



**EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES**

**INTERIM FINANCIAL STATEMENTS  
31 MARCH, 2017**



## **EQUITY ASSURANCE PLC**

### **Introduction**

Equity Assurance Plc's Financial statements comply with the applicable legal requirements of the Companies and Allied Matters Act CAP C20 LFN 2014 regarding financial statements and comprises Financial Statements for the period ended 31 March, 2017. The financial statements have been prepared in compliance with IAS 34- Interim Financial Reporting.

## EQUITY ASSURANCE PLC

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## EQUITY ASSURANCE PLC AND ITS SUBSIDIARIES

### CORPORATE INFORMATION

#### BOARD OF DIRECTORS

Mr Kyari Bukar	-	Chairman
Mr. Godwin Alegieuno		
Mr. Philippe Ayivor		
Mr. Ibikunle Balogun		
Mr. Mohammed Bah		
Mr Karim-Franck Dione		ED, Strategy & Performance Management
Mr Samuel Ogbodu		ED, Technical & Operations
Mr. Olanrewaju Ogunbanjo		
Mr Almany Timite		
Mr. Morufu Apampa	-	MD /CEO

#### COMPANY SECRETARY

*John Nkemakonam Akujjeze*  
Plot 1196, Bishop Oluwole street  
Victoria Island, Lagos

#### REGISTERED OFFICE

Equity Place  
Plot 1196, Bishop Oluwole Street  
Victoria Island, Lagos

RC No:	-	65443
FRC Registration no:	-	FRC/2012/0000000000408

#### REGISTRARS AND TRANSFER OFFICE

Apel Capital & Trust Limited  
18 Nnobi Street  
Surulere  
Lagos

#### BANKERS

Access Bank Plc  
Diamond Bank Plc  
Ecobank Nigeria Limited  
First Bank of Nigeria Limited  
First City Monument Bank  
Fidelity Bank Plc  
Guaranty Trust Bank Plc  
Heritage Bank Plc  
Skye Bank Plc  
Sterling Bank Plc  
Union Bank of Nigeria Plc  
United Bank for Africa Plc  
Unity Bank Plc  
Wema Bank Plc  
Zenith Bank Plc

#### RE-INSURERS

Munich Mauritius Reinsurance Co. Ltd  
African Reinsurance Corporation  
Continental Reinsurance Plc  
Nigerian Reinsurance Corporation

#### ACTUARIES

HR Nigeria Limited

#### EXTERNAL AUDITORS

#### BDO PROFESSIONAL SERVICES

ADOL House  
15 CIPM Avenue  
Central Business District, Alausa, Ikeja  
Lagos, Nigeria.

## **EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017**

#### **1 REPORTING ENTITY**

These financial statements are the consolidated financial statements of Equity Assurance Plc, a Company incorporated in Nigeria and its subsidiaries (hereafter referred to as 'the Group').

The Company was incorporated in Nigeria as a private limited liability company, on December 13, 1984 to carry out non-life insurance business and was converted to a Public Liability Company in 1985.

The principal activities of the Group is mainly the provision of non-life insurance, health management, assets management and hospitality services.

#### **2 BASIS OF PREPARATION**

##### **(a) GOING CONCERN**

These 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 due to sufficient capital adequacy ratio and projected liquidity, 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 by the group to ensure that there are no going concerns threats to the operation of the group.

##### **(b) STATEMENT OF COMPLIANCE WITH IAS 34**

These interim financial statements have been prepared in accordance with IAS 34.

##### **(c) BASIS OF MEASUREMENTS**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, available-for-sale investments, financial assets and liabilities (including derivatives) at fair value through income.

##### **(d) FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the consolidated financial statement of each entity of the group are measured using the currency that best reflects the economic substance of the underlying events and circumstance relevant to that entity(" the functional currency"). These consolidated financial statements are presented in Nigerian Naira(N), which is the Company's functional currency.

#### **3 SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and in preparing an opening IFRS statement of financial position at 1 January, 2011 for the purpose of the transition to IFRSs. The accounting policies have been consistently applied by the Group entities.

##### **3.1 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

#### 3.2 FINANCIAL ASSETS

##### 3.2.1 Classification of financial assets

The Group classifies its financial assets into the following categories:

- (a) Financial assets at fair value through profit or loss
- (b) Available-for-sale financial assets
- (c) Loans and receivables
- (d) Held-to-maturity financial assets

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

A financial asset is classified into the 'financial assets at fair value through income category at inception if acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

##### (a) Fair value through profit or loss

Fair value through profit or loss financial assets can be classified into two sub-categories, namely:

- i) those which are held for trading, and
- ii) those designated at fair value through profit or loss at inception.

##### *(i) Held-for-trading*

A financial asset must be classified as fair value through profit or loss when the instrument is deemed to be held-for-trading.

Management designates a financial instrument which is held-for-trading to any other category of financial instruments (eg. as available-for-sale or held-to-maturity) if it

- i. is acquired principally for the purpose of selling in the short-term, or
- ii. forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking

##### *(ii) Other financial assets designated at fair value through profit or loss*

Management may elect to designate any financial asset at fair value through profit or loss. Such a designation by management may only be made at initial recognition and is an irrevocable decision. Two possible situations where management may want to designate financial instruments which are not held-for-trading are as follows:

- Instruments held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; and
- Instruments managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel. The company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

#### (b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either designated as such by management in this category or not classified in any of the other categories. Unquoted equity securities whose fair values cannot be reliably measured are carried at cost less impairment allowance if any. All other available -for- sale investments are carried at fair value. Dividends received on Available-for-sale financial assets are recognized in the statement of profit or loss and other comprehensive income in the period in which the dividends are approved by the investee Company's shareholders in the annual general meeting and the Group's right to receive payment has been established. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss. A non- derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

#### (c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through income or available for sale. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of loans and receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to their original terms. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

#### (d) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. These assets are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of debt securities held to maturity is established when there is objective evidence that the company will not be able to collect all amounts due according to their original terms.

### 3.2.2 Measurement

Regular-way purchases and sales of financial assets are recognized on trade-date which is the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus, in the case of all financial instruments not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to cash flows from them have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realized gains/losses on financial assets.

## **EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017**

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the company's right to receive payments is established. Both are included in the investment income line.

#### **3.2.3 De-recognition**

The Group derecognizes a financial asset when the contractual rights to the cashflows from the financial asset expire, or when it transfers the rights to receive contractual cashflows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

#### **3.2.4 Amortized cost measurement**

The amortized 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 amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

#### **3.2.5 Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and liabilities is based on quoted market prices readily available in major exchanges ( for example, NSE, LSE).

For all other financial instruments , fair value is determined using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model making maximum use of market inputs and relying as little as possible on entity-specific inputs.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

### **3.3 TRADE RECEIVABLES**

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment.

### **3.4 IMPAIRMENT OF FINANCIAL ASSETS**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financials is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(a loss event) and that loss event (or events) has an impact on the estimated future cashflows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- (i) significant financial difficulty of the issuer or debtor
- (ii) it becomes probable that the premium debtors will enter bankruptcy or other financial re-organization



## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

- (iii) a breach of contract, such as a default or delinquency in interest or principal payments
- (iv) deterioration of the borrower's competitive position
- (v) deterioration in the value of collaterals
- (vi) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group

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

- (a) For assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Asset that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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 recognized in the consolidated income statement.

- (b) For assets classified as available for sale, the Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting into the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.
- (c) Trade receivables - They are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period, the amount of the impairment loss

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit and loss.

