and sustainability.

THE CORPORATE GOVERNANCE 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 are responsible for the efficient operation of the Company and to ensure the Company fully discharges its legal, financial and regulatory responsibilities.

The Board is committed to the highest standards of business integrity, ethical values and governance; it ensures that an appropriate level of checks and balances is maintained. Members of the Board possess the right balance of expertise, skills and experience, which translates to an effective Board and an executive management team capable of steering the affairs of the Company in an ever changing and challenging environment.

Furthermore, 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.

Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including; Banking, Accounting, Oil and Gas, Insurance, Private Business, Politics, Legal Profession etc. They possess the requisite integrity, skills and experience to bring to bear independent

judgment on the deliberations and decisions of the Board. The Directors have a good understanding of the Company's businesses and affairs to enable them properly evaluate information and responses provided by Management, and to provide objective challenge to Management.

In addition to the Board's direct oversight, the Board exercises its oversight responsibilities through its various committees namely:

- a. Statutory Audit and Compliance Committee
- b. Finance, Investment and General Purpose Committee
- c. Establishment and Governance Committee
- d. Enterprise Risk Management Committee

The Board and various Committees meet quarterly and additional meetings are convened as at when required. The Board is composed of a mix of Executive and Non-Executive Directors who are accountable to the shareholders.

The Board is comprised of 10 (Ten) members: 8 (Eight) Non-Executive Directors including the Chairman and 1 (One) Independent Director and 2 (Two) Executive Directors.

Composition of the Board of Directors

S/N	NAMES OF DIRECTORS	DESIGNATION	STATUS
NON-EXECUTIVE DIRECTORS			
1	Mr. Thomas Etuh	Chairman	Existing Director
2	Mr. Aminu Babangida	Non-Executive Director	Existing Director
3	Hajia Yabawa Lawan Wabi <i>mni</i>	Non-Executive Director	Existing Director
4	Sen. Maj. Gen. M. Magoro (<i>OFR</i>)	Non-Executive Director	Existing Director
5	Mal. Ibrahim M. Kashim	Non-Executive Independent Director	Existing Director
6	Mrs. Priya Heal	Non-Executive Director	Existing Director
7	Mr. Nahim Abe Ibraheem	Non-Executive Director	Existing Director
8	Dr. Oluwafunsho A. Obasanjo	Non-Executive Director	Existing Director
EXECUTIVE DIRECTORS			
9	Mr. Polycarp O. Didam	Managing Director/CEO	Existing Director
10	Mr. Olalekan A. Oyinlade	Executive Director (Operations)	Existing Director

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, it 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.

The Chairman

The roles of the Chairman and Chief Executive Officer are separate and no one individual combines the two positions. The Chairman is responsible for providing overall leadership of the Company and the Board, and eliciting the constructive participation of all Directors to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Company. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Executive and Non-Executive Directors, both inside and outside the Boardroom.

The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Managing Director/Chief Executive Officer, who is supported by Executive Management. The Managing Director executes the powers delegated to him in accordance with the guidelines approved by the Board of Directors. Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Chief Executive Officer is charged with the supervisory role over the technical operations of the Company. The Board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

The Independent Director

The Independent Director is responsible for the protection of shareholder's rights and interest in the Company and brings a high degree of objectivity to the Board for sustaining stakeholder trust and confidence. The Independent Director does not have significant shareholding interest or special business relationship with the Company.

The Company Secretary

The Company Secretary is a point of reference and support for the Directors. The Company Secretary performs both functional and administrative responsibilities to the Board and Management, respectively by assisting in the formulation of an annual Board plan, organization of Board meetings, ensuring that the minutes of each meetings clearly highlights the resolutions of the Board and ensuring that the decisions are implemented.

Director Nomination Process

The Board is empowered under the Articles of Association of the Company to appoint a Director to fill a casual vacancy or a new Director. They agree on a criteria for the appointment of Directors. In identifying suitable candidates, the Committee considers candidates on merit against objective criteria and with due regard for the benefit of diversity on the Board, including gender as well as the balance and mix of appropriate skills and experience. Shareholding in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of National Insurance Commission and the Shareholders at the Annual General Meeting.

Appointments and Retirements

Mrs. Priya Heal and Mr. Olalekan A. Oyinlade were appointed as Non-Executive Director and Executive Director (Operations) respectively at the last Annual General Meeting held on 25th September, 2018.

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.

Induction and Continuous Training

The Company has in place a formal induction programme for newly appointed Directors and members of Board Committees. As part of this induction, each new Director is provided with core materials and requested to complete a series of introductory meetings to become knowledgeable on 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.

The Company attaches great importance to training its Directors and for this purpose, continuously offers training and education from onshore and offshore institutions to its Directors, in order to enhance their performance on the Board and the various Committees to which they belong.

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.

Attendance to Board Meetings

The Board comprises of 10 members and held 7 meetings during the 2018 financial year. The following table highlights membership and attendance of Directors at the Board meeting within the year in review:

S/N	NAMES OF DIRECTORS	08.03.2018	10.05.2018	19.07.2018	24.09.2018	25.09.2018	25.10.2018	13.12.2018
1	Mr. Thomas Etuh	✓	✓	✓	✓	✓	✓	✓
2	Mr. Polycarp O. Didam	✓	✓	*	✓	✓	✓	✓
3	Mr. Olalekan A. Oyinlade	✓	✓	✓	✓	✓	✓	✓
4	Dr. Oluwafunsho A. Obasanjo	✓	✓	✓	✓	✓	✓	✓
5	Sen. Maj. Gen. M. Magoro <i>OFR</i>	✓	✓	✓	✓	✓	✓	✓
6	Mr. Nahim Abe Ibraheem	✓	✓	✓	✓	✓	✓	✓
7	Mrs Priya Heal	✓	✓	✓	✓	✓	✓	✓
8	Mal. Ibrahim M. Kashim	✓	*	✓	✓	✓	✓	✓
9	Hajia Yabawa L. Wabi <i>mni</i>	✓	✓	✓	✓	✓	✓	✓
10	Mr. Aminu Babangida	✓	*	✓	✓	✓	✓	✓
✓ Present		* Absent With Apology						

Attendance to Board Committee Meetings

The Board carries out its responsibilities through its committees, namely: Statutory Audit and Compliance Committee, Establishment and Governance Committee, Finance, Investment and General Purpose Committee and 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.

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 their meetings and recommendations to the Board at the Board's quarterly meetings.

Below are 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 composition of the Committee and schedule of attendance during the financial year are as follows:

S/N	NAMES OF MEMBERS	08.05.2018	17.07.2018	23.10.2018	11.12.2018
1	Sen. Maj. Gen. M. Magoro <i>OFR</i>	✓	✓	✓	✓
2	Mr. Nahim Abe Ibraheem	✓	✓	✓	✓
3	Mr. Aminu Babangida	✓	✓	✓	✓
4	Mrs. Priya Heal	✓	✓	✓	✓
5	Mr. Polycarp O. Didam	✓	✓	✓	LTC
6	Mr. Olalekan Oyinlade	✓	✓	✓	LTC
7	Hajia Yabawa L. Wabi <i>mni</i>	NYM	NYM	NYM	✓
8	Mal. Ibrahim M. Kashim	NYM	NYM	NYM	✓
✓ Present * Absent With Apology NYM: Not Yet a Member					
LTC: Left The Committee in Compliance with the Codes of Corporate Governance					

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 also consideration and approval of all investments above Management limit among others. The Committee comprises of members selected to provide a wide range of financial, commercial and international experience.

The composition of the Committee and schedule of attendance during the financial year are as follows:

S/N	NAMES OF MEMBERS	06.03.2018	07.05.2018	16.07.2018	22.10.2018	10.12.2018
1	Mr. Nahim Abe Ibraheem	✓	✓	✓	✓	✓
2	Hajia Yabawa L. Wabi <i>mni</i>	✓	✓	✓	✓	✓
3	Dr. Oluwafunsho A. Obasanjo	✓	✓	✓	✓	✓
4	Mrs. Priya Heal	✓	✓	✓	✓	✓
5	Mr. Polycarp O. Didam	✓	✓	✓	✓	✓
6	Mr. Olalekan Oyinlade	✓	✓	✓	✓	✓
✓ Present						

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.

The composition of the Committee and schedule of attendance during the financial year are as follows:

S/N	NAMES OF MEMBERS	06.03.2018	07.05.2018	06.06.2018	16.07.2018	24.09.2018	22.10.2018	16.11.2018	10.12.2018
1	MaL. Ibrahim M. Kashim	✓	✓	✓	✓	AHC	✓	AHC	✓
2	Mr. Nahim Abe Ibraheem	✓	✓	✓	✓	AHC	✓		✓
3	Hajia Yabawa L. Wabi <i>mni</i>	✓	✓	✓	✓	AHC	✓		✓
4	Alh. Usman Abaji	✓	✓	✓	✓	AHC	✓	AHC	✓
5	Alh. Muhammad B. Alhassan	✓	✓	*	✓	AHC	✓		✓
6	Mr. Akintunde Olusegun	✓	✓	✓	✓	AHC	✓	AHC	✓
7	Mr. Polycarp O. Didam	✓	✓	✓	✓		LTC	LTC	LTC
8	Mr. Olalekan Oyinlade	✓	✓	✓	✓		LTC	LTC	LTC
✓ Present * Absent With Apology AHC: Adhoc Committee Meeting LTC: Left The Committee in Compliance with the Codes of Corporate Governance									

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 coverage of supervision includes the following: Credit Risk, Reputational Risk, Operations Risk, Technology Risk, Market Risk, Liquidity Risk and other pervasive risks as may be posed by the events in the industry at any point in time.

The composition of the Committee and schedule of attendance during the financial year are as follows:

S/N	NAMES OF MEMBERS	05.03.2018	08.05.2018	17.07.2018	23.10.2018	11.12.2018
1	Mr. Aminu Babangida	✓	✓	✓	✓	✓
2	Hajia Yabawa L. Wabi <i>nni</i>	NYM	✓	✓	✓	✓
3	Mal. Ibrahim M. Kashim	✓	✓	✓	✓	✓
4	Sen. Maj. Gen. M. Magoro	✓	✓	✓	✓	✓
5	Mrs Priya Heal	NYM	NYM	NYM	NYM	✓
6	Dr. Oluwafunsho A. Obasanjo	✓	✓	✓	✓	✓
7	Mr. Polycarp O. Didam	✓	✓	✓	✓	✓
8	Mr. Olalekan Oyinlade	✓	✓	✓	✓	✓
✓ Present *Hajia Yabawa L. Wabi was appointed Chairman of the Committee on 08.05.2018 *NYM: No Yet a Member						

Annual Board Appraisal

The Company recognizes that a good corporate governance frame work must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The 2018 Board Performance Evaluation has been concluded and the report is attached as APPENDIX A.

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

- 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 instil 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. The whistle blowing policy can be obtained from the Company's website: www.veritaskapital.com

COMPLAINTS AND FEEDBACK MANAGEMENT

For the year ended 31 December 2018

COMPLAINTS AND FEEDBACK MANAGEMENT INTRODUCTION

At Veritas Kapital Assurance Plc (VKA), customers are an integral part of our business hence our continuous drive to deliver excellent customer experience across all our touch points.

COMPLAINTS CHANNELS

Our goal is to be available to our customers whenever they need us and ensure prompt resolution of enquiries, requests and complaints that creates good experiences/ mutual relationships beneficial relationship between VKA and our valued customers. As part of our relationship management we have multi channels of interaction with our customers. These channels include:

1.	VKA CIC (Customer Interaction Centre: <ul style="list-style-type: none">• cic@veritaskapital.com• 07001000500, +234 9 461 9999
2.	VKA Live Chat (Live chat)
3.	Correspondence from customers
4.	VKA Social media handles (Twitter, Instagram and Facebook)
5.	Customers can also pay a visit to any of our branch nationwide to interact with our staff and provide feedback. The addresses of our branches can be found on our website at https://veritaskapital.com/contact

VKA's customer complaints management policy & Framework charts a standard process on how complaints are resolved and steps taken to mitigate future occurrence. We have a dedicated team who are responsible for prompt investigation and resolution of customer complaints within the approved timeline. They liaise with product and process owners within the organization and ensures that complaints are satisfactorily resolved. Complaints are categorized to ensure proper channeling /monitoring, documentation and effective feedback process of received complaints. The process of resolution is as follows:

- Answer customer with the standard greeting
- Listen to customer's complaint
- Take customer's relevant details, e.g. Name, policy number, phone number, etc
- Log the issue on CRM and assign to responsible party
- Provide customer with the required information where complaint is a general one.
- Administer security questions where complaint relates to customer's record
- Provide customer with required information where customer has satisfactorily answered questions. (Where customer's response is not satisfactory, customer is politely asked to reconfirm and call back)
- Thank the customer for calling and wait for the customer to end the call (Where information is not readily available and require follow-up with product/process owners, thank customer for calling and assure him/her that he/she will be contacted with an update. Such issues will be forwarded to the Product owner and to follow-up till resolution.

NOTE: complaint(s) life cycle ends when clients give okay status. There must be email communications irrespective of the channel the complaint(s) was received and resolved
These processes enable us effectively manage our customer's enquiries, requests and complaints

through resolution and help us with our customer journey mapping whilst providing data for measuring relationship management.

CUSTOMERS' PRODUCTS PERSPECTIVES:

Our customers perspective on our products are fundamental to our product development thus our periodic intercreative activities to get and evaluate their perspectives about our products and services. The intercreative activities are:

- One-on-one meetings with top customers.
- Interviews with select customers across policy types.
- Customer product satisfaction survey

These evaluations were carried out to give us clear understanding of our perception from customers point of view and drive continuous product review /service experience enhancement.

FEEDBACK ON CUSTOMERS' COMPLAINTS

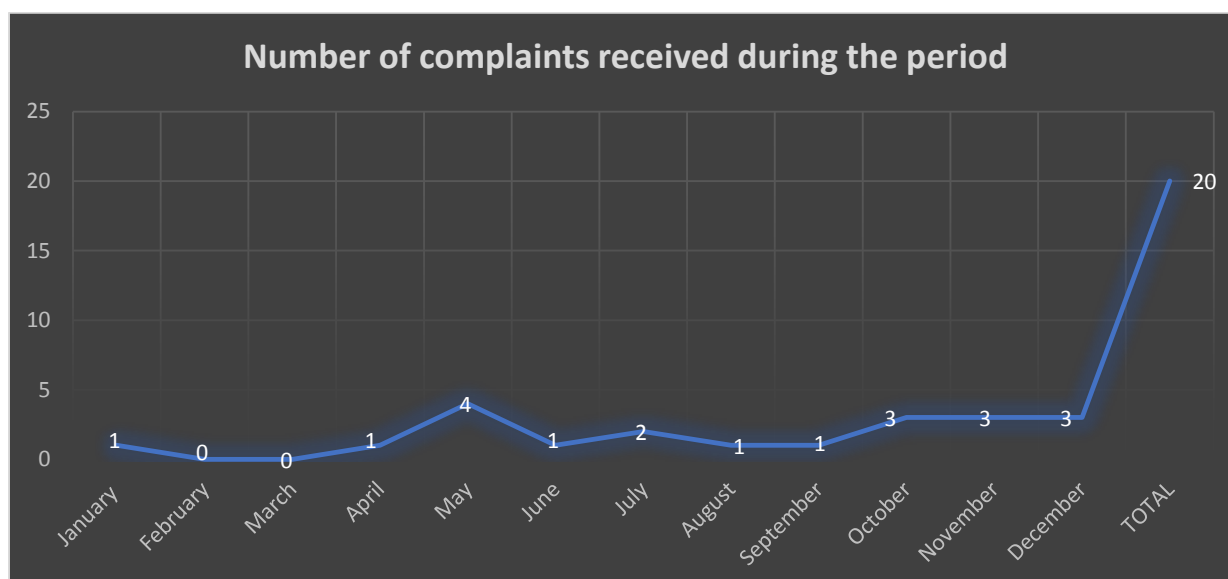
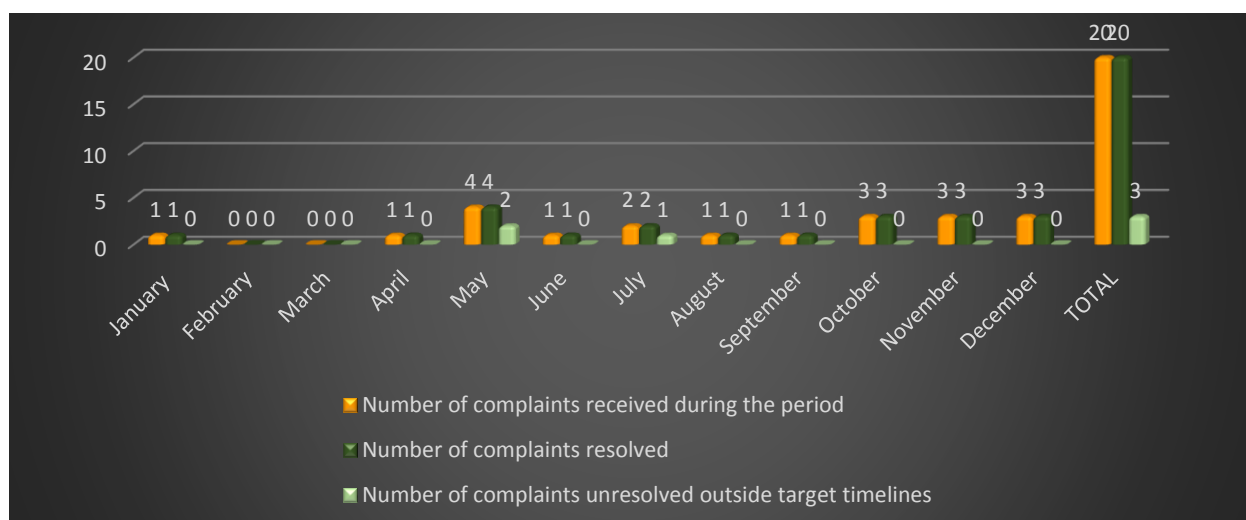
Report on customers' complaints feedback is sent to relevant units and groups within the organization for further review to ensure closure of identified gaps and maintain best practice. This process helps us:

- Deliver great Customer experience
- Make our customers feel valued
- Identifying improvement opportunities

As we continually strive to always deliver great customer experience whilst ensuring reduction in customer complaints, VKA will keep improving on her customer touch points availability and accessibility so that our customer can effortlessly interact with us.

The table and graph below show the number of complaints received and resolved in the year under review.

Month	Number of complaints received during the period	Number of complaints resolved	Number of complaints unresolved outside target timelines
January	1	1	0
February	0	0	0
March	0	0	0
April	1	1	0
May	4	4	2
June	1	1	0
July	2	2	1
August	1	1	0
September	1	1	0
October	3	3	0
November	3	3	0
December	3	3	0
TOTAL	20	20	3



The increase in the number of complaints noticed in May and October – December 2018 were due to enhancement on our E-Insurance portal during these months. These complaints were promptly resolved to the satisfaction of the customers just as the causal factors were addressed to prevent reoccurrence.

In 2019, we will be implement strategic initiatives that impact positively on our customer's experience.

Shareholder Access to this Policy:

The Policy shall be made available at general meetings of the Company.

Fees and Charges:

Wherever possible and subject to statutory requirements, VKA PLC will not charge shareholders for making enquiries, giving feedback, providing a response or for any aspect in the course of resolving a shareholder matter.

Shareholders are informed that in some circumstances the Registrar may charge shareholders a fee (for example, to resend previous dividend statements upon request by the shareholder).

Amendment/ Review of this Policy:

VKA PLC may from time to time review this Policy and the procedures concerning shareholder enquiries, complaints and feedback. Any changes or subsequent versions of this policy will be published on the website www.veritaskapital.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.

In addition, quarterly, half-yearly and annual financial results are published in widely read national newspapers. 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.

