EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
31 DECEMBER 2017

BDO

Results at a glance

	Group 2017 N'000	Group 2016 N'000	Variance %	Company 2017 N'000	Company 2016 N'000	Variance %
Gross premium written	3,131,705	4,836,334	(35)	2,672,770	2,014,077	33
Net premium income	2,358,770	3,580,531	(34)	1,899,835	1,263,319	50
Profit/(Loss) before taxation	42,387	(1,541,674)	(103)	28,585	(1,488,179)	(102)
Cash and cash equivalents	3,440,507	3,599,976	(4)	3,012,534	3,083,899	(2)
Property, plant and equipment	3,551,091	3,391,045	5	3,075,245	2,966,375	4
Financial assets	653,618	123,607	429	537,106	120,079	347
Statutory deposit	300,000	300,000	-	300,000	300,000	-
Borrowings	2,644,867	2,432,750	9	2,644,867	2,435,245	9
Contingency reserves	872,330	792,147	10	872,330	792,147	10
Shareholders funds	4,278,918	4,050,904	6	3,818,489	3,621,803	5
PER 50k SHARE DATA:						
Basic profit/(loss) per share (Kobo)	0.02	(13)	(100)	(0.0)	(11)	(100)
Diluted profit/(loss) per share (Kobo)	0.02	(13)	(100)	(0.0)	(11)	(100)
Net assets per share (Kobo)	31	29	5.63	27	26	5
Stock Exchange Quotation as at 31 December (Kobo)	50	50	-	50	50	-

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

Introduction

Equity Assurance Plc's Financial statements comply with the applicable legal requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 regarding financial statements and comprises Consolidated and Separate Financial Statements for the year ended 31 December, 2017. The consolidated financial statements have been prepared in compliance with IAS 1, 'Presentation of financial statements' issued by the International Accounting Standards Board.

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

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EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Kyari Bukar	-	Chairman
Mr. Godwin Alegieuno		Resigned wef July 27, 2017
Ms Taizir Ajala		Appointed wef July 27, 2017
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 Almamy Timite		Resigned wef April 21, 2017
Mr. Morufu Apampa	-	MD /CEO

COMPANY SECRETARY

John Nkemakonam Akujieze
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 Plc
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
Ernst & Young

EXTERNAL AUDITORS

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

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and the Company at the end of the year and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Insurance Act of Nigeria, CAP I17, LFN 2004. The responsibilities include ensuring that the Group and the Company:

(i) keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company and comply with the requirements of the Companies and Allied Matters Act CAP, C20 LFN 2004 and the Insurance Act of Nigeria CAP I17,2004.

(ii) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities

(iii) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

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

(a) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)
(b) the requirements of the Insurance Act, CAP I17, LFN 2004
(c) relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
(d) the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and the Company and of the profit or loss and other comprehensive income for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY

Mr. Kyari Bukar	**Mr. Morufu Apampa**
FRC/2013/IODN/00000002050	**FRC/2017/CIIN/00000016004**

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

31ST ANNUAL REPORT

The Directors are pleased to submit their 31st annual report together with the audited Consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017.

LEGAL FORM

The Company was incorporated on 13th December, 1984 and has one wholly owned subsidiary and one partly owned subsidiary namely : EA Capital Management Limited (wholly owned subsidiary) with Managed Healthcare Services Limited (partly owned subsidiary).The Company has a concession of 25years for the management of Equity Resort Hotel, Ijebu-Ode (formerly Gateway Hotel).

EA Capital Management Limited was incorporated in Nigeria on 29 October 2008 as a private limited liability Company to carry on the business of finance leases to both individual and corporate clients. Managed Healthcare Services Limited was incorporated on 11 December, 1997 to carry on the business of health management and it is a nationally licenced Health Management Organization (HMO).

PRINCIPAL ACTIVITIES

The principal activity of the Group is provision of non-life insurance business, health management and financial services to corporate and retail customers in Nigeria.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

RESULTS FOR THE YEAR

	Group 2017	Group 2016	Company 2017	Company 2016
	N'000	N'000	N'000	N'000
Profit /(Loss) for the year before tax	42,387	(1,541,674)	28,585	(1,488,179)
Tax expense	(36,714)	(165,211)	(32,318)	(62,818)
Profit /(Loss) for the year after tax	5,673	(1,706,885)	(3,733)	(1,550,997)

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

BENEFICIAL OWNERSHIP

Share Range Analysis:

Range	No. of Holders	Units	%
1 - 1,000	6,830	4,568,083	0.03
1,001 - 5,000	11,190	33,104,114	0.24
5,001 - 10,000	6,522	55,673,925	0.40
10,001 - 50,000	11,467	302,545,263	2.16
50,001 - 100,000	3,230	262,657,447	1.88
100,001 - 1,000,000	2,633	728,615,993	5.20
1,000,001 - 5,000,000	179	372,073,571	2.66
5,000,001 - 10,000,000	16	109,486,447	0.78
10,000,001 - 1,000,000,000	40	2,477,663,272	17.70
1,000,000,001- And Above	3	9,653,611,885	68.95
TOTAL	42,110	14,000,000,000	100

The following shareholders held more than 5% of the issued share capital of the Holding Company as at 31 December, 2017:

	2017	2016	2017	2016
Shareholders Names	Ordinary shares of 50k		%	%
Sunu Participations Holding SA	5,390,789,070	5,390,789,070	38.51	38.51
Sunu Assurances vie Cote Divoire	3,247,298,420	3,247,298,420	23.19	23.19
Gateway Holdings Limited	1,015,524,395	1,015,524,395	7.25	7.25
KYT Investments Limited	131,725,086	131,725,086	0.94	0.94
Total	9,785,336,971	9,785,336,971	69.90	69.90

DIRECTORS

Beneficial interests

The interests of the Directors of Equity Assurance Plc in the issued share capital of the Holding Company as recorded in the Register of Members as at 22 February, 2017 and as notified by them for the purpose of Section 275 (1) of the Companies and Allied Matters Act CAP C20 LFN 2004 is as follows:

Ordinary shares of 50k each as at 14 February, 2018

Directors	Direct	Indirect	Total
Mr Kyari Bukar	-	-	-
Mr. Godwin Alegieuno (Independent Director)(Resigned wef July 27, 2017	-	-	-
Mr. Philippe Ayivor	-	-	-
Mr. Ibikunle Balogun (Representing KYT Investments Limited)	400,500,000	131,725,086	532,225,086
Mr. Mohammed Bah(Representing Sunu Cote Dívoire)	-	3,247,298,420	3,247,298,420
Mr Karim-Franck Dione (ED, Strategy & Performance Management) (Representing Sunu Participations Holding SA)	-	5,390,789,070	5,390,789,070
Mr Samuel Ogbodu (ED Technical & Operations)	91,800	-	91,800
Mr. Olanrewaju Ogunbanjo (Representing Life Care Ventures Limited)	316,667	98,551,016	98,867,683
Mr Almamy Timite (Resigned wef April 21,2017)	-	-	-
Ms. Taizir Ajala (Appointed wef July 27, 2017)	-	-	-
Mr. Morufu Apampa	-	-	-

In accordance with Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors has notified the Holding Company of any declarable interest in contracts with the Holding Company or other members of the Group.

Responsibilities

In accordance with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries at the end of each financial year and of the profit or loss for that period.

The responsibilities include ensuring that:

appropriate internal controls are established to safeguard the assets of the Company, and its subsidiaries to prevent and detect fraud and irregularities;

the Company and its subsidiaries keeps accounting records which disclose with reasonable accuracy the financial position of the Company and its subsidiaries and which ensures that the financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004;

the Company and its subsidiaries maintains suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable accounting standards have been followed; and

it is appropriate for the financial statements to be prepared on a going concern basis.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board during the financial year appointed Ms Taizir Ajala as an Independent Non- Executive Director in replacement of Mr Godwin Alegieuno who resigned his appointment during the year. In accordance with article 93 of the Company's Article of Association, Mr Kyari Abba Bukar and Ms Taizir Ajala will retire by rotation, and being eligible, will be offering themselves for re-election.

CORPORATE GOVERNANCE

The Board is responsible for the corporate governance of the Holding Company. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial status of the company and ensures that the financial statements comply with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004.

They are also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention and detection of fraud and irregularities.

During the year under review, the Company was managed by a Board of 10 Directors consisting of 7 non-Executive Directors (which includes the Chairman) and 3 Executive Directors.

The Board of Directors ensured that the Company's objectives were implemented through the following constituted board committees:

BOARD AUDIT COMMITTEE

The Committee is established in compliance with Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004 and it has the oversight responsibility for the Company's financial statements.

BOARD FINANCE & INVESTMENT COMMITTEE

The Board Committee oversees the Company's investment and corporate finance transactions, reviews management policies and guidelines, reviews the Company's investment performance, and the Company's capital structure. The Committee also makes recommendations to the Board concerning:

1. The Company's investment policies and guidelines, the Company's implementation of and compliance with those policies and guidelines, and the performance of the Company's investment portfolios and investment managers.
2. Corporate financial policies relating to capital structure, financial performance, in relation to both the capital and revenue budgets, including debt limits, dividend policy, stock splits and repurchases of stocks or other securities.
3. The Company's Capital needs and financing arrangements, the Company's ability to access the capital market and management's financing plans.
4. The Company's policies and procedures for investment risk management.
5. The Company's accounting and investment policies

BOARD TECHNICAL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Committee has oversight functions over the internal control, assessment of associated risks in the Company's business and compliance functions within the Company.

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Committee has oversight functions in determining the terms of reference for the Executive Management. It recommends the remuneration of the Executive Directors.

REINSURANCE ARRANGEMENTS

The Company had treaty arrangements with the following Companies during the year:

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

EMPLOYMENT AND EMPLOYEES

1. **Employment of disabled persons**
   It is the policy of the Company and its subsidiaries that there should be no discrimination in considering applications for employment including those from disabled persons. During the year under review, there were no disabled persons in the Company and its subsidiaries employment.

2. **Health, safety at work and welfare of employees**
   Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company provides subsidies to all levels of employees for medical, transportation, housing, lunch, etc.

3. **Employees' involvement and training**
   The Company and its subsidiaries are committed to keeping employees fully informed as far as possible regarding the Company's performance and progress and in seeking their views wherever practicable on matters which particularly affect them as employees.

   Employees' development is carried out at various levels within the Company and its subsidiaries through both internal and external training.

   Management, professional and technical expertise are the Company and its subsidiaries major assets and investments in developing such skills continue.

   Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of those schemes include bonus, etc.

AUDITORS

The Auditors, BDO Professional Services (Chartered Accountants) have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed authorizing the Directors to determine their remuneration at the next Annual General Meeting.

Lagos, Nigeria

BY ORDER OF THE BOARD

John Nkemakonam Akujieze
COMPANY SECRETARY
FRC/2014/NBA/00000007629
23 February 2018

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2017 that:

(a) We have reviewed the report

(b) To the best of our knowledge, the report does not contain:
- (i) any untrue statement of a material fact, or
- (ii) omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of and for the periods presented in the report.

(d) We:
- (i) are responsible for establishing and maintaining internal controls
- (ii) have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- (iii) have evaluated the effectiveness of the Company and its subsidiaries internal controls as of date within 90 days prior to the report.
- (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) We have disclosed to the auditors of the Company and its subsidiaries and audit committee:
- (i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company and its subsidiaries ability to record, process, summarize and report financial data and have identified for the Company and its subsidiaries auditors any material weaknesses in internal controls and
- (ii) any fraud, whether or not material, that involves management or other employees who have significant role in the Company and its subsidiaries internal controls;

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Morufu Apampa	**Mr. Akeem Adamson**
FRC/2017/CIIN/00000016004	FRC/2013/ICAN/00000002182
Managing Director/CEO	Chief Finance Officer

REPORT OF AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with the provision of section 359(6) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria, 2004, we have reviewed the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2017 and report as follows:

1 The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359 (6) of the Companies and Allied Matters Act. (CAP C20), LFN 2004.

2 We have examined the Auditors report and findings and recommendations on management matters, we are satisfied with management responses thereon.

3 The accounting and reporting policies of the Company and its subsidiaries are consistent with legal requirements and agreed ethical practices.

4 The Company and its subsidiaries maintained effective systems of accounting and internal controls during the year.

5 We are satisfied that the management is aggressively pursuing the goals and objectives of the Company and its subsidiaries.