#### 3.5 IMPAIRMENT OF NON- FINANCIAL ASSETS

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value- in- use and fair value less costs to sell, the asset is written down accordingly.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows. The Company has two cash-generating units for which impairment testing is performed. Impairment charges are included in profit or loss except to the extent they reverse gains previously recognized in other comprehensive income.

Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually, regardless of any indicators an impairment of goodwill will not be reversed.

#### 3.6 PREPAYMENTS

Prepayments are carried at cost less accumulated impairment losses.

#### 3.7 CONSOLIDATION

##### *(i) 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 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- company 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.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

#### *(ii) Disposal of subsidiaries*

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

#### *(iii) Special purpose entities*

Special purpose entities that are created to accomplish a narrow and well- defined objective such as the securitisation of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee.

The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

### **3.8 INVESTMENT PROPERTIES**

Properties that are held for long-term rental yields or for capital appreciation or both and that are insignificantly occupied by the entities in the consolidated group are classified as investment properties. These properties consist of office and residential buildings. The Group considers the owner-occupied portion as insignificant when it occupies less than 20 percent. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the date of the consolidated statement of financial position.

Gains or losses arising from the changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the assets carrying amount 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. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The fair value of investment property is based on the nature, location and condition of the specific asset.

Rent receivable is recognized in profit or loss and is spread on a straight-line basis over the period of the lease. Where lease incentive, such as a rent free period are given to a Lessee, the carrying value of the related investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

#### 3.9 INTANGIBLE ASSETS

##### (i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

##### (ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the company acquired at the date of acquisition. Goodwill is tested annually for impairment and carried as cost less accumulated impairment losses. Impairment losses in goodwill are not reversed.

##### (iii) Amortization of investment in Equity Resort Hotel Limited

The Company's investment in Equity Resort Hotel Limited will be written off over the concession period of 25 years and is tested annually for possible impairment.

#### 3.10 PROPERTY, PLANT AND EQUIPMENT

##### (i) Recognition and measurement

Property, Plant & Equipment are initially recorded at cost. Land and building are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

All other Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of anyt and Equipment. Any increase in assets carrying amount, as a result of gains/losses on qualifying cash flow hedges of foreign currency purchases of Property, Plan revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognized in Profit or Loss to the extent that it reverses reduction decrease of the same asset previously recognised in Profit or Loss.

##### (ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets. Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. The average useful lives per class of asset are as follows:

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

<b>Assets class</b>	<b>Average useful life</b>
Buildings	50 years
Office equipment	5 years
Furniture and fittings	5 years
Motor Vehicles	5 years

#### **(iv) De-recognition**

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognized.

#### **3.11 LEASES**

Leases are accounted for in accordance with IAS 17 AND IFRIC 4. They are divided into finance and operating leases respectively.

##### **(a) When the Group is the Lessee**

###### **(i) Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

###### **(ii) Finance lease**

Leases, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

##### **(b) When the Group is the Lessor**

When assets are held subject to a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return.

#### **3.12 STATUTORY DEPOSIT**

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

#### **3.13 INSURANCE CONTRACT**

The Group underwrites risks that individuals, corporate and other entities wish to transfer to an insurer. These risks relate to property, personal accident, motor, liability, marine and other perils which may arise from an insured event. The company is therefore exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The major risk is that the frequency and severity of claims may be greater than estimated or expected. The Group is engaged in the general and health insurance businesses and most of the risks it underwrites are insurance which claims are settled within one year of the occurrence of the events giving rise to the claims.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

In accordance with IFRS 4 on insurance contracts, the Company has continued to apply certain accounting policies which are applied in accordance with pre-changeover Nigeria GAAP.

#### Recognition and Measurement of Insurance Contracts

- i Gross written premium**  
Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium.
- ii Gross premium earned**  
Gross premium earned is stated at premium written on direct and indirect business after deducting premium relating to unexpired risks which is determined on time apportionment basis.
- iii Net premium earned**  
Net premium represents total amount invoiced to policy holders less reinsurance and is recognized as an income from the date of attachment of risk.
- iv Reinsurance premium**  
The Group cedes reinsurance in the normal course of business with retention limits varying by line of business for the purpose of limiting its net loss potential. Reinsurance arrangements however do not relieve the Company from its direct obligation to its policy holders. This is recognized as an expense or deduction from the gross premium and it relates to premium on business ceded on treaty and facultative and is recognized on part apportionment basis.
- v Commission earned**  
Commissions earned are recognized on ceding businesses to the reinsurers and other insurance companies and are credited to the income statement.
- vi Commission expenses**  
Commission expenses are brokerage fees paid to brokers and agents which are certain percentages based on the class of business underwritten as below:
- | Class of business | %    |
|-------------------|------|
| Motor             | 12.5 |
| General Accident  | 20   |
| Marine            | 20   |
| Fire              | 20   |
- vii Maintenance expenses**  
Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the revenue account in the accounting period in which they are incurred.
- viii Operating expenses**  
Operating expenses are expenses other than claims, investment and underwriting expenses. They include salaries and wages, depreciation expenses and other expenses, they are accounted for on an accrual basis.
- ix Claims and loss adjustment expenses**  
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 claim 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.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

Liabilities for unpaid claim 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).

#### **x 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 clients property (i.e. subrogation right).

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

#### **xi 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 the insurance contracts in accounting policy 4 are classified as reinsurance contracts held. Contract 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. Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. 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.

The Group assesses its reinsurance assets for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

#### **xii Deferred acquisition cost**

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

#### **xiii Receivables and payables related to insurance contracts**

Receivables and payables are recognised when due. These include amounts due to and 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 used for these financial assets. These processes are described in accounting policy.

### **3.14 Technical Reserves**

Technical Reserves are statutory amounts which are computed in accordance with the provisions of Sections 20(1) (a) of the Insurance Act of Nigeria CAP 117 LFN 2004 as follows:

## **EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017**

#### **a) Insurance Funds**

##### **i) Reserves for unearned premium**

Reserve for unearned premium is made on the basis of percentage of net premiums written on time apportionment in accordance with section 20(1) (a) of the Insurance Act of Nigeria CAP 117 LFN 2004.  
2004

##### **ii) Reserve for outstanding claims**

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

##### **iii) Reserves for unexpired risk**

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve ("UPR")

#### **b) Liability adequacy test**

This is an assessment of whether the carrying amount of an insurance liability needs to be increased ( or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cashflows. At each reporting date the Company performs a liability adequacy test on its insurance liabilities less deferred policy acquisition expenses to ensure that the carrying amount is adequate. If the assessment shows that the carrying amount is inadequate, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position at amortised cost. The impairment loss is calculated under the same method.

The provisions of the Insurance Act 2003 requires an actuarial valuation for life 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 well serves the Company's prudential concerns.

#### **3.15 TRADE AND OTHER PAYABLES**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised 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.

#### **3.16 BORROWINGS**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds(net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized 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 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 prepayment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 month after the date of the statement of financial position.

#### **3.17 INCOME TAX**

Income tax expense comprises of current and deferred tax



## **EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017**

#### **(i) Current income tax**

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity for example, current tax on available-for-sale investment.

#### **(ii) Deferred income tax**

Deferred income tax is provided using liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

- (a) Temporary differences arising on the initial recognition of goodwill
- (b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- (c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### **3.18 SHARE CAPITAL AND PREMIUM**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Company raises in excess of par value.

#### **3.19 TREASURY SHARES**

Where any member of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

#### **3.20 CONTINGENCY RESERVE**

Contingency reserve is credited at the higher of 3% of total premiums during the year and 20% of net profit per year, until it reaches the higher of the minimum paid up capital or 50% of net premium in accordance with Section 21 (2) of the Insurance Act of Nigeria CAP 117 LFN 2004.