Compliance with Regulatory Requirements

The Company continued to maintain its commitment to achieving 100% compliance with Statutory and other Regulatory requirements. It complied substantially with the Codes of Corporate Governance of the National Insurance Commission (NAICOM), Securities and Exchange Commission (SEC) as well as post listing requirements of the Nigerian Stock Exchange (NSE).

In order to ensure the effectiveness of the Company's compliance system, the level of compliance is monitored regularly by the Internal Audit on a weekly basis and by the Audit Committee and the Board through quarterly compliance reports detailing the Company's level of compliance and sanctions imposed (if any) prepared by the Chief Compliance Officer.

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
- Cost Optimization Committee
- Management Committee

Statement of Directors' responsibilities on financial statements

The Directors of Veritas Kapital Assurance plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 31 December 2018, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, CAP I17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act of Nigeria.

In preparing the financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

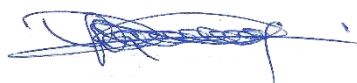
- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the company comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the year ahead.

The financial statements of the company for the year ended 31 December 2018 were approved by the Board of Directors on 8 April, 2019.

By order of the Board



Thomas A. Etuh
Chairman
FRC/2016/CIBN/00000014341



Polycarp Didam
Managing Director
FRC/2013/CIIN/00000005294

INDEPENDENT AUDITOR'S REPORT To the Shareholders of Veritas Kapital Assurance Plc

Report on the Audit of the Consolidated and Separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Veritas Kapital Assurance Plc** (the company) and its subsidiaries (together the group) which comprise the Consolidated and separate statement of financial position as at 31 December 2018, the Consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, Consolidated and separate statement of cash flow for the year then ended, and the notes to the Consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the Consolidated and Separate financial position of **Veritas Kapital Assurance Plc** as at 31 December, 2018 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

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 Financial Statements section of our report. We are independent of the Company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contracts Loss Reserve	
Under IFRS 4, the Company is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities is adequate. As disclosed in note 16 to the financial statements, the insurance contract liabilities of the Company amounted to N2.33 billion [2017: N1.69Billion]. This represents about 71.08% of the Company total liabilities as at 31 December 2018.	Our procedures included the following among others: We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation, and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves.

Key Audit Matter	How the matter was addressed in the audit
<p>Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2018. This involves exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves.</p> <p>At the end of each financial year, management employ the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary</p>	<p>In relation to the particular matters set out above, our substantive testing procedures included the following:</p> <ul style="list-style-type: none"> ➤ Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating general insurance loss reserves. ➤ Utilized information technology audit techniques to analyse claims through claims data plausibility checks and recalculation of claims development patterns. ➤ Involved Deloitte's actuarial specialists to independently test management's general insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognized actuarial practices and industry standards. ➤ Performed independent re-projections on selected product lines, particularly focusing on the largest and most uncertain general insurance reserves. For these product lines our actuarial specialists compared their re-projected reserves to those recorded by the company, and sought to understand any significant differences. ➤ Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's general insurance reserve estimates. <p>Based on the work performed we concluded the methodology and assumptions used by management in the valuation of insurance contract liabilities reserves are reasonable and in line with financial reporting requirements and industry accepted practice.</p>

Key Audit Matter	How the matter was addressed in the audit
Valuation of Goodwill	
<p>Goodwill carrying value was N386 million on the group's statement of financial position as at 31 December 2018. This asset has been recognised in the consolidated statement of financial position.</p> <p>In line with the requirements of the applicable accounting standard, IAS 36, Impairment of Assets, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. As disclosed</p>	<p>We focused our testing of the impairment of goodwill on the key assumptions made by management.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We tested all relevant controls over the generation of the key inputs, e.g. financial forecasts, discount rate, revenue growth rate, etc. that go into the valuation calculation.

Key Audit Matter	How the matter was addressed in the audit
<p>in note 12, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include:</p> <p>Revenue growth Operating margins Exchange rate fluctuations and The discount rates applied to the projected future cash flows.</p> <p>Accordingly, the impairment test of this asset is considered to be a key audit matter.</p> <p>The Management have developed a valuation model to enable a fair determination of the discounted cash flows for the significant Cash Generating Units (CGUs) to which the goodwill relates.</p>	<ul style="list-style-type: none"> • Engaging our internal specialists to assist with: <ul style="list-style-type: none"> – Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36, Impairment of Assets. – Validating the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates. • Analyzing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit. • Subjecting the key assumptions to sensitivity analyses. • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections. • Checking mathematical accuracy of the calculations <p>We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be relevant and useful.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary, Enterprise Risk Management Report, Directors' Report, Chairman's Statement, result at a glance and MD/CEO's review, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM), Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company'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 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 continue as a going concern. Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the Audit Committee and the directors 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 and directors 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 and/or the directors, we determine those matters that were of most significance in the audit of the 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 disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

- In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 and Section 28 (2) of the Insurance Act I17 LFN 2004, we expressly state that:
 - i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) The Group has kept proper books of account, so far as appears from our examination of those books.
 - iii) The Group and Company's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Contraventions

The Group contravened certain sections of the Insurance Act; NAICOM circulars and guidelines; Rule book of the Nigerian Stock Exchange; investment guidelines of National Pension Commission's with respect to RSA fund during the year. The particulars thereof and penalties paid are as disclosed in Note 41 to the financial statements.

No other indication of non-compliance with laws and regulations was brought to our attention during the audit.



For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
07 May, 2019

Engagement partner: Joshua Ojo
FRC/2013/ICAN/00000000849



1 Statement of significant accounting policies

1.1 Reporting Entity

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 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 91.46% equity interest in Health Care Security Limited and 70% interest in Veritas Glanvills Pensions Limited and 51.53% in Goldlink Insurance Plc. The group comprises of two subsidiaries, an associate and the parent company.

1.2 Principal Activities

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

The subsidiaries activities are:

Veritas Glanvills Pensions Limited, the administration and management of pension fund assets.

Health Care Security Limited provision of health insurance.

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

1.2 Components of Consolidated and Separate Financial Statements

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

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

Other comprehensive income is recognised in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognised 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 recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

1.3 Basis of preparation and measurement

The consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, Insurance Act, CAPI17, LFN 2004 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
- Investment at fair value
- Impaired assets at their recoverable amounts

1.4 Compliance with IFRS

These consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations have been included where appropriate

1.5 Going Concern status

The consolidated financial statements have been prepared on the going concern basis. The group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and company due to sufficient liquidity and based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out to ensure that there are no going concern threats to the operation of the group.

1.6 Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Group, the Directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements 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 judgements, 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 should include:

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

- **Claims arising from insurance contracts**
Liabilities for unpaid claims are estimated on a case by case basis. The liabilities recognised 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 30% 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

1.7 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.

1.8 Summary of significant accounting policies

1.8.1 Introduction to summary of accounting policies

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

1.8.2a Changes in accounting policy and disclosures

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

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and financial liabilities at the date of the transition were recognised in the opening retained earnings and other reserves of the current period.

The adoption of IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instrument Disclosures. Consequently for notes disclosure, the consequential amendments to IFRS 7 disclosures are subsumed in the notes to the financial statements.

IFRS 9 IMPACT ANALYSIS AND RECONCILIATION

- **Business model assessment:** Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and

movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key Sources of estimation uncertainty

- **Probability of Default**

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Loss Given Default**

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the company uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the company uses valuation models to determine the fair value of its financial instruments.

Impact on Financial Statements

The effect of adopting IFRS 9 on the consolidated statement of financial position and the statement of Profit or loss and other comprehensive income is as follows:

STATEMENT OF FINANCIAL POSITION-GROUP

	Note Ref.	IAS 39 Closing Balance as at 31 December, 2017 ₦'000	Impact of classification ₦'000	Impact of measurement ₦'000	Impact of impairment (ECL) ₦'000	Tax IMPACT OF ifrs 9 ₦'000	IFRS 9 opening balance as at 1 January 2018 ₦'000
Assets							
Cash and cash equivalents	a (f,i)	4,602,898	-	-	(5,108)	-	4,597,790
Financial assets:							-
Amortised cost	b (d,f,i)		839,056	-	(8,075)	-	830,981
Fair value through OCI	c (e)		37,193	-	-	-	37,193
Held to maturity	d	839,056	(839,056)	-	-	-	-
Available for sale	e	37,193	(37,193)	-	-	-	-
Fair value through P or L		55,037	-	-	-	-	55,037
Trade receivable		6,678					6,678
Reinsurance asset		216,302					216,302
Deferred acquisition cost		98,318	-	-	-	-	98,318
Other receivables and prepayments		539,675	-	-	-	-	539,675
Investment in subsidiaries		-	-	-	-	-	-
Investment in Associates		-	-	-	-	-	-
Investment properties		880,201	-	-	-	-	880,201
Goodwill		386,444	-	-	-	-	386,444
Intangible assets - Software		90,582	-	-	-	-	90,582
Property, plant and equipment		3,183,537	-	-	-	-	3,183,537
Statutory deposits		355,000	-	-	-	-	355,000
Deferred tax asset		43,721	-	-	-	-	43,721
							-
		11,334,642	-	-	(13,183)	-	11,321,459
Liabilities and equity							
Insurance contract liabilities		1,687,994	-	-	-	-	1,687,994
Trade payables		43,520	-	-	-	-	43,520
Accruals & other payables		363,639	-	-	-	-	363,639
Retirement benefit obligations		7,272	-	-	-	-	7,272
Income tax payable		82,442	-	-	-	-	82,442
Deferred tax liabilities		299,016	-	-	-	-	299,016
Total liabilities		2,483,883	-	-	-	-	2,483,883

VERITAS KAPITAL ASSURANCE PLC

Financial Statements
For the year ended 31 DECEMBER 2018

Equity						
Ordinary share capital	6,933,333	-	-	-	-	6,933,333
Share premium	663,600	-	-	-	-	663,600
Contingency reserve	754,172	-	-	-	-	754,172
Retained earnings	f(a,b) (1,620,172)	-	-	(10,343)	-	(1,630,515)
Asset revaluation reserve	1,559,768	-	-	-	-	1,559,768
Fair Value reserve	g (h) 34,923	(34,923)	-	-	-	-
FVOCI reserve	h 34,923	34,923	-	-	-	34,923
Non-Controlling Interest (NCI)	i (a,b) 525,135	-	-	(2,840)	-	522,295
Total equity attributable to Owners	8,850,759	-	-	(13,183)	-	8,837,576
Total liabilities and equity	11,334,642	-	-	(13,183)	-	11,321,459
Contingent liabilities and Commitments	-	-	-	-	-	-

Impact on Financial Statements (company)

The effect of adopting IFRS 9 on the statement of financial position and the statement of Profit or loss and other comprehensive income is, as follows:

STATEMENT OF FINANCIAL POSITION - COMPANY

	Note Ref.	IAS 39 closing balance as at 31 December 2017 N'000	Impact of classification N'000	Impact of measurement N'000	Impact of Impairment (ECL) N'000	Tax impact of IFRS 9 N'000	IFRS 9 opening balance as at 1 January 2018 N'000
ASSETS							
Cash and cash equivalents	a (f,i)	3,756,993	-	-	(1,975)	-	3,755,018
Financial Assets	b (d,f,i)	-	-	-	-	-	-
Amortised cost	c,e	-	-	-	-	-	-
Fair value through OCI	d	-	37,193	-	-	-	37,193
Held to maturity	e	-	-	-	-	-	-
Available for Sale		37,193	(37,193)	-	-	-	-
Fair value through profit or Loss		55,038	-	-	-	-	55,038
Trade receivable		6,678	-	-	-	-	6,678
Reinsurance assets		216,302	-	-	-	-	216,302
Deferred acquisition cost		98,318	-	-	-	-	98,318
Other receivables and prepayments		335,483	-	-	-	-	335,483
Investment in subsidiaries		1,576,300	-	-	-	-	1,576,300
Investment in Associates		-	-	-	-	-	-
Investment properties		880,201	-	-	-	-	880,201
Goodwill		-	-	-	-	-	-
Intangible assets - Software		68,378	-	-	-	-	68,378
Property, plant and equipment		2,849,945	-	-	-	-	2,849,945
Statutory deposits		355,000	-	-	-	-	355,000
Deferred tax asset		-	-	-	-	-	-
Total assets		10,235,829	-	-	(1,975)	-	10,233,854
Liabilities and equity							
Insurance contract liabilities		1,687,090	-	-	-	-	1,687,090
Trade payables		43,520	-	-	-	-	43,520
Employees retirement benefit obligations		-	-	-	-	-	-
Provision and other payables		276,807	-	-	-	-	276,807
Income tax liabilities		42,600	-	-	-	-	42,600
Deferred Tax Liabilities		292,730	-	-	-	-	292,730
Total liabilities		2,342,746	-	-	-	-	2,342,746

VERITAS CAPITAL ASSURANCE PLC

*Financial Statements
For the year ended 31 DECEMBER 2018*

		IAS 39 classification & measurement	Reclassification	Remeasurement	Expected credit losses	Tax	IFRS 9 Classification and measurement
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
EQUITY & LIABILITIES							
<i>Share capital & reserves:</i>							
Issued and paid up share capital		6,933,333	-	-	-	-	6,933,333
Share premium		663,600	-	-	-	-	663,600
Statutory Contingency reserves		754,172	-	-	-	-	754,172
Retained earnings	f(a,b)	(2,052,713)	-	-	(1,975)	-	(2,054,688)
Other Component of Equity		-	-	-	-	-	-
Asset revaluation reserve		1,559,768	-	-	-	-	1,559,768
Fair value reserve	g(h)	34,923	(34,923)	-	-	-	-
FVOCI reserve	h	-	34,923	-	-	-	34,923
Non Controlling interest(NCI)		-	-	-	-	-	-
		7,893,082	-	-	(1,975)	-	7,891,107
Total liabilities and equity		10,235,829	-	-	(1,975)	-	10,233,854
Contingent liabilities and Commitments		-	-	-	-	-	-

- L&R Loans And receivables
- AC Amortised cost

Notes to reconciliation of IAS 39 to IFRS 9

	Group		Company	
	IAS 39 as at Dec 31, 2017 N'000	IFRS 9 as at Jan 1, 2018 N'000	IAS 39 as at Dec. 31, 2017 N'000	IFRS 9 as at Jan 1, 2018 N'000
a Cash and Cash equivalents				
At 31 Dec. 2017 (IAS 39)	4,602,898	4,602,898	3,756,993	3,756,993
Impairment (ECL model)	-	(5,108.00)	-	(1,975)
At 1 January 2018 (IFRS 9)	4,602,898	4,597,790	3,756,993	3,755,018
b Financial assets:				
Amortised cost				
At 31 Dec. 2017 (IAS 39)	-	-	-	-
Reclassified from HTM	-	839,056	-	-
Impairment (ECL model)	-	(8,075)	-	-
At 1 January 2018 (IFRS 9)	-	830,981	-	-
c Fair value through OCI				
At 31 Dec. 2017 (IAS 39)	-	-	-	-
Reclassified from AFS	-	37,193	-	37,193
Impairment (ECL model)	-	-	-	-
At 1 January 2018 (IFRS 9)	-	37,193	-	37,193
d Held to maturity (HTM)				
At 31 Dec. 2017 (IAS 39)	839,056	-	-	-
Reclassified to Amortised cost	(839,056)	-	-	-
Impairment (ECL model)	-	-	-	-
At 1 January 2018 (IFRS 9)	-	-	-	-
e Available for Sale				
At 31 Dec. 2017 (IAS 39)	-	37,193	-	37,193
Reclassified to Fair value through OCI	-	(37,193)	-	(37,193)
Impairment (ECL model)	-	-	-	-
At 1 January 2018 (IFRS 9)	-	-	-	-
Fair value through profit or loss				
At 31 Dec. 2017 (IAS 39)	55,037	55,037	55,037	55,037
Impairment (ECL model)	-	-	-	-
At 1 January 2018 (IFRS 9)	55,037	55,037	55,037	55,037
f Retained Earnings				
Closing 31 Dec./Opening 1 Jan.	(1,620,172)	1,620,172	(2,052,713)	(2,052,713)
Impairment (ECL model) - Cash and Cash Equivalents	-	(4,008)	-	(1,975)
Impairment (ECL model) - Amortised Cost	-	(6,335)	-	-
	(1,620,172)	1,609,829	(2,052,713)	(2,054,688)
g Fair value Reserve				
At 31 Dec. 2017 (IAS 39)	34,923	-	34,923	-
Reclassified to FVOCI reserve	(34,923)	-	(34,923)	-
At 1 January 2018 (IFRS 9)	-	-	-	-
h FVOCI Reserve				
At 31 Dec. 2017 (IAS 39)	-	-	-	-

Reclassified from fair value reserve	-	34,923	-	34,923
At 1 January 2018 (IFRS 9)	-	34,923	-	34,923

i

Non-Controlling Interest (NCI)

At 31 Dec. 2017 (IAS 39)	525,135	525,135	-	-
Impairment (ECL Model) - Cash and Cash Equivalents	-	(1,100)	-	-
Impairment (ECL Model) - Amortised cost	-	(1,740)	-	-
At 1 January 2018 (IFRS 9)	525,135	522,295	-	-

Impact of IFRS 9 Adoption on solvency Margin

The impact of IFRS 9 on the company's solvency position is two-fold. As the standard covers classification and measurement of both financial assets and liabilities:

- Changes in the measurement of financial assets in scope for IFRS 9 and defined as admissible under the risk based capital as detailed in the prudential guidelines set by the NAICOM may result in a decline in the asset value.
- Changes in the impairment of financial instruments in scope for IFRS 9 and defined as admissible liabilities under the NAICOM prudential guidelines have resulted in an increase in allowance provisions and consequently admissible liabilities/ decrease in admissible assets.

The changes in measurement of financial instruments have also affected the amount of capital available to meet the regulator's minimum capital requirement. This will probably have an adverse effect on the insurer's solvency position. see detail in total equity attributable to owners as detailed in statement of financial position as at 1 January 2018.

	IAS 39 Admissible assets N'000	IFRS 9 Impact N'000	Adjusted IFRS 9 Admissible assets N'000
Assets			
Cash and cash equivalents	1,224,243	(1,975)	1,222,268
Fair value through profit and loss	55,038	-	55,038
Available for sale	37,193		37,193
Trade receivable	6,678		6,678
Reinsurance assets	216,302		216,302
Deferred acquisition cost	98,318		98,318
Other receivables and prepayments	62,677	-	62,677
Investment in subsidiaries	1,576,300		1,576,300
Investment in Associates	-	-	-
Investment properties	245,761		245,761
Goodwill	-		-
Intangible assets - Software	68,378		68,378
Property, plant and equipment	2,849,945	-	2,849,945
Statutory deposits	355,000		355,000
Total assets	6,795,831	(1,975)	6,793,856
Total liabilities	2,050,016	-	2,050,016
Solvency margin	4,745,815		4,743,840
A. Minimum Capital requirement	<u>3,000,000</u>		<u>3,000,000</u>
B. 15% of net premium (Premium less reinsurance)	<u>255,392</u>		<u>255,392</u>
Higher of A and B	<u>3,000,000</u>		<u>3,000,000</u>
Solvency margin achieved	<u>4,745,815</u>		<u>4,743,840</u>
Solvency ratio	<u>158%</u>		<u>158%</u>

(a) New and amended standards and interpretations not yet adopted by the Company

A number of new standards, interpretations and amendments are effective for annual period beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements:

IFRS 16 Leases

IFRS 16 replaces IAS 17 and provides a single lessee accounting model to be applied to all leases, whilst retaining a two-model approach for lessors. Lessees recognise a right-of-use asset and a lease liability on the commencement of a lease.

Under this new standard, the asset is initially recognised at the amount of the lease liability plus initial direct costs; it is subsequently measured using the cost model unless the underlying asset is investment property measured at fair value or PPE measured under the revaluation model. While the lease liability is initially measured at the present value of the lease payments over the lease term, discounted at the rate implicit in the lease.