Dated this 22nd February, 2018

Mr. Samuel A. Adedoyin FCA
Chairman Audit Committee
FRC/2013/ICAN/00000002573

Members of the Audit Committee:

1	Mr. Samuel A. Adedoyin FCA	-	Shareholder (Chairman)
2	Mr. Yinka Oniwinde	-	Shareholder
3	Mr. Ajadi Yekini Olanrewaju	-	Shareholder
4	Mr. Godwin Alegieuno	-	Director (Resigned wef July 27, 2017)
5	Mr. Ibikunle Balogun	-	Director
6	Mr. Olanrewaju Ogunbanjo	-	Director (Appointed wef October 24, 2017)
7	Mr. Mohammed Bah	-	Director

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
CORPORATE GOVERNANCE REPORT

Equity Assurance Plc is a public quoted Company, committed to improving shareholders value through best business practices. The Company has consistently adopted, implemented and applied best practices in corporate governance, service delivery and value creation for all its stakeholders.

Good corporate governance is essential in earnings and retaining the confidence and trust of stakeholders. It is designed to ensure the accountability of the Board and Management of the Company to stakeholders.

The Company has provided structures upon which the objectives of the group and the means of attaining these objectives are set. The Company has designed and put in place charters, policies and processes, which are reviewed periodically to ensure proper organization and conduct of the Company's business.

Equity Assurance Plc is committed to protect and increase shareholder's value through transparency Corporate Governance practices which imbibe local regulatory standards and international best practices. The Company ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission (the SEC Code), the Code of Corporate Governance for Insurance Industry in Nigeria (the NAICOM Code), the Companies and Allied Matters Act as well as disclosure requirements under the International Financial Reporting Standards (IFRS).

The principles of Corporate Governance and the standards therein have been incorporated into and reflected in a number of documents such as the Board charter, the charter of the various Board Committees, Company policies and staff handbook. The Company carries out a quarterly review of its compliance status, and a Board evaluation exercise was carried out for the year under review.

GOVERNANCE STRUCTURE

The Board of Directors

The ultimate responsibility for the governance of the Company resides with the Board of Directors which is accountable to shareholders for creating and delivering sustainable value through the management of the Company. The Board's oversight function is exercised through its various Committees, namely, Board Technical, Risk Management and Compliance Committee; Board Establishment, Human Resources and Governance Committee, Board Finance and Investment Committee and the Audit Committee. Through these Committees the Board sets broad policy guidelines, and ensures proper management of the Company on a regular basis.

The Board is comprised of Ten (10)members, Seven (7) of whom are Non-Executive Directors (including the Chairman of the Board) and three (3) are Executive Directors. The Board is made up of seasoned professionals who have excelled in their various professions and possess the requisite integrity, skill and experience to bring to bear independent judgement on the deliberations of the Board. The effectiveness of the Board is derived from the appropriate balance and mix of skills and experience of all the Directors. The Board meets once in every quarter and additional meetings are convened when required. The Board met four(4) times during the year ended December 31 2017. In addition, one statutory meeting was held within the year under review (Annual General Meeting)

Role of Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive are separate, and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, and effectively monitor and provide advice necessary for the growth and success of the Company.

The responsibility for the day to day management of the Company is vested in the Managing Director/Chief Executive Officer, who is supported by Executive Management. The Managing Director executes the powers vested in him in accordance with guidelines approved by the Board of Directors. The Executive Management is accountable to the Board for the development and implementation of strategies and policies.

Directors Training

Training and Education of Directors on issues pertaining to their oversight function is a continuous process, which is necessary in order to update their knowledge and skills and keep them informed of new developments in the Company's business and operating environment. The training of its Directors is of great importance to the Company. The Directors received training locally during the financial period ended December 31 2017.

Board meetings attendance for year 2017

S/N	NAME	21/04/2017	27/07/2017	24/10/2017	19/12/2017
1	Mr.Kyari Abba Bukar	P	P	P	P
2	Mr. Godwin Alegieuno	P	P	R	R
3	Mr. Ibikunle Balogun	P	P	P	P
4	Mr. Mohammed Bah	P	P	P	P
5	Mr. Olanrewaju Ogunbanjo	P	P	P	P
6	Mr. Philippe Ayivor	P	P	A	P
7	Mr. Karim Franck-Dione	P	P	P	P
8	Ms Taizir Ajala	N/A	N/A	P	A
9	Mr. Morufu Apampa	P	P	P	P
10	Mr. Samuel Ogbodu	P	P	P	P

Board Finance & Investment Committee

The Board Committee oversees the Company's investment and corporate finance transactions, reviews management policies and guidelines, reviews the Company's investment performance, and the Company's capital structure. The Committee also makes recommendations to the Board concerning:

1. The Company's investment policies and guidelines, the Company's implementation of and compliance with those policies and guidelines, and the performance of the Company's investment portfolios and investment managers.
2. Corporate financial policies relating to capital structure, financial performance, in relation to both the capital and revenue budgets, including debt limits, dividend policy, stock splits and repurchases of stocks or other securities.
3. The Company's Capital needs and financing arrangements, the Company's ability to access capital market and management's financing plans.
4. The Company's policies and procedures for investment risk management.
5. The Company's accounting and investment policies

Finance & Investment Committee membership and attendance for year 2017

S/N	NAME	11/4/2017	11/7/2017	11/10/2017	8/12/2017
1	Mr. Olanrewaju Ogunbanjo	P	P	P	P
2	Mr. Ibikunle Balogun	P	P	P	P
3	Mr.Morufu Apampa	P	P	P	P
4	Mr. Karim Franck-Dione	P	P	P	P
5	Mr. Mohammed Bah	N/A	P	P	P
6	Ms Taizir Ajala	N/A	N/A	N/A	P
7	Mr. Samuel Ogbodu	P	P	P	P

Board Establishment, Human Resources & Governance Committee

The Board Establishment, Human Resources and Governance Committee assists the Board of Directors in performing its oversight functions of identifying, evaluating and making recommendations to the Board in respect of qualified individuals to be appointed Board members. The Committee formulates policies that guarantee effective Human Resources operations and the highest standard of Governance, consistency with the approved policy guidelines by the Board and the various Codes of Corporate Governance.

The Committee's terms of reference include but is not limited to the following:

1. Making recommendations with respect to the composition of the Board and its Committees.

2. Making recommendation to the Board for evaluating the effectiveness of the Board's and Company's governance structure.

3. Evaluate and make recommendations to the Board regarding the adoption of best practices appropriate for the governance of the affairs of the Board, its committees and the Company.

4. Discharge the Board's responsibilities relating to compensation and benefits of the Company's Chief Executive Officer, officers of the Company who are designated as Principal Officers, and other Senior Officers, as appropriate, including responsibility for evaluating and reporting to the Board on matters concerning Management Performance, Compensation and Benefits, Appointments, Promotion and Separation.

5. Align human capital policies, programs, processes and systems to support accomplishment of the Company's mission, vision, goals and priorities.

6. Set strategic direction for Human capital development throughout the Company.

7. Recommend and periodically review the Company's compensation policy for Board approval.

8. Ensure that the Company's Board is independent, effective, competent and committed to enhancing shareholder value.

Board Establishment, Human Resources & Governance Committee membership and attendance for year 2017

S/N	NAME	10/4/2017	11/7/2017	11/10/2017	8/12/2017
1	Mr. Olanrewaju Ogunbanjo	P	P	P	P
2	Mr. Godwin Alegieuno	P	P	R	R
3	Mr.Morufu Apampa	P	P	P	P
4	Mr. Karim Franck-Dione	P	P	P	P
5	Mr. Mohammed Bah	N/A	P	P	P
6	Ms Taizir Ajala	N/A	N/A	N/A	P
7	Mr. Samuel Ogbodu	P	P	P	P

Board Technical, Risk Management & Compliance Committee

The Committee has oversight function over the implementation of the Company's Enterprise Risk Management Framework, assessment of the non financial risks inherent in the Company's operations and ensuring compliance with both regulatory provisions and directives and internally laid down policies. The Committee also has oversight over the implementation of the Company's Anti Money Laundering and Compliance program.

The Committee's terms of reference includes but is not limited to:

* ensuring that sound technical, risk management and compliance policies and framework are in place to identify, access and manage risks within the Company's risk appetite as determined by the Board.
* ensuring that the Company is fully compliant with statutory and regulatory guidelines and directives.
* reviewing the adequacy and effectiveness of the Company's Risk Management and Controls.

Board Technical, Risk Management & Compliance Committee meeting and attendance for year 2017

S/N	NAME	10/4/2017	10/7/2017	10/10/2017	8/12/2017
1	Mr. Godwin Alegieuno	P	P	R	R
2	Mr. Ibikunle Balogun	P	P	P	P
3	Mr.Morufu Apampa	P	P	P	P
4	Mr. Karim Franck-Dione	P	P	P	P
5	Mr. Mohammed Bah	N/A	P	P	P
6	Ms Taizir Ajala	N/A	N/A	N/A	P
7	Mr. Samuel Ogbodu	P	P	P	P

Audit Committee

Pursuant to Section 359(3) of the Companies and Allied Matters Act CAP, C20 LFN 2004, the Company has an Audit Committee comprising 3 Directors and 3 Shareholders. The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

Audit Committee Meeting and attendance for the year 2017

S/N	NAME	11/4/2017	10/7/2017	10/10/2017	8/12/2017
1	Mr. Samuel Adedoyin	P	P	P	P
2	Mr Ajadi Yekinni Olanrewaju	N/A	N/A	N/A	P
3	Mr. Oluyinka Oniwinde	P	P	P	P
4	Mr. Godwin Alegieuno	P	P	R	R
5	Mr. Olanrewaju Ogunbanjo	N/A	N/A	N/A	P
6	Mr. Ibikunle Balogun	P	P	P	P
7	Mr. Mohammed Bah	N/A	P	P	P

<u>Key</u>

P - Present
A - Absent
R - Resigned from the Board
N/A Not a Board member or Board committee member at the date of the meeting

Shareholders

The General Meeting of the Company is conducted in a transparent and fair manner. Shareholders have ample time and opportunity to express their opinions on the Company's financial performance and other issues affecting the Group. Representatives of the National Insurance Commission, Nigerian Stock Exchange, Securities and Exchange Commission, Shareholder Associations and members of the press are invited to observe the proceedings of the meeting. Attendance at the meetings is open to all Shareholders or their proxies.

Protection of Shareholders Rights and Communication to Shareholders

The Board ensures the protection of the statutory and general rights of Shareholders at all times, particularly their right to vote at General Meetings. All Shareholders are treated equally regardless of volume of shareholding or social status.

The Board and Management of the Company ensure that accurate communication and information regarding the operations of the Company is properly disseminated to Shareholders, Stakeholders and the general public timely and continuously. These information which includes the Company's Annual Reports are also made available on the Company's web portal at www.equityassuranceplc.com.

Independent Advice

Independent professional advice is available on request to the Board at the expense of the Company where such advice is required to enable the Board members effectively perform their duties.

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2017

As at 31 December 2017, Equity Group comprises of Equity Assurance Plc (Parent company) and 2 subsidiaries. The group's major business activities are insurance, health and asset management respectively.

This "Management Discussion and Analysis" (MD&A) has been prepared as at 31 December 2017 and should be read in conjunction with the consolidated financial statements of EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES.

Forward Looking Statements

The MD & A contains forward looking statements related to Equity Assurance Plc financial and other projections, expected future plans, event, financial and operating results, objectives and performance as well as underlying assumptions all of which involve risk and uncertainties. When used in this MD&A the words "believe", "anticipation", "intended", "estimate" and similar expressions are used to identify forward looking statements, although not all forward looking statements contain such words. These statements reflect management's current belief and are based on information available to Equity Assurance Plc and are subject to certain risk, uncertainties and assumptions.

Business Strategy of the Company and Overall Performance

The Group is engaged in providing insurance, health management and investment management to the corporate and retail sector of Nigeria. During the year ended 31 December 2017, Equity Assurance Plc ensured full compliance with the NAICOM directive on "no premium no cover policy". The policy aims to stimulate liquidity within the system by reducing the huge receivables being carried on the statement of financial position of insurance companies. This will positively impact the income statements of insurance companies by eliminating the large portion of provision for outstanding premium charged for the receivables and make more cash available which can be used to generate more investment income.

On the contrary, this would reduce the premium income recognised by companies initially (as premium would only be recognised when cash is received) but the situation would normalize as the insured public adjust their cash flow management to the new regulation.

The Group's strategy is to use technology and international best practices to provide its customers with tailor made solutions, superior services and specially designed programs to assist its patrons through a network of regional and agency offices spread over Nigeria.