## **EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017**

#### **3.21 ASSET REVALUATION RESERVES**

When the group's land and building are revalued by independent professional valuer, surpluses arising on the revaluation of these assets are credited to the asset revaluation reserve account. When assets previously revalued are disposed off, any revaluation surplus relating to the disposed assets is transferred to the income statement.

#### **3.22 RETAINED EARNINGS**

This represents the amount available for dividend distribution to the equity shareholders of the Company.

#### **3.23 NON-CONTROLLING INTEREST**

The group applies IAS 27- Consolidated and Separate Financial Statements in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore, no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

#### **3.24 EARNINGS PER SHARE**

The group presents basic earnings per share ( EPS ) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Group. 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.

#### **3.25 DIVIDENDS**

Dividends on the company's ordinary share are recognized in equity in the period in which they are approved by the company's shareholders. Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the year which the dividend is approved by the company's shareholders.

#### **3.26 REVENUE RECOGNITION**

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognized as follows:

- (a) Rendering services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.
- (b) Dividend income: Dividend income for available-for sale equities is recognised when the right to receive payment is established, this is the ex- dividend date for equity securities.

#### **3.27 REINSURANCE EXPENSES**

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

#### **3.28 UNDERWRITING EXPENSES**

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expense are those incurred in servicing existing policies/contract.

## **EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017**

#### **3.29 EMPLOYEE BENEFIT EXPENSES**

##### **(a) Defined contribution plans**

The Group operates a defined contributory pension scheme for eligible employees. Employees and the Group contribute 7.5% each of the qualifying staff's salary in line with the provisions of the Pension Reform Act 2004. The Group pays contributions to pension fund administrator on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### **(b) Short-term benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

#### **3.30 INTEREST INCOME AND EXPENSES**

Interest income and expenses for all interest bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

#### **3.31 OTHER OPERATING EXPENSES**

Other expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include rents, professional fee, depreciation expenses and other non-operating expenses. Other operating expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service or at the date of their origin.

#### **3.32 SEGMENT REPORTING**

An operating segment is a component of the Group that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about is available. All costs that are directly traceable to the resources allocated to each segment and assess its performance, and for which discrete financial information operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

#### **3.33 FOREIGN CURRENCY TRANSLATION**

##### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's presentation currency.

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

## EQUITY ASSURANCE PLC AND SUBSIDIARY COMPANIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THREE MONTHS PERIOD ENDED 31 MARCH, 2017

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expense'.

#### *(c) Foreign Operations*

The results and financial position of all the subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position.
- ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

All resulting exchange differences are recognised in other comprehensive income.

#### **3.34 CONTINGENT LIABILITIES**

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 illegal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

## EQUITY ASSURANCE PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017  
(IN THOUSAND OF NIGERIAN NAIRA UNLESS OTHERWISE STATED)

	NOTES	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
<b>ASSETS</b>					
Cash and cash equivalents	1	3,970,754	3,599,976	3,371,512	3,083,899
Financial assets					
- At fair value through profit or loss	2	85,955	87,599	82,427	84,071
- Available-for-sale	2	36,008	36,008	36,008	36,008
- Held-to-maturity	2	-	-	-	-
Trade receivables	3	438,947	271,360	200,646	-
Reinsurance receivables	4	1,174,657	870,359	1,174,657	870,359
Deferred acquisition costs	5	161,099	95,863	161,099	95,863
Prepayments and other receivables	6	445,180	400,683	351,111	320,639
Investment in subsidiaries	7	-	-	659,624	659,624
Investment properties	8	360,327	351,400	310,327	301,400
Intangible assets	9	851,008	865,587	839,721	853,667
Property, plant and equipment	10	3,374,765	3,391,045	2,949,631	2,966,375
Statutory deposit	11	300,000	300,000	300,000	300,000
<b>Total assets</b>		<b>11,198,700</b>	<b>10,269,880</b>	<b>10,436,763</b>	<b>9,571,905</b>
<b>Liabilities</b>					
Insurance contract liabilities	12	2,902,698	2,577,030	2,902,698	2,577,030
Trade payables	13	215,402	36,031	200,973	13,132
Other payables	14	1,031,617	950,747	825,857	786,076
Deposit for shares	15	18,179	18,179	-	-
Borrowings	16	1,138,564	1,133,538	1,140,822	1,136,033
Income tax liabilities	17	184,984	143,456	120,525	89,625
Deferred tax	18	60,784	60,784	48,994	48,994
<b>Total liabilities</b>		<b>5,552,228</b>	<b>4,919,765</b>	<b>5,239,869</b>	<b>4,650,890</b>
<b>EQUITY</b>					
Paid up share capital	19	7,000,000	7,000,000	7,000,000	7,000,000
Share premium	20	1,023,465	1,023,465	1,023,465	1,023,465
Contingency reserves	21	825,538	792,147	825,538	792,147
Revaluation reserves	22	156,490	156,490	156,490	156,490
Available for sale reserve	23	250	250	250	250
Retained earnings	24	(3,563,051)	(3,821,545)	(3,808,849)	(4,051,337)
		5,442,692	5,150,807	5,196,894	4,921,015
<b>Non controlling interest</b>	25	<b>203,780</b>	<b>199,308</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>5,646,472</b>	<b>5,350,115</b>	<b>5,196,894</b>	<b>4,921,015</b>
<b>Total liabilities and equity</b>		<b>11,198,700</b>	<b>10,269,880</b>	<b>10,436,762</b>	<b>9,571,905</b>



Mr. Morufu Apampa  
FRC/2017/CIIN/00000016004  
Managing Director



Mr. Akeem Adamson  
FRC/2013/ICAN/00000002182  
Chief Financial Officer

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2017  
(IN THOUSAND OF NIGERIAN NAIRA UNLESS OTHERWISE STATED)

	NOTES	Group 3 Months ended 31-Mar-17	Group 3 Months ended 31-Mar-16	Company 3 Months ended 31-Mar-17	Company 3 Months ended 31-Mar-16
Gross premium written	26	1,224,512	1,389,651	1,113,017	708,263
Gross premium income	26	1,031,643	1,119,334	905,062	537,168
Re-insurance expenses		(131,729)	(225,499)	(131,729)	(143,427)
Net premium income	26	899,914	893,835	773,333	393,741
Commission income	27	24,233	32,822	24,233	13,444
Net underwriting income		924,147	926,657	797,566	407,185
Claims:					
Claims expenses (Gross)	28	308,573	427,586	259,664	193,754
Claims expenses recovered from reinsurers	28	(153,949)	(130,017)	(153,949)	(56,747)
Claims expenses (Net)	28	154,624	297,569	105,715	137,007
Underwriting expenses	29	201,721	242,021	195,630	119,154
Total underwriting expenses		356,345	539,590	301,345	256,161
Underwriting results		567,802	387,067	496,221	151,024
Net income from non-insurance subsidiaries	30	43,070	60,563	-	-
Investment income	31	112,494	120,032	95,646	70,439
Net realised gains on assets	32	29	-	29	-
Net fair value (loss) on financial assets	33	(1,681)	(20,926)	(1,681)	(20,926)
Other operating income	34	11,213	78,383	6,198	71,889
Employee benefit expenses		(128,707)	(195,118)	(89,349)	(108,041)
Impairment loss	35	(7,285)	(14,494)	-	-
Other operating expenses	36	(259,051)	(453,311)	(199,773)	(286,738)
Results of operating activities		337,884	(37,804)	307,291	(122,353)
Finance costs	37	-	(51,489)	(512)	(51,431)
Profit/(loss) before tax		337,884	(89,293)	306,779	(173,784)
Income tax expense		(41,528)	(43,095)	(30,900)	(12,099)
Profit/(loss) for the period		296,356	(132,388)	275,879	(185,883)
Profit attributable to:					
Owners of the parent		291,885	(161,215)	275,879	(185,883)
Non-controlling interests		4,471	28,827	-	-
		296,356	(132,388)	275,879	(185,883)
Other comprehensive income:					
<i>Items within OCI that may be reclassified to profit or loss</i>					
Gains on available for sale financial assets			-	-	-
Exchange difference on translation of foreign operations		-	(8,070)	-	-
<i>Items within OCI that may not be reclassified to profit or loss</i>					
Other comprehensive income for the period		-	(8,070)	-	-
Total comprehensive income for the period		296,356	(140,458)	275,879	(185,883)
Attributable to:					
Owners of the parent		291,885	(166,204)	275,879	(185,883)
Non-controlling interests		4,471	25,746	-	-
Total comprehensive income for the year		296,356	(140,458)	275,879	(185,883)
Earnings/(loss) per share:					
Basic Earnings /(loss) per share	38	2.1	(1.2)	2.0	(1.3)
Diluted Earnings/ (loss) per share	38	2.1	(1.2)	2.0	(1.3)