IFRS 16 permits an election being made on a lease-by-lease basis to apply alternative accounting treatment to leases with a term of less than 12 months and leases for low value assets. In this case lease payments are recognised as an expense on a straight-line basis, or another systematic basis, over the lease term.

Lessees will be also be required to remeasure the lease liability upon the occurrence of certain events such as change in the lease term, change in future lease payments resulting from a change in an index or rate used to determine those payments etc. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company does not currently have any lease contract as construed in IFRS 16.

The Company assessed that it was reasonably certain to exercise the renewal option and classified the contract as an operating lease under IAS 17. At the date of initial application, the remaining non-cancellable period of the contract already paid for will be 4 months (1 January 2019 – April 30, 2019). The Company considered the option of classifying the lease as a short term lease or assume that it will exercise the renewal option for the next one-year.

At the date of initial application the remaining non-cancellable period for the contract is less than 12 months. The Company has also considered the available prospective facility in the impact assessment.

The Company does not have any leased vehicle, machinery, IT equipment or any sale and leaseback transaction as at the date of the impact assessment.

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
Amendments to IFRS 10 and IAS 28 (Sept 2014)	The IAS 28 was amended so that	The entity have not implemented this amendments due to its postponement.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>a. The current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations</p> <p>b. The gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.</p> <p>It was also recommended to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associate or joint venture is recognised only to the extent of unrelated</p>	

	<p>investors' interests in the associate or joint venture.</p> <p>Implementation of this amendment has been postponed.</p>	
<p>IFRIC 23</p> <p>Uncertainty over Income Tax Treatments</p>	<p>IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.</p> <p>IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.</p>	
<p>Amendments to IAS 28 (Oct 2017)</p> <p>Long-term Interests in Associates and Joint Ventures</p>	<p>The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:</p> <ul style="list-style-type: none"> • Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. • Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. <p>The amendments are accompanied by an illustrative example.</p> <p>The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted</p>	<p>The entity does accounts for its investment in associate using the equity method. There are no investments in the book of the associate that is subjected to the equity method of accounting.</p>
<p>Annual Improvements to IFRS Standards 2015–2017 Cycle (Dec 2017)</p> <p>IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments</p>	<p>In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:</p> <ul style="list-style-type: none"> • IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure 	

	<p>previously held interests in that business.</p> <ul style="list-style-type: none"> • IAS 12 Income Taxes — The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. • IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. 	
<p>Amendments to IAS 19) (February 2018)</p> <p>Plan Amendment, Curtailment or Settlement</p>	<p>On 7 February 2018, the IASB published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) to harmonise accounting practices and to provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.</p>	
<p>Amendments to References to the Conceptual Framework in IFRS Standards</p>	<p>The Conceptual Framework for Financial Reporting (Conceptual Framework) describes the objective of and concepts for general purpose financial reporting. It is a practical tool that helps the IASB to develop requirements in IFRS® Standards based on consistent concepts. Consideration of these concepts, in turn, should result in the IASB developing IFRS Standards that require entities to provide financial information that is useful to investors, lenders and other creditors.</p>	

2.1 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 statements in the year in which they arise, except for difference arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

2.2 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 of the same entity)

- 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.

2.3 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.

2.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

The Company classifies financial instruments or their components parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on annual basis.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the Company commits to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. These transaction costs are expensed in the income statement.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Bank's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive,

discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Bank is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Bank expects to receive from the holder, the debtor or any other party. If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Bank recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position

Derecognition of financial instruments

Previously recognised financial assets are derecognised when either the contractual rights to receive the cash flows from these assets have ceased to exist or the assets expire or the Company transfers the assets such that the transfer qualifies for derecognition. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks, rewards and control tests.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets, if the transferee has the right to sell or repledge them.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Hedge Accounting

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about a Company's risk management activities have also been introduced.

Financial assets

a) Classification and subsequent measurement

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. The classification is based on the results of the Company's business model test and the contractual cashflow characteristics of the financial assets. The category relevant to the Company as at 31 December 2018 are fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. At initial recognition all assets are measured at Fair Value.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by the Company as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains from financial assets held for trading'.

ii) Amortised Cost

Except for financial assets that are designated at initial recognition as at fair value through profit or loss a financial asset is measured at amortised cost only if both of the following conditions are met:

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

If a financial asset satisfies both of these conditions, it is required to be measured at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition

iii) Fair Value through other comprehensive income (FVTOCI)

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, a Company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, Financial guarantee contracts issued; and Loan commitments issued. The Company measures expected credit losses and recognizes interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Company recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Company measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment

The Company's process to assess changes in credit risk is multi-factor and has three main elements;
I. Quantitative element , a quantitative comparison of PD at the reporting date and PD at initial recognition

II. Qualitative elements

III. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such

information has not been already reflected in the rating process). For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Company groups its exposures on the basis of shared credit risk characteristics.

Significant increase in credit risk

The Company decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration. The Company applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

i) Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and loans and advances to customers are classified in 'impairment charge for credit losses' whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/ (losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ii) Assets classified as fair value through other comprehensive income

The Company can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at derecognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

- a. the Company's right to receive payment of the dividend is established;

- b. it is probable that the economic benefits associated with the dividend will flow to the Company; and
- c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

c) Reclassification of financial assets

Reclassification of financial assets is determined by the Company's senior management, and is done as a result of external or internal changes which are significant to the Company's operations and demonstrable to external parties.

Reclassification of financial assets occurs when the Company changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

Financial liabilities

Classification and subsequent measurement

The Company's holding in financial liabilities represents mainly 'due to banks', 'deposit from customers' and 'other liabilities'. These are all classified as financial liabilities measured at amortised cost. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of the liabilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

The classification of the Company's financial instruments have been summarised in the table below:

Category		Classes as determined by The Company		Subclasses
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Debt securities	Treasury bills
				FGN Bonds
		Pledged assets	Debt securities	Treasury bills
	Amortized cost	Cash and balances with Central bank of Nigeria		Cash
				Operating balances with CBN
		Loans and advances		Current account balances
				Placements
		Loans and advances to customers		Intermediation investments
				Staff loans
		Investment securities	Listed debt	Corporate bonds
		Other assets		Fees receivable
				Intercompany receivable
				Other receivables
	Fair value through other comprehensive income	Investment securities	Listed debt	Treasury bills
				FGN Bonds
			Unlisted equity	Corporate bonds
		Pledged assets	Listed debt	Shares
				Treasury bills

				FGN Bonds
				Tenored interbank deposits
		Due to banks		Open buy back liabilities
				Call deposits
		Deposit from customers		Intermediation money
				Fixed deposit
				Accounts payable
		Other liabilities		Customer deposits for letters of credit
				Accrued liabilities
				Dividend payable
				Uncleared effects
Financial liabilities	Financial liabilities at amortised cost			

Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange (NSE) and Financial Markets Dealers Quotation (FMDQ)).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Forward-Looking Information

In the context of IFRS 9, is an enhanced information set that includes credit information pertaining to future developments (including for example macroeconomic developments). The inclusion of forward-looking information along with traditional past due (realized, historical) information is considered to produce comprehensive credit risk information.

The inclusion of forward-looking information is a distinctive feature of an IFRS 9 ECL model. Incorporating economically stressed states of the world and their potential impact on credit performance is critical for the timely recognition of credit losses.

2.5 Trade/Pension 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 recognises 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 amortised cost. The impairment loss is calculated under the same method used for these financial assets.

2.6 Reinsurance

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

2.6.1 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 amortised. Ceded reinsurance arrangements do not relieve the Group from its obligation to policy holders.

2.6.2 Reinsurance Liabilities

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

2.7 Deferred Policy Acquisition Costs (DAC)

Acquisition cost 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 that ratio of unearned premium to written premium.

2.8 Prepayment

Prepayments are carried at cost less accumulated impairment losses.

2.9 Consolidation

2.9.1 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 unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised 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 statements 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.

2.9. 1a Disposal of Subsidiaries

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any controlling interest 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.

2.9.2 Investment in Associates

As 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 accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Noncurrent Asset 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 interest that, in substance, form part of the Groups 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.

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.

2.10 Investment Properties

Investment property is property held on 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 valuation 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.

2.11 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.

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.

2.12 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 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 2.9.2 above.

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

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

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

Leasehold land	0%
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.

2.14 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.

2.15 Insurance Contract Liabilities

Contract 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 policyholder or other beneficiary.

2.15.1 Types of Insurance Contracts

Insurance contract may be non-life or life. The group issues only on-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 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.

2.15.2 Recognition and measurement of non-life insurance contracts

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

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

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

b. Salvages

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

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

c. Subrogation

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

d. Deferred Income

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

e. Reinsurance Contracts held

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

f. Technical Reserves

These are computed in accordance with the provisions of section 22 of the Insurance Act 2003 as follows:

- * Reserve for unearned premium: In compliance with Section 20() (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 to the total amount of outstanding claims incurred and reported plus claims insured but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

g. Liability Adequacy Test

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

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

2.16 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.

**2.17 Retirement Benefit Obligations
Pension Cost**

The Group operates a defined contributory retirement benefit scheme as stipulated in the Pension Reform 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 contribution if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan.

2.18 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.

2.19 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.

2.19.1 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:

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

2.20 Share Capital and Share Premium

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

2.21 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

2.22 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.

2.23 Assets Revaluation Reserve

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

2.24 Income Recognition

2.24.1 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 effect.

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.

2.24.2 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 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.

2.24.3 Commission income

Commission are recognized on ceding business to the reinsurers and are credited to the income statements.

2.24.4 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.

2.24.5 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

Administrative 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.

2.24.6 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 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

2.25 Claims and Expenses Recognition

2.25.1 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.

2.25.2 Reinsurance Claims

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

2.26 Interest Income and Expense

Interest income and expense 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 premium 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 basis
- * Interest on financial assets measured at fair value through profit or loss calculated on an effective in interest rate basis.

2.27 Expenses

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

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in the income statement on the basis of systematic and rational allocation procedures.

This is often necessary in recognizing the equipment associated with the using up of assets such as property, plant and equipment in such cases the expense is referred to as a depreciation or amortization. These allocation procedures are intended to recognise 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.

2.27.1 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.

2.28 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-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.

The 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.

2.29 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.

2.30 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.

2.31 Comparatives

Where necessary, comparative 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.

2.32 Contingent liabilities

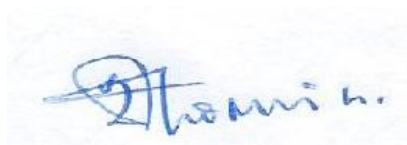
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events 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 crystalize.

2.33 Contingent assets

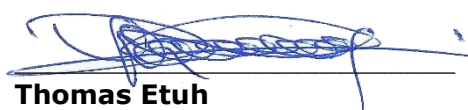
Contingent assets are not recognised in the financial statements but are disclosed when, as a result of the past events, it is highly likely that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which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

**Consolidated and Separate Statement of Financial Position
As at December 31, 2018**

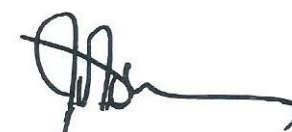
	Note	31-Dec- 2018 Group N'000	31-Dec- 2017 Group N'000	31-Dec- 2018 Parent N'000	31-Dec- 2017 Parent N'000
ASSETS					
Cash and cash equivalents	3	4,549,657	4,602,898	3,981,106	3,756,993
Financial assets	4	788,376	931,286	87,435	92,230
Trade receivable	5	-	6,678	-	6,678
Reinsurance assets	6	643,363	216,302	643,363	216,302
Deferred acquisition cost	7	161,294	98,318	161,294	98,318
Other receivables and prepayments	8	548,071	539,675	596,921	335,483
Investment in subsidiaries	9	-	-	1,576,300	1,576,300
Investment in Associates	10	-	-	-	-
Investment properties	11	880,201	880,201	880,201	880,201
Goodwill	12	386,444	386,444	-	-
<i>Intangible assets - Software</i>	13	77,450	90,582	47,606	68,378
Property, plant and equipment	14	3,654,376	3,183,537	2,730,955	2,849,945
Statutory deposits	15	355,000	355,000	355,000	355,000
Deferred tax asset	21.1	-	43,721	-	-
Total Assets		12,044,232	11,334,642	11,060,181	10,235,828
Liabilities:					
Insurance contract liabilities	16	2,331,582	1,687,994	2,330,632	1,687,090
Trade payables	17	115,467	43,520	115,467	43,520
Employees retirement benefit obligations	18	9,581	7,272	-	-
Provision and other payables	19	530,176	363,638	274,050	276,806
Income tax liabilities	20	93,994	82,442	56,815	42,600
Deferred Tax Liabilities	21.2	607,046	299,016	501,814	292,730
Total Liabilities		3,687,846	2,483,882	3,278,778	2,342,746
EQUITY & LIABILITIES					
<i>Share capital & reserves:</i>					
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	851,335	754,172	851,335	754,172
Retained earnings	25	(2,358,811)	(1,620,171)	(2,475,146)	(2,052,713)
Asset revaluation reserve	26a	1,773,780	1,559,768	1,773,780	1,559,768
Fair value reserve	26b	34,501	34,923	34,501	34,923
Non-Controlling interest(NCI)	38	458,648	525,135	-	-
Total Equity		8,356,386	8,850,760	7,781,403	7,893,082
Total Equity & Liabilities		12,044,232	11,334,642	11,060,181	10,235,828



Somorin Mojeed
Chief Finance Officer
FRC/2017/ICAN/00000016849



Thomas Etuh
Chairman
FRC/2016/CIBN/00000014341



Polycarp Didam
Managing Director
FRC/2013/CIIN/00000005294

VERITAS CAPITAL ASSURANCE PLC

Financial Statements
For the year ended 31 DECEMBER 2018

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive income for the year ended December 31, 2018

	Note	2018 Group N'000	2017 Group N'000	2018 Parent N'000	2017 Parent N'000
Gross Premium written		3,333,642	2,411,075	3,238,769	2,320,768
Gross Premium Income	28	2,952,515	2,383,069	2,857,688	2,293,666
Reinsurance Expenses	29	(870,404)	(591,055)	(870,404)	(591,054)
Net premium income		2,082,111	1,792,014	1,987,284	1,702,612
Fees and commission income	30	111,819	48,187	111,819	48,187
Net underwriting income		2,193,930	1,840,201	2,099,103	1,750,799
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	31	(735,637)	(1,194,927)	(664,405)	(1,130,874)
Underwriting expenses	32	(561,544)	(543,141)	(561,544)	(543,141)
Underwriting result		896,749	102,133	873,154	76,784
Investment income	34	1,491,035	1,473,526	508,403	515,504
Fair value changes in financial assets-FVTPL	4a	(4,373)	(5,464)	(4,373)	(5,464)
Fair value changes in investment property	11	-	(18,500)	-	(18,500)
Other operating income	35	326,654	178,544	147,717	66,792
Impairment of financial assets	33	(54,791)	(214,710)	(44,867)	(212,244)
Finance Cost	18a(i)	(1,148)	-	-	-
Management expenses	36	(2,917,007)	(2,074,134)	(1,530,816)	(1,167,141)
Loss before tax		(262,881)	(558,605)	(50,782)	(744,269)
Income tax expense	37	(432,371)	(142,037)	(272,513)	(117,834)
Loss for the year from continuing operations		(695,252)	(700,642)	(323,295)	(862,103)
Other Comprehensive Income net of tax					
Items that may be reclassified subsequently to profit or loss:					
Fair value adjustment on available for sale equities	26b	-	1,198	-	1,198
		-	1,198	-	1,198
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties, plant and equipment	26a	214,012	-	214,012	-
Net actuarial gains on retirement benefit obligation	18a(i)	695	-	-	-
Fair value adjustment on financial assets at FVOCI (equities)	26b	(422)	-	(422)	-
		-	-	-	-
		214,286	-	213,591	-
Other Comprehensive Income, net of taxes		214,286	1,198	213,591	1,198
Total Comprehensive Income for the year		(480,966)	(699,444)	(109,704)	(860,905)
Profit for the year, attributable to:					
* Non-controlling interests		(63,424)	48,366		
* Owners' of the Parent		(631,828)	(749,007)		
		(695,252)	(700,642)		
Total Comprehensive Income, attributable to:					
* Non-controlling interests		(63,424)	48,366		
* Owners' of the Parent		(417,542)	(747,809)		
		(480,966)	(699,444)		
Earnings per Share	27	(0.10)	(0.10)	(0.05)	(0.12)

**Statement of Changes in Equity
for the year ended December 31, 2018
Group-2018**

	Share Capital N'000	Share Premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total N'000	Non- controlling interest N'000	Total N'000
As at 1 January 2018	6,933,333	663,600	1,559,768	34,923	754,172	(1,620,171)	8,325,625	525,135	8,850,760
Impact of transition to IFRS 9						(10,344)	(10,344)	(2,840)	(13,184)
Restated opening balance	6,933,333	663,600	1,559,768	34,923	754,172	(1,630,515)	8,315,281	522,295	8,837,576
Transferred from statement of Profit or loss for the year	-	-			-	(631,828)	(631,828)	(63,424)	(695,252)
<i>Other Comprehensive Income:</i>									
Changes in fair value of AFS Investments	-	-		(422)	-		(422)	-	(422)
Net actuarial gains on retirement benefit obligations				-		695	695		695
Revaluation gain on PPE			214,012				214,012	-	214,012
							-		-
Total Comprehensive Income	-	-	214,012	(422)	-	(631,133)	(417,543)	(63,424)	(480,967)
Transfer to Contingency Reserve					97,163	(97,163)	-		-
Transactions with owners of equity									
Dividends to equity holders							-	(223)	(223)
As at December 31 2018	6,933,333	663,600	1,773,780	34,501	851,335	(2,358,811)	7,897,738	458,648	8,356,386

	Share Capital N'000	Share Premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total N'000	Non- controlling interest N'000	Total N'000
As at 1 January 2017	6,933,333	663,600	1,559,768	33,725	684,549	(732,208)	9,142,767	477,104	9,619,871
Transferred from statement of Profit or loss for the year	-	-			-	(749,007)	(749,007)	48,366	(700,641)
<i>Other Comprehensive Income:</i>									
Changes in fair value of AFS Investments	-	-		1,198	-		1,198		1,198
Gain on revaluation of properties, plant	-	-	-	-	-		-		-
Total Comprehensive Income	-	-	-	1,198	-	(749,007)	(747,809)	48,366	(699,443)
Transfer to Contingency Reserve					69,623	(69,623)	-		-
Transactions with owners of equity									
Dividends to equity holders						(69,333)	(69,333)	(335)	(69,668)
As at December 31 2017	6,933,333	663,600	1,559,768	34,923	754,172	(1,620,171)	8,325,625	525,135	8,850,760

Refer to pages 45 to 51 for disclosures to the transition to IFRS 9

VERITAS CAPITAL ASSURANCE PLC

Financial Statements
For the year ended 31 DECEMBER 2018

Statement of Changes in Equity
for the year ended December 31, 2018
Company-2018

As at 1 January 2018

Impact of transition to IFRS 9

Adjusted opening earnings

Transferred from statement of Profit or loss for the year

Other Comprehensive Income:

Total Comprehensive Income

Transfer to Contingency Reserve

Transactions with owners of equity

Dividends to equity holders

As at December 31 2018

Share Capital N'000	Share Premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total N'000
6,933,333	663,600	1,559,768	34,923	754,172	(2,052,713)	7,893,083
					(1,975)	(1,975)
6,933,333	663,600	1,559,768	34,923	754,172	(2,054,688)	7,891,108
-	-	-	-	-	(323,295)	(323,295)
-	-	-	(422)	-	-	(422)
-	-	214,012	-	-	-	214,012
6,933,333	663,600	1,773,780	34,501	754,172	(2,377,983)	7,781,403
				97,163	(97,163)	-
				-	-	
6,933,333	663,600	1,773,780	34,501	851,335	(2,475,146)	7,781,403