Operating Result, Cash flow and Financial Condition
(in thousands of Nigerian Naira)

	Group			Company		
	Dec-17	Dec-16	%chg	Dec-17	Dec-16	%chg
Gross premium written	3,131,705	4,836,334	(35)	2,672,770	2,014,077	33
Net premium income	2,358,770	3,580,531	(34)	1,899,835	1,263,319	50
Underwriting profit/(loss)	1,088,640	952,712	14	850,910	(124,029)	(786)
Investment income	532,030	563,049	(6)	449,970	306,444	47
Operating expenses	(1,724,122)	(3,001,743)	(43)	(1,280,410)	(1,652,175)	(23)
Profit/(Loss) before tax	42,387	(1,541,674)	(103)	28,585	(1,488,179)	(102)

% change = Percentage change in years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

	Group excluding 2016 figure of Equity Assurance, Ghana			Company		
	Dec-17	Dec-16	%chg	Dec-17	Dec-16	%chg
Gross premium written	3,131,705	2,431,084	29	2,672,770	2,014,077	33
Net premium income	2,358,770	1,681,216	40	1,894,675	1,263,319	50
Underwriting profit/(loss)	1,088,640	41,070	2,551	874,311	(124,029)	(805)
Investment income	532,030	353,983	50	442,883	306,444	45
Operating expenses	(1,724,122)	(2,023,024)	(15)	(1,260,223)	(1,652,175)	(24)
Profit/(Loss) before tax	42,387	(1,257,871)	(103)	(4,875)	(1,488,179)	(100)

The Group experienced a decrease of 35% in gross written premium when compared to prior year result. The decrease was attributed to the non-inclusion of the premium generated by Equity Assurance Limited, Ghana which the group disposed during the financial year 2016 for strategic reasons. However if the premium generated of N2,405,250,000 by Equity Assurance Limited, Ghana was deducted from the consolidated 2016 figure of N4,836,334,000, the group did better in premium generation by 29% when compared to 2016. This increase of 29% was attributed to increasing marketing network via the various agency outlets spread accross the country with key emphasis on providing insurance services and products that meet the global needs of customers.

Revenue and Underwriting Results

However, despite the fall in gross written premium, there was an increase of 14% in the underwriting profit from N0.952billion in 2016 to N1.084billion in 2017 due to efficient technical reserve management.

Investment Income

Investment income for the year amounted to N532.03million, a decrease of 6% over December 2016 figure of N563.0476.92million. This can be attributed to the non inclusion of the investment income generated by Equity Assurance Limited, Ghana in 2017 figure. With the exclusion of the investment income generated from Equity Assurance Ghana from 2016 figure, the Group's investment income increased by 50% when compared to 2016.

Operating Expenses

Operating expenses for the year totalled N1.725billion a decrease of 43% when compared to prior year figure of N3.002billion. However, when compared to the group's operating expenses of N2.023billion in 2016 after excluding the operating expenses of Equity Assurance Ghana, there was an improvement of 15% due to efficient management of expenses in 2017.

BDO

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INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Equity Assurance Plc and its Subsidiary Companies**, which comprise, the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, code of Corporate Governance of Public Companies issued by the Securities and Exchange Commission (the SEC Code), the code of Corporate Governance for Insurance Industry in Nigeria (the NAICOM Code), Insurance Act CAP I17 LFN 2004 and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

2. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements on page 23 of our report. We are independent of the Company and its subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Completeness of Borrowings

Risk

Daewoo is a loan denominated in a foreign currency, therefore the value of both the principal and interest at year end is determined by the foreign exchange rate ruling at the date of the statement of financial position. Therefore, considering the unfavourable movement in exchange rate during the year, the computation of the Company's outstanding obligation, interest payable and exchange loss may not have been adequately accounted for in the financial statements.

Response

- We reviewed all the covenants in place with respect to the loan by verifying its terms and conditions to ensure that the details are correctly reflected in the schedule of borrowings.
- We recalculated in the manner required by the agreements, the year end balance of the loan to ensure accuracy.
- We ensured that foreign exchange differences were calculated in line with International Accounting Standard 21 (IAS 21).
- We verified and confirmed that loan was correctly recorded and appropriately presented in the financial statements.

Other Information

4. The Directors are responsible for the other information. The other information comprises the information included in the Chairman's report, and Directors report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact; we have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

5. The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, code of Corporate Governance of Public Companies issued by the Securities and Exchange Commission (the SEC Code), the code of Corporate Governance for Insurance Industry in Nigeria (the NAICOM Code), Insurance Act CAP I17 LFN 2004 and the Companies and Allied Matters Act, CAP C20 LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, the directors are responsible for assessing the Company and its subsidiaries ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on page 23 of these financial statements. This description forms part of our audit report.

Contravention of laws and regulations

7. No contravention of laws and regulations by the Company was identified, reported or brought to our notice in the year under review.

Report on other legal requirements

8. The Companies and Allied Matters Act, CAP C20, LFN, 2004 and section 28(2) of the Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

   i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

   ii) in our opinion, proper books of account have been kept by the Company, and

   iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
27 April 2018

Details of Auditors responsibilities for the audit of the financial statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclousres are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1 REPORTING ENTITY

Equity Assurance Plc ("the Company") was incorporated in Nigeria as a Private Limited Liability Company, on 13 December 1984 to carry out non-life insurance business and was converted to a Public Liability Company in 1985. The Company emerged as a result of the merger between Equity Indemnity Insurance Limited and First Assurance Plc. In the scheme of the merger arrangement, First Assurance Plc acquired the net assets of Equity Indemnity Insurance Limited and subsequently changed its name to Equity Assurance Plc. Its registered office is at plot 1196 Bishop Oluwole Street, Off Akin Adesola Road, Victoria Island, Lagos.

The principal activities of the Company is mainly the provision of non-life insurance businesses.

The Company has two subsidiary companies namely EA Capital Management Limited and Managed Healthcare Services Limited. EA Capital Management Limited wholly owned is a Private Limited Liability Company in the business of finance leases whereas Managed Healthcare Services Limited partly owned is a nationally licenced Health Maintenance Organization.

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (hereafter referred to as ' the Group').

The consolidated financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 23 February 2018.

2 BASIS OF PREPARATION

(a) GOING CONCERN

The directors assess the group's future performance and financial position on a going concern basis and have no reason to believe that the group will not be a going concern in the year ahead.

(b) STATEMENT OF COMPLIANCE WITH IFRS

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRSs) and in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria and the Financial Reporting Council of Nigeria.

(c) BASIS OF MEASUREMENT

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- Non-derivative financial instruments are measured at fair value through profit or loss.
- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Insurance liabilities measured at present value of future cashflows.

(d) USE OF SIGNIFICANT ESTIMATES, ASSUMPTIONS AND MANAGEMENT JUDGEMENT

The presentation of the group's financial statements requires management to make estimates and judgement that affect the reported amount of assets and liabilities at the reporting date and the reported amount of income and expenses during the year ended.

The Group makes estimates and assumptions about the future that affect the reported amounts of assets, liabilities, income, expenses and equity. Estimates and judgments are continually re- evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 4 of the financial statements.

(e) 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 circumstances relevant to that entity(" the functional currency"). These consolidated financial statements are presented in Nigerian Naira(N), which is the Company's functional currency. The financial information has been rounded to the nearest thousands , except as otherwise indicated.

(f) REGULATORY AUTHORITY AND FINANCIAL REPORTING

The Company and its subsidiaries are regulated by the National Insurance Commission of Nigeria (NAICOM) under the Nigeria Insurance Act. The Act specifies certain provisions which have impact on financial reporting as follows:

(i) Section 20(1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year.

(ii) Section 20(1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10% of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review.

(iii) Section 21(1a) requires maintenance of contingency reserves for general businesses at specified rate as set out under Note 3.17 to cover flunctuations in securities and variation in statistical estimates

(iv) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act.

(v) Section 10(3) requires insurance Companies in Nigeria to deposit 10% of the minimum paid up share capital with the Central Bank of Nigeria

(vi) Section 25(1) requires an insurance Company operating in Nigeria to invest and hold investment in Nigeria assets equivalent to not less than the amount of policyholders' funds in such accounts of the insurer. Note 52 sets out assets allocation that covers policyholders' funds.

Section 59 of the Financial Reporting Council Act , 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provision of the FRC Act has promulgated IFRS as the National financial reporting framework of Nigeria. Consequently, the provision of Section 20(1b) of the Insurance Act 2003 which conflicts with the provisions of IFRS have not been adopted. Section 20(1b) of the Insurance Act requires provision of 10% for outstanding claims in respect of claims incurred but not reported at the end of the year under review whereas Claims incurred but not reported liabilities have been estimated in line with accounting policy.

(g) OFFSETTING

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when,the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2017

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

2.1 Basis of presentation and compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) applicable to Companies reporting under IFRS. Additional information required by National regulations is included where appropriate.

The consolidated financial statements comprise the consolidated statement of financial position, the statements of changes in equity, the consolidated statement of cash flows and the notes.

2.2 New standards, interpretations and amendments effective from 1 January 2017

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 31 December 2017. They have not been adopted in preparing the financial statements for the year ended 31 December 2017 and are expected to affect the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

Standards and amendments issued but yet to take effect

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (2014) (issued Jul 2014)	Financial Instruments	Classification and measurement Financial assets will either be measured - at amortised cost, - fair value through other comprehensive income (FVTOCI) or - fair value through profit or loss (FVTPL). Impairment The impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition. Hedging The new hedge accounting model introduced the following key changes: -Simplified effectiveness testing, including removal of the 80-125% highly effective threshold -More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions -Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods -Less profit or loss volatility when using options, forwards, and foreign currency swaps -New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.	Annual reporting periods commencing on or after 1 January 2018	The first time application of IFRS 9 will have a wide and potentially very significant impact on the accounting for financial instruments. The new impairment requirements are likely to bring significant changes for impairment provisions for trade receivables, loans and other financial assets not measured at fair value through profit or loss. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

Standards and amendments issued but yet to take effect

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (i) Identify the contract(s) with a customer (ii)Identify the performance obligations in the contract (iii)Determine the transaction price (iv)Allocate the transaction price to the performance obligations in the contract (v)Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	The Board is currently reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted. Consideration will be given to the following: (i)At what point in time the Company recognises revenue from each contract whether at a single point in time or over a period of time; (ii) whether the contract needs to be 'unbundled' into two or more components; (iii)how should contracts which include variable amounts of consideration be dealt with; (iv)what adjustments are required for the effects of the time value of money; (v) what changes will be required to the Company's internal controls and processes.

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.

3.1 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 Company entity is measured at cost.

Acquistion - 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.

(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 investment 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.

3.2 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.

3.3 FINANCIAL ASSETS

3.3.1 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) Held-to-maturity
(d) Loans and receivables

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 (e.g. 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.

(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 Companys' shareholders in the annual general meeting and the Group's right to receive payment has been established. Foreign exchange gains or losses on availabe-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) **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.

(d) **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.

(i) **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.

3.3.2 **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, 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.

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.

3.3.3 De-recognition

The Group derecognizes a financial asset when the contractual rights to the cash flows 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, cancelled or expired.

3.3.4 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.

3.3.5 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 where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

3.3.6 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
(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 12months 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 based on 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 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.

3.4 REINSURANCE RECEIVABLES

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 in to 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 long 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.

(a) **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.

3.5 DEFERRED ACQUISITION COSTS

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

3.6 PREPAYMENTS AND OTHER RECEIVABLES

Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts, prepayments are carried at amortised cost.Other receivables are stated after deductions of amount considered bad or doubtful of recovery.When a debt is deemed not collectible,it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for.Any subsequent recovery of written-off debts is credited to the profit and loss account. Prepayments are carried at cost less amortisation and accumulated impairment losses

3.7 INVESTMENT IN SUBSIDIARIES

In the separate financial statements of Equity Assurance Plc, investments in subsidiaries is accounted for at cost.

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.

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. Profit/(loss) accruing to the Company from the operations of the Hotel will be taken into statement of profit or loss and other comprehensive income.

3.10 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and 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. Any increase in assets carrying amount, as a result of 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:

Assets class	Average useful life
Leasehold land	-
Buildings	50 years
Office equipment	5 years
Motor Vehicles	5 years
Furniture and fittings	5 years
ICT equipment	5 years
Billboard	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.

3.10.1 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.

3.10.2 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.

3.11 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 of Nigeria CAP I17, 2004. Statutory deposit is measured at cost.

3.12 INSURANCE CONTRACT LIABILITIES

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.

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.

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 I17 LFN 2004 as follows:

a) Insurance Funds

i) Reserves for unearned premium

Reserves 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 I17 LFN 2004.

ii) Reserves for additional unexpired risk

A provision for additional unexpired risk reserves (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")

iii) Reserves for outstanding claims

Reserves for outstanding claims is maintained as the total amount of oustanding 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.

b) Liability adequacy test

This is an assessment of whether the carrying amount of an insurance liablity 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 CAP I17, 2004 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 of Nigeria, CAP I17 LFN,2004 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act of Nigeria,CAP I 17 2004, it well serves the Company's prudential concerns.

3.13 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.

3.14 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 months after the date of the statement of financial position.

3.15 INCOME TAX

Income tax expense comprises current and deferred tax

(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 intial 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.

3.16 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.

3.16.1 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 off, 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.

.16.2 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.

3.17 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 CAP I17, LFN 2004.

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 retained earnings.