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED 31 MARCH 2017  
 IN THOUSANDS OF NIGERIAN NAIRA

Group	Share capital	Share premium	Revaluation reserves	Foreign currency reserves	Available for sale reserve	Contingency reserves	Retained Earnings	Total	Non-Controlling interest	Total Equity
<b>Balance at 1 January 2017</b>	7,000,000	1,023,465	156,490	-	250	792,147	(3,821,545)	5,150,807	199,309	5,350,116
<b>Total Comprehensive income for the year</b>										
Profit for the period	-	-	-	-	-	-	291,885	291,885	4,471	296,356
Transfer to contingency reserves	-	-	-	-	-	33,391	(33,391)	-	-	-
<b>Other comprehensive income:</b>										
Gain on available for sale financial assets	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	33,391	258,494	291,885	4,471	296,356
<b>Transactions with owners, recorded directly in equity contributions by and distributions to owners</b>										
Private placement costs	-	-	-	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31st March, 2017</b>	7,000,000	1,023,465	156,490	-	250	825,538	(3,563,051)	5,442,692	203,780	5,646,472

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2017  
IN THOUSANDS OF NIGERIAN NAIRA

Group	Share capital	Share premium	Revaluation reserves	Foreign currency reserves	Available for sale reserve	Contingency reserves	Retained Earnings	Total	Non-Controlling interest	Total Equity
Balance at 1 January 2016	7,000,000	1,023,465	168,890	(43,974)	-	837,291	(3,419,521)	5,566,151	435,779	6,001,930
<b>Total Comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	(161,214)	(161,214)	28,827	(132,387)
Transfer to contingency reserves	-	-	-	-	-	38,329	(38,329)	-	-	-
<b>Other comprehensive income:</b>										
Exchange difference on translation of foreign operations	-	-	-	(8,070)	-	-	-	(8,070)	-	(8,070)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,070)</b>	<b>-</b>	<b>38,329</b>	<b>(199,543)</b>	<b>(169,284)</b>	<b>28,827</b>	<b>(140,457)</b>
<b>Transactions with owners, recorded directly in equity contributions by and distributions to owners</b>										
Capitalisation of reserves -Bonus shares	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Transfer from share capital of Equity Assurance Limited, Ghana	-	-	-	-	-	-	-	-	-	-
Deposit for shares utilised	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2016</b>	<b>7,000,000</b>	<b>1,023,465</b>	<b>168,890</b>	<b>(52,044)</b>	<b>-</b>	<b>875,620</b>	<b>(3,619,064)</b>	<b>5,396,867</b>	<b>464,606</b>	<b>5,861,473</b>



## EQUITY ASSURANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017  
IN THOUSANDS OF NIGERIAN NAIRA

Company	Share capital	Share premium	Available for sale reserves	Revaluation reserves	Contingency reserves	Retained Earnings	Total
<b>Balance at 1 January 2017</b>	7,000,000	1,023,465	250	156,490	792,147	(4,051,337)	4,921,015
<b>Total Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	275,879	275,879
Transfer to contingency reserves	-	-	-	-	33,391	(33,391)	-
<b>Other comprehensive income:</b>							
Transfer to Available for Sale Reserve	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	33,391	242,488	275,879
<b>Transactions with owners, recorded directly in equity contributions by and distributions to owners</b>							
Increase in share capital from private placement	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>Balance at 31 March 2017</b>	7,000,000	1,023,465	250	156,490	825,538	(3,808,849)	5,196,894

EQUITY ASSURANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017  
IN THOUSANDS OF NIGERIAN NAIRA

	Share capital	Share premium	Available for sale reserves	Revaluation reserves	Contingency reserves	Retained Earnings	Total
<b>Balance at 1 January 2016</b>	7,000,000	1,023,465	(21,467)	168,890	731,725	(3,730,063)	5,172,550
<b>Total Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	(185,886)	(185,886)
Transfer to contingency reserves	-	-	-	-	21,248	(21,248)	-
<b>Other comprehensive income:</b>							
Transfer to Available for sale reserve	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	21,248	(207,134)	(185,886)
<b>Transactions with owners, recorded directly in equity contributions by and distributions to owners</b>							
Total transactions with owners	-	-	-	-	-	-	-
<b>Balance at 31 March 2016</b>	7,000,000	1,023,465	(21,467)	168,890	752,973	(3,937,197)	4,986,664



EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

STATEMENT OF CASHFLOWS  
FOR THE PERIOD ENDED 31 MARCH 2017  
(IN THOUSANDS OF NIGERIAN NAIRA)

	NOTES	Group 2017	Group 2016	Company 2017	Company 2016
Premium received from policy holders		1,059,420	1,385,329	912,371	695,991
Commission received		60,756	65,047	60,757	45,669
Receipt from reinsurance recovery		153,949	130,017	153,949	56,747
Claims paid		(190,861)	(438,345)	(141,952)	(212,166)
Maintenance cost		(9,796)	(24,440)	(9,796)	(24,440)
Reinsurance premium paid		(197,880)	(240,683)	(197,880)	(176,273)
Other operating income		6,561	77,975	1,546	71,481
Operating costs and payment to employees		(493,897)	(974,974)	(479,032)	(550,671)
Tax paid		-	(36,978)	-	(18,691)
<b>Net cash inflow from operating activities</b>		<b>388,252</b>	<b>(57,052)</b>	<b>299,963</b>	<b>(112,353)</b>
<b>Cash flows from investing activities</b>					
Additions to investment in subsidiaries		-	-	-	(37,030)
Additions to Investment properties	8	(8,927)	-	(8,927)	-
Additions to Intangible assets		-	(302)	-	-
Available-for-sale financial assets		-	-	-	-
Rental income	31	1,413	2,048	700	2,048
Dividend received	31	-	53	-	53
Proceeds from disposal of Property Plant & Equipment		4,706	408	4,706	408
Additions to property, plant and equipment	10	( 14,657 )	( 29,535 )	( 8,820 )	( 24,096 )
Additions to financial assets		( 992 )	-	( 992 )	-
Held to maturity investment		-	(49,901)	-	-
Proceeds from disposal of financial assets at fair value through profit or loss		983	-	983	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(17,474)</b>	<b>(77,229)</b>	<b>(12,350)</b>	<b>(58,617)</b>
<b>Cash flows from financing activities</b>					
Deposit for shares		-	8,160	-	-
Repayment of borrowings		-	-	-	-
Dividend Paid		-	-	-	-
<b>Net cash outflow from financing activities</b>		<b>-</b>	<b>8,160</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash</b>		<b>370,778</b>	<b>(126,121)</b>	<b>287,613</b>	<b>(170,970)</b>
<b>Cash and cash equivalents brought</b>		<b>3,599,976</b>	<b>3,558,032</b>	<b>3,083,899</b>	<b>3,130,376</b>
<b>Cash and cash equivalents carried</b>		<b>3,970,754</b>	<b>3,431,911</b>	<b>3,371,512</b>	<b>2,959,406</b>

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017  
IN THOUSANDS OF NIGERIAN NAIRA

1.0 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of less than 90 days.