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 December 31 2017

Share Capital N'000	Share Premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total N'000
6,933,333	663,600	1,559,768	33,725	684,549	(1,051,655)	8,823,319
-	-	-	-	-	(862,102)	(862,102)
-	-	-	1,198	-	-	1,198
-	-	-	-	-	-	-
				69,623	(69,623)	-
6,933,333	663,600	1,559,768	34,923	754,172	(1,983,380)	7,962,415
					(69,333)	(69,333)
6,933,333	663,600	1,559,768	34,923	754,172	(2,052,713)	7,893,083

Refer to pages 45 to 51 for disclosures with respect to the transition to IFRS 9

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER, 2018

		2018 Group N'000	2017 Group N'000	2018 Parent N'000	2017 Parent N'000
Cash flows from operating activities	Notes				
Premium received	28	3,340,320	2,386,795	3,245,447	2,296,489
Commission received	30	111,819	48,187	111,819	48,187
Reinsurance receipts in respect of claims	31(i)	-	-	-	-
Other operating receipts	35	184,435	174,996	9,913	65,067
Cash paid to and on behalf of employees	36	(1,359,927)	(890,452)	(802,677)	(465,935)
Reinsurance premium paid	29	(991,605)	(606,729)	(991,605)	(606,729)
Insurance benefits and claims paid	31	(729,328)	(604,453)	(658,096)	(540,400)
Underwriting expenses	32	(602,281)	(503,143)	(602,281)	(503,143)
Cash paid to intermediaries and other suppliers		(875,786)	(1,168,214)	(519,628)	(729,596)
Company income tax paid	20	(69,068)	(88,972)	(49,214)	(60,389)
Net cash used in/from operating activities		(991,421)	(1,251,985)	(256,322)	(496,449)
Cash flow from Investing Activities:					
Purchase of property and equipment's	14	(721,865)	(102,317)	(62,916)	(30,155)
Purchase of intangible assets	13b	(27,377)	(50,112)	(10,492)	(28,314)
Proceed from sale of property and equipment		60,010	2,806	59,000	1,856
Proceed from sales of equity investment		-	24,290	-	24,290
Dividend income	34	839	2,203	4,048	7,016
Interest receivables	34	1,490,196	1,359,672	504,355	508,644
Purchase of held to maturity		(99,700)	(693,663)	-	-
Redemption/repayment of amortised cost		256,213	888,281	-	-
Purchase of investment property	11	-	(198,000)	-	(198,000)
Net cash provided by investing activities		958,316	1,233,160	493,995	285,337
Cash flow from Financing Activities:					
Dividend paid		(223)	(69,668)	-	(69,333)
Net cash provided by financing activities		(223)	(69,668)	-	(69,333)
Net increase/(decrease) in cash and cash equivalent		(33,328)	(88,493)	237,673	(280,445)
Cash and cash equivalent at the beginning		4,602,898	4,691,391	3,756,993	4,037,438
Cumulative effect of transition to IFRS 9 (ECL)		(19,913)	-	(13,560)	-
Cash and cash equivalent at the end of the year		<u>4,549,657</u>	<u>4,602,898</u>	<u>3,981,106</u>	<u>3,756,993</u>

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 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 known as Unity Kapital Assurance Plc. It changed its name to Veritas Kapital Assurance Plc in 2018 due to the divestment of Unity Bank in 2017. Its shares are quoted on the Nigeria 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 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

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
This comprises of :				
Cash at hand	556	9,360	441	2,898
Cash at Bank	133,426	474,397	113,516	469,813
Staff gratuity fund assets*	119,476	119,476	119,476	119,476
Short term deposit (3a)	4,311,984	3,999,665	3,761,233	3,164,806
	4,565,442	4,602,898	3,994,666	3,756,993
Adjustment for ECL on short term deposit (note 3.1)	(15,785)	-	(13,560)	-
Total	4,549,657	4,602,898	3,981,106	3,756,993

*Staff gratuity fund assets relates to fund set aside for staff of the parent who were still in service when the gratuity scheme was discontinued in July 2016. The intention of management is to keep the funds and make it available to the beneficiaries on exit.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
3.1 Movement in Adjustment for ECL				
At 1 January 2018	-	-	-	-
Opening ECL adjustment on transition date	5,108	-	1,975	-
Charge during the year (see note 33)	10,677	-	11,585	-
At 31 December 2018	15,785	-	13,560	-

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

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Financed by Insurance fund	2,322,500	1,687,090	2,322,500	1,687,090
Financed by other funds	1,989,484	2,312,575	1,438,733	1,477,716
Total short term deposit	4,311,984	3,999,665	3,761,233	3,164,806

For cash flow purposes, cash and cash equivalent represents balances held with banks in Nigeria, placements with financial institutions and treasury bills with maturities of less than 90 days. Placements with financial institutions comprises of term deposits with maturity of less than 90 days from the value date of the investment.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
4 Financial Assets				
This comprises of:				
Fair value through profit or loss-quoted equities (see note 4a)	50,664	55,037	50,664	55,037
Held to maturity (see note 4b)	-	839,056	-	-
Amortised Cost (see note 4c)	700,941	-	-	-
Available for sale (see note 4d)	-	37,193	-	37,193
Fair Value through OCI (see note 4e)	36,771	-	36,771	-
	788,376	931,286	87,435	92,230
Current	751,605	894,093	50,664	55,037
Non-current	36,771	37,193	36,771	37,193
	788,376	931,286	87,435	92,230

- a 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:

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Cost				
At 1 January	143,587	188,904	143,587	188,904
Disposal during the year	-	(45,317)	-	(45,317)
At 31 December	143,587	143,587	143,587	143,587
Market value reserve				
At 1 January	(88,550)	(104,768)	(88,550)	(104,768)
Disposal in the year	-	21,682	-	21,682
Fair value loss	(4,373)	(5,464)	(4,373)	(5,464)
At 31 December	(92,923)	(88,550)	(92,923)	(88,550)
Fair value as at 31 December	50,664	55,037	50,664	55,037

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

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
FGN treasury bills	-	309,070	-	-
State/FGN government bonds	-	479,986	-	-
Corporate bond	-	50,000	-	-
	-	839,056	-	-
Balance at 1 January	839,056	922,023	-	-
Transfer to amortised cost on transition to IFRS 9 (see note 4c)	(839,056)	(82,967)	-	-
	-	839,056	-	-

c Amortised cost				
FGN treasury bills (see note (i) below)	146,023	-	-	-
State/FGN government bonds (see note (ii) below)	505,666	-	-	-
Corporate bond see (note (iii) below)	56,220	-	-	-
	707,909	-	-	-
At 1 January	-	-	-	-
Transfer from held to maturity on transition to IFRS 9	839,056	-	-	-
Movement during the year	(131,147)	-	-	-
Balance at 31 December	707,909	-	-	-
Expected credit loss (see note (f) below)	(6,968)	-	-	-
	700,941	-	-	-

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
i FGN Treasury Bills (HTM/Amortised cost)				
At 1 January	-	612,451	-	-
Reclassification from HTM to AC as at Jan 1, 2018	309,070	-	-	-
Additions	87,700	467,458	-	-
Redemption/Repayment during the year	(250,747)	(882,224)	-	-
Accrued interest		111,385	-	-
At 31 December	146,023	309,070	-	-
ii FGN Bonds and State Bonds				
At 1 January	-	259,572	-	-
Reclassification from HTM to AC as at Jan 1, 2018	479,986	-	-	-
Additions	12,000	226,205	-	-
Redemption/Repayment during the year	(5,466)	(6,057)	-	-
Accrued interest	19,146	266	-	-
At 31 December	505,666	479,986	-	-
iii Corporate Bonds				
At 1 January	-	50,000	-	-
Reclassification from HTM to AC as at Jan 1, 2018	50,000	-	-	-
Accrued interest	6,220	-	-	-
At 31 December	56,220	50,000	-	-
Total	707,909	839,056	-	-
Arnotised Cost	FGN Treasury Bills N'000	FGN and State Bonds N'000	Corporate Bonds N'000	Total N'000
At 1 January	-	-	-	-
Reclassification from HTM to AC as at Jan. 1 2018	309,070	479,986	50,000	839,056
ECL adjustment as at Jan. 1, 2018	(1,655)	(6,272)	(148)	(8,075)
IFRS 9 Opening balance as at Jan. 1	307,415	473,714	49,852	830,981
Additions	87,700	12,000	-	99,700
Redemption/Repayment during the year	(250,747)	(5,467)	-	(256,214)
Impairment Loss (ECL)	1,208	(101)	1	1,108
Accrued interest	-	19,146	6,220	25,366
	145,576	499,292	56,073	700,941
	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Movement in expected credit loss (amortised cost)				
At 1 January 2018	-	-	-	-
Opening ECL adjustment on transition date	8,076	-	-	-
Charge during the year	-	-	-	-
Write back (See note 33)	(1,108)	-	-	-
At 31 December 2018	6,968	-	-	-
d Available for sale				
Cost	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
At 1 January	79,227	84,854	79,227	84,854
Transfer to FVOCI	(79,227)	-	(79,227)	-
Fair value (loss) / gain	-	1,198	-	1,198
Reclassification to other receivables	-	(6,825)	-	(6,825)
At 31 December	-	79,227	-	79,227

Impairment loss

At 1 January	(42,033)	(6,324)	(42,033)	(6,324)
Transfer to FVOCI	42,033	-	42,033	-
Impairment charge during the year	-	(35,709)	-	(35,709)
At 31 December	-	(42,033)	-	(42,033)
Fair value at 31 December	-	37,193	-	37,193

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.

e Fair value through other comprehensive income

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Fair value at 1 January	-	-	-	-
Transfer from Available for sale on transition to IFRS	-	-	-	-
9	37,193	-	37,193	-
Fair value (loss) / gain	(422)	-	(422)	-
At 31 December	36,771	-	36,771	-

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
5 Trade receivables				
a This comprises of:				
Premium receivable from insurance brokers	491,457	560,199	491,457	560,199
Premium receivable from insurance agents	61,428	6,004	61,428	6,004
Premium receivable from policy holders	2,166	2,183	2,166	2,183
Premium receivable from insurance companies	189,093	182,436	189,093	182,436
	<u>744,144</u>	<u>750,822</u>	<u>744,144</u>	<u>750,822</u>
Less:				
Impairment of premium receivables	<u>(744,144)</u>	<u>(744,144)</u>	<u>(744,144)</u>	<u>(744,144)</u>
	<u>-</u>	<u>6,678</u>	<u>-</u>	<u>6,678</u>
b Age analysis of gross trade receivables are as follows				
0-30 days	-	6,678	-	6,678
Above 30 days	-	-	-	-
	<u>-</u>	<u>6,678</u>	<u>-</u>	<u>6,678</u>
There was no outstanding trade receivables at the end of the year.				
c Analysis of movement in impairment				
Group				
	Balance at 1 January N'000	Addition N'000	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 policy holders	55,610	-	-	55,610
Premium receivable from insurance companies	136,544	-	-	136,544
	<u>744,144</u>	<u>-</u>	<u>-</u>	<u>744,144</u>
Company				
Premium receivable from insurance brokers	545,262	-	-	545,262
Premium receivable from insurance agents	6,728	-	-	6,728
Premium receivable from policy holders	55,610	-	-	55,610
Premium receivable from insurance companies	136,544	-	-	136,544
	<u>744,144</u>	<u>-</u>	<u>-</u>	<u>744,144</u>
	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
6 Reinsurance assets				
This is analysed as follows:				
Prepaid reinsurance(see note(a) below)	249,776	78,867	249,776	78,867
Reinsurer' share of outstanding claims (see note(b)below)	323,540	109,434	323,540	109,434
Reinsurers share of claims paid (see note c) below	70,047	28,001	70,047	28,001
	<u>643,363</u>	<u>216,302</u>	<u>643,363</u>	<u>216,302</u>
a Movement in prepaid reinsurance is as follows:				
At 1 January	78,867	69,590	78,867	69,590
Additions during the year	1,041,313	600,331	1,041,313	600,331
Amortized in the year - reinsurance expenses (note 29)	<u>(870,404)</u>	<u>(591,054)</u>	<u>(870,404)</u>	<u>(591,054)</u>
At 31 December	<u>249,776</u>	<u>78,867</u>	<u>249,776</u>	<u>78,867</u>

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b Movement in reinsurer' share of outstanding claims

At 1 January	109,434	74,989	109,434	74,989
Movement in Reinsurers/co-assurers' share of outstanding claims reported during the year	214,106	34,445	214,106	34,445
At 31 December	323,540	109,434	323,540	109,434
	Group	Group	Parent	Parent
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000

c Movement in reinsurer share of claim paid

At 1 January	28,001	-	28,001	-
Movement in reinsurers/co-assurer's share of outstanding claims reported during the year	42,046	28,001	42,046	28,001
At 31 December	70,047	28,001	70,047	28,001
Current	643,363	216,302	643,363	216,302
Non-Current	-	-	-	-
	643,363	216,302	643,363	216,302

7 Deferred acquisition cost
a This is analysed as follows:

Motor	23,813	16,993	23,813	16,993
Fire	44,619	11,910	44,619	11,910
General Accident	14,513	7,873	14,513	7,873
Marine	11,909	3,880	11,909	3,880
Aviation	2,207	1,426	2,207	1,426
Engineering	25,892	27,366	25,892	27,366
Oil and Gas	32,891	27,245	32,891	27,245
Bond	5,450	1,626	5,450	1,626
Total	161,294	98,318	161,294	98,318

The movement in deferred acquisition cost is as follow:

Acquisition Cost at 1 January	98,318	90,191	98,318	90,191
Acquisition Costs paid during the period (note 32)	551,202	467,981	551,202	467,981
Total	649,520	558,172	649,520	558,172
Amortised during the year (see note 32.)	(488,226)	(459,854)	(488,226)	(459,854)
Acquisition costs at 31 December	161,294	98,318	161,294	98,318
Current	161,294	98,318	161,294	98,318
Non-current	-	-	-	-
	161,294	98,318	161,294	98,318

8 Other receivables and prepayments

The balance is analysed as follow:

Receivables from staff (see note (a) below)	43,423	46,900	30,628	38,252
Deposit for investment (See Note (b)below)	121,457	121,457	121,457	121,457
Commercial papers (See Note (c)below)	261,871	261,872	261,871	261,872
Prepayment	29,632	66,845	9,410	49,283
Inventory	10,068	7,557	7,557	7,557
Receivables from Related parties (see note (h) below)	41,975	-	277,975	-
Fees receivables (see note (d) below)	285,821	214,039	122,259	33,591
ASO Saving and Loans(see note (e) below)	219,361	219,361	219,361	219,361
Receivables from bank (see note (f) below)	-	17,601	-	17,601
Reclassification from available for sales (see note (g) below)	-	6,825	-	6,825
	1,013,608	962,456	1,050,518	755,798
Impairment of other receivables and prepayment(See Note (i)below)	(465,537)	(422,781)	(453,597)	(420,315)

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	548,071	539,675	596,921	335,483
	Group	Group	Parent	Parent
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
Current	548,071	539,675	596,921	335,483
Non-current	-	-	-	-
	548,071	539,675	596,921	335,483

- a** Receivables from staff consist of amount due from staff in respect of unutilized upfront allowances.

	Group	Group	Parent	Parent
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
At 1 January	46,900	40,713	38,252	34,418
Addition	57,848	70,920	40,722	56,920
Interest on Loans	-	874	-	156
Impairment charge during the year	(284)	(18,845)	(284)	(18,845)
Utilized during the year	(61,041)	(46,762)	(48,062)	(34,397)
At 31 December	43,423	46,900	30,628	38,252

- 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	44,412	44,412
b) TKM Mestro Nigeria Ltd	131,649	131,649	131,649	131,649
C) Off-shore intergrated Concession Ltd	39,711	39,711	39,711	39,711
d) Kruger Brent Global Services Ltd	46,099	46,099	46,099	46,099
	261,871	261,872	261,871	261,872

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

- d** Fee receivables includes fees and commission receivable on RSA assets and administrative fee as at year end.
- 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. Discussions are ongoing with Aso Savings to swap the amount receivable for properties. This is yet to be concluded as at reporting date.

f

- g** This represents investment in Nigeria Liability Insurance Pool (NLIP) which has been dissolved. This has been fully impaired. See note (h) below.

- h** This relates to amount recoverable from;

1. Subsidiary – Veritas Glanvills Pensions Limited as at 31 December 2018 for property situated at Plot 1698 C and D Oyin Jolayemi street, V.I. Lagos disposed to the latter in 2018 (see note 14). The transaction was carried out at arm's length. The sales price was based on the most recent valuation carried out by Osas and Oseji estate surveyors and valuers. The sum outstanding is N236 million.

Associate – Goldlink Insurance Plc as at 31 December 2018 for various reimbursable expenses incurred on their behalf amounting to N41.975 million.

	Group	Group	Parent	Parent
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N'000	N'000	N'000	N'000
i The movement in impairment charge is as follows:				
At 1 January	422,781	243,780	420,315	243,780
Provision no longer required	(14,985)	(34,500)	(14,985)	(34,500)
Impairment charge during the year	57,741	213,501	48,267	211,035
At 31 December	465,537	422,781	453,597	420,315

Company

	Balance at 1 Jan 2018 N'000	Addition N'000	Provision no longer required N'000	Balance at 31 Dec 2018 N'000
Commercial papers	261,872	-	-	261,872
Prepayment	46,487	-	(14,985)	31,502
Receivables from staff	18,845	284	-	19,129
Deposit for investment	93,111	-	-	93,111
Inventory	-	7,567	-	7,567
Nigeria Liability Pool	-	6,825	-	6,825
Fees receivable and other receivables	-	33,591	-	33,591
	420,315	48,267	(14,985)	453,597

Group

	Balance at 1 Jan 2018 N'000	Addition N'000	Provision no longer required N'000	Write-off N'000	Balance at 31 Dec 2018 N'000
Commercial papers	261,872	-	-	-	261,872
Prepayment	46,487	-	(14,985)	-	31,502
Receivables from staff	18,845	284	-	-	19,129
Deposit for investment	93,111	-	-	-	93,111
Inventory	-	7,567	-	-	7,567
Nigeria Liability Pool	-	6,825	-	-	6,825
Fees receivable and other receivables	2,466	45,531	-	(2,466)	45,531
	422,781	60,207	(14,985)	(2,466)	465,537

9 Investment in Subsidiaries

Veritas Kapital has 2 subsidiaries as at 31 December 2018. The details of the subsidiaries and principal activities are detailed below:

	31-Dec-2018 N'000	31-Dec-2017 N'000
Veritas Glanvills Pension Limited at cost(See Note (a)below)	1,160,000	1,160,000
Health care Security Limited at cost (See Note (b)below)	416,300	416,300
	1,576,300	1,576,300

- a** Veritas Glanvills Pension Limited has issued share ordinary share capital of 1.5 billion units of N1 each.

Veritas Kapital holds 1.05 billion which represent 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

- b** Health Care Security Limited has issued ordinary share capital of 429,075,000 units of N1 each Veritas Kapital holds 401,000,000 units which represents 93.5%: The company carries on the business of a health maintenance organisation, and its principal place of business is Abuja.

Summarised financial information in respect of each of the Group's subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Veritas Glanvills Pension 31-Dec-18 N'000	Veritas Glanvills Pension 31-Dec-17 N'000	Healthcare Security 31-Dec-18 N'000	Healthcare Security 31-Dec-17 N'000
Total revenue	1,047,727	966,780	105,118	198,112
(Loss)/Profit before tax	(140,538)	175,050	23,547	17,065
Total assets	1,827,577	1,722,400	582,228	566,167
Total liabilities	575,823	81,727	69,239	59,488
Shareholders fund	1,251,753	1,640,673	512,989	506,679

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
10 Investment in Associates				
Investment	1,010,650	1,010,650	1,010,650	1,010,650
Share of associate loss (see note(a)below)	(1,010,650)	(1,010,650)	(1,010,650)	(1,010,650)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- a Veritas Kapital holds 1,268,064,351 (2017:1,268,314,351) ordinary shares representing 51.53% (2017:44.65%) holdings in Goldlink Insurance Plc as at 31/12/2018. The increase in the percentage holding in Goldlink Insurance Plc is due to shares forfeited and surrendered by shareholders in Goldlink Insurance Plc in 2018 due to non-cash payment.