3.18 RETAINED EARNINGS

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

3.19 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.

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 expenses'.

(c) Foreign Operations

The results and financial position of all the subsdiaries (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.

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.

3.21 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.

Recognition and Measurement of Insurance Contracts

i **Gross premium written**

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.

3.22 REINSURANCE EXPENSES

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

3.23 COMMISSION INCOME

Commissions earned are recognized on ceding businesses to the reinsurers and other insurance companies and are credited to the income statement.

3.24 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.

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).

(a) 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.

3.25 UNDERWRITING EXPENSES

Underwriting expenses comprise acquistion 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 expenses are those incurred in servicing exisitng policies/contract.

(a) 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
Oil & gas	20
Marine	20
Engineering	20
Bond	20
Fire	20

(b) 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.

3.26 EMPLOYEE BENEFIT EXPENSES

(a) Defined contribution plans

The Group operates a defined contributory pension scheme for eligible employees. Employees contribute 8% and the Group contribute 10% 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.

3.27 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.

3.28 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.

3.29 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 oustanding 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.

3.30 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 the resources allocated to each segment and assess its performance, and for which discrete financial information is available.All costs that are directly traceable to the operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

3.31 CONTINGENT LIABILITIES

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the ocurrence or non-ocurrence 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 AND ITS SUBSIDIARY COMPANIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(IN THOUSAND OF NIGERIAN NAIRA UNLESS OTHERWISE STATED)

	NOTES	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
ASSETS					
Cash and cash equivalents	6.1	3,440,507	3,599,976	3,012,534	3,083,899
Financial assets					
- At fair value through profit or loss	7.1	136,774	87,599	100,951	84,071
- Available-for-sale	7.2	8,447	36,008	8,447	36,008
- Held-to-maturity	7.3	508,397	-	427,708	-
Trade receivables	8	158,643	271,360	13,535	-
Reinsurance receivables	9	1,491,852	870,359	1,491,852	870,359
Deferred acquisition costs	10	126,007	95,863	126,007	95,863
Prepayments and other receivables	11	445,143	400,683	352,511	320,639
Investment in subsidiaries	12	-	-	659,624	659,624
Investment properties	13	361,656	351,400	311,656	301,400
Intangible assets	14	818,575	865,587	805,642	853,667
Property, plant and equipment	15	3,551,091	3,391,045	3,075,245	2,966,375
Statutory deposit	16	300,000	300,000	300,000	300,000
Total assets		11,347,092	10,269,880	10,685,712	9,571,905
Liabilities					
Insurance contract liabilities	17	3,377,937	2,577,030	3,377,937	2,577,030
Trade payables	18	32,716	36,031	152	13,132
Other payables	19	835,694	950,746	732,258	786,076
Deposit for shares	20	-	18,179	-	-
Borrowings	21	2,644,867	2,432,750	2,644,867	2,435,245
Income tax liabilities	22	116,176	143,456	63,015	89,625
Deferred tax	23	60,784	60,784	48,994	48,994
Total liabilities		7,068,174	6,218,976	6,867,223	5,950,102
EQUITY					
Paid up share capital	24	7,000,000	7,000,000	7,000,000	7,000,000
Share premium	25	1,023,465	1,023,465	1,023,465	1,023,465
Contingency reserves	26	872,330	792,147	872,330	792,147
Revaluation reserves	27	356,539	156,490	356,539	156,490
Available for sale reserve	28	370	250	370	250
Retained earnings	29	(5,197,445)	(5,120,756)	(5,434,215)	(5,350,549)
		4,055,259	3,851,596	3,818,489	3,621,803
Non controlling interest	30	223,659	199,308	-	-
Total equity		4,278,918	4,050,904	3,818,489	3,621,803
Total liabilites and equity		11,347,092	10,269,880	10,685,712	9,571,905

The financial statements and notes on pages 44 to 108 were approved by the Board of Directors on 23 February 2018 and signed on its behalf by:

Mr. Kyari Bukar	**Mr. Morufu Apampa**	**Mr. Akeem Adamson**
FRC/2013/IODN/00000002050	**FRC/2017/CIIN/00000016004**	**FRC/2013/ICAN/00000002182**
Chairman	**Managing Director**	**Chief Financial Officer**

The accounting policies on pages 24 to 43, notes on pages 52 to 102 and other national disclosures on pages 103 to 108 form an integral part of these financial statements.

Auditors' report, pages 21 to 23

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

	NOTES	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
Gross premium written	32	3,131,705	4,836,334	2,672,770	2,014,077
Gross premium income	32	3,055,478	4,621,785	2,596,543	1,956,775
Re-insurance expenses	33	(696,708)	(1,041,254)	(696,708)	(693,456)
Net premium income	32	2,358,770	3,580,531	1,899,835	1,263,319
Commission income	34	123,018	240,549	123,018	118,636
Net underwriting income		2,481,788	3,821,080	2,022,853	1,381,955
Claims:					
Claims expenses (Gross)	35	1,743,283	2,247,758	1,545,727	1,259,909
Claims expenses recovered from reinsurers	35	(972,392)	(351,955)	(972,392)	(245,380)
Claims expenses (Net)	35	770,891	1,895,803	573,335	1,014,529
Underwriting expenses	36	622,257	972,565	598,608	491,455
Total underwriting expenses		1,393,148	2,868,368	1,171,943	1,505,984
Underwriting profit /(loss)		1,088,640	952,712	850,910	(124,029)
Net income from non-insurance subsidiaries	37	116,401	203,682	-	-
Investment income	38	532,030	563,049	449,970	306,444
Profit from concessionary arrangement	11.2	(9,411)	4,248	(9,411)	4,248
(Loss)/profit on disposal of subsidiary	12.3	-	(29,520)	-	382,678
Net realised gains on assets	39	24,779	99	24,779	99
Net fair value loss on financial assets	40	41,882	(7,197)	39,587	(7,366)
Other operating income	41	184,305	302,339	165,917	133,192
Employee benefit expenses		(532,553)	(951,816)	(350,720)	(404,045)
Impairment loss	42	(65,426)	(119,878)	-	-
Other operating expenses	43	(1,126,143)	(1,930,049)	(929,690)	(1,248,130)
Exchange loss		-	(261)	-	-
Results of operating activities		254,504	(1,012,592)	241,342	(956,909)
Finance costs	44	(212,117)	(529,082)	(212,757)	(531,270)
Profit/(Loss) before tax		42,387	(1,541,674)	28,585	(1,488,179)
Income tax expense	22.1	(36,714)	(165,211)	(32,318)	(62,818)
Profit/(loss) for the year		5,673	(1,706,885)	(3,733)	(1,550,997)
Profit attributable to:					
Owners of the parent		3,244	(1,758,779)	(3,733)	(1,550,997)
Non-controlling interests	30	2,429	51,894	-	-
		5,673	(1,706,885)	(3,733)	(1,550,997)
Other comprehensive income:					
Items within OCI that may be reclassified to profit or loss					
Gains on available for sale financial assets	28	370	250	370	250
Impairment on available-for-sales financial assets reclassified to profit or loss	28	-	-	-	-
Exchange difference on translation of foreign operations		-	(22,373)	-	-
Items within OCI that may not be reclassified to profit or loss					
Gain on revaluation of property,plant & Equipment		200,049	-	200,049	-
Other comprehensive income for the year		200,419	(22,123)	200,419	250
Total comprehensive income for the year		206,092	(1,729,008)	196,686	(1,550,747)

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

	NOTES	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
Attributable to:					
Owners of the parent		203,663	(1,758,529)	196,686	(1,550,747)
Non-controlling interests		2,429	29,521	-	-
Total comprehensive loss for the year		206,092	(1,729,008)	196,686	(1,550,747)
Loss per share:					
Basic loss per share	45	0.02	(12.6)	(0.03)	(11.1)
Diluted loss per share	45	0.02	(12.6)	(0.03)	(11.1)

The accounting policies on pages 24 to 43, notes on pages 52 to 102 and other national disclosures on pages 103 to 108 form an integral part of these financial statements.

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 2017(as restated	7,000,000	1,023,465	156,490	-	250	792,147	(5,120,756)	3,851,596	199,308	4,050,904
Total Comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	3,244	3,244	2,429	5,673
Transfer to contingency reserves	-	-	-	-	-	80,183	(80,183)	-	-	-
Other comprehensive income:								-		-
Revaluation surplus on Property, plant and equipment	-	-	200,049					200,049		200,049
Gain on available for sale financial assets	-	-	-	-	370	-	-	370	-	370
Total comprehensive income for the year	-	-	200,049	-	370	80,183	(76,939)	203,663	2,429	206,092
Transactions with owners, recorded directly in equity contributions by and distributions to owners										
Transfer from Available for sale	-	-	-	-	(250)	-	250	-	-	-
Increase in share capital of MHS	-	-	-	-	-	-	-	-	21,922	21,922
Total transactions with owners	-	-	-	-	(250)	-	250	-	21,922	21,922
Balance at 31 December 2017	7,000,000	1,023,465	356,539	-	370	872,330	(5,197,445)	4,055,259	223,659	4,278,918

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

Group	Share capital	Share premium	Revaluation reserves	Foreign currency reserves	Available for sale reserve	Contingency reserves	Restated Retained Earnings	Total	Non-Controlling interest	Restated 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
Total Comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	(1,758,779)	(1,758,779)	51,894	(1,706,885)
Transfer to contingency reserves	-	-	-	-	-	125,789	(125,789)	-	-	-
Other comprehensive income:										
Gain on available for sale financial assets	-	-	-	-	250	-	-	250	-	250
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(22,373)	(22,373)
Realisation of Revaluation surplus on property, plant and equipment disposed off	-	-	(12,400)	-	-	-	12,400	-	-	-
Total comprehensive income for the year	-	-	(12,400)	-	250	125,789	(1,872,168)	(1,758,529)	29,521	(1,729,008)

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

	Share capital	Share premium	Revaluation reserves	Foreign currency reserves	Available for sale reserve	Contingency reserves	Retained Earnings	Total	Non-Controlling interest	Total Equity
Transactions with owners, recorded directly in equity contributions by and distributions to owners										
Transfer from foreign currency reserve	-	-	-	43,974	-	-	-	43,974	-	43,974
Transfer from Contingency reserves	-	-	-	-	-	(170,933)	170,933	-	-	-
Additional Equity by NCI	-	-	-	-	-	-	-	-	330,691	330,691
Transfer from NCI	-	-	-	-	-	-	-	-	(596,683)	(596,683)
Total transactions with owners	-	-	-	43,974	-	(170,933)	170,933	43,974	(265,992)	(222,018)
Balance at 31 December 2016	7,000,000	1,023,465	156,490	-	250	792,147	(5,120,756)	3,851,596	199,308	4,050,904

See Note 49 on Prior period restatements

The accounting policies on pages 24 to 43, notes on pages 52 to 102 and other national disclosures on pages 103 to 108 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017
IN THOUSANDS OF NIGERIAN NAIRA

Company	Share capital	Share premium	Available for sale reserves	Revaluation reserves	Contingency reserves	Retained Earnings	Total
Balance at 1 January 2017	7,000,000	1,023,465	250	156,490	792,147	(5,350,549)	3,621,803
Total Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(3,733)	(3,733)
Transfer to contingency reserves	-	-	-	-	80,183	(80,183)	-
Other comprehensive income:							-
Revaluation surplus on property, plant and equipment	-	-	-	200,049	-	-	200,049
Transfer to Available for Sale Reserve	-	-	370	-	-	-	370
Total comprehensive income for the year	-	-	370	200,049	80,183	(83,916)	196,686
Transactions with owners, recorded directly in equity contributions by and distributions to owners							
Transfer from Available for Sale Reserve	-	-	(250)	-	-	250	-
Increase in share capital from private	-	-	-	-	-	-	-
Total transactions with owners	-	-	(250)	-	-	250	-
Balance at 31 December 2017	7,000,000	1,023,465	370	356,539	872,330	(5,434,215)	3,818,489
						Restated	**Restated**
Balance at 1 January 2016	7,000,000	1,023,465	-	168,890	731,725	(3,751,530)	5,172,550
Total Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(1,550,997)	(1,550,997)
Transfer to contingency reserves	-	-	-	-	60,422	(60,422)	-
Transfer from revaluation reserves	-	-	-	(12,400)	-	12,400	-
Other comprehensive income:							-
Transfer to Available for Sale Reserve	-	-	250	-	-	-	250
Total comprehensive income for the year	-	-	250	(12,400)	60,422	(1,599,019)	(1,550,747)
Transactions with owners, recorded directly in equity							
Private placement costs	-	-	-	-	-	-	-
Increase in share capital from private placement	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balance at 31 December 2016	7,000,000	1,023,465	250	156,490	792,147	(5,350,549)	3,621,803

See Note 49 on Prior period restatements

The accounting policies on pages 24 to 43, notes on pages 52 to 102 and other national disclosures on pages 103 to 108 form an integral part of these financial statements.