	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Cash at bank and in hand	124,883	215,413	51,399	195,132
Short term deposits	3,845,871	3,384,563	3,320,113	2,888,767
	<u>3,970,754</u>	<u>3,599,976</u>	<u>3,371,512</u>	<u>3,083,899</u>
	=====	=====	=====	=====

Deposits with banks earned interest at floating rates based on the daily rates. Cash and deposits are available for use in the company's day-to-day operations.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

Cash at bank and in hand	3,970,754	3,599,976	3,371,512	3,083,899
Bank overdraft	-	-	-	-
	<u>3,970,754</u>	<u>3,599,976</u>	<u>3,371,512</u>	<u>3,083,899</u>
	=====	=====	=====	=====

2.0 FINANCIAL ASSETS

The Group's financial assets are summarized below by measurement category in the table below:

	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Fair value through profit or loss	85,955	87,599	82,427	84,071
Available- for-sale	36,008	36,008	36,008	36,008
Held-to-maturity	-	-	-	-
<b>Total financial assets</b>	<b>121,963</b>	<b>123,607</b>	<b>118,435</b>	<b>120,079</b>
<b>Current</b>	<b>85,955</b>	<b>87,599</b>	<b>82,427</b>	<b>84,071</b>
<b>Non-current</b>	<b>36,008</b>	<b>36,008</b>	<b>36,008</b>	<b>36,008</b>

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (CONT'D)  
IN THOUSANDS OF NIGERIAN NAIRA

3.0 TRADE RECEIVABLES	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
Insurance receivables (see below)	200,646	-	200,646	-
Other trade receivables	302,473	328,247		
Less: Provision for impairment:				
Insurance receivables (see below)	-	-	-	-
Other trade receivables (see below)	(64,172)	(56,887)	-	-
<b>TRADE RECEIVABLES</b>	<b>438,947</b>	<b>271,360</b>	<b>200,646</b>	<b>-</b>

3.1 The make up of the insurance receivables are as follows:

	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
Brokers	200,646	-	200,646	-
Agents	-	-	-	-
Direct clients	-	-	-	-
<b>Total</b>	<b>200,646</b>	<b>-</b>	<b>200,646</b>	<b>-</b>
Less: impairment from brokers	-	-	-	-
Less: impairment from agents	-	-	-	-
Less: impairment from direct clients	-	-	-	-
	<b>200,646</b>	<b>-</b>	<b>200,646</b>	<b>-</b>

4.0 REINSURANCE RECEIVABLES

	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
Total reinsurers' share of insurance liabilities	771,720	674,584	771,720	674,584
Prepaid re-insurance	402,937	195,775	402,937	195,775
	<b>1,174,657</b>	<b>870,359</b>	<b>1,174,657</b>	<b>870,359</b>

	Mar 2017	Dec 2016	Mar 2017	Dec 2016
The movement in prepaid reinsurance is as follows:				
Balance at January 1	195,775	350,009	195,775	247,314
Exchange difference		(3,475)		
Additions during the period	338,891	1,050,864	338,891	641,918
Released in the period	(131,729)	(1,041,254)	(131,729)	(693,457)
Derecognised asset- Equity Assurance, Ghana		(160,369)		
<b>Closing balance</b>	<b>402,937</b>	<b>195,775</b>	<b>402,937</b>	<b>195,775</b>

(i) Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

(ii) Reinsurance assets are not impaired as balances are set-off against payables from retrocession.

5.0 DEFERRED ACQUISITION COSTS

This represents commission on unearned premium relating to the unexpired tenure of risk and the movement in deferred acquisition costs is as follows:

	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
At 1 January	95,863	247,150	95,863	142,249
Exchange difference		18,729		
Additions in the period	251,070	884,124	251,070	376,122
Expensed during the period	(185,834)	(898,339)	(185,834)	(422,508)
Derecognised asset- Equity Assurance, Ghana		(155,801)		
<b>Closing balance</b>	<b>161,099</b>	<b>95,863</b>	<b>161,099</b>	<b>95,863</b>

Deferred policies acquisition expenses will be recognized as an expense within 12 months after the reporting date.

## EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (CONT'D)  
IN THOUSANDS OF NIGERIAN NAIRA

6.0 PREPAYMENTS AND OTHER RECEIVABLES	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Other receivables (Note 6.1)	131,228	140,753	79,169	79,236
Due from related companies (Note 6.2)	26,927	25,295	34,925	32,969
Due from Equity Resort hotel (Note 6.3)	169,561	168,912	169,561	168,912
Prepayments - staff	38,541	16,804	37,026	16,804
Prepayments - others	78,923	48,919	30,430	22,718
	445,180	400,683	351,111	320,639
Current	275,619	231,771	181,550	151,727
Non-current	169,561	168,912	169,561	168,912
<b>6.1 OTHER RECEIVABLES</b>				
Investment receivables	9,383	16,051	9,383	16,051
Withholding tax receivables	22,117	22,117	22,117	22,117
Other receivables	99,728	102,585	47,669	41,068
	131,228	140,753	79,169	79,236
<b>6.2 DUE FROM RELATED PARTIES</b>				
Managed Health Care Services Limited	-	-	8,773	7,674
Equity Micro Life Insurance Company Limited	1,761	1,761	1,761	1,761
Equity Assurance Limited, Ghana	21,963	21,963	21,963	21,963
Sunu Participation Holding SA	775	-	-	-
Equity Assurance Limited, Liberia	2,428	1,571	2,428	1,571
	26,927	25,295	34,925	32,969
<b>6.3 DUE FROM EQUITY RESORT HOTEL LIMITED</b>				
	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
At 1 January	168,912	160,369	168,912	159,469
Reimbursable expenses incurred	649	5,690	649	5,195
Repayment during the period	-	1,395	-	-
Profit/(loss) from concessionary arrangement	-	4,248	-	4,248
Closing balance	169,561	168,912	169,561	168,912
<b>7 INVESTMENT IN SUBSIDIARIES</b>				
	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
EA Capital Management Limited	-	-	278,294	278,294
Managed HealthCare Services Limited (MHS)	-	-	381,330	381,330
	-	-	659,624	659,624

**Principal subsidiary undertakings:**

The Group is controlled by Equity Assurance Plc "the company" (incorporated in Nigeria). The controlling interest of Equity Assurance Plc in the Group entities is disclosed in the table below:

Company name	Nature of business	% of equity capital controlled	
		Mar-17	Dec-16
EA Capital Management Limited	Asset	100	100
Managed HealthCare Services Limited	Health	67.56	67.56

Equity Assurance Plc has direct and indirect shareholding in Managed Healthcare Services totaling 67.56%. It has a direct shareholding of 55.83% with an indirect shareholding of 11.73% arising from the investment of its fully owned subsidiary named EA Capital Management Limited in Managed HealthCare Services Limited.

- EA Capital Management Limited was incorporated on October 29, 2008 as a private limited liability company primarily to carry on the business of finance leases to both individual and corporate clients. Its registered office is at Plot 1196 Bishop Oluwale Street, Victoria Island, Lagos, Nigeria.