Goldlink Insurance Plc became associate company of Veritas Kapital in 2011 but was taken over by the regulatory authority - National Insurance Commission (NAICOM) for infraction of insurance regulations and its Board of Directors was dissolved in 2012.

Though Veritas Kapital holds majority shares in Goldlink Insurance Plc. (51.53%) the investment has been treated as an associate and accounted for using equity method at both the Company and Group level.

In arriving at the decision to treat the investment as an associate, the Board of Directors considered if Veritas Kapital has control over Goldlink Insurance Plc based on the requirements of IFRS 10. IFRS 10.5 states that an investor regardless of the nature of its involvement with an entity is required to determine whether it is a parent by assessing whether it controls the investee.

Specifically, IFRS 10 states that an investor controls an investee if and only if the investor has the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Based on assessment carried out, Directors concluded that Veritas Kapital does not have the power over the investee because the relevant activities of Goldlink Insurance Plc are subject to direction of the NAICOM instituted Board of Directors. The Board of Directors report directly to NAICOM on all its activities and resolutions are subject to the NAICOM (IFRS 10:B37).

Assessment of share of Profit/loss in Associate

On initial assessment, the shareholders fund for Goldlink Insurance Plc as at 31 December 2017 was in deficit of N6.177 billion. Veritas Kapital's shares of the shareholder's fund of Goldlink Insurance Plc. as at that date was N2.45 billion. However, IAS 28:38-39 states that, the investor ceases to recognise its share of the investee's losses once it has reduced its investment to zero. Hence the share of loss recognised is limited to N1.01 billion. Based on a reassessment carried out in 2018, Veritas Kapital's share of associate loss stood at the shareholder's fund of the associate stood at N 3.18 billion. Hence, the share of loss recognised is limited to N1.01 billion.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
11 Investment properties				
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate, Lagos State,	45,000	45,000	45,000	45,000
No. 5 Atakpema Street, off Adetokunbo Ademola Street, Wuse II Abuja, FCT	200,000	200,000	200,000	200,000
No 35 Kafur Street, Off Isa Kaita Road, Kaduna.	55,494	55,494	55,494	55,494
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate, Kano.	6,084	6,084	6,084	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate, Kano.	6,084	6,084	6,084	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate, Kano.	6,084	6,084	6,084	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate, Kano.	6,084	6,084	6,084	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate, Kano.	6,084	6,084	6,084	6,084
No 893/894 Jolly Nyame Street Bosso LGA, Kano.	11,344	11,344	11,344	11,344

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Plot No 37, city centre, Kano.	70,000	70,000	70,000	70,000
No. 68 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda, Kano	72,000	72,000	72,000	72,000
No. 91 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda, Kano	63,000	63,000	63,000	63,000
No. 103 A&B Lafiya Rd, Nassarawa GRA, Kano.	108,000	108,000	108,000	108,000
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	20,943	20,943	20,943	20,943
6 units of 3 bedroom flat known as blk A flt 7&8, blk B flt 7 and blk D flt 4, 5&6 at evergreen estate, Durumi Abuja.	180,000	180,000	180,000	180,000
Block D flat 5 Hillview Estate Gaduwa District Abuja	24,000	24,000	24,000	24,000
	<u>880,201</u>	<u>880,201</u>	<u>880,201</u>	<u>880,201</u>

The movement in the fair value of investment properties as at 31 December 2018 is as follows

		Balance at 1 Jan 2018	Additions	Disposals	Revaluation gain or loss	Balance at 31 Dec. 2018
	Status of Title Documents					
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate Lagos	Deed of Legal Mortgage registered as No. 22, Vol. 2048, Lagos Land Registry.	45,000	-	-	-	45,000
No. 5 Atakpema Street, off Adetokunbo Ademola Street, Wuse II Abuja	Certificate of Occupancy No. 1932w-12d43-697br-bfb8u-10	200,000	-	-	-	200,000
No 35 Kafur Street, Off Isa Kaita Road Kaduna	Certificate of Occupancy No. 027560	55,494	-	-	-	55,494
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-7A	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-8A	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-9	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-10A	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-11A	6,084	-	-	-	6,084
No 893/894 Jolly Nyame Street Bosso LGA, Kano	KSHC/EST/DNHE/BE-27	11,344	-	-	-	11,344
Plot No 37, city centre, Kano	Right of Occupancy No. COM/93/58	70,000	-	-	-	70,000
No. 68 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1508	72,000	-	-	-	72,000
No. 91 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1507	63,000	-	-	-	63,000
No. 103 A&B Lafiya Rd, Nassarawa GRA, Kano.	Certificate of Occupancy No. LKN/RES/RC/1336	108,000	-	-	-	108,000
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	Certificate of Occupancy No. LKN/RES/82/282	20,943	-	-	-	20,943
6 units of 3 bedroom flat known as blk A flt 7&8, blk B flt 7 and blk D flt 4,5&6 at evergreen estate, Durumi Abuja.	Certificate of Occupancy No. FCT/ABU/MCSC/11092	180,000	-	-	-	180,000
Block D flat 5 Hillview Estate Gaduwa District Abuja	Certificate of Occupancy No. 1932w-10645-65f7r-bbb2u-10	24,000	-	-	-	24,000
		880,201	-	-	-	880,201

The movement in the fair value of investment properties as at 31 December 2017 is as follows

Status of Title Documents		Balance at 1 Jan 2017	Additions	Disposals	Revaluation gain or loss	Balance at 31 Dec. 2017
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate Lagos	Deed of Legal Mortgage registered as No. 22, Vol. 2048, Lagos Land Registry.	45,000	-	-	-	45,000
No. 5 Atakpema Street, off Adetokunbo Ademola Street, Wuse II Abuja	Certificate of Occupancy No. 1932w-12d43-697br-bfb8u-10	200,000	-	-	-	200,000
No 35 Kafur Street, Off Isa Kaita Road Kaduna	Certificate of Occupancy No. 027560	55,494	-	-	-	55,494
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-7A	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-8A	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-9	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-10A	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-11A	6,084	-	-	-	6,084
No 893/894 Jolly Nyame Street Bosso LGA, Kano	KSHC/EST/DNHE/BE-27	11,344	-	-	-	11,344
Plot No 37, city centre, Kano	Right of Occupancy No. COM/93/58	70,000	-	-	-	70,000
No. 68 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1508	72,000	-	-	-	72,000
No. 91 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1507	63,000	-	-	-	63,000
No. 103 A&B Lafiya Rd, Nassarawa GRA, Kano.	Certificate of Occupancy No. LKN/RES/RC/1336	108,000	-	-	-	108,000
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	Certificate of Occupancy No. LKN/RES/82/282	20,943	-	-	-	20,943
6 units of 3 bedroom flat known as blk A flt 7&8, blk B flt 7 and blk D flt 4,5 &6 at evergreen estate, Durumi Abuja.	Certificate of Occupancy No. FCT/ABU/MCSC/11092	-	198,000	-	(18,000)	180,000
Block D flat 5 Hillview Estate Gaduwa District Abuja	Certificate of Occupancy No. 1932w-10645-65f7r-bbb2u-10	-	24,500	-	(500)	24,000
		676,201	222,500	-	(18,500)	880,201

Investment property comprises of landed properties and buildings held for the purpose of capital appreciation and rental income and are carried at fair value. The fair value of the Investment properties has been determined by external, independent professional valuers, Messrs. OSAS & Oseji (FRC/2012/NIESV/0000000522) as at 31 December 2018, having appropriate recognised professional qualifications and recent experience in the locations and categories of the Investment properties being valued. The properties have been valued using the depreciated replacement cost and market value approaches. Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss account. The valuations were based on market data such as discount rates, rental risk and reversionary rates.

The movement in the fair value of investment properties as at 31 December 2018 is as follows:

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	880,201	676,201	880,201	676,201
Addition	-	222,500	-	222,500
Fair value (loss)\gain	-	(18,500)	-	(18,500)
Balance at 31 December	880,201	880,201	880,201	880,201

Measurement of fair value

a Fair value hierarchy.

The fair value measurement for the investment properties of N880,201 (2017:N880,201) has been categorised as a level 3 fair value based on the inputs into the valuation technique used.

b Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	between key unobservable inputs and fair value
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustments was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	<ul style="list-style-type: none"> - Price per square meter - Rate of development in the area - Quality of the building - Influx of people and/or businesses to the area 	The estimated fair value would increase(decrease) if the rate of development in the area increases(decreases), quality of the building increases (decreases), influx of people and/or business to the area increases(decreases)

c Analysed below is the list of investment properties whose titles are yet to be perfected as at the reporting date.

INVESTMENT PROPERTIES NOT IN THE NAME OF VERITAS CAPITAL AS AT YEAR END 31 DECEMBER, 2018.

TITLE OF DOCUMENTS	DATE OF ACQUISITION	TITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT (N)	STEPS TAKEN FOR PERFECTION
Kapital Insurance Company limited	1/7/2008	Certificate of Occupancy No.LKN/RES/RC/96/64	Plot 116 Hadejia Road, Yankaba, Kano.	200,000,000.00	Completed
ASO SAVINGS	11/25/2016	Deed of Legal Mortgage registered as No.22, vol. 2048, lagos Land Registry.	A unit of 5 bedroom Terrace House known as blk B, Ajiran Mews, Ikate Lagos	45,000,000.00	Swap for debt
Abubakar Umar	11/25/2016	Certificate of Occupancy No.53/53/187A	Plot 1698 C & DOyinJolayemi St. V.I. Lagos	295,000,000.00	Perfection is ongoing
Kapital Insurance Company limited	12/5/1996	Certificate of Occupancy No.1932w-12d43-697br-bfb8u-10	No 5 Atakpema Street, Off AdetokumboAdemola Street, Wuse II, Abuja.	200,000,000.00	Completed
Mohammed Lawal Umar	1998	Certificate of Occupancy No.027560	No 35 Kafur Street, Off Isa Kaita Road, Kaduna.	55,494,000.00	Perfection is ongoing
Kapital Insurance Company limited			No 12 Farm Centre Market, Taradani LGA Kano	70,000,000.00	Perfection is ongoing
Kapital Insurance Company limited	8/3/1997	Certificate of Occupancy No.LKN/RES/85/1508	No 68 Planner Lane, NNDC Quarters, Off BUK Rd. Sharadda, Kano	72,000,000.00	Completed
Kapital Insurance Company limited	6/10/1994	Certificate of Occupancy No.LKN/RES/85/1507	No 91 Planner Lane, NNDC Quarters, Off BUK Rd. Sharadda, Kano	63,000,000.00	Completed
North Breverly Limited	3/8/1993	Certificate of Occupancy No.LKN/RES/RC/1336	No 103 A&B Lafiya Rd, Nasarawa GRA, Kano.	108,000,000.00	Perfection is ongoing
Aliyu Mohammed Saidu	2/21/2000	Certificate of Occupancy No.LKN/RES/RC/82/282	Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	20,945,600.00	Perfection is ongoing

	31-Dec-18 N'000	31-Dec-17 N'000
12 Goodwill		
The goodwill is arising on acquisitions in the following subsidiaries:		
FUG Pension	316,884	316,884
Healthcare Securities	69,560	69,560
	386,444	386,444

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 7.64% was incorporated into WACC as an adjustment factor for country risk to ensure compliance with the standard. The growth rate used to extrapolate terminal cash flows for goodwill impairment testing is consistent with long term average growth rate for the respective industries. The number of years used for cashflow projection is an average of 5 years.

- 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.

13 Intangible assets - Software

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

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
	77,450	90,582	47,606	68,378
Computer software				
Cost				
Balance, at 1 January	346,453	296,341	275,497	247,183
Additions	27,377	50,112	10,492	28,314
Balance, 31 December	373,830	346,453	285,989	275,497
Accumulated amortisation				
Balance, at 1 January	255,871	202,666	207,119	160,458
Amortisation expense	40,509	53,205	31,264	46,661
Balance, 31 December	296,380	255,871	238,383	207,119
Carrying amount 31 December	77,450	90,582	47,606	68,378

14 GROUP
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	Work in progress N'000	Total N'000
Cost/Valuation							
At 1 January 2018	1,067,272	1,940,743	418,006	448,241	144,229	-	4,018,491
Additions	-	5,088	58,251	151,567	8,586	498,373	721,865
Revaluation adjustments	100,000	114,013	-	-	-	-	214,013
Elimination on revaluation	-	(34,391)	-	-	-	-	(34,391)
Disposals	(256,000)	(39,000)	(3,046)	(25,997)	(9,944)	-	(333,987)
As at 31 December 2018	911,272	1,986,453	473,211	573,811	142,871	498,373	4,585,991
Accumulated depreciation							-
At 1 January 2018	-	24,860	330,025	343,402	136,667	-	834,954
Depreciation expenses	-	37,683	58,520	68,549	4,276	-	169,028
Revaluation adjustments	-	(34,391)	-	-	-	-	(34,391)
Disposals	-	-	(2,924)	(25,137)	(9,915)	-	(37,976)
As at 31 December 2018	-	28,152	385,621	386,814	131,028	-	931,615
Carrying amount as at 31 December, 2018	911,272	1,958,301	87,590	186,997	11,843	498,373	3,654,376

Group

	Leasehold land N'000	Building N'000	Office computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Work in progress N'000	Total N'000
Cost/Valuation							
At 1 January 2017	1,067,272	1,938,665	388,481	418,565	139,211	-	3,952,194
Additions	-	2,078	29,525	65,696	5,018	-	102,317
Disposals	-	-	-	(36,020)	-	-	(36,020)
As at 31 December 2017	1,067,272	1,940,743	418,006	448,241	144,229	-	4,018,491
Accumulated depreciation							
At 1 January 2017	-	20,587	297,956	322,822	127,082	-	768,447
Depreciation expenses	-	4,273	32,069	55,815	9,585	-	101,742
Disposals	-	-	-	(35,235)	-	-	(35,235)
As at 31 December 2017	-	24,860	330,025	343,402	136,667	-	834,954
Carrying amount as at 31 December, 2017	1,067,272	1,915,883	87,981	104,839	7,562	-	3,183,537

a) Land and Building was independently valued by Osas&Oseji 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 N2,869,573,000 (2017:2,766,818,000)

b) There was no item of property, plant and equipment that has been pledged as security for borrowings as at year end (2017: nil)

c) No impairment was identified after assessment.

Parent
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 2018	1,047,272	1,719,547	249,694	250,892	116,334	3,383,739
Additions	-	-	6,854	51,910	4,152	62,916
Revaluation adjustments	100,000	114,013	-	-	-	214,013
Elimination on revaluation	-	(34,391)	-	-	-	(34,391)
Disposals	(256,000)	(39,000)	(2,809)	(14,847)	(9,849)	(322,505)
As at 31 December 2018	891,272	1,760,169	253,739	287,955	110,637	3,303,772
Accumulated depreciation	-	-	-	-	-	-
At 1 January 2018	-	-	194,483	222,987	116,324	533,794
Depreciation expenses	-	34,391	39,919	25,950	658	100,918
Elimination on revaluation	-	(34,391)	-	-	-	(34,391)
Disposals	-	-	(2,808)	(14,847)	(9,849)	(27,504)
As at 31 December 2018	-	-	231,594	234,090	107,133	572,817
Carrying amount as at 31 December, 2018	891,272	1,760,169	22,145	53,865	3,504	2,730,955

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 2017	1,047,272	1,719,169	242,072	258,627	112,929	3,380,069
Additions	-	378	7,622	18,750	3,405	30,155
Disposals	-	-	-	(26,485)	-	(26,485)
As at 31 December 2017	1,047,272	1,719,547	249,694	250,892	116,334	3,383,739
Accumulated depreciation	-	-	-	-	-	-
At 1 January 2017	-	-	172,605	222,795	109,593	504,993
Depreciation expenses	-	-	21,878	25,891	6,731	54,500
Disposals	-	-	-	(25,699)	-	(25,699)
As at 31 December 2017	-	-	194,483	222,987	116,324	533,794
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&Oseji 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 N2,651,441 (2017: 2,766,441,000)

b) The disposal of leasehold land and building above relates to the property situated at Plot 1698, Oyin Jolayemi Street, Victoria Island. This was disposed to the Parent's subsidiary- Veritas Glanvills Pension during the year (see note 42).

Intercompany sale of Property is analysed below;

	Group N'000	Company N'000
Proceeds from sale of Property and Equipment	60,010	59,000
Cost of property and Equipment disposed	333,987	322,505
Accumulated depreciation	(37,977)	(27,505)
Net book value	296,010	295,000
Less receivables on intercompany sale of property carrying amount of property for which payment was received	(236,000)	(236,000)
	60,010	59,000
Profit/loss on disposal of PPE	-	-

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	31 December 2018			31 December 2017		
Group	Leasehold Land	Building	Total	Leasehold Land	Building	Total
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	-	-	-	256,000	39,000	295,000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	700,000	1,471,440	2,171,440	600,000	1,471,818	2,071,818
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	132,057	147,943	280,000	132,057	67,943	200,000
Plot 116 Hadejia Road, Yankaba, Kano.	59,215	140,785	200,000	59,215	140,785	200,000
26, Commercial Avenue, Sabo, Yaba, Lagos	20,000	196,337	216,337	20,000	196,337	216,337
	<u>911,272</u>	<u>1,958,301</u>	<u>2,869,573</u>	<u>1,067,272</u>	<u>1,915,883</u>	<u>2,983,155</u>
Parent						
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	-	-	-	256,000	39,000	295,000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	700,000	1,471,440	2,171,440	600,000	1,471,818	2,071,818
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	132,057	147,943	280,000	132,057	67,943	200,000
Plot 116 Hadejia Road, Yankaba, Kano.	59,215	140,785	200,000	59,215	140,785	200,000
	<u>891,272</u>	<u>1,760,168</u>	<u>2,651,440</u>	<u>1,047,272</u>	<u>1,719,546</u>	<u>2,766,818</u>

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14d Movement in leasehold land and building is as follows:
Group 2018

	Status of title documents	Balance as at Jan 1, 2018 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	Balance as at 31 December 2018 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A Certificate of Occupancy No.	295,000	-	(295,000)	-	-	-	-
Plot 497 Abogo Largema Street. Off Const. Ave. CBD Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	FCT/ABU/MISC/5687	2,071,818	-	-	-	(28,616)	128,238	2,171,440
Plot 116 Hadejia Road, Yankaba, Kano.	Deed of Lease No. 1124/SD/4 Certificate of Occupancy No.	200,000	-	-	-	(2,959)	82,959	280,000
26, Commercial Avenue, Sabo, Yaba, Lagos	LKN/RES/RC/96/64	200,000	-	-	-	(2,816)	2,816	200,000
	Governor Consent (Deed of Assignment)	216,336	5,087	-	-	(3,290)	-	218,133
		<u>2,983,154</u>	<u>5,087</u>	<u>(295,000)</u>	<u>-</u>	<u>(37,681)</u>	<u>214,013</u>	<u>2,869,573</u>
Group 2017								
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A Certificate of Occupancy No.	295,000	-	-	-	-	-	295,000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	FCT/ABU/MISC/5687	2,071,440	378	-	-	-	-	2,071,818
Plot 116 Hadejia Road, Yankaba, Kano.	Deed of Lease No. 1124/SD/4 Certificate of Occupancy No.	200,000	-	-	-	-	-	200,000
26, Commercial Avenue, Sabo, Yaba, Lagos	LKN/RES/RC/96/64	200,000	-	-	-	-	-	200,000
	Governor Consent (Deed of Assignment)	218,909	1,700	-	-	(4,273)	-	216,336
		<u>2,985,349</u>	<u>2,078</u>	<u>-</u>	<u>-</u>	<u>(4,273)</u>	<u>-</u>	<u>2,983,154</u>
Company 2018								
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A Certificate of Occupancy No.	295,000	-	(295,000)	-	-	-	-
Plot 497 Abogo Largema Street. Off Const. Ave. CBD Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	FCT/ABU/MISC/5687	2,071,818	-	-	-	(28,616)	128,238	2,171,440
Plot 116 Hadejia Road, Yankaba, Kano.	Deed of Lease No. 1124/SD/4 Certificate of Occupancy No.	200,000	-	-	-	(2,959)	82,959	280,000
	LKN/RES/RC/96/64	200,000	-	-	-	(2,816)	2,816	200,000
		<u>2,766,818</u>	<u>-</u>	<u>(295,000)</u>	<u>-</u>	<u>(34,391)</u>	<u>214,013</u>	<u>2,651,440</u>