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017
(IN THOUSANDS OF NIGERIAN NAIRA)

	NOTES	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
Premium received from policy holders		3,244,422	5,054,905	2,659,235	2,018,155
Commission received		123,251	246,467	123,251	124,554
Receipt from reinsurance recovery	9.4	363,859	261,921	363,859	261,921
Claims paid	35	(1,018,603)	(1,814,687)	(821,047)	(883,197)
Commission paid		(563,900)	(771,664)	(540,251)	(382,037)
Maintenance cost	36	(90,189)	(74,226)	(90,189)	(68,947)
Reinsurance premium paid		(721,087)	(975,091)	(721,087)	(665,883)
Other operating income		110,111	108,036	93,556	95,393
Operating costs and payment to employees		(1,003,618)	(2,868,550)	(719,178)	(971,157)
Tax paid	22	(60,249)	(131,680)	(58,928)	(60,325)
Net cash inflow/ (outflow) from operating activities	46	383,997	(964,569)	289,221	(531,523)
Cash flows from investing activities					
Additions to investment in subsidiaries		-	-	-	(37,030)
Additions to investment properties		(10,256)	-	(10,256)	-
Additions to Intangible assets	14	(6,503)	(5,719)	(3,333)	-
Additions to financial assets at fair value through profit or loss	7.1(a)	(31,336)	(924)	(1,336)	(924)
Rental income	38	5,717	8,651	2,867	5,251
Proceed from disposal of subsidiary- Equity Assurance, Ghana	12	-	690,060	-	690,060
Proceeds from disposal of financial assets at fair value through profit or loss		38,055	1,520	38,055	1,520
Proceeds from disposal of Available for Sale		38,698	-	38,698	-
Dividend received	38	11,763	7,475	4,852	7,475
Proceeds from disposal of property plant and equipment		15,221	5,134	13,388	5,134
Additions to property, plant and equipment	15	(96,428)	(243,037)	(15,813)	(186,440)
Held to maturity investment	7.3	(508,397)	525,974	(427,708)	-
Net cash (outflow)/inflow from investing activities		(543,466)	989,134	(360,586)	485,046
Cash flows from financing activities					
Deposit for shares	20	-	17,379	-	-
Share issue costs	25	-	-	-	-
Proceed from private placement	24	-	-	-	-
Repayment of borrowings	21.3	-	-	-	-
Dividend Paid		-	-	-	-
Net cash inflow from financing activities		-	17,379	-	-
Net (decrease)/increase in cash and cash equivalents		(159,469)	41,944	(71,365)	(46,477)
Cash and cash equivalents brought forward		3,599,976	3,558,032	3,083,899	3,130,376
Cash and cash equivalents carried forward	6.1	3,440,507	3,599,976	3,012,534	3,083,899

The accounting policies on pages 24 to 43, notes on pages 52 to 102 and other national disclosures on pages 103 to 108 form an integral part of these financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and Judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provision for unpaid claims

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims flunctuate based on the nature and severity on the claim reported. Claims incurred but not reported are determined using statistical analysis.

Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment the Group considers among other factors, the normal volatility in market price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cashflow. In this respect, a decline of 20% or more is regarded as significant and a period of twelve months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

Income taxes

The Company periodically assesses its liability and contingencies related taxes for all years open to audit based on the latest information available. where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in materially different outcome than the amount included in the tax liabilities.

Fair value of investments not quoted in an active market

The fair value of securities that are not quoted in an active market is determined by using valuation techniques, primarily earning multiples, discounted cash flows and recent comparable transactions.

5.0 MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

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

5.1 Insurance Risk

The risk in any Insurance contract is the possibility that the insured event occurs which could result in a claim. This risk is very random and unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amounts of claims and benefits will vary from year to year from the level established using statistical techniques.

The Group has developed its insurance underwriting strategy to diversify the type of Insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) ***Frequency and severity of claims***

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right to renew individual policies, it can impose excess or deductibles and it has the right to reject the payment of fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total loss.

The Group has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

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

(b) ***Sources of uncertainty in the estimation of future claims payments***

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

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

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

(c) ***Process used to decide on assumptions***

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are Basic Chain Ladder and the Inflation Adjusted Chain Ladder methods.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub-divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insuficcient claim data, large and attritional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

Basic Chain Ladder method (BCL)

Development factors were calculated using the last 5 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations and the most prudent result is selected.

Ultimate development factors are applied to the paid per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

For cases where there were large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total cash reserve were excluded from the calculation of the IBNR.

i.e IBNR= Ultimate claim amount (excl. extreme large losses) Minus paid claims to date Minus claims outstanding(excl. extreme large losses)

Assumptions underlying the BCL

The Basic Chain Ladder Method assumes that the past experience is indicative of future experience i.e that claims recorded to date will continue to develop in a similar manner in the future.

An implicit assumption is that, for an immature accident year, the claims observed thus far tell you something about the claims yet to be observed.

A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits.

If any of these assumptions are invalidated, the results of the reserving may prove to be inaccurate.

Inflation Adjusted Chain Ladder method (IACL)

Under this method, the historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding by the future claims are further multiplied by inflation index from the year of valuation to the future year of payment of the outstanding claims. Past official inflation index and 12% p.a for the future are adopted

Assumptions underlying the IACL

The IACL anticipates that total claims may be exposed to inflationary increase and it further recognises that present value needs to be reserved for total payments. Unearned premium provision was calculated using a time- apportionment basis, in particular, the 365ths method. The same approach was taken for deferred acquisition costs as for the calculation of the UPR balance.

(d) ***Change in assumptions and sensitivity analysis***

There was no change in the assumptions used to estimate the ultimate cost of claims paid during the year.

(e) ***Sensitivity analysis and claims development tables***

Sensitivity analysis are performed to test the variability around the reserves that are calculated at a best estimate level. The estimated claim amounts can never be an exact forecast of the future claim amounts and therefore looking at how these claim amount can vary could provide valuable information for business planning and risk appetite considerations.

Claims Paid Triangulations as at December 2017

Accident	Incremental Chain ladder - Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	10
2007	25,910	56,204	19,302	3,099	4,620	10	26	-	-	-
2008	9,623	57,322	11,343	9,534	3,484	2,062	861	-	-	-
2009	36,290	77,255	50,883	6,339	7,871	580	2,421	239	513	-
2010	33,918	98,868	39,340	18,228	15,895	1,115	2,846	385	-	-
2011	36,389	49,219	23,054	6,801	3,852	1,188	901	-	-	-
2012	26,196	51,875	34,616	3,493	3,272	418	-	-	-	-
2013	26,574	39,254	29,256	2,559	5,656	-	-	-	-	-
2014	30,145	59,724	35,702	4,979	-	-	-	-	-	-
2015	28,898	39,053	20,143	-	-	-	-	-	-	-
2016	26,816	38,833	-	-	-	-	-	-	-	-
2017	49,617									

Fire	Cumulative Chain ladder- Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	10
2007	15,858	53,230	22,484	2,780	1,109	428	-	-	-	
2008	34,928	10,279	7,754	19,838	728	38	10	93	-	85
2009	10,289	16,133	11,202	15,851	14,051	5,402	-	-	545	
2010	51,416	49,920	19,577	1,192	357	-	-	224	-	
2011	16,632	99,883	11,228	5,028	585	-	110	-	-	
2012	18,427	29,550	18,149	2,057	1,764	22	-	-	-	
2013	52,030	35,454	28,449	9,643	129	-	-	-	-	
2014	16,357	24,014	26,465	4,699	-	-	-	-	-	
2015	19,372	57,075	14,966	-	-	-	-	-	-	
2016	37,925	59,091	-	-	-	-	-	-	-	
2017	21,813									

Engineering	Incremental Chain ladder-Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	10
2007	-	-	-	555	-	-	-	-	-	-
2008	-	-	6,501	97	-	14	-	-	-	-
2009	-	6,209	576	728	-	12	76	-	-	-
2010	1,188	11,840	3,052	87	-	-	-	-	-	-
2011	1,083	2,620	5,696	1,606	565	2,183	-	-	-	-
2012	4,259	1,549	1,915	-	-	-	-	-	-	-
2013	7,354	3,646	668	-	-	-	-	-	-	-
2014	6,631	12,113	2,143	-	-	-	-	-	-	-
2015	2,507	11,611	26	-	-	-	-	-	-	-
2016	2,617	1,456	-	-	-	-	-	-	-	-
2017	4,573									

Marine	Incremental Chain ladder-Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	
2007	403	7,029	7,210	3,014	20	17	-	-	-	
2008	2,709	3,005	1,602	1,210	512	1,543	-	-	-	
2009	278	4,668	4,895	2,824	-	-	-	-	-	
2010	8,478	9,134	1,577	1,105	-	293	-	335	-	
2011	4,710	6,144	4,272	5,230	-	-	-	-	-	
2012	4,971	15,645	1,161	95	-	-	-	-	-	
2013	8,740	10,445	57	43	7	-	-	-	-	
2014	14,785	30,078	5,940	-	-	-	-	-	-	
2015	19,223	25,779	-	-	-	-	-	-	-	
2016	13,110	19,537	-	-	-	-	-	-	-	
2017	15,221									

Motor	Incremental Chain ladder-Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	
2007	69,042	93,856	7,781	1,934	1,692	-	-	-	-	
2008	123,217	121,480	6,112	756	165	28	-	-	-	
2009	109,488	127,883	22,327	3,025	286	-	338	82	969	
2010	90,318	103,367	3,884	3,609	206	512	-	2,255	-	
2011	78,170	63,272	13,635	2,267	25	-	-	-	-	
2012	110,916	101,782	4,218	19	-	-	-	-	-	
2013	123,427	86,868	1,347	5,135	98	-	-	-	-	
2014	225,537	155,085	21,615	1,554	-	-	-	-	-	
2015	120,490	98,077	6,211	-	-	-	-	-	-	
2016	89,199	69,427	-	-	-	-	-	-	-	
2017	71,887									

Claims Paid Triangulations as at December 2016

Accident	Incremental Chain ladder - Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	10
2007	25,910	56,204	19,302	3,099	4,620	10	26	-	-	-
2008	9,623	57,322	11,343	9,534	3,484	2,062	861	-	-	-
2009	36,290	77,255	50,883	6,339	7,871	580	2,421	239	-	-
2010	33,918	98,868	39,340	18,228	15,895	1,115	2,846	-	-	-
2011	36,389	49,219	23,054	6,801	3,852	1,188	-	-	-	-
2012	26,196	51,875	34,616	3,493	3,272	-	-	-	-	-
2013	26,574	39,254	29,256	2,559	-	-	-	-	-	-
2014	30,145	59,724	35,702	-	-	-	-	-	-	-
2015	28,898	39,700	-	-	-	-	-	-	-	-
2016	26,816	-	-	-	-	-	-	-	-	-

Fire	Cumulative Chain ladder- Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	
2007	15,858	53,230	22,484	2,780	1,109	428	-	-	-	
2008	34,928	10,279	7,754	19,838	728	38	10	93	-	
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2012	18,427	29,550	18,149	2,057	1,764	-	-	-	-	
2013	52,030	35,454	28,449	9,643	-	-	-	-	-	
2014	16,357	24,014	26,465	-	-	-	-	-	-	
2015	19,372	57,075	-	-	-	-	-	-	-	
2016	3,792	-	-	-	-	-	-	-	-	

Engineering	Incremental Chain ladder-Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	
2007	-	-	-	555	-	-	-	-	-	
2008	-	-	6,501	97	-	14	-	-	-	
2009	-	6,209	576	728	-	12	76	-	-	
2010	1,188	11,840	3,052	87	-	-	-	-	-	
2011	1,083	2,620	5,696	1,606	565	2,183	-	-	-	
2012	4,259	1,549	1,915	-	-	-	-	-	-	
2013	7,354	3,646	668	-	-	-	-	-	-	
2014	6,631	12,113	2,143	-	-	-	-	-	-	
2015	2,507	11,611	-	-	-	-	-	-	-	
2016	2,617	-	-	-	-	-	-	-	-	

Marine	Incremental Chain ladder-Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	
2007	403	7,029	7,210	3,014	20	17	-	-	-	
2008	2,709	3,005	1,602	1,210	512	1,543	-	-	-	
2009	278	4,668	4,895	2,824	-	-	-	-	-	
2010	8,478	9,134	1,577	1,105	-	293	-	-	-	
2011	4,710	7,854	4,708	7,317	-	-	-	-	-	
2012	4,971	15,645	1,161	95	-	-	-	-	-	
2013	8,740	10,445	57	43	-	-	-	-	-	
2014	14,785	30,078	5,940	-	-	-	-	-	-	
2015	19,223	25,779	-	-	-	-	-	-	-	
2016	13,110	-	-	-	-	-	-	-	-	

Motor	Incremental Chain ladder-Yearly Projections (N'000)									
A/Y year/ Dev Years	1	2	3	4	5	6	7	8	9	
2007	69,042	93,856	7,781	1,934	1,692	-	-	-	-	
2008	123,217	121,480	6,112	756	165	28	-	-	-	
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2012	110,916	101,782	4,218	19	-	-	-	-	-	
2013	123,427	86,868	1,347	5,135	-	-	-	-	-	
2014	225,537	155,085	21,615	-	-	-	-	-	-	
2015	120,490	98,077	-	-	-	-	-	-	-	
2016	89,199	-	-	-	-	-	-	-	-	

5.2 FINANCIAL RISK MANAGEMENT

Introduction and overview

Equity Assurance plc has a robust and functional Enterprise-wide Risk Management (ERM) Framework that is responsible for identifying and managing the inherent and residual risks facing the Group. The Group has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

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

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

Internal Control and Risk Management Systems

Being an insurance company, the management of risk is at the core of the operating structure of Equity Assurance Plc. As a result, the Company employs the best risk management practices to identify, measure, monitor, control and report every material risk prevalent in our business operation.