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (CONT'D)  
 IN THOUSANDS OF NIGERIAN NAIRA

2. Managed HealthCare Services Limited was incorporated on December 11, 1997 to carry on the business of health management. It is a nationally licensed Health Management Organization(HMO), accredited by the National Health Insurance Scheme (NHIS). It has its head office at 16 Obokun street, off Coker road, Ilupeju, Lagos, Nigeria and twelve branches across major cities in Nigeria.

8 INVESTMENT PROPERTIES	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
Balance at 1 January	351,400	397,477	301,400	301,400
Additions	8,927.00	-	8,927	-
Derecognised asset- Equity Assurance, Ghana		(46,077)		
<b>Closing balance</b>	<b>360,327</b>	<b>351,400</b>	<b>310,327</b>	<b>301,400</b>

9 INTANGIBLE ASSETS	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
<b>COST</b>				
Balance at 1 January	1,254,410	1,309,020	1,235,560	1,235,560
Additions		5,719		-
Derecognised asset- Equity Assurance, Ghana		(60,329)		-
<b>Closing balance</b>	<b>1,254,410</b>	<b>1,254,410</b>	<b>1,235,560</b>	<b>1,235,560</b>

**ACCUMMULATED AMORTISATION**

Balance at 1 January	388,823	336,985	381,893	326,113
Amortisation charge for the period	14,579	61,106	13,946	55,780
Derecognised asset- Equity Assurance, Ghana		(9,268)		
<b>Closing balance</b>	<b>403,402</b>	<b>388,823</b>	<b>395,839</b>	<b>381,893</b>

<b>Carrying value</b>	<b>851,008</b>	<b>865,587</b>	<b>839,721</b>	<b>853,667</b>
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The closing net book of the intangible assets comprises the following:

Computer Software	14,456	17,252	3,169	5,332
Leasehold improvements on Equity Resort hotels	836,552	848,335	836,552	848,335

The Parent company was granted a concession right in 2010 by the Ogun state Government to manage the affair of Equity resort hotel, Ijebu-ode for the period of 25 years. The sum of N1.152 billion was spent to refurbish the hotel to enable it meet international standards. This sum above represents the carrying amount at cost of the improvements carried out on the hotel.



EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2016 (Contd)  
IN THOUSANDS OF NIGERIAN NAIRA

10.1 PROPERTY, PLANT AND EQUIPMENT (GROUP)

	Leasehold Land	Buildings	Office Equipment	Motor Vehicles	Furniture & Fittings	Bill Board	Total
<b>COST</b>							
At 1 January 2017	1,204,933	1,937,585	175,046	416,839	51,219	5,730	3,791,352
Additions	1,312	-	12,734	330	281	-	14,657
Disposals	-	-	(243)	(578)	-	-	(821)
<b>At 31 March 2017</b>	<b>1,206,245</b>	<b>1,937,585</b>	<b>187,537</b>	<b>416,591</b>	<b>51,500</b>	<b>5,730</b>	<b>3,805,188</b>
At 1 January 2016	1,204,933	1,997,156	200,634	381,102	75,814	5,730	3,865,369
Additions	-	1,669	23,382	205,200	12,786	-	243,037
Derecognition (Note 10.1.1)	-	(41,025)	-	-	-	-	(41,025)
Disposals	-	-	(85)	(23,425)	-	-	(23,510)
Adjustment	-	(13,488)	-	-	-	-	(13,488)
Derecognition of EA Ghana	-	(6,727)	(48,885)	(146,038)	(37,381)	-	(239,031)
<b>At 31 December 2016</b>	<b>1,204,933</b>	<b>1,937,585</b>	<b>175,046</b>	<b>416,839</b>	<b>51,219</b>	<b>5,730</b>	<b>3,791,352</b>
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2017	-	51,585	127,095	173,200	42,697	5,730	400,307
Charge for the period	-	8,917	4,236	16,934	796	-	30,883
Disposals	-	-	(218)	(549)	-	-	(767)
<b>At 31 March 2017</b>	<b>-</b>	<b>60,502</b>	<b>131,113</b>	<b>189,585</b>	<b>43,493</b>	<b>5,730</b>	<b>430,423</b>
At 1 January 2016	-	31,448	130,981	214,092	55,302	5,730	437,553
Charge for the year	-	36,161	24,146	65,574	10,054	-	135,935
Disposals	-	-	(85)	(21,274)	-	-	(21,359)
Adjustment	-	(9,741)	-	-	-	-	(9,741)
Derecognition of EA Ghana	-	(6,283)	(27,947)	(85,192)	(22,659)	-	(142,081)
<b>At 31 December 2016</b>	<b>-</b>	<b>51,585</b>	<b>127,095</b>	<b>173,200</b>	<b>42,697</b>	<b>5,730</b>	<b>400,307</b>
<b>CARRYING VALUE</b>							
<b>At 31 March, 2017</b>	<b>1,206,245</b>	<b>1,877,083</b>	<b>56,424</b>	<b>227,006</b>	<b>8,007</b>	<b>-</b>	<b>3,374,765</b>
<b>At 31 December, 2016</b>	<b>1,204,933</b>	<b>1,886,000</b>	<b>47,951</b>	<b>243,639</b>	<b>8,522</b>	<b>-</b>	<b>3,391,045</b>

Land and building held by Equity Assurance Plc was independently valued by Omotayo Adesina Associates, estate surveyors and valuers at November 2013 to ascertain the open market value of the land and building.

The fair value of land and buildings is determined by discounting the expected cash flows of the properties based upon internal plans and assumptions and comparable market transactions.

10.1.1 The Company's land at Abeokuta Ita Eko Land was revoked by Ogun State Government hence the derecognition of the N41.025M being the value of the land.

## EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (CONT'D)  
IN THOUSANDS OF NIGERIAN NAIRA

## 10.2 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land	Buildings	Office Equipment	Motor Vehicles	Furniture & Fittings	Bill Board	Total
<b>COST</b>							
At 1 January 2017	1,204,933	1,531,667	114,437	348,537	43,560	5,730	3,248,864
Additions	1,312	-	7,178	330	-	-	8,820
On disposals	-	-	(243)	(578)	-	-	(821)
At 31 March 2017	1,206,245	1,531,667	121,372	348,289	43,560	5,730	3,256,863
At 1 January 2016	1,204,933	1,572,692	109,612	193,892	40,015	5,730	3,126,874
Additions	-	-	4,825	178,070	3,545	-	186,440
Derecognition	-	(41,025)	-	-	-	-	(41,025)
On disposals	-	-	-	(23,425)	-	-	(23,425)
At 31 December 2016	1,204,933	1,531,667	114,437	348,537	43,560	5,730	3,248,864
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2017	-	32,598	83,190	124,604	36,367	5,730	282,489
Charge for the period	-	7,863	2,646	14,328	673	-	25,510
On disposals	-	-	(218)	(549)	-	-	(767)
At 31 March 2017	-	40,461	85,618	138,383	37,040	5,730	307,232
At 1 January 2016	-	1,144	73,102	115,939	32,741	5,730	228,656
Charge for the year	-	31,454	10,088	29,939	3,626	-	75,107
On disposals	-	-	-	(21,274)	-	-	(21,274)
At 31 December 2016	-	32,598	83,190	124,604	36,367	5,730	282,489
<b>CARRYING VALUE</b>							
At 31 March 2017	1,206,245	1,491,206	35,754	209,906	6,520	-	2,949,631
At 31 December 2016	1,204,933	1,499,069	31,247	223,933	7,193	-	2,966,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (CONT'D)  
IN THOUSANDS OF NIGERIAN NAIRA