VERITAS KAPITAL ASSURANCE PLC

*Financial Statements
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Company 2017

	Status of title documents	Balance as at Jan 1, 2017	Addition	Disposals	Transfer	Depreciation	Revaluation adjustment	Balance as at 31 December 2017
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	295,000	-	-	-	-	-	295,000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	2,071,440	378	-	-	-	-	2,071,818
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	200,000	-	-	-	-	-	200,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	200,000	-	-	-	-	-	200,000
		<u>2,766,440</u>	<u>378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,766,818</u>

VERITAS CAPITAL ASSURANCE PLC

Financial Statements
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	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
15 Statutory deposit	<u>355,000</u>	<u>355,000</u>	<u>355,000</u>	<u>355,000</u>
This represent amount deposited with the Central bank of Nigeria (CBN) as at 31 December, 2018 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. (See note 34)				
16 Insurance contract liabilities	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Unearned premium including AURR (see Note (a) below)	927,364	546,237	926,414	545,333
Claims incurred but not reported (see note b (ii) below)	189,393	182,279	189,393	182,279
Outstanding claims reported (see note b (i) below)	1,214,825	959,478	1,214,825	959,478
	<u>2,331,582</u>	<u>1,687,994</u>	<u>2,330,632</u>	<u>1,687,090</u>
a Reserve for unearned premium				
Motor insurance	205,845	159,051	205,845	159,051
Fire insurance	251,766	67,372	251,766	67,372
General accident insurance	71,369	36,007	71,369	36,007
Marine insurance	55,726	19,270	55,726	19,270
Engineering	128,024	134,711	128,024	134,711
Aviation	11,405	7,111	11,405	7,111
Oil and gas	166,873	106,394	166,873	106,394
Bond	27,250	2,294	27,250	2,294
1% PHI PREMIUM	950	903	-	-
	919,208	533,113	918,258	532,209
Additional Unexpired Risk Reserve (AURR)	8,156	13,124	8,156	13,124
	<u>927,364</u>	<u>546,237</u>	<u>926,414</u>	<u>545,333</u>
Movement in unearned premium can be analysed as follows:				
At 1 January	546,237	518,231	545,333	518,231
Increase/(Decrease) in unearned premium(see note 28)	381,127	28,006	381,081	27,102
At 31 December	<u>927,364</u>	<u>546,237</u>	<u>926,414</u>	<u>545,333</u>
b Provision for outstanding claims				
Motor insurance	29,544	19,232	29,544	19,232
Fire insurance	46,348	33,006	46,348	33,006
General accident insurance	218,513	321,566	218,513	321,566
Marine insurance	17,003	33,689	17,003	33,689
Engineering	109,138	65,366	109,138	65,366
Aviation	95,975	43,568	95,975	43,568
Oil and gas	887,056	637,717	887,056	637,717
Bond	641	736	641	736
	<u>1,404,217</u>	<u>1,154,881</u>	<u>1,404,217</u>	<u>1,154,881</u>
b(i) Movement in outstanding claims:				
At 1 January	959,478	401,800	959,478	401,800
Increase/(Decrease) in Outstanding Claims (see note 31)	255,347	557,678	255,347	557,678
At 31 December	<u>1,214,825</u>	<u>959,478</u>	<u>1,214,825</u>	<u>959,478</u>

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
b(ii) Movement in IBNR is analysed as follows:				
At 1 January	182,279	87,037	182,279	87,037
Increase/ (decrease) in IBNR (see note 31)	7,114	95,242	7,114	95,242
At 31 December	189,393	182,279	189,393	182,279

b(iii) Age analysis of outstanding claims is analysed below

	2018		2017	
No. of Days	Number of Claimants	Outstanding claims (N'000)	Number of Claimant s	Outstanding claims (N'000)
0-90	74	20,347	42	464,469
91-180	33	25,145	61	24,370
181-270	70	29,190	21	81,687
271-365	79	41,207	19	9,230
Above 365	454	1,098,936	183	379,722
Total	710	1,214,825	326	959,478

All claims are recorded as outstanding claims upon receipt of notifications from the brokers/beneficiaries. Claims are settled within the stipulated timelines of 90 days in accordance with section 70 of the insurance Act 2003, upon receipt of signed discharge voucher from the beneficiary. As at 31 December 2018, the balance of outstanding claims above 90 days represents claims for which appropriate complete documentation are yet to be received. All claims with complete documents and discharge vouchers signed and returned have been fully settled.

The table below shows reasons for outstanding claims.

	0-90	91-180	181-270	271-360	360	
	DAYS	DAYS	DAYS	DAYS	DAYS	TOTAL
Signed vouchers returned by claimants and paid after year end	20,232	-	-	-	-	20,232
Discharge vouchers not yet signed and returned by claimants	115	-	-	-	1,595	1,710
Awaiting loss adjusters report	-	17,638	-	-	-	17,638
Awaiting documentation	-	7,508	20,433	24,725	1,097,340	1,150,006
Incomplete documentation	-	-	8,757	16,483	-	25,240
TOTAL	20,347	25,145	29,190	41,207	1,098,936	1,214,825

b(iv) 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.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
This is analysed as follows:				
Co-insurance premium	49,709	-	49,709	-
Commission payable	65,758	43,520	65,758	43,520
	115,467	43,520	115,467	43,520

- a Co-insurance premium represent balances due to co-insurers on various co-insurance arrangements as at year end.

18 Retirement benefit obligation

Gratuity Scheme

Balance at 1 January	7,272	-	-	-
Contributions in the period(see note a (i) below)	2,309	7,272	-	-
Balance, at 31 December	<u>9,581</u>	<u>7,272</u>	<u>-</u>	<u>-</u>

a Defined Benefit Scheme

The Company has a non-contributory defined gratuity scheme whereby on separation, staff who have spent a minimum number of periods are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Company. The actuarial valuation of the scheme for 31 December 2018 was performed by PENMED Actuarial Consultants FRC/2014/NAS/0000000953.

Summary of membership data

	2018	2017
Active Members	14	14
Total annual emoluments	N23.53million	N22.26million
Average Liability duration over future service	21	22

Underlying assumptions

The rate used to discount Pre-retirement employment benefit obligations is determined in line with IAS19, with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yield on government bonds are used. The actuary is of the opinion that there is no deep market in corporate bonds in Nigeria and as such, assumptions underlying the determination of discount rates are referenced to the yield on Nigeria Government Bonds of medium duration, as compiled by the debt management office, after provision for small risk premium to be included in the discount rate assumption.

Benefit Liability and assets

	2018 N'000	2017 N'000
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
(Deficit) / Surplus of Funded Plans	(9,581)	(7,272)
Present Value of Unfunded Obligations	-	-
Unrecognized past service cost	-	-
(Liability)/Asset Recognition in the Balance Sheet	<u>(9,581)</u>	<u>(7,272)</u>

(i). Reconciliation of Defined Benefit Obligation

Changes in the present value of the defined benefit obligation are as follows;

	2018 N'000	2017 N'000
At 1 January	7,272	-
Current service cost	1,856	7,272
Interest Cost	1,148	-
Employees Contribution	-	-
Actuarial losses/(gains) due to change in financial assumptions	(1,806)	-
Actuarial losses/(gains) due to change in demographic assumptions	1,111	-
At 31 December	<u>9,581</u>	<u>7,272</u>

b Pension scheme

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

	Group 31-Dec- 18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec- 18 N'000	Parent 31-Dec- 17 N'000
19 Provision and other payables				
This is analysed as follows:				
Life insurance fund (Note 19a)	131,417	131,417	131,417	131,417
PAYE tax, VAT, NHF and other remitable deductions	32,788	23,881	7,127	874
Staff accounts (see note (b) below)	22,017	5,723	22,017	3,142
Accrued professional fees	43,750	60,114	35,000	21,040
Accrued NAICOM levy	20,000	20,000	20,000	20,000
Accrued penalty charge	-	30,000	-	30,000
Supplies & Services Bills Payables	43,845	-	-	-
Other accruals and payables	62,807	15,732	7,822	7,745
Unclaimed dividends	24,248	24,248	24,248	24,248
Due to employees (see note (d) below)	117,540	38,342	26,419	38,342
Pension Protection fund (see note (e) below)	31,764	14,182	-	-
	530,176	363,638	274,050	276,807

- a** 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 asset cover for the life fund is contained in investment properties included in shareholders and other funds.
- b** 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 co-operative scheme administrator.
- c** Accrued professional fees include accrual for audit fees, tax review and actuarial fees.
- d** This relate to the balance of gratuity scheme (Veritas Kapital Assurance Plc. And Veritas Glanvills Pension Limited) which was terminated in July 2016 by the Board of directors and subsequently reclassified to other payables from Retirement benefit Obligations.
- e** 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 Pension Reform Act, 2014

	Group 31-Dec- 18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec- 18 N'000	Parent 31-Dec- 17 N'000
Current	300,770	193,880	118,386	107,047
Non-Current	187,429	169,759	155,665	169,759
	488,199	363,639	274,051	276,806

20 Income tax liabilities				
Company income tax	59,694	60,132	43,990	42,600
Education tax	14,312	2,324	12,825	-
Under provision in prior years	6,614	40,506	6,614	40,506
Per income statement	80,620	102,962	63,429	83,106
Balance at 1 January	82,442	68,452	42,600	19,883
Payments/adjustment	(69,068)	(88,972)	(49,214)	(60,389)
Per statement of financial position	93,994	82,442	56,815	42,600

21.1 Deferred tax asset				
At 1 January	43,721	46,403	-	-
Charge to income statement	(43,721)	(2,682)	-	-
At 31 December	-	43,721	-	-

The movement in deferred tax asset is analysed below:

	Property, plant and equipment N'000	Others N'000	Total N'000
At 1 January 2017	27,052	19,351	46,403
Charge to the statement of profit or loss	(1,561)	(1,121)	(2,682)
At 31 December 2017	25,491	18,230	43,721
At 1 January 2018	25,491	18,230	43,721
Charge to the statement of profit or loss	(25,491)	(18,230)	(43,721)
At 31 December 2018	-	-	-

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

	Group 31-Dec- 18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec- 18 N'000	Parent 31-Dec- 17 N'000
21.2 Deferred tax liability				
At 1 January	299,016	262,624	292,730	258,004
Other Charges for the year	308,030	36,392	209,084	34,726
At 31 December	607,046	299,016	501,814	292,730

	Group 31-Dec- 2018 N'000	Group 31-Dec- 2017 N'000	Parent 31-Dec-17 N'000	Parent 31-Dec-16 N'000
22 Issued and paid up share capital				
a Authorised				
14 billion ordinary shares of 50 kobo each	7,000,000	7,000,000	7,000,000	7,000,000
b Issued and fully paid				
Balance at 1 January	6,933,333	6,933,333	6,933,333	6,933,333
Bonus shares issued from share premium	-	-	-	-
Balance at 31 December	6,933,333	6,933,333	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.

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
23 Share premium				
Share premium comprises additional paid-in capital in excess of their par 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:-

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	754,172	684,549	754,172	684,549
Transfer from retained earnings	97,163	69,623	97,163	69,623
Balance at 31 December	851,335	754,172	851,335	754,172

25 Retained earnings

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

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Balance at 1 January	(1,620,171)	(732,208)	(2,052,713)	(1,051,655)
Impact of transition to IFRS 9	(10,344)	-	(1,975)	-
Transferred from statement of Profit or loss for the year	(631,828)	(749,008)	(323,295)	(862,103)
Net actuarial gains on retirement benefit	695	-	-	-
Transfer to Contingency Reserve	(97,163)	(69,623)	(97,163)	(69,623)
Dividend paid	-	(69,333)	-	(69,333)
Balance at 31 December	(2,358,811)	(1,620,171)	(2,475,146)	(2,052,713)

26a Assets revaluation reserve

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

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Asset revaluation reserve				
At 1 January	1,559,768	1,559,768	1,559,768	1,559,768
Revaluation gains/(losses) during the year	214,013	-	214,013	-
At 31 December	1,773,781	1,773,781	1,773,781	1,773,781

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Land				
Balance at 1 January	636,068	636,068	636,068	636,068
Revaluation gain	100,000	-	100,000	-
Balance at 31 December	736,068	636,068	736,068	636,068
Building				
Balance at 1 January	923,700	923,700	923,700	923,700
Revaluation surplus	114,012	-	114,012	-
Balance at 31 December	1,037,712	923,700	1,037,712	923,700
Carrying amount	1,773,780	1,559,768	1,773,780	1,559,768

26b Fair value through OCI reserve

Balance at 1 January	34,923	33,725	34,923	33,725
Movement during the year	(422)	1,198	(422)	1,198
	34,501	34,923	34,501	34,923

27 Loss per share

Basic loss per share (kobo)

The calculation of basic loss per share was based on the loss after tax attributable to ordinary shareholders, and a weighted average number of ordinary shares outstanding on that date calculated as follow:

	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
Loss after tax attributable to equity holders	(688,081)	(629,538)	(316,820)	(791,000)
Weighted average number of ordinary shares at end of year	6,933,333	6,933,333	6,933,333	6,933,333
Basic loss per share (kobo)	(0.10)	(0.10)	(0.05)	(0.11)

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

VERITAS CAPITAL ASSURANCE PLC

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	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
28 Gross premium				
Gross premium from direct business (see note (a)below)	3,099,256	2,388,506	3,004,383	2,298,200
Gross premium from reinsurance inward (see note (b)below)	234,386	22,568	234,386	22,568
Gross written premium	3,333,642	2,411,074	3,238,769	2,320,768
Changes in unearned premium (see note 16 a)	(381,127)	(28,006)	(381,081)	(27,102)
Gross premium earned	2,952,515	2,383,069	2,857,688	2,293,666
a Group premium earned is further analysed as follows:				
Fire	558,302	141,898	558,302	141,898
General accident	230,599	195,623	230,599	195,623
Marine	155,040	38,942	155,040	38,942
Motor	536,030	425,763	536,030	425,763
Oil and gas	996,698	1,108,902	996,698	1,108,902
Aviation	41,646	30,645	41,646	30,645
Engineering	420,502	349,907	420,502	349,907
Bond	65,566	6,520	65,566	6,520
PHI Premium	94,873	90,306	-	-
	3,099,256	2,388,506	3,004,383	2,298,200
b Inward reinsurance premium				
Fire	31,197	6,309	31,197	6,309
Motor	15,409	867	15,409	867
General accident	69,772	5,665	69,772	5,665
Aviation	2,897	353	2,897	353
Engineering	87,730	5,258	87,730	5,258
Marine	10,274	2,972	10,274	2,972
Oil and gas	17,107	1,144	17,107	1,144
Bond	-	-	-	-
	234,386	22,568	234,386	22,568
	Group 31-Dec-18 N'000	Group 31-Dec-17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
29 Reinsurance expenses				
Reinsurance cost (note 6a)	1,041,313	600,331	1,041,313	600,331
Movement in prepaid reinsurance	(170,909)	(9,277)	(170,909)	(9,277)
Reinsurance expenses (note 6a)	870,404	591,054	870,404	591,054
30 Fees and commission income	111,819	48,187	111,819	48,187
31 Insurance Claims and benefit paid				
Direct claims paid	658,096	540,400	658,096	540,400
Changes in outstanding claims	255,347	557,677	255,347	557,677
Actuarial losses in outstanding claims (note 16 b (ii))	7,114	95,243	7,114	95,243
PHI claims	71,232	64,053	-	-
Gross claims incurred	991,789	1,257,373	920,557	1,193,320
Reinsurance recovery(see note 31(a)below)	(256,152)	(62,446)	(256,152)	(62,446)
	735,637	1,194,927	664,405	1,130,874
31a Analysis of reinsurance recoverable				
Claims recovered from reinsurers during the year	-	-	-	-
Reinsurance recovery on paid claims	42,046	28,001	42,046	28,001
Reinsurance recoverable on outstanding claims and IBNR	214,106	34,445	214,106	34,445
Total reinsurance recoverable	256,152	62,446	256,152	62,446

32` Underwriting expenses

Acquisition cost paid during the year	551,202	467,981	551,202	467,981
Movement in deferred acquisition	(62,976)	(8,127)	(62,976)	(8,127)
Cost during the year(See note 7)	488,226	459,854	488,226	459,854
Maintenance cost during the year	73,318	83,287	73,318	83,287
Total underwriting expenses	561,544	543,141	561,544	543,141

33 Impairment of financial assets

Impairment charge on other assets (see note 8i)	45,222	179,001	33,282	176,535
Impairment charge on unquoted equities	-	35,709	-	35,709
ECL write back on financial asset at amortised cost (see note 4c)	(1,108)	-	-	-
ECL charge on placement (see note 3.1)	10,677	-	11,585	-
	54,791	214,710	44,867	212,244

34 Investment income

*Dividends from equity investments at FVTPL	839	2,203	4,048	7,016
Interest received from:				
Short term deposits	650,073	717,949	452,111	457,201
Amortised cost instruments (see note 4c)	25,366	266	-	-
RSA asset based fee	762,513	701,820	-	-
Statutory deposit	52,244	51,288	52,244	51,287
	1,491,035	1,473,526	508,403	515,504
Further analysed as follows:				
Attributable to policy holders fund	106,765	108,256	106,765	108,256
Attributable to shareholders funds.	1,384,270	1,365,270	401,638	407,248
	1,491,035	1,473,526	508,403	515,504

*Dividend income of N3.2 million (2017:N4.8 million) received from subsidiaries was eliminated on consolidation.