The Company's ERM framework is in line with Committee of Sponsoring Organizations of the Treadway Commission (COSO) as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in our operations.

The risk structure includes our approach to management of risks inherent in the business and our appetite for these risk exposures. Under this approach, we continuously assess the Company's top risks and monitor our risk profile against approved limits. Our main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

Enterprise-wide Risk Management Principles

The Company seeks to be the reference point for risk management in the industry while maximizing our value to stakeholders through an approach that balances the risk and reward in our business. In order to ensure effective integration over time into the Group's processes so that risk management not only protects value but creates value, Equity Assurance Plc is being guided by the following principles:

a) The Company will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.

b) The Company will at all times comply with all government regulations and uphold international best practice.

c) The Company will build and entrench an enduring risk culture, which shall pervade the entire organization.

d)The Company will only accept risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times.

e) The Company will make decisions based on careful analysis of the implications of such risk to its strategic goals and operating environment.

Enterprise-wide Risk Management Framework

This framework is developed to promote a strong risk management culture and integrate risk considerations into management and decision-making processes through a robust risk governance structure. It ensures that top risks are properly identified, analyzed and assessed, in a consistent manner across the organization. We operate the 'three lines of defence model' for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

1st line - Management

It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

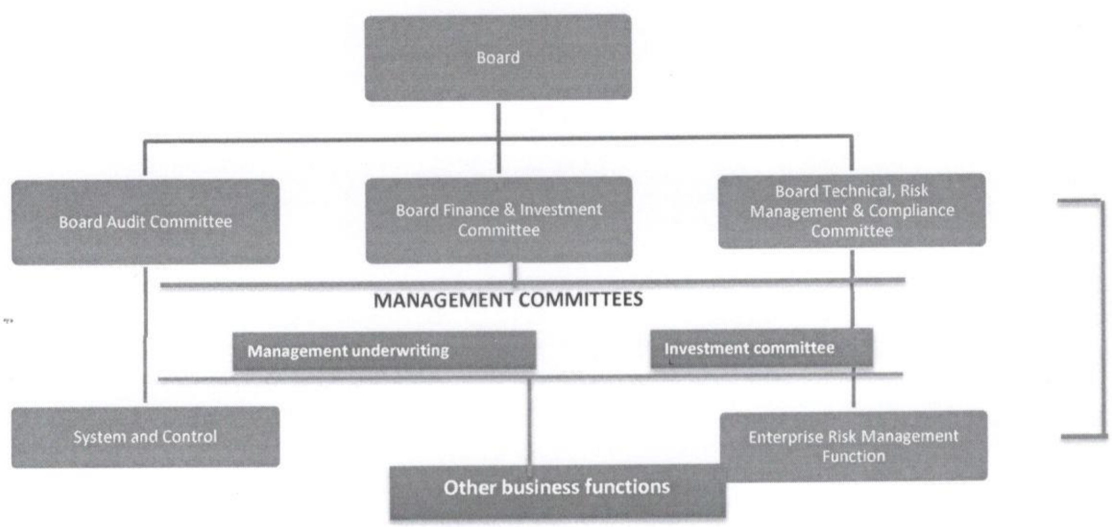
2nd line - Risk oversight

The Company's risk management function provides oversight and independent reporting to executive management, implements the group's risks management policy in the business units, approve risk within specific mandates and provides an independent overview of the effectiveness of risk management by the first line of defence.

3rd line - Independent assurance

The last line of defence comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organization.

ERM Governance Structure



The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control.

This function is carried out via its Board Committees as follows:

BOARD COMMITTEES	FUNCTIONS
Board Audit committee	a) Oversight of financial reporting and accounting b) Oversight of the external auditor c) Monitoring the internal control process
Board Technical, Risk Management & Compliance Committee	a) Assist in the oversight of the review and approval of the companies risk management policy including risk appetite and risk strategy; b)Review the adequacy and effectiveness of risk management and controls; c) Oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms; d) Review of the company's compliance level with applicable laws and regulatory requirements that may impact the company's risk profile; e) Review changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile; and f) Review large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental & social management system g) Review and recommend for approval of the Board risk management procedures and controls for new products and services h) Oversight of regulatory compliance i) Oversight of enterprise risk management
Board Finance and Investment Committee	a) Reviews and approves the company's investment policy b) Approves investments over and above managements' approval limit c) Ensures that optimum asset allocation is achieved

The Company's ERM Management committee in line with Management Investment Committee recommends to the Board Risk Management and Technical Committee an amount at risk that it is prudent for the risk committee to approve in line with the Company's business strategies. The Board Risk Management and Technical Committee approve the Company's risk appetite each year, based on a well-defined and broad set of risk measures.

The Company's ERM Management committee is also responsible for establishing, documenting and enforcing all policies that involve risk. Specifically, the Chief Risk Officer(a member of the Management Committee) is responsible for the risk policies, risk methodologies and risk infrastructure.

The Chief Risk Officer (CRO) plays a pivotal role in informing the Board, as well as ERM Management Committee about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for independently monitoring the broad risk set by the board throughout the year, and delegating some responsibilities to the heads of the various Strategic Business Units within the Company.

The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application of the vetting processes.

Risk Appetite

The Company recognizes that its long-term sustainability is dependent upon the protection of our brand, preservation of the value and relationship with customers. To this end, we will not accept risks that materially impair reputation and value and requires that our customers are always treated with integrity.

The Company's risk appetite is defined by a clear risk strategy and limit structure. Close risk monitoring and reporting allows us to detect potential deviations from our risk tolerance at an early stage at both the Group and operating entity levels.

Risk Management Policies and Procedures

We have developed policies and procedures for each broad risk category inherent in our business. The policies set out and ensure alignment and consistency in the way in which we deal with major risk types across the group, from identification to reporting. Procedures targeted at managing each broad risk category are embedded in our Enterprise-wide Risk Management framework approved by the Board.

Risk Management is an ongoing activity and is to be carried out as part of day-to-day business. The risks are identified by different portfolio and strategic business units and re-assesses regularly to determine whether there are new or emerging risks in light of any current or anticipated changes. Treatment plans for identified risks are monitored to ensure that risks are being mitigated as planned.

The company -wide risk assessments is refreshed and reported twice per year. Management is responsible and accountable for ensuring that:

a) Risk management policies, framework and processes are complied with.

b) The risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees.

c) Explanations are provided to the Board Committees for any major gaps in the risk profile and any significant delays in planned treatments for high risk and high priority matters

Our internal audit function, the Systems & Control (SYSCON) group, conducts a risk-based audit on all business units using outputs of the annual company-wide risk assessment to guide its annual audit planning.

Risk Categorization

Equity Assurance Plc is exposed to an array of risks through its operations. The Company has identified and categorized its exposure to these broad risks as listed below:

a) Market risk
b) Underwriting risk
c) Credit risk
d) Operational risk
e) Liquidity risk
g) Business risk
h) Reputational risk

Market risk: This reflects the possibility that the value of investment's funds will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Company is exposed to this risk through its financial assets and comprises.

a) Equity price risk: the risk associated with volatility in the stocks in our investment portfolio.
b) Foreign exchange risk: may arise from movement of currency prices on assets held in foreign currency
c) Interest rate risk: the risk that the value of a fixed income security will fall as a result of movement in market interest rates.
d) Property price risk: The Company's portfolio is subject to property price risk arising from changes in the market value of properties.

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

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

Credit risk: This is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. Risks that brokers and large corporate who are allowed extended payment period may default and this is closely allied to cash flow risks. The three sources of credit risk identified are :

a) Direct Default Risk: risk that the company will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations.
b) Downgrade Risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
c) Settlement Risk: risk arising from the lag between the value and settlement dates of securities transactions

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

Liquidity risk: The Company recognizes the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfill its financial obligation once claims crystallize. The Company's exposure to liquidity risk comprises:

a) Funding liquidity risk: Arising from our investment-linked products where there is a financial obligation to customers.

b) Asset liquidity risk: arising from our financial assets where we might not be able to execute transactions at prevailing market price because there is temporarily, no appetite for the deal at the other side of the market

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

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

Market Risk Management

The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

1. Equity price risk
2. Foreign exchange risk
3. Interest-rate risk
4. Property price risk

1. **Equity price risk**

The Group's management of equity price risk is guided by the investment quality and limit analysis.

Investment quality and limit analysis

Management Investment Committee establishes and approves a list of eligible listed and unlisted stocks aligned with investment approval/dealer limits as approved by the Board through its Board Finance & Investment Committee. These approval limits are illustrated using an approval hierarchy that establishes different levels of authority necessary to approve investment decisions of different naira amounts. The approval limit system:

a) sets a personal discretionary limit for Chief Executive Officer;
b) requires that investment decisions above the MD's limit requires approval by the Board of Directors and;
d) sets out lower limits for Chief Investment Officer (CIO) and, or provides the CIO with the authority to assign limits to subordinates.

2. **Foreign Exchange risk**

Equity Assurance Group is exposed to foreign exchange currency risk primarily through certain transactions denominated in foreign currency. The Group is exposed to foreign currency risk through its investment in Equity Assurance Limited, Ghana and bank balances in other foreign currencies.

The carrying amounts of the Group's foreign currency-denominated assets as at end of the year are as follows:

	Cash & Cash Equivalents	
	2017	2016
	N'000	N'000
Dollars	826,382	122,418
Euros	2,847	2,413
Pounds	633	574
Cedis	-	-
	829,862	125,405

The Group limits its exposure to foreign exchange to 28% of total investment portfolio. Foreign currency changes are monitored by the investment committee and holdings are adjusted when offside of the investment policy. The Group further manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Group's investment income. At the year end, the foreign currency investments held in the portfolio were on unquoted equity and cash and cash equivalents. There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

3. **Interest-rate Risk**

The Group is moderately exposed to interest-rate risk through its conservative investment approach with high investment in Fixed Income and Money Market instruments. Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios.

4. **Property Price Risk**

The Group is exposed to property price risk through its investment in property. Exposure to property price risk accounts for 10% of the total investment portfolio. The Group manages the risk by constantly monitoring the contribution of property to its portfolio and converting some of this class to earning properties.

Underwriting Risk Management

The Group faces underwriting risk through its core business when actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims.

EQUITY Assurance plc manages its underwriting risk by diversification across large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group purchases reinsurance as part of its risk mitigation program and establishes retention limits for reinsurance across product lines.

The Group's internal processes and policies also ensure that amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. In addition, the Group recognizes that its reinsurance program with respect to ceded reinsurance is exposed to credit risk, to the extent that any reinsurer who is unable to meet its obligations assumed under such reinsurance agreements, thus it is not relieved of its direct obligations to its policyholders.

The Group also recognizes that a concentration of risk may arise from insurance contracts issued in a specific geographical location since most of the insurance contracts are written in Nigeria and Ghana and constantly conducts concentration risk analysis to evaluate and manage its exposure to the risk.

The Group holistically manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of policies are based on trends and past experience amongst others in an attempt to correctly match policy revenue with exposed risk.

Business Risk Management

Business risk is managed by Management Underwriting & Investment Committee through consistent monitoring of product lines' profitability, stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control and prompt response to changes in the external environment.

Reputational Risk Management

EQUITY Assurance Plc's norms and values set a tone for acceptable behaviours required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

The Group identifies, assesses and manages reputational risks predominately within its business processes. Management of reputational risks is based on the Group's risk governance framework. In addition, company-wide risks are identified and assessed qualitatively as part of the annual risk & control self-assessment. The Group's risk functions analyses the overall risk profile and regularly informs management about the current profile and potential exposures to the risk. Risk functions' presentation of potential reputational risk guides management decisions in executing business operations and strategies.