11 STATUTORY DEPOSIT	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Closing balance	300,000	300,000	300,000	300,000
This represents deposit with the Central Bank of Nigeria in accordance with Section 10(3) of the Insurance Act CAP I17 LFN 2004				
12 INSURANCE CONTRACT LIABILITIES	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Claims reported and loss adjustment expenses	1,866,330	1,562,269	1,866,330	1,562,269
Claims incurred but not reported	186,634	372,982	186,634	372,982
Unearned premiums	849,734	641,779	849,734	641,779
Total Insurance contract liabilities, gross	2,902,698	2,577,030	2,902,698	2,577,030
Reinsurance receivables	771,720	674,584	771,720	674,584
Net insurance contract liabilities	2,130,978	1,902,446	2,130,978	1,902,446
13 TRADE PAYABLES	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Trade payables represent liabilities to Agents, Brokers and Re-insurers as at year end.				
Reinsurance payable	152,430	11,419	152,430	11,419
Coinsurance payable	-	-	-	-
Commission payable	48,543	1,713	48,543	1,713
Other trade payables	14429	22,899		
	215,402	36,031	200,973	13,132
14 OTHER PAYABLES	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Deferred income (Note 14.1)	112,707	76,174	-	-
Dividend payable	45,585	45,585	38,798	38,798
Due to EA Capital	-	-	21,242	21,050
Due to Sunu Group	52,996	54,399	52,996	54,399
Withholding tax payable	31,841	29,755	30,491	29,755
Staff pension & gratuity	15,062	15,073	14,854	14,990
Unclaimed dividend	28,421	28,421	28,421	28,421
Due to Director	1,974	2,224	1,974	2,224
Unearned commission	74,870	38,347	74,870	38,346
Penalty due to NAICOM (Note 14.2)	432,242	432,242	432,242	432,242
Other creditors	44,382	145,858	31,300	70,968
Accrued expenses	191,537	82,669	98,668	54,883
	1,031,617	950,747	825,857	786,076
Current	918,910	874,573	825,857	786,076
Non-current	112,707	76,174	-	-

14.1 This represents unearned income from the businesses of EA Capital Management Limited- N10.757Million (December 31, 2016-N15.867Million) and Managed Healthcare Services Limited- N101.950Million (December 31, 2016-N60.307Million).

14.2 This sum represents penalty imposed on the Company by NAICOM for failure to obtain its approval before ceding out an aviation business to a foreign reinsurance company which contravenes provision of section 72(4) of the Insurance Act. CAP I17. LFN 2004.

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15 DEPOSIT FOR SHARES	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
At January 1	18,179	800	-	-
Additions during the period	-	17,379	-	-
Balance at	18,179	18,179	-	-

This represents deposit for shares in one of the Company's subsidiaries named Managed Healthcare Services Limited by its shareholders as detailed below:

	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Dr Chika Enueme	3,298	3,298	-	-
KYT investments Limited	5,391	5,391	-	-
Alhaji Dan Bappa	411	411	-	-
Jimi Agbaje	124	124	-	-
Oracle Assets Limited	5,320	5,320	-	-
Benolox Nigeria Limited	2,527	2,527	-	-
Dr P.C Korie	1,108	1,108	-	-
	18,179	18,179	-	-

16 BORROWINGS	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Obligations under finance lease (Note 16.1)	-	-	2,258	2,495
Convertible redeemable loan (Note 16.2)	1,138,564	1,133,538	1,138,564	1,133,538
Total	1,138,564	1,133,538	1,140,822	1,136,033
<b>Maturity analysis</b>				
Current portion	0	0	2,258	2,495
Non-current portion	1,138,564	1,133,538	1,138,564	1,133,538

**16.1 Obligation under finance lease**

The finance leases are secured by the related non current assets that were procured using the leased funds.

**16.2 Convertible redeemable loan**

This represents zero coupon JPY1,350,000,000 direct, unconditional, unsubordinated and unsecured European Bond with options issued to Daewoo Securities Europe Limited in 2008. The underlying Bond has a put period of 48months with a yield to put of 4.25% per annum while the tenor of the convertible option is valid up to year 2026. The purpose for which the Bond was issued relates to upgrade of Information and Communication Technology, Expansion of Branch network and Working Capital.

The Option commonly referred to as "Call Option" is the option side of the instrument and gives the Option holder (Daewoo Securities Europe Limited, the right but not obligation to subscribe to the equity of the issuer at an agreed price (Strike Price)and predetermined time period(Expiration). When exercised, a fresh injection of the capital is required to take up the new issues created.

The movement in the convertible loan during the period is as follows:

	Group	Group	Company	Company
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Balance at January 1	1,133,538	1,903,989	1,133,538	1,903,989
Interest charges	-	-	-	-
Interest written back	-	(1,172,494)	-	(1,172,494)
Exchange difference	5,026	402,043	5,026	402,043
Balance at	1,138,564	1,133,538	1,138,564	1,133,538

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## 17 CURRENT INCOME TAX LIABILITIES

The movement in this account during the period was as follows:	Group		Company	
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Balance as at January 1	143,456	153,657	89,625	87,132
Exchange difference	-	5,661	-	-
WHT tax credit offset	-	(1,273)	-	-
Charge for the period	41,528	155,567	30,900	62,818
Payment during the period	-	(131,680)	-	(60,325)
	184,984	181,932	120,525	89,625
Derecognition of EA Ghana liabilities	-	(38,476)	-	-
Closing balance	184,984	143,456	120,525	89,625

## 17.1 The tax charge for the year comprises:

Company income tax				
-Equity Assurance Plc	30,900	58,928	30,900	58,928
-Managed Healthcare Services	7,761	8,628	-	-
-EA Capital Management Limited	2,867	13,079	-	-
-Equity Assurance Limited- Ghana	-	71,042	-	-
Under provision in previous period		3,890	-	3,890
	41,528	155,567	30,900	62,818
Deferred tax	-	-	-	-
Total tax charge for the Period	41,528	155,567	30,900	62,818

## 18 DEFERRED TAX

	Group		Company	
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Balance as at January 1	60,784	22,359	48,994	48,994
Charge for the period	-	9,644	-	-
Derecognition of EA Ghana liabilities	-	28,781	-	-
Closing balance	60,784	60,784	48,994	48,994

## 19 SHARE CAPITAL

Authorised	Group		Company	
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
14,000,000,000 ordinary shares of 50k each	7,000,000	7,000,000	7,000,000	7,000,000
Issued and fully paid				
14,000,000,000 (2016: 14,000,000,000) ordinary shares of 50k each	7,000,000	7,000,000	7,000,000	7,000,000

## 20 SHARE PREMIUM

	Group		Company	
	Mar 2017	Dec 2016	Mar 2017	Dec 2016
Closing balance	1,023,465	1,023,465	1,023,465	1,023,465

Share premium comprises additional paid up capital in excess of the par value. The reserve is not ordinarily available for distribution

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21 CONTINGENCY RESERVES

In compliance with section 21(1) of Insurance Act CAP I17 LFN 2004, the contingency reserve for general insurance business is credited with the higher of 3% of total premiums during the year or 20% of the profits until it reaches the higher of the minimum paid up share capital or 50% of net premium.