	Group 31-Dec- 18 N'000	Group 31-Dec- 17 N'000	Parent 31-Dec-18 N'000	Parent 31-Dec- 17 N'000
35 Other operating income				
Rental and other incomes	9,903	15,530	9,903	15,530
Profit on sale of investment	-	655	-	655
Profit on disposal of asset (notional)	4,415	2,020	4,415	1,070
RSA administrative fee income	141,493	82,466	-	-
Staff loan-interest	-	874	-	156
Exchange gain	133,389	30,833	133,389	30,833
Admin charges- Formal sector	26,609	19,338	-	-
Sundry income	10,845	26,828	10	18,548
	326,654	178,544	147,717	66,792

36 Management expenses

Staff costs	1,408,334	889,595	775,161	448,315
Directors' allowances and expenses	347,810	226,839	191,103	124,314
Depreciation and amortisation	209,538	154,922	132,181	101,136
Professional fees	90,989	44,918	74,763	20,000
Audit fees	31,750	15,980	23,000	10,500
Marketing and advertisement	107,571	125,356	51,380	73,335
Administrative expenses	164,328	205,903	111,507	142,244
NITDA information technology levy	-	1,733	-	-
Repairs and maintenance	67,155	49,822	36,763	24,047
Travel costs and allowances	87,038	83,313	47,950	54,633
NAICOM Levy	24,810	20,000	24,810	20,000
Donation	9,644	12,739	-	250
Electricity and power	28,464	49,572	25,574	48,003
Penalty charge for contravention (see note 41)	199,295	31,250	16,833	31,250
Subscription	15,672	40,690	8,750	35,282
Printing and stationeries	24,000	23,316	8,530	15,007
Information technology expenses	57,834	62,241	2,511	18,825
Pension protection fund levy	17,580	14,184	-	-
Rent and rate	25,196	21,761	-	-

	<u>2,917,007</u>	<u>2,074,134</u>	<u>1,530,816</u>	<u>1,167,141</u>
37 Income tax expense				
Education tax	14,312	2,324	12,825	-
Company income tax	59,694	60,132	43,990	42,601
Under provision in prior years	6,614	40,507	6,614	40,507
Deferred tax expense	351,751	39,074	209,084	34,726
	<u>432,371</u>	<u>142,037</u>	<u>272,513</u>	<u>117,834</u>
37a Reconciliation of effective tax rate				
Loss for the year after tax	(688,081)	(700,642)	(316,820)	(862,103)
Total tax expense:				
Income	59,694	60,132	43,990	42,601
Education	14,312	2,324	12,825	-
Deferred	351,751	39,074	209,084	34,726
Under provision in previous years	6,614	40,507	6,614	40,507
Total income tax expense in comprehensive income	<u>(255,710)</u>	<u>(558,604)</u>	<u>(44,307)</u>	<u>(744,268)</u>
38a. Non-Controlling interest				
The movement in non-controlling interest during the year is shown below:				
Balance, beginning of year	525,135	477,104		
Impact of transition to IFRS 9	(2,840)	-		
Share of (loss)/ profit for the period	(63,423)	48,366		
Dividend Paid	(223)	(335)		
	<u>458,649</u>	<u>525,135</u>		

38b. Proposed Dividend
There was no propose dividend during the year(2017: Nil)

40 Contingent liabilities
There were claims and litigations against the company as at 31 December, 2018, amounting to N20,280,589.43 (2017: N10,684,715). No provision is made in respect of this our legal team is of the opinion that it is not certain an outflow of economic resources will be required to settle this amount in the future.

41 Contraventions	Group	Parent
31 Dec 2018		
NATURE OF CONTRAVENTIONS	N'000	N,000
Late submission of Fire returns	250	250
Resubmission of 2017 AFS	500	500
Late filing of 2017 Audited Financial Statements to SEC	16,100	16,100
*Contravention of investment guidelines (PENCOM)	182,445	-
	<u>199,295</u>	<u>16,850</u>
31 Dec 2017	Group	Parent
NATURE OF CONTRAVENTIONS		
Late submission of aviation treaty for 2017	250	250
Penalty for late submission of 2017 AML/CFT training plan to NAICOM	1,000	1,000
Type 2 non-compliance imposed by Financial reporting council	30,000	30,000
	<u>31,250</u>	<u>31,250</u>

*National Pension Commission (PENCOM) charged one of the subsidiaries Veritas Glanvills pension the sum of N182.4 million for sub-optimal investment decision on its RSA fund during the year

42 Related Parties Transactions

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. Details of transactions between the group and other related parties are disclosed below:

The Company enters into transactions with its subsidiaries, Major shareholders and its key management personnel in the normal course of business of providing insurance cover on Motor, Fire, and General accidents. The transactions with related parties are made at normal market prices and conducted at arm's length.

	Relationship	Premium written N,000	Claims paid N,000
Veritas	Major Shareholder	180	-
Veritas Glanvills Pensions Limited	Subsidiary	11,591	1,415
Healthcare Security Ltd	Subsidiary	1,055	294

b

During the year Veritas Kapital disposed its property situated at Plot 1698, Oyin Jolayemi Street, Victoria Island (see note 14). This was disposed to a subsidiary Veritas Glanvills Pension Limited. The transaction price was N295 million. Veritas Glanvills Pension Limited initially paid the sum of N59 million leaving the balance recoverable of N236 million (see note 8i) This price was based on the open market price of the property as at disposal date.

Receivables from related parties	N'000
Veritas Glanvills Pensions Ltd - Receivable from property sold	236,000
Associate - Goldlink Insurance Plc - Reimbursable Expenses	<u>41,975</u>
	<u>277,975</u>

43 Compensation of key management personnel

Key management personnel of the group include all directors, executive and non-executive, senior management. The summary of compensation of key management personnel for the year is as follows:

Salaries	170,093	97,818
Fees	<u>200,600</u>	<u>124,313</u>
Total compensation to key management personnel	<u>370,693</u>	<u>222,131</u>
Directors cost	34,484	124,313
Salaries and wages	156,319	24,279
Pension cost	191,102	2,400
Total Directors cost	<u>381,905</u>	<u>150,992</u>
Remuneration of highest paid Director/Chairman		
Remuneration of highest paid Director	<u>32,021</u>	<u>28,819</u>

44 Information regarding employees

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

	2018 Number	2017 Number	2018 Number	2017 Number
Below - 500,000	38	58	38	38
500,001 - 1,500,000	182	136	106	106
1,500,001 - 2,500,000	84	40	43	5
2,500,001 - 3,500,000	36	44	22	35
3,500,001 - 4,500,000	16	10	9	5
4,500,001 - 5,500,000	5	4	3	2
5,500,001 - 6,500,000	37	2	33	2
6,500,001 - 7,500,000	5	2	0	2
7,500,001 - 8,500,000	3	2	0	2
8,500,001 - 9,500,000	9	0	9	0
9,500,001 - 10,500,000	3	0	2	0
10,500,001 - and above	12	6	8	5
	<u>429</u>	<u>304</u>	<u>273</u>	<u>202</u>

45 SEGMENT REPORTING

Identification of reportable segments

The business activities of Veritas Kapital Plc Group are first organized by product and type of service: insurance activities, asset management activities and Health Management activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (or loss) before income taxes, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments under IFRS 8 are therefore as follows:

- Non-life business
- Pension Administration
- Health Care

Non-Life Business

The non -life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from engineering, aviation, marine liability, motor liability, oil and energy, bond, fire and property. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

Pension Administration

This reportable segment include the administration and management of the retirement benefits of members. The administration includes making investment decisions, collection of contribution and making payment to retirees in-line with provisions of Pension Reform Act 2014. The revenue earned includes administration and management fees received and receivable on members' contributions and the Net Asset value of Funds under Management respectively.

Health Care

This reportable segment is a National Health Maintenance Organization (HMO) duly licenced and accredited by the National Health Insurance Scheme which provide Health Insurance Services to individuals and organizations in both the private sector and the formal sector under the National Health Insurance Scheme (NHIS).

Business Segment Information- Consolidated statement of financial position

	Non-life		Pension administrator		Healthcare		Elimination		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Assets:										
Cash and Cash Equivalents	3,981,106	3,756,993	33,051	310,845	535,500	535,060			4,549,657	4,602,898
Financial Assets	87,435	92,230	700,942	839,056					788,376	931,286
Trade receivables	-	6,678							-	24,279
Reinsurance Assets	643,363	216,302							643,363	216,302
Deferred Acquisition Cost	161,294	98,318							161,294	98,318
Other receivables and prepayment	596,921	335,483	164,825	193,285	22,327	10,907	(236,000)		548,073	522,074
Investment in subsidiaries	1,576,300	1,576,300					(1,576,300)	(1,576,300)	0	0
Investment in Associate	-	-							0	0
Investment Properties	880,201	880,201							880,201	880,201
Goodwill	-	-					386,444	386,444	386,444	386,444
Intangible Assets	47,606	68,378	29,845	22,204					77,450	90,582
Property, Plant and Equipment	2,730,955	2,849,945	899,019	313,290	24,401	20,302			3,654,376	3,183,537
Statutory Deposit	355,000	355,000							355,000	355,000
Deferred Tax Asset	-	-	-	43,721					-	43,721
	11,060,181	10,235,828	1,827,683	1,722,401	582,228	566,269	(1,425,856)	(1,189,856)	12,044,234	11,334,642
Total Assets										
Liabilities:										
Insurance contract liabilities	2,330,632	1,687,091			950	903		-	2,331,582	1,687,994
Trade payables	115,467	43,520						-	115,467	43,520
Employees retirement benefit obligations	-	-			9,581	7,272		-	9,581	7,272
Provision and other payables	274,051	276,806	469,334	69,006	22,787	17,827	(235,993)	-	530,179	363,639
Income tax liabilities	56,815	42,600	10,933	12,721	26,246	27,121		-	93,994	82,442
Deferred Tax Liabilities	501,814	292,730	95,556		9,675	6,286		-	607,045	299,016
Component of equity										0
Issued and paid up share capital	6,933,333	6,933,333	1,500,000	1,500,000	429,075	429,075	(1,929,075)	(1,929,075)	6,933,333	6,933,333
Share premium	663,600	663,600		-	8,946	8,946	(8,946)	(8,946)	663,600	663,600
Statutory Contingency reserves	851,335	754,172	67,254				(67,254)		851,335	754,172
Retained earnings	(2,475,146)	(2,052,714)	(355,621)	140,673	74,968	68,658	396,989	223,030	(2,358,810)	(1,620,353)
Other Component of Equity	-	-								0
Asset revaluation reserve	1,773,780	1,559,768	40,227				(40,226)		1,773,781	1,559,768
Fair value reserve	34,501	34,923							34,501	34,923
Non-Controlling interest(NCI)							458,649	525,135	458,649	525,135
Total Equity & Liabilities	11,060,181	10,235,829	1,827,683	1,722,400	582,228	566,088	(1,425,856)	(1,189,856)	12,044,234	11,334,642

VERITAS CAPITAL ASSURANCE PLC

Financial Statements
For the year ended 31 DECEMBER 2018

Business Segment Information- Consolidated statement of Comprehensive Income

	Non-life		Pension administrator		Healthcare		Consolidation Adjustments		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Net Underwriting Income	2,099,103	1,750,799	(10,291)	-	105,118	90,307	-	-	2,193,930	1,841,106
(Loss)\profit before tax	(50,782)	(744,269)	(231,742)	175,050	23,547	17,065	(3,209)	(6,451)	(262,186)	(558,605)
(Loss)\profit after tax	(323,295)	(862,103)	(380,021)	159,846	11,968	6,333	(3,209)	(4,718)	(694,557)	(700,642)

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive monitors the tangible, intangible and financial assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments.

46 **Risk management framework****(a) Capital management objectives, policies and approach**

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- (i) To maintain the required level of stability of the Company thereby providing a degree of security to policyholders.
- (ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- (iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- (iv) To align the profile of assets and liabilities taking account of risks inherent in the business.
- (v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- (vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission (NAICOM). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Company's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

(b) Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

The table below shows the available capital resources as at 31 December:

	2018	2017
Total shareholders' funds	7,398,297	7,893,082
Regulatory required capital	3,000,000	3,000,000
Excess capital reserve	4,398,297	4,893,082

(c) Regulatory framework

The insurance industry regulator measures the financial strength of Non-Life Insurers using a Solvency Margin model. NAICOM generally expects non-life insurers to comply with this capital adequacy requirement. Section 24 of the Insurance Act 2003 defines the 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 the net premium income (gross income less reinsurance premium paid), or the minimum capital base (N3billion) whichever is higher.

The solvency margin for the company as at 31 December 2018 is as follows:

	Total Assets	Inadmissible Assets	Admissible Assets
Cash and cash equivalents	3,981,106	1,112,942	2,868,164
Financial assets	87,435	-	87,435
Trade receivable	-	-	-
Reinsurance assets	643,363	-	643,363
Deferred acquisition cost	161,294	-	161,294
Other receivables and prepayments	596,921	596,921	-
Investment in subsidiaries	1,576,300	-	1,576,300
Investment in Associates	-	-	-
Investment properties (including land and building)	3,531,642	2,531,642	1,000,000
Goodwill	-	-	-
Intangible assets - Software	47,606	-	47,606
Property, plant and equipment (less land and building)	79,514	-	79,514
Statutory deposits	355,000	-	355,000
Deferred tax asset	-	-	-
Total Admissible Assets	11,060,181	4,241,505	6,818,676
Insurance contract liabilities	2,330,632	-	2,330,632
Trade payables	115,467	-	115,467
Employees retirement benefit obligations	-	-	-
Provision and other payables	274,051	-	274,051
Income tax liabilities	56,815	-	56,815
Deferred Tax Liabilities	501,814	501,814	-
Total Admissible liabilities	3,278,778	501,814	2,776,964
Solvency Margin			4,041,712
The higher of 15% OF Net premium or Minimum capital base	3,000,000.00		3,000,000
Excess in solvency margin			1,041,712
Solvency ratio			135%

Policyholders' Assets and Liabilities Management (PALM)

Asset 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 31/12/2018 were allocated as follows:

	Policy Holders N'000	Shareholders' Funds N'000	Total N'000
Cash and cash equivalents	1,216,253	2,764,853	3,981,106
Financial assets	-	87,435	87,435
Trade receivables	-	-	-
Reinsurance assets	643,363	-	643,363
Deferred acquisition cost	161,294	-	161,294
Other receivables and prepayments	-	596,921	596,921
investment in subsidiaries	-	1,576,300	1,576,300
Investment in associates	-	-	-
Investment properties	352,080	528,121	880,201
Goodwill and other intangible asset	-	47,606	47,606
Property, Plant and Equipment	-	2,730,995	2,730,995
Statutory Deposits	-	355,000	355,000
Total assets	2,372,990	8,687,191	11,060,181
Insurance contract liabilities	2,330,632	-	2,330,632
Shareholders and other funds	-	8,729,549	8,729,549
Total fund	2,330,632	8,729,549	11,060,181
Gap (surplus)	42,358	(42,358)	

47 Financial instruments - Fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2018

Carrying amount

Fair value

In thousands of naira	Note	Designated at fair value	Amortised cost	Fair value through OCI	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value										
Fair value through OCI		-	-	36,771	-	36,771	36,771	-	-	36,771
Fair Value through Profit or Loss		50,663	-	-	-	50,663	50,663	-	-	50,663
		50,663	-	36,771	-	87,435				
Financial assets not measured at fair value										
Cash and cash equivalents		-	133,982	-	-	133,982				
Reinsurance assets*^		-	393,587	-	-	393,587				
Placements		-	4,415,675	-	-	4,415,675				
Statutory deposit		-	355,000	-	-	355,000				
		-	5,298,244	-	-	5,298,244				
Financial liabilities not measured at fair value										
Other payables*		-	-	-	488,197	488,197				
Trade payables*		-	-	-	115,467	115,467				
		-	-	-	603,664	603,664				

The Company has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9 Financial instruments: Recognition and Measurement.

* The Company has not disclosed the fair values for financial instruments such as receivables, payables and reinsurance assets because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (N249.8 million)

^^ Unquoted equities not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

31 December 2017**Carrying amount****Fair value**

In thousands of naira	Note	Designated at value	fair amortised cost	Fair value through OCI	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Financial assets		55,037	-	37,193	-	92,230	92,230	-	-	92,230
		-	-	37,193	-	92,230				
Financial assets not measured at fair value										
Cash and cash equivalents		-	472,711	-	-	472,711				
Reinsurance assets*^		-	137,435	-	-	137,435				
Placements		-	3,284,282	-	-	3,284,282				
Statutory deposit		-	355,000	-	-	355,000				
		-	4,249,428	-	-	4,249,428				
Financial liabilities not measured at fair value										
Other payables*		-	-	-	363,638	363,638				
Trade payables*		-	-	-	43,520	43,520				
					407,158	407,158				

The Company has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9 Financial instruments: Recognition and Measurement.

* The Company has not disclosed the fair values for financial instruments such as receivables, payables and reinsurance assets because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (#78.87 million)

^^ Unquoted equities not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

(b) Financial risk management

The Company has exposure to the following risks arising from financial instruments

Credit risk
Liquidity risk
Market risk

(b)(i) Risk management framework

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 Company. The Company's board of directors has the overall responsibility for the establishment of oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors for on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

(b)(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

In addition to credit risks arising out of investments and transactions with clients, Veritas Kapital Assurance actively assumes Credit Risk through the writing of insurance business. Credit Risk can arise when a client defaults on settlement of premium payments and can also arise when its own repayment capability decreases (as reflected in a rating downgrade).

Veritas Kapital Assurance's strategy as Insurance Company does not entail the elimination of Credit Risk but rather to take on Credit Risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring Credit Risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate Credit Risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, Veritas Kapital Assurance manages its credit risk profile within the constraints of its overall Risk Appetite and structured its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the Insurance Company Credit Risk Management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The organization is committed to:

- a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations.
- b) Identify Credit Risk in each investment, loan or other activity of the Insurance Company.
- c) Utilize appropriate, accurate and timely tools to measure credit risk.
- d) Set acceptable risk parameters.
- e) Maintain acceptable levels of credit risk for existing individual credit exposures.
- f) Maintain acceptable levels of overall credit risk for Veritas Kapital Assurance's Portfolio; and
- g) Coordinate Credit Risk Management with the management of other risks inherent in Veritas Kapital Assurance's business activities.

Unsecured exposures to high risk obligors, transactions with speculative cash flows, loans in which the insurance Company will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the organization.

The Company's credit risk can be analysed as follows:

Reinsurance receivables (see note (a) below)
Cash and cash equivalents (see note (b) below)
Debt Instruments (see note (c) below)
Statutory deposit

2018	2017
N'000	N'000
643,363	216,302
4,549,657	4,602,898
707,909	839,056
355,000	355,000
6,255,929	6,013,256

a Reinsurance receivables

The Group insures its liabilities with reputable reinsurance companies with which it has a right of set-off. None of its receivables from reinsurance companies was impaired as at 31 December 2018 (2017: NIL)

b Cash and cash equivalents

The Group's cash and cash equivalents are held with reputable banks and financial institutions.

c Amortized cost

The Group's Amortized cost investments are in treasury bills with Government and reputable financial institutions. As a result of the adoption of IFRS 9, expected credit loss was computed on the investments.

The Company did not have any debt securities that were past due but not impaired as at 31 December 2018 (2017: nil)

(c)(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

The amounts are gross and undiscounted, include contractual interest payments and exclude the impact of netting agreements.

31 December 2018

31 December 2018	Contractual cash flows						
	Carrying amount	Total	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	115,467	115,467	91,810	23,657	-	-	-
Other payables	488,197	488,197	118,555	369,643	-	-	-
	603,664	603,664	210,364	393,300			

31 December 2017

31 December 2017	Contractual cash flows						
	Carrying amount	Total	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	43,520	43,520	28,520	15,000	—	—	—
Provisions and other payables	363,638	363,638	118,235	23,126	—	—	131,417
	407,158	407,158	146,755	38,126			131,417

Maturity analysis

The table below summarises the expected utilisation or settlement of assets and liabilities as at 31 December:

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets:	-	4,549,657	4,549,657	-	4,602,898	4,602,898
Reinsurance assets	643,363	-	643,363	216,302	-	216,302
Trade debtors	-	-	-	-	-	-
Deferred acquisition cost	161,294	-	161,294	98,318	-	98,318
Other receivables and prepayments	506,096	-	506,096	539,675	-	539,675
Statutory deposit	-	355,000	355,000	-	355,000	355,000
	1,310,753	4,904,657	6,215,410	854,295	4,957,898	5,812,193
Insurance contract liabilities	2,331,582	-	2,331,582	1,687,994	-	1,687,994
Trade payables	115,467	-	115,467	43,520	-	43,520
Other payables and accruals	488,197	-	488,197	363,638	-	363,638
Current tax payable	149,040	-	149,040	82,442	-	82,442
Deferred Tax	-	941,581	941,581	-	299,016	299,016
Retirement benefit obligation	-	9,581	9,581	-	7,272	7,272
Total liabilities	3,029,242	616,627	3,645,869	2,177,594	306,288	2,483,881

(c)(iv) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which premium and claims are denominated and the respective functional currencies of the Company. The functional currency of the Company is the Nigerian naira.

The currencies in which these transactions are primarily denominated are the Nigerian naira.