The Group has laid great emphasis on effective management of its exposure to credit risk especially premium related debts. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement. Credit risk exposure to direct business is low as the Company requires debtors to provide payment plans before inception of insurance policies. The Company's exposure to credit risk arising from brokerage business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

The Group credit risk originates from reinsurance recoverable transactions, retail clients, corporate clients, brokers and agents.

Management of credit risk due to outstanding premium
Credit Rating

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers while others are explored for possible potentials.

Receivables are reviewed and categorized into grade A, B, C and D on the basis of:
a) Previous year contribution (4 years)
b) Payment mode
c) Outstanding as at December of the previous year
d) Future prospect
e) Recommendation

The Group credit risk is constantly reviewed and approved during the weekly Management Operations meeting. The monthly Group management meeting is responsible for the assessment and continual review of the Company premium debt and direct appropriate actions in respect of delinquent ones. It also ensured that adequate provisions are taken in line with the regulatory guidelines. Other credit risk management includes:

a) Formulating credit policies with strategic business units, underwriters, brokers covering brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.

b) Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.

c) Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.

d) Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during management meeting.
e) Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three models:

a) The Probability of Default(PD), the likelihood that the insured will fail to make full and timely payment of financial obligations
b)The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default

c)The Loss Given Default (LGD) which state the amount of the loss if there is a default, expressed as a percentage of the (EAD).

Impairment Model

Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The standard favours the use of the incurred loss model in estimating the impairment of its receivables

Following the provisions of IAS 36, the impairment of the premium debtors will be assessed at two different levels, individually or collectively. The premium debt of the Group will be assessed for impairment using the incurred loss model adapted for insurance business.

The model used is defined as thus:

Impairment loss = EP * LGD * EAD * PD

Where EP is Emergency Period;

LGD is Loss Given Default;

EAD is Exposure At Default; and

PD is 1-year Probability of Default.

Credit quality

The Group loan and receivables has no collateral as security and other credit enhancements, thus the group has no loan or receivables that are past due but not impaired. Insurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is low.

Operational Risk Management

A summary of the analytical tools that the Group employed in operational risk management are discussed below:

Issue tracking report/action plan report:
Issues can surface from the internal self-assessment process, an audit, or regulators requirements. A key result of the self-assessment process is an action plan with assigned responsibilities. This report contains a reap of major issues, the status of the action plan, and an aging of overdue tasks.

Risk control and self-assessment (RCSA): The business areas perform self-assessments semi- annually and results are aggregated to provide a qualitative and quantitative profile of risk across the organization and related action items. Severity of the risks identified is compared with previous RCSA risk severity and a trend is ascertained. The register summarizes findings into list of risks facing the institution. These summary results are accompanied by descriptions of the significant gaps and trends, suggested mitigants, and process owners and timeline for each risk.

The profile of risks across the organization is an integral input for the Group's internal audit whilst preparing audit plans. Areas with high-risk exposures are thoroughly audited and performance of recommended controls tested by the Group's internal control function to ascertain that risks are properly managed.

Risk Maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. Risks in the upper right are very severe and need to be monitored closely to reduce the Group's exposure. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

Key risk indicators dashboard: These are numerous measures of actual risks in the business and support functions, such as error rates and control breaks. Summary indicators, related escalation criteria, explanations of any excesses, and identified trends are all important aspects that are tracked. Many indicators are specific to each business unit or process, but some may be common and reported in a consolidated fashion. Threshold is set by management for each key risk indicators and escalation of indicators above such levels triggers a mitigation response.

Loss events report: The ERM team developed a database for loss event collation named Loss Event Register. This register allows staff to report actual and near-miss (an unplanned event that did not result in injury, illness, or damage - but had the potential to do so) loss events. Summary statistics from the loss event database are used to show trends of total losses and mean average loss, with analysis by type of loss and business line.

Business continuity plan: A critical tool in managing our operational risk is the Business Continuity Plan (BCP) that documents the procedures to be executed by relevant teams in the event of a disaster.

Liquidity Risk Management

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

The Group's investment policy requires that 35% of the Group's portfolio to be held in cash and short-term investments. This highlights liquid marketable securities sufficient to meet its liabilities as at when due. Short term investments include treasury bills and term deposits with an original maturity of less than one year.

The limits are monitored and reported on a weekly and monthly basis to ensure that exposure of the Group's investment portfolio to this risk is properly managed.

5.3 CAPITAL MANAGEMENT

The Group's objectives with respect to capital management are to maintain a capital base that is designed to satisfy regulatory requirement and optimize capital allocations.

Equity Assurance Plc has over the years been deploying capital from earnings and equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businessess and reward shareholders, there is need for the Company to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

The Group's capital management strategy focus on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders'interests and satisfies regulators.

The Group's objectives when managing capital are as follows:

1. To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Group.
2. To generate sufficient capital to support the Group's overall business strategy.
3. To ensure that the Group meets all regulatory capital ratios
4. To maintain a strong risk rating.
5. To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital.
6. To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses.
7. To establish the efficiency of capital utilisation;

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

Minimum Capital Requirement

The Company complied with the minimum capital requirement of N3billion for non-life business as at the end of the financial year. This is shown under Shareholders' fund in the statement of financial Position.

Solvency Margin

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, which NAICOM generally expects non-life insurers to comply with this capital adequacy requirements.

Section 24 of the Insurance Act CAP I17, LFN 2004 defines Solvency margin of a non-life insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of Net premium income or the minimum capital base (N3billion) whichever is higher.

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%.The company exceeded its solvency margin by N234.949million for the year ended 31 December 2017. The regulator has the authority to request more extensive reporting and can place restriction on the Company's operations if the company falls below this requirement.

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Solvency margin computation	**2017**
Cash and Cash equivalents	3,012,534
Held to maturity financial assets	427,708
Quoted stocks at market value	100,951
Trade receivables	13,535
Statutory deposits	300,000
Unquoted stocks at cost	668,071
Property, plant and equipment	3,075,245
Due from staff	36,070
Reinsurance receivables	1,491,852
Deferred acquisition costs	126,007
Intangible assets other than computer software	801,205
Admissible assets	10,053,178
Insurance contract liabilities	3,377,937
Trade payable	152
Obligation under finance lease	-
Convertible redeemable loan	2,644,867
Other payables	732,258
Taxation	63,015
Admissible liabilities	6,818,229
Solvency margin	3,234,949
The higher of 15% of net premium income and shareholders funds	3,000,000
Excess of solvency margin	234,949
Solvency ratio	107.83

5.4 SEGMENT INFORMATION

The Group is organized into three operating segments. These segments distribute their products through various forms of Brokers, Agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life insurance
This segment covers the protection of customers' assets (particularly their properties, both for personal and commerical business) and indemnification of other parties that have suffered damage as a result of Customers' accidents. All contracts in this segment are short term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Asset Management
This segment offers finance leases to both individual and corporate clients. Revenue from this segment is derived primarily from lease income, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Health Management
This segment offers health management to both individual and corporate clients. It derives its revenue primarily from premium on plan scheme, income from consultancy, income from third party administration, fee for service, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Expenses for the Group office that renders services for all the business segments are initially paid by the general business segment and transferred to other business units at cost price. The expenses are allocated based on service man hours rendered by the group office to the various business segments.

The corporate expenses for the following centrally shared services are being apportioned to all business segments in the;

- System and controls
- Financial controls
- Human resources
- Information technology
- Strategy and Performance Management

EA Čapital Management Limited rendered asset management services for other business segments of the Group. All fee income earned on group asset management services is eliminated on consolidation.

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5.4 SEGMENT REPORTING -2017

GROUP	NON-LIFE	HEALTHCARE	ASSET MGT	TOTAL
Revenue:				
Derived from external customers				
Gross Premium written	2,672,770	458,935	-	3,131,705
Gross Premium income	2,596,543	458,935	-	3,055,478
Reinsurance expenses	(696,708)	-	-	(696,708)
Net Premium income	1,899,835	458,935	-	2,358,770
Commission income	123,018	-	-	123,018
Income from non-insurance subsidiaries	-	104,595	11,806	116,401
Investment income	449,970	39,282	42,778	532,030
Income from concessionary arrangement	(9,411)			(9,411)
Net realised gains on financial assets	24,779	-	-	24,779
Net fair value loss on financial assets at fair value through profit or loss	39,587	2,182	113	41,882
Other operating income	165,917	11,958	6,430	184,305
Net income	2,693,695	616,952	61,127	3,371,774
Insurance claims	1,545,727	197,556	-	1,743,283
Insurance claims recovered from reinsurer	(972,392)	-	-	(972,392)
Net insurance claims	573,335	197,556	-	770,891
Underwriting expenses	598,608	23,649	-	622,257
Employee benefit expense	350,720	172,692	9,141	532,553
Impairment loss	-	29,139	36,287	65,426
Other operating expenses	929,690	184,221	12,232	1,126,143
Net expenses	2,452,353	607,257	57,660	3,117,270
Reportable segment profit	241,342	9,695	3,467	254,504
Finance cost	(212,117)	-		(212,117)
Profit before income tax from reportable segments	29,225	9,695	3,467	42,387
Income tax	(32,318)	(3,095)	(1,301)	(36,714)
(Loss)/profit after income tax	(3,093)	6,600	2,166	5,673

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SEGMENT REPORTING -2016

GROUP	NON-LIFE	HEALTHCARE	ASSET MGT	TOTAL
Revenue:				
Derived from external customers				
Gross Premium	4,419,327	417,007	-	4,836,334
Gross Premium income	4,203,889	417,896	-	4,621,785
Reinsurance expenses	(1,041,254)		-	(1,041,254)
Net Premium income	3,162,635	417,896	-	3,580,531
Commission income	240,549	-	-	240,549
Income from non-insurance subsidiaries	-	161,592	42,090	203,682
Investment income	515,510	31,598	15,941	563,049
Net realised gains on financial assets	99	-	-	99
Net fair value (loss)/gain on financial assets at fair value through profit or loss	(7,366)	169	-	(7,197)
Loss from disposal of subsidiaries	(29,520)	-	-	(29,520)
Profit from concessionary arrangement	4,248	-	-	4,248
Other operating income	297,537	543	4,259	302,339
Net income	4,183,692	611,798	62,290	4,857,780
Insurance claims	2,021,985	225,773	-	2,247,758
Insurance claims recovered from reinsurer	(351,955)	-	-	(351,955)
Net insurance claims	1,670,030	225,773	-	1,895,803
Acquisition costs	876,580	21,759	-	898,339
Other underwriting expenses	68,947	5,279	-	74,226
Employee benefit expense	772,773	171,852	7,191	951,816
Depreciation and amortization	172,038	24,198	806	197,042
Impairment loss	88,849	29,143	1,886	119,878
Other expenses	1,999,242	121,005	15,064	2,135,311
Net expenses	5,648,459	599,009	24,947	6,272,415
Reportable segment profit	(1,464,767)	12,789	37,343	(1,414,635)
Finance cost	(126,876)	(163)	-	(127,039)
(Loss)/profit before income tax from reportable segments	(1,591,643)	12,626	37,343	(1,541,674)
Income tax	(142,437)	(8,628)	(14,146)	(165,211)
(Loss)/profit after income tax	(1,734,080)	3,998	23,197	(1,706,885)

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5.5 **FINANCIAL ASSETS AND LIABILITIES**

Accounting classfication measurement basis and fair values.

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values

(a)

Group	Held for trading	Held -to-maturity	Loans and receivables	Available-for- sale	Other financial liabilities at amortized cost	Total Carrying amount	Fair Value
31 December 2017							
Cash and cash equivalents	-	-	3,440,507	-	-	3,440,507	3,440,507
Financial assets	136,774	508,397	-	8,447	-	653,618	653,618
Trade receivables	-	-	158,643	-	-	158,643	158,643
Other receivables excluding prepayments	-	-	365,305	-	-	365,305	365,305
	136,774	508,397	3,964,455	8,447	-	4,618,073	4,618,073
Insurance contract liabilities	-	-	-	-	3,377,937	3,377,937	3,377,937
Trade and other payables	-	-	-	-	868,410	868,410	868,410
Borrowings	-	-	-	-	2,644,867	2,644,867	2,644,867
	-	-	-	-	6,891,214	6,891,214	6,891,214
31 December 2016							
Cash and cash equivalents	-	-	3,599,976	-	-	3,599,976	3,599,976
Financial assets	87,599	-	-	36,008	-	123,607	123,607
Trade receivables	-	-	271,360	-	-	271,360	271,360
Other receivables excluding Prepayments	-	-	334,960	-	-	334,960	334,960
						-	-
	87,599	-	4,206,296	36,008	-	4,329,903	4,329,903
Insurance contract liabilities	-	-	-	-	2,577,030	2,577,030	2,577,030
Trade and other payables	-	-	-	-	986,777	986,777	986,777
Borrowings	-	-	-	-	2,432,750	2,432,750	2,432,750
	-	-	-	-	5,996,557	5,996,557	5,996,557

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(b) **FINANCIAL ASSETS AND LIABILITIES**

Accounting classfication measurement basis and fair values.