The movement in this account during the year is as follows:

	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
At 1 January	792,147	837,291	792,147	731,725
Transfer from retained earnings	33,391	125,789	33,391	60,422
Derecognition of EA Ghana liabilities		(170,933)	-	-
Closing balance	825,538	792,147	825,538	792,147
<b>22 ASSETS REVALUATION RESERVES</b>	<b>Mar 2017</b>	<b>Dec 2016</b>	<b>Mar 2017</b>	<b>Dec 2016</b>
As at 1 January	156,490	168,890	156,490	168,890
Transfer to retained earnings	-	(12,400)	-	(12,400)
Closing balance	156,490	156,490	156,490	156,490
<b>23 AVAILABLE FOR SALE RESERVE</b>	<b>Mar 2017</b>	<b>Dec 2016</b>	<b>Mar 2017</b>	<b>Dec 2016</b>
Closing balance	250	250	250	250

This represents gain on available for sale financial assets

24 RETAINED EARNINGS

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

	Group Mar 2017	Group Dec 2016	Company Mar 2017	Company Dec 2016
At 1 January	(3,821,545)	(3,419,521)	(4,051,337)	(3,751,530)
Total comprehensive income for the period	291,885	(459,567)	275,879	(251,785)
Transfer from Assets Revaluation Reserves	-	12,400	-	12,400
Transfer to contingency reserves	(33,391)	(125,789)	(33,391)	(60,422)
Contingency reserves of EA Ghana derecognised	-	170,932	-	-
Closing balance	(3,563,051)	(3,821,545)	(3,808,849)	(4,051,337)
<b>25 NON-CONTROLLING INTEREST IN EQUITY</b>			<b>Group Mar 2017</b>	<b>Group Dec 2016</b>
Managed Healthcare Services Limited			203,780	199,308
Closing balance			203,780	199,308

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## 26 NET PREMIUM INCOME

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
Gross direct premium written	1,205,735	1,383,838	1,094,240	702,450
Inward reinsurance premium	18,777	5,813	18,777	5,813
Gross premium written	1,224,512	1,389,651	1,113,017	708,263
Increase in unearned premiums	(192,869)	(270,317)	(207,955)	(171,095)
Gross Premium income	1,031,643	1,119,334	905,062	537,168
Less: Reinsurance costs	(131,729)	(225,499)	(131,729)	(143,427)
Net Premium income	899,914	893,835	773,333	393,741

## 27 COMMISSION INCOME

Commission income represents commission received on transactions ceded to reinsurance Companies during the year under review

## 28 NET CLAIMS EXPENSES

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
Claims paid during the period	190,861	438,345	141,952	212,166
Outstanding claims	117,712	(10,759)	117,712	( 18,412 )
Total claims and loss adjustment expenses	308,573	427,586	259,664	193,754
Recoverable from re-insurance	( 153,949 )	( 130,017 )	( 153,949 )	( 56,747 )
	154,624	297,569	105,715	137,007

## 29 UNDERWRITING EXPENSES

Underwriting expenses can be sub-divided into acquisition and other underwriting expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents and brokers and indirect expenses. Other underwriting expenses are those incurred in servicing existing policies. These include processing costs, preparation of statistics and reports and other incidental costs attributable to maintenance.

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
Acquisition costs	191,925	217,581	185,834	94,714
Other underwriting expenses	9,796	24,440	9,796	24,440
Total underwriting expenses	201,721	242,021	195,630	119,154

## 30 NET INCOME FROM NON-INSURANCE COMPANIES

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
EA Capital Management Limited	6,027	13,249	-	-
Managed Healthcare Services Limited	37,043	47,314	-	-
	43,070	60,563	-	-

## 31 INVESTMENT INCOME

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
Cash and cash equivalents interest income	111,081	117,931	94,946	68,338
Dividend income	-	53	-	53
Rental income	1,413	2,048	700	2,048
	112,494	120,032	95,646	70,439

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	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
The investment income comprises the following:				
Investment income attributable to shareholders	1,413	2,101	700	2,101
Investment income attributable to policyholders	111,081	117,931	94,946	68,338
	112,494	120,032	95,646	70,439
<b>32 NET REALISED GAINS ON FINANCIAL ASSETS</b>	<b>Group 3 Months ended Mar 31, 2017</b>	<b>Group 3 Months ended Mar 31, 2016</b>	<b>Company 3 Months ended Mar 31, 2017</b>	<b>Company 3 Months ended Mar 31, 2016</b>
Realised gain on quoted equity securities	29	-	29	-
<b>33 NET FAIR VALUE LOSS ON FINANCIAL ASSETS</b>				
Net fair value (loss) on financial assets at fair value through profit or loss	(1,681)	(20,926)	(1,681)	(20,926)
<b>34 OTHER OPERATING INCOME</b>	<b>Group 3 Months ended Mar 31, 2017</b>	<b>Group 3 Months ended Mar 31, 2016</b>	<b>Company 3 Months ended Mar 31, 2017</b>	<b>Company 3 Months ended Mar 31, 2016</b>
Profit/(loss) from sale of property, plant & equipment	4,652	408	4,652	408
Bank interest	114	1,292	108	-
Exchange gain	-	-	-	-
Other income	6,447	76,683	1,438	71,481
	11,213	78,383	6,198	71,889
<b>35 IMPAIRMENT LOSS</b>	<b>Group 3 Months ended Mar 31, 2017</b>	<b>Group 3 Months ended Mar 31, 2016</b>	<b>Company 3 Months ended Mar 31, 2017</b>	<b>Company 3 Months ended Mar 31, 2016</b>
Impairment on premium receivables	-	7,209	-	-
Impairment loss -others	7,285	7,285	-	-
	7,285	14,494	-	-
<b>36 OTHER OPERATING EXPENSES</b>	<b>Group 3 Months ended Mar 31, 2017</b>	<b>Group 3 Months ended Mar 31, 2016</b>	<b>Company 3 Months ended Mar 31, 2017</b>	<b>Company 3 Months ended Mar 31, 2016</b>
Depreciation and amortization charges	45,463	51,335	39,456	32,185
Auditors remuneration	2,838	3,436	1,925	1,750
Directors expenses	6,575	12,603	3,443	7,650
Professional fees	20,297	2,957	19,349	1,583
Bank charges	3,073	2,811	2,391	1,262
Training expenses	4,728	4,089	2,409	3,378
Communication expenses	8,860	9,498	6,374	4,746
Exchange loss	7,449	159,203	7,449	136,315
Marketing expenses	10,404	62,835	5,013	18,210
Statutory fees	3,385	6,711	3,317	2,880
Repairs and maintenance	22,303	25,095	13,997	9,210
Diesel and electricity	30,856	12,847	27,604	9,804
Rent and rates	6,111	11,548	3,571	2,931
Insurance expenses	4,617	4,784	4,001	3,852
Pension and gratuity	7,620	9,110	4,745	6,612
Printing and stationery	3,957	5,446	1,527	2,624
Travelling and accomodation	21,802	17,786	17,411	10,439
Other administrative expenses	48,713	51,217	35,791	31,307
	259,051	453,311	199,773	286,738



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37 FINANCE COSTS

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
Loan interest	-	50,689	-	50,689
Lease interest	-	800	512	742
	-	51,489	512	51,431

38 EARNINGS/(LOSS) PER SHARE

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group 3 Months ended Mar 31, 2017	Group 3 Months ended Mar 31, 2016	Company 3 Months ended Mar 31, 2017	Company 3 Months ended Mar 31, 2016
(Loss)/profit attributable to the equity holders	291,885	(161,215)	275,879	(185,883)
Total number of ordinary shares of 50k each in issue	14,000,000	14,000,000	14,000,000	14,000,000
Weighted average number of ordinary shares in issue (thousands)	14,000,000	14,000,000	14,000,000	14,000,000
Basic (loss)/earnings per share (kobo per share)	2.1	(1.2)	2.0	(1.3)
Diluted (loss)/earnings per share (kobo per share)	2.1	(1.2)	2.0	(1.3)