However, the Company receives some premium in foreign currencies and also pays some claims in foreign currencies. The foreign currencies the Company transacts in include euro, British pounds and united states dollars.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	31 December 2018			31 December 2017		
In Thousands of	Carrying	USD	NGN	Carrying value	USD	NGN
Cash and cash equivalent	15,429,020	42	15,428,978	4,602,898	12,813	4,590,085
Financial assets	728,360	2,000	726,360	931,286	2,592	928,694
Net statements of financial position exposure	16,157,380	2,042	16,155,338	5,534,184	15,405	5,518,779

The following significant exchange rates have been applied.

	Year- end spot rate	
Year-end spot rate	2018	2017
Naira		
USD 1	364.18	359.23

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts show below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss		Equity, net of tax	
Effects in thousands of naira	Strengthening	Weakening	Strengthening	Weakening
31 December 2018				
USD (10% movement)	204	(204)	204	(204)
31 December 2017				
USD (10% movement)	1,541	(1,541)	1,541	(1,541)

(c)(v) Interest rate risk

The Company adopts a policy of ensuring that all its interest rate risk exposure is at a fixed rate.

This eliminates the variability in the risks and returns on the Company's interest bearing assets and liabilities.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share insurance which is taken out to reduce the overall exposure of the Company to certain classes of business. On-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The Company principally issues the following types of general insurance contracts: fire, motor, bond, personal accident, aviation, marine and oil and gas. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedure and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. Hurricanes, earthquakes and flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

We have adopted actuarial methods and assumptions that are consistent with those used in prior years. The level of reserve was determined after data cleansing by using our internationally accepted actuarial models

The calculation of the reserves was conducted on both deterministic (assuming average historic experience would be reflected in the future experience without attaching probability or level of uncertainty of variations around such experience) and stochastic (allowing for likely future variation around the average expected experience) and stochastic approach uses Bootstrap-Mark method

Chain Ladder Method (CL)

We have used the Chain Ladder method which is the most widely used method in loss reserving, and it is the starting point of the other reserving methods described in this report. The Chain Ladder also called Loss development triangle method uses statistical projection technique that relies on the setting of past known claim payments by year of origin (accident year) and year of payment (development year). Using historical claims paid for each class, we grouped the claims into 10 years cohorts, considering the age-age-claim amounts paid.

These cohorts are called loss development triangles. Each left - right diagonal represents the total loss amounts paid in that year for losses reported in each accident year. The age-to-age claim amounts are then accumulated from the origin year to the valuation date. The cumulated incremental paid claims (2008-2017) to the valuation date are then projected to their expected ultimate claim estimate, using factors called link ratios or development factors. The gross claim reserves are then derived from the difference between the cumulated actual paid claims and the estimated ultimate claim. Variants of the chain ladder method were exploited to reflect adequately the key characteristics of the risks being reserved for by the company.

The IACL is a variant of the chain ladder method and it could be used with allowance for time value of money (discounting or no discounting). Under this method, the historical age -to- age paid claims are increased in line with relevant inflation index from their accident year of or payment to the valuation year before being cumulated. The cumulated payments in money terms of the valuation year are projected into the future. The decumulated payments are then projected forward to their expected year of payment and ultimate claim estimate, allowing for future inflation. Published year - to - year inflation factors used in our projection is as stated in the assumptions section of this report. We have calculated for two types of this

Expected Loss Ratio Method

We estimated the ultimate loss ratio from historical data for each class of business and multiplied this by the earned premium for that class in each accident year to obtain the ultimate claim for each accident year. In arriving at the historical loss ratio, we considered the underwriter's views. We then deducted the actual paid claim amount to date to give the required outstanding claim reserve. This approach is considered appropriate for as it is not affected by distortions in data and although it is simplistic but gives an approximate estimate. We applied this method for classes where there is no sufficient mass of data to generate credible results using other more sophisticated methods.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The estimated technical reserves are derived statically through analysing the company's non-life policy data for policies underwritten and emerging claims over each of the past 6 (six) underwriting years.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

In Thousands of naira	31-Dec-18	31-Dec-17
Fixed-rate instruments		
Cash deposit	133,982	483,757
Money market placement	4,431,460	4,119,141
Held-to maturity	700,941	839,056
	5,266,383	5,441,954

Cashflow sensitivity analysis for fixed-rate instruments

	Profit or 100bp increase	loss 100bp decrease	Equity, 100bp increase	net of tax 100bp decrease
Effect in thousands of naira				
31 December 2018				
Financial instruments	526,638	(526,638)	369,475	(369,475)
	526,638	(526,638)	369,475	(369,475)
31 December 2017				
Financial instruments	544,195	(544,195)	404,095	(404,095)
	544,195	(544,195)	404,095	(404,095)

The analysis assumes that all other variables, in particular, foreign currency exchange rates remain constant.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

The Company is exposed to equity price risk, which arises from available-for-sale equity securities held for partially meeting the claims and benefits obligations.

The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices.

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

The primary goal of the Company's investment strategy is to maximise investment returns, both to partially meet the Company's claims and benefits obligations and to improve its returns in general.

Sensitivity analysis - Equity price risk

The Company's has equity investments some of which are listed on the Nigeria Stock Exchange and are classified as fair value through profit or loss. A 2% increase in the share price of those equities at the reporting date would have increased equity by N 1.100 million after tax (2017: N1.188million). An equal change in the opposite direction would have reduced equity by N1.100 million after tax (2017: N1.188million).

Inflation Adjusted Cumulative Chain Ladder Paid Claims Triangle – Motor Class

Inflation Adjusted Incremental Chain Ladder's Paid Claim Amount (in N'000) by Development Year							
Accident Year	1	2	3	4	5	6	7
2012	114,969	211,187	211,432	211,432	211,432	211,432	211,432
2013	143,415	206,276	206,571	206,571	206,571	206,571	
2014	207,488	283,263	301,086	301,086	301,086		
2015	136,603	194,743	195,838	197,506			
2016	110,193	146,967	148,267				
2017	45,392	56,716					
2018	84,313						

Fire paid claims amount allowing for inflation to 2018 money terms

Inflation Adjusted Incremental Chain Ladder's Paid Claim Amount(in N'000) by Development Year							
Accident Year	1	2	3	4	5	6	7
2012	45,927	142,143	142,143	142,143	142,143	142,143	142,143
2013	143,415	149,920	150,957	150,957	150,957	150,957	
2014	21,824	34,477	47,657	115,589	174,695		
2015	60,394	66,310	67,555	67,555			
2016	65,453	130,008	130,347				
2017	9,582	12,970					
2018	30,510						

General accident paid claims amount allowing for inflation to 2018 money terms

Cumulative Incremental Chain Ladder Paid Claim Amount (in N'000) by Development Year							
Accident Year	1	2	3	4	5	6	7
2012	72,168	42,031	28,278	985	322	-	-
2013	32,023	56,478	8,566	2,034	1,943	1,413	
2014	53,767	153,446	254,970	1,435	489		
2015	25,705	41,061	7,550	4,134			
2016	50,849	9,533	5,011				
2017	20,361	20,974					
2018	75,047						

Inflation Adjusted Incremental Chain Ladder's Paid Claim Amount(in N'000) by Development Year (Marine)							
Accident Year	1	2	3	4	5	6	7
2012	90	196	-	-	-	-	-
2013	444	130,810	-	-	-	-	
2014	9,787	6,844	23,080	-	-	-	
2015	43,717	260	191	69	-	-	
2016	1,023	6,600	-	-	-	-	
2017	9,971	651					
2018	904						

Incremental Chain Ladder's Claim payments (in N'000) by Development Year (engineering)

Incremental Chain Ladder's Claim payments (in N'000) by Development Year (engineering)							
Accident Year	1	2	3	4	5	6	7
2012	4,666	314,422	90	2,442	1,131	-	-
2013	6,998	9,346	1,245	15	3,844	-	
2014	26,301	7,911	3,378	2	-		
2015	7,646	109,700	2,111	2,333			
2016	4,790	23,419	16,389				
2017	39,630	54,776					
2018	78,342						

Illustration of expected loss ratio (oil and gas)

Accident Year	Gross Earned Premium (N'000)	Claims Paid till date (N'000)	Total O/s as at 31 Dec 2018 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/s Claim Reserves (N'000)
2012	593,488	12,219	82,807	95,026	16.00%	18.00%	106,895	94,677
2013	740,564	115,536	94,443	209,979	28%	30.90%	228,493	112,957
2014	1,027,446	109,469	83,120	192,589	19%	21.20%	218,275	108,806
2015	1,134,888	2,219	139,614	141,834	12.50%	15.50%	175,880	173,661
2016	1,044,042	221,372	163,529	384,901	37%	39.90%	416,222	194,850
2017	1,170,381	162,007	228,185	390,192	33%	36.30%	425,303.22	263,296
2018	949,530	16,842	6,483	23,325	2%	27%	256,076.48	239,235
Total	6,660,339	639,663	798,181	1,437,845				1,187,482
						''	Discounted	887,057

Illustration of expected loss ratio (aviation)

	Gross Earned Premium (NGN'000)	Claims Paid till date (NGN'000)	Total O/S as at 31 Dec 2018(NGN'000)	Current Incurred(NGN'000)	Current Loss Ratio	Ultimate Losses Ratio	Ultimate Losses(NGN'000)	O/S Claim Reserves(NGN'00)
2012	88,979	3,498		3,498	4%	4%	3,498	-
2013	90,686	10,885	3,937	14,822	16%	17%	15,275	4,390
2014	69,950	13,698	11,810	25,508	36%	44%	31,104	17,406
2015	57,601	9,875	18,136	28,010	49%	59%	33,770	23,896
2016	63,768	24,247	16,908	41,156	65%	70%	44,344.12	20,097
2017	32,360	8,266	23,394	31,660	98%	113%	36,514	28,248
2018	40,250	17,759	11,810	29,568	73%	93%	37,618.38	19,860
Total	443,594	88,228	85,995	174,223				113,897
							Discounted	95,975

Illustration of expected loss ratio (bond)

Accident year	Gross Earned Premium (NGN'000)	Claims Paid till date (NGN'000)	Total O/s as at 31 Dec-18 (NGN'000)	Current Incurred (NGN'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (NGN'000)	O/s Claim Reserves (NGN'000)
2012	22,472	-	-	-	0.00%	0%	-	-
2013	54,541	-	-	-	0.00%	0.00%	-	-
2014	26,282	-	-	-	0.00%	0%	-	-
2015	7,779	-	-	-	0.00%	0%	-	-
2016	418	-	-	-	0.00%	0%	-	-
2017	4,511	-	-	-	0.00%	0.00%	-	-
2018	40,610	-	-	-	0.00%	2%	812	812
Total	156,614	-	-	-			812	812
							Discounted	641

VERITAS CAPITAL ASSURANCE PLC

*Financial Statements
For the year ended 31 DECEMBER 2018*

PARENT UNDERWRITING REVENUE ACCOUNT
for the year ended December 31, 2018

	FIRE N'000	G/ACCID ENT N'000	MARINE N'000	MOTOR N'000	OIL & GAS N'000	AVIATION N'000	ENGINEERING N'000	BOND N'000	2018 N'000	2017 N'000
INCOME										
Direct premium	558,302	230,599	155,041	536,030	996,698	41,646	420,502	65,566	3,004,383	2,298,200
Inward premium	31,197	69,772	10,274	15,409	17,107	2,897	87,730	-	234,386	22,568
Gross premium written	589,499	300,371	165,315	551,439	1,013,804	44,543	508,231	65,566	3,238,769	2,320,768
(Increase)/Decrease in provision for	188,415	22,723	37,250	47,814	61,798	4,387	(6,833)	25,527	381,081	27,103
Gross premium earned	401,084	277,647	128,065	503,625	952,006	40,156	515,064	40,066	2,857,688	2,293,665
Outward premium	(71,649)	(78,959)	(41,072)	(220,399)	(272,023)	(6,899)	(163,043)	(16,358)	(870,404)	(591,054)
Net Premium earned	329,435	198,688	86,993	283,225	679,983	33,257	352,020	23,708	1,987,285	1,702,611
Commission Received	41,744	18,398	15,717	4,794	(31,748)	6,340	55,722	852	111,819	48,187
TOTAL OPERATING INCOME	371,179	217,086	102,710	288,019	648,234	39,595	407,742	24,558	2,099,104	1,750,798
Claims Expenses										
Gross claims paid	(87,615)	(100,896)	(1,541)	(92,556)	(191,888)	(31,758)	(151,841)		(658,096)	(539,400)
Increase/(Decrease) in provision for outstanding claims	24,784	90,553	(157,107)	26,268	(303,973)	(36,164)	45,452	(736)	(310,925)	(653,920)
Gross claims incurred	(62,831)	(10,343)	(158,649)	(66,288)	(495,862)	(67,922)	(106,389)	(736)	(969,020)	(1,193,320)
Reinsurance claims recoveries	194,230	8,842	38,845	45,232	29,587	8,252	(26,926)	6,553	304,616	62,446
Net claims incurred	131,399	(1,501)	(119,803)	(21,056)	(466,275)	(59,670)	(133,315)	5,816	(664,405)	(1,130,874)
Underwriting Expenses										
Acquisition cost	(22,561)	(16,824)	(7,211)	(18,618)	(61,361)	(2,162)	(28,286)	(2,508)	(159,531)	(153,005)
Maintenance cost	(41,898)	(39,255)	(19,497)	(37,800)	(174,460)	(5,844)	(76,477)	(6,781)	(402,013)	(390,136)
	(64,459)	(56,079)	(26,708)	(56,418)	(235,821)	(8,006)	(104,762)	(9,290)	(561,543)	(543,141)
TOTAL DIRECT EXPENSES	66,940	(57,580)	(146,512)	(77,475)	(702,096)	(67,676)	(238,078)	(3,473)	(1,225,948)	(1,674,015)
UNDERWRITING PROFIT:										
2018	438,119	159,506	(43,802)	210,544	(53,862)	(28,081)	169,664	21,085	873,156	76,784

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

Other national disclosures
Value added statement

	Group 2018 N'000	%	Group 2017 N'000	%	Parent 2018 N'000	%	Parent 2017 N'000	%
Gross premium income	2,952,515		2,384,096		2,857,688		2,294,693	
Investment Income	1,491,035		1,473,525		508,403		515,661	
Other income	434,100		202,767		255,163		90,859	
Reinsurance claims, commission and operating expenses	(3,521,510)		(3,574,475)		(2,764,693)		(3,096,031)	
Value added	1,356,140	100	485,913	100	856,561	100	(194,818)	100
Applied to pay								
Staff cost	1,408,787	103	889,595	183	775,161	90	448,315	-
Government as tax	432,371	32	142,037	29	272,513	32	117,834	(60)
To provider finance								
Shareholders as dividend								
Retained in the business								
Depreciation and amortisation	209,538	15	154,922	32	132,181	15	101,136	(52)
Retained profit for the year	(694,557)	(50)	(700,641)	(144)	(323,295)	(38)	(862,103)	443
	<u>1,356,140</u>	<u>100</u>	<u>485,913</u>	<u>100</u>	<u>856,561</u>	<u>100</u>	<u>(194,819)</u>	<u>100</u>

Other national disclosures

GROUP FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	4,549,657	4,602,898	4,691,391	5,393,268	4,520,160
Financial assets	788,376	931,286	1,084,689	431,448	677,150
Trade receivables	-	6,678	-	1,723	8,138
Reinsurance assets	643,363	216,302	144,579	193,019	372,041
Deferred acquisition cost	161,294	98,318	90,191	137,687	116,152
Other receivables and prepayments	548,071	539,675	494,120	336,713	115,428
Investment in subsidiaries	-	-	-	-	-
Investment in associates	-	-	-	-	1,010,650
Investment properties	880,201	880,201	676,201	576,609	529,400
Goodwill and other intangible asset	386,444	386,444	386,444	386,444	499,680
Intangible assets- Software	77,450	90,582	93,675	88,558	
Property, plant and equipment	3,654,376	3,183,537	3,183,747	2,390,589	2,667,085
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Deferred tax asset	-	43,721	46,403	85,369	
Total assets	12,044,232	11,334,642	11,246,440	10,376,427	10,870,884
LIABILITIES					
Insurance contract liabilities	2,331,582	1,687,994	1,007,068	983,522	827,805
Trade payables	115,467	43,520	9,024	1,933	20,486
Employees retirement benefit obligations	9,581	7,272	-	78,581	70,941
Provision and other payables	530,176	363,639	279,401	245,159	256,239
Income tax liabilities	93,994	82,442	68,452	97,785	71,423
Deferred tax liabilities	607,046	299,016	262,624	181,321	15,149
Total liabilities	3,687,846	2,483,883	1,626,569	1,588,301	1,262,043
EQUITY					
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	851,335	754,172	684,549	623,627	543,715
Retained earnings	(2,358,811)	(1,620,172)	(732,208)	(672,173)	119,701
Asset revaluation reserve	1,773,781	1,559,768	1,559,768	837,605	988,902
Fair value reserve	34,501	34,923	33,725	-	-
Non-Controlling interest(NCI)	458,648	525,135	477,104	402,134	359,590
Shareholders fund	8,356,386	8,850,759	9,619,871	8,788,126	9,608,841
TOTAL LIABILITIES AND EQUITY	12,044,232	11,334,642	11,246,440	10,376,427	10,870,884
Gross premium written	3,333,642	2,411,074	2,110,768	2,651,717	3,032,045
Underwriting Profit	896,749	102,134	473,460	1,043,957	1,831,517
Profit/ (loss) before taxation.	(262,186)	(558,604)	408,911	441,617	158,665
Taxation	(432,371)	(142,037)	(123,225)	(119,636)	(59,672)
Profit after taxation	(694,557)	(700,641)	285,686	321,981	98,993

Other national disclosures

PARENT FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	3,981,106	3,756,993	4,037,438	4,365,288	3,748,359
Financial assets	87,435	92,230	162,666	133,223	293,947
Trade receivables	-	6,678	-	1,723	8,138
Reinsurance assets	643,363	216,302	144,579	193,019	372,041
Deferred acquisition cost	161,294	98,318	90,191	137,687	116,152
Other receivables and prepayments	596,921	335,483	331,801	226,120	162,264
Investment in subsidiaries	1,576,300	1,576,300	1,576,300	1,576,300	1,576,300
Investment in associates	-	-	-	-	1,010,650
Investment properties	880,201	880,201	676,201	576,609	529,400
Intangible asset	47,606	68,378	86,725	75,489	94,663
Property, plant and equipment	2,730,955	2,849,945	2,875,075	2,077,110	2,279,207
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Total assets	11,060,181	10,235,829	10,335,977	9,717,568	10,546,121
LIABILITIES					
Insurance contract liabilities	2,330,632	1,687,090	1,007,068	983,522	827,805
Trade payables	115,467	43,520	9,024	1,933	20,486
Employees retirement benefit obligations	-	-	-	78,581	70,941
Provision and other payables	274,050	276,807	218,677	164,829	190,648
Income tax liabilities	56,815	42,600	19,883	65,359	47,012
Deferred tax liabilities	501,814	292,730	258,004	177,764	194,576
Total liabilities	3,278,778	2,342,746	1,512,656	1,471,988	1,351,468
EQUITY					
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	851,335	754,172	684,549	623,267	543,715
Retained earnings	(2,475,146)	(2,052,713)	(1,051,655)	(812,225)	65,103
Asset revaluation reserve	1,773,780	1,559,768	1,559,769	837,605	988,902
Fair value reserve	34,501	34,923	33,725		
Shareholders fund	7,781,403	7,893,083	8,823,321	8,245,580	9,194,653
TOTAL LIABILITIES AND EQUITY	11,060,181	10,235,829	10,335,977	9,717,568	10,546,121
Gross premium written	3,238,769	2,320,768	2,042,788	2,651,717	3,032,045
Underwriting Profit(Loss)	873,154	76,784	451,738	1,043,957	1,385,837
Profit/(loss) before taxation.	(50,782)	(744,268)	85,175	411,081	175,023
Taxation	(272,513)	(117,834)	(54,283)	(70,578)	(33,547)
Profit(loss) after taxation	(323,295)	(862,102)	30,892	340,503	141,476