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values

Company	Held for trading	Held -to-maturity	Loans and receivables	Available-for- sale	Other financial liabilities at amortized cost	Total carrying amount	Fair value
31 December 2017							
Cash and cash equivalents	-	-	3,012,534	-	-	3,012,534	3,012,534
Financial assets	100,951	427,708	-	8,447	-	537,106	537,106
Trade receivables	-	-	-	-	-	-	-
Other receivables excluding prepayments	-	-	291,113	-	-	291,113	291,113
	100,951	427,708	3,303,647	8,447	-	3,840,753	3,840,753
Insurance contract liabilities	-	-	-	-	3,377,937	3,377,937	3,377,937
Trade and other payables	-	-	-	-	732,410	732,410	732,410
Borrowings	-	-	-	-	2,644,867	2,644,867	2,644,867
	-	-	-	-	6,755,214	6,755,214	6,755,214
31 December 2016							
Cash and cash equivalents	-	-	3,083,899	-	-	3,083,899	3,083,899
Financial assets	84,071	-	-	36,008	-	120,079	120,079
Trade receivables	-	-	-	-	-	-	-
Other receivables excluding Prepayments	-	-	281,117	-	-	281,117	281,117
	84,071	-	3,365,016	36,008	-	3,485,095	3,485,095
Insurance contract liabilities	-	-	-	-	2,577,030	2,577,030	2,577,030
Trade and other payables	-	-	-	-	799,208	799,208	799,208
Borrowings	-	-	-	-	2,435,245	2,435,245	2,435,245
	-	-	-	-	5,811,483	5,811,483	5,811,483

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6 FAIR VALUE HIERARCHY

The Group's accounting policy and basis of fair value measurements are disclosed under notes 3.3.1

Level 1: Quoted market price in an active market for an identical instrument

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in market that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group- December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Equity securities - Held for trading	136,774	-	-	136,774
Financial assets measured at fair value	136,774	-	-	136,774

Group- December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Equity securities - Held for trading	87,599	-	-	87,599
Financial assets measured at fair value	87,599	-	-	87,599

Company- December 31, 2017	Level 1	Level 2	Level 3	Total balance
Assets				
Equity securities - Held for trading	100,951	-	-	100,951
Financial assets measured at fair value	100,951	-	-	100,951

Company- December 31, 2016	Level 1	Level 2	Level 3	Total balance
Assets				
Equity securities - Held for trading	84,071	-	-	84,071
Financial assets measured at fair value	84,071	-	-	84,071

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6.1 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.

	Group 2017	Group 2016	Company 2017	Company 2016
Cash at bank and in hand	256,548	215,413	222,118	195,132
Short term deposits	3,183,959	3,384,563	2,790,416	2,888,767
	3,440,507	3,599,976	3,012,534	3,083,899

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:

	Group 2017	Group 2016	Company 2017	Company 2016
Cash at bank and in hand	3,440,507	3,599,976	3,012,534	3,083,899
Bank overdraft	-	-	-	-
	3,440,507	3,599,976	3,012,534	3,083,899

7.0 FINANCIAL ASSETS

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

	Group 2017	Group 2016	Company 2017	Company 2016
Fair value through profit or loss (see note 7.1 below)	136,774	87,599	100,951	84,071
Available- for-sale (see note 7.2)	8,447	36,008	8,447	36,008
Held-to-maturity (see note 7.3)	508,397	-	427,708	-
Total financial assets	653,618	123,607	537,106	120,079
Current	645,171	87,599	528,659	84,071
Non-current	8,447	36,008	8,447	36,008

7.1(a) Details of fair value through profit or loss is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
(i) **Cost**				
Balance 1 January	366,894	372,201	361,275	366,582
Purchases during the year	31,336	924	1,336	924
Disposal during the year	(19,772)	(6,231)	(19,772)	(6,231)
Balance 31 December	378,458	366,894	342,839	361,275
Impairments				
Opening balance	279,295	276,908	277,204	274,648
Additions during the year	(41,882)	7,197	(39,587)	7,366
Provision no longer required due to disposal	4,271	(4,810)	4,271	(4,810)
Balance 31 December	241,684	279,295	241,888	277,204
	136,774	87,599	100,951	84,071
(ii) **Realised gain/(loss) from disposal of fair**				
Fair value of consideration received	38,055	1,520	38,055	1,520
Less:				
Net assets of financial assets sold	(24,043)	(1,421)	(24,043)	(1,421)
Realised (loss)/gain	14,012	99	14,012	99

In thousands of Nigerian Naira

7.1 (b) **Financial assets at fair value through profit or loss**

These are equity securities as analysed below:

	Group 2017	Group 2016	Company 2017	Company 2016
Access Bank	1,652	928	1,304	733
Africa Prudential Registrar Plc	40	29	3	2
Ashaka	-	175	-	175
C & I Leasing	1,158	449	1,158	449
Consolidated Hallmark	278	278	278	278
Dangote Cement	7,969	6,029	7,969	6,029
Dangote Sugar	814	2,387	814	2,387
Deap Capital	933	934	933	934
Diamond Bank	8,250	4,840	8,250	4,840
ETI	1,770	1,070	1,749	1,057
FCMB	2,009	1,273	2,009	1,273
FBN Holdings	21,322	8,117	18,376	8,117
Flour Mills	3,676	2,344	3,676	2,344
GTB	46,978	28,475	19,811	28,475
Guinea Ins	250	250	250	250
Guiness	787	695	787	695
International Breweries	434	147	434	147
Julius Berger	1,188	1,637	1,188	1,637
National Salt Company Plc	2,561	1,027	1,793	823
Nestle	5,538	2,883	5,538	2,883
Nigeria Breweries	3,193	3,503	3,193	3,503
Oando	48	37	48	37
PZ	560	394	560	394
Regency	3,438	3,762	2,750	2,750
Skye Bank	61	376	61	376
Skye Shelter	1,311	1,582	1,311	1,582
STACO	275	275	275	275
Sterling Bank	267	188	1	1
Total	55	71	55	71
UAC	258	181	258	181
UBA	3,998	3,547	1,043	2,256
UBA Capital Plc	132	102	9	7
Union Bank	625	441	625	441
Union Homes	47	47	47	47
Unity Bank	4	4	4	4
Universal Insurance Company Plc	500	500	-	-
WAPCO	736	668	732	668
Wapic	8	12	8	8
Wema	192	200	192	200
Zenith Bank	13,459	7,742	13,459	7,742
	136,774	87,599	100,951	84,071

7.2 Available - for- sale financial assets

These represent interest in unquoted companies as analyzed below

	Group 2017	Group 2016	Company 2017	Company 2016
Trustbond Mortgage Bank	3,125	3,125	3,125	3,125
FBN Heritage fund	-	25,000	-	25,000
FCSL Asset Management Company Limited	22,500	22,500	22,500	22,500
Energy and Special Risk Insurance	6,600	6,600	6,600	6,600
	32,225	57,225	32,225	57,225
Fair value gain	-	2,985	-	2,985
Less: provision for impairment	(23,778)	(24,202)	(23,778)	(24,202)
	(23,778)	(21,217)	(23,778)	(21,217)
Total available-for-sale financial assets	8,447	36,008	8,447	36,008
Non-current	8,447	36,008	8,447	36,008

7.2.1 Available-for-sale financial assets represent the Group's investments in unlisted securities in other corporate entities. The investment is carried at fair value based on the net assets value of the group's investments in the other corporate entities and where determinable the market price of the Investment.

7.2.2 The decrease of N370,000 in impairment as at 31 December 2017 represents gain on available for sale financia year which has been credited to available for sale reserve as analysed below

	Trust bond Mortgage Bank Dec 2017	FCSL Asset Management Limited Dec 2017	Total Dec 2017
Net asset value of other corporate entities	5,361,578	806,690	
Unit of shares held by Equity Assurance Plc	2604	10,000	
Percentage holding/unit price	0.045%	0.748%	
Fair value of available for sale financial	2,413	6,034	8,447
Carrying value of available for sale financial assets	(2,356)	(5,721)	(8,077)
Fair value gain	57	313	370

7.2.3 During the period under review the Company disposed its interest in FBN Heritage fund for the sum of N38.698Million.

Realised gain/(loss) from disposal of Available- for-sale financial assets	Group 2017	Group 2016	Company 2017	Company 2016
Fair value of consideration received	38,698	-	38,698	-
Less:				
Net assets of financial assets sold	(27,931)	-	(27,931)	-
Realised gain	**10,767**	-	**10,767**	-

7.3 Held - to- maturity financial assets at amortized costs

	Group 2017	Group 2016	Company 2017	Company 2016
Short term deposits with financial and non-financial institutions	250	1,578,778	250	250
Treasury bills with Nigerian government	508,397	-	427,708	-
Treasury bills with Ghana government	-	33,760	-	-
	508,647	1,612,538	427,958	250
Less: provision for impairment	(250)	(250)	(250)	(250)
	508,397	1,612,288	427,708	-
Derecognition of EA Ghana asset	-	(1,612,288)	-	-
	508,397	-	427,708	-
Current	508,397	-	427,708	-
Non-current	-	-	-	-

Financial assets held-to-maturity are presented at amortized cost less impairment on the Group's consolidated financial statement.

IN THOUSANDS OF NIGERIAN NAIRA

8.0 TRADE RECEIVABLES

	Group 2017	Group 2016	Company 2017	Company 2016
Insurance receivables (Note 8.1a)	13,535	-	13,535	-
Other trade receivables (Note 8.2a)	203,659	328,247	-	-
	217,194	328,247	13,535	-
Less: Provision for impairment:				
Insurance receivables (Note 8.1b)	-	-	-	-
Other trade receivables (8.3)	(58,551)	(56,887)	-	-
TRADE RECEIVABLES	158,643	271,360	13,535	-

8.1a The movement in Insurance receivables is shown below:

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning	-	967,442	-	825,141
Acquisition during the year	-	-	-	-
Exchange difference	-	-	-	-
Additions during the year	2,672,770	2,014,077	2,672,770	2,014,077
Payment received during the year	(2,659,235)	(2,160,456)	(2,659,235)	(2,018,155)
Write off of provision	-	(821,063)	-	(821,063)
Balance at the end of the year	13,535	-	13,535	-

8.1b The movement in provision for impairment for insurance receivables is shown below:

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning	-	(846,361)	-	(821,063)
Acquisition during the year	-	-	-	-
Exchange difference	-	-	-	-
Provision derecognised	-	114,147	-	
Additions during the year	-	(88,849)	-	-
Write off of provision	-	821,063	-	821,063
Balance at the end of the year	-	-	-	-

8.1c The make up of the insurance receivables are as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Brokers	13,535	-	13,535	-
Agents	-	-	-	-
Direct clients	-	-	-	-
Total	13,535	-	13,535	-
Less: impairment from brokers	-	-	-	-
Less: impairment from agents	-	-	-	-
Less: impairment from direct clients	-	-	-	-
	-	-	-	-

IN THOUSANDS OF NIGERIAN NAIRA

The age analysis of gross insurance receivables as at the end of the year is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
0- 90 days	13,535	-	13,535	-
91- 180 days	-	-	-	-
Above 180 days	-	-	-	-
Total	13,535	-	13,535	-

8.2a The make up of other trade receivables are as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Trade Receivables from operations of Managed Healthcare Services Ltd	70,157	123,225		-
Trade Receivables from operations of EA Capital Management Ltd	133,502	205,022		-
Total	203,659	328,247	-	-

8.2b The movement in Other trade receivables is shown below:

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning	328,247	394,708	-	-
Additions during the year	527,699	461,608	-	-
Payment received during the year	(612,338)	(528,069)	-	-
Write off of provision	(39,949)	-	-	-
Balance at the end of the year	203,659	328,247	-	-

8.3 The movement in provision for impairment in Other trade receivables is shown below:

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning	56,887	25,858	-	-
Additions during the year	41,612	31,029	-	-
Write off of provision	(39,948)	-	-	-
Balance at the end of the year	58,551	56,887	-	-

8.4 The age analysis of gross trade receivables as at the end of the year is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
0- 90 days	74,758	66,418	13,535	-
91- 180 days	13,243	62,909	-	-
Above 180 days	129,193	198,920	-	-
Total	217,194	328,247	13,535	-

9.0 **REINSURANCE RECEIVABLES**

	Group 2017	Group 2016	Company 2017	Company 2016
Prepaid re-insurance (9.1)	208,735	195,775	208,735	195,775
Reinsurers' share of outstanding claims (Note 9.2)	1,095,387	584,775	1,095,387	584,775
Reinsurers' share of IBNR (Note 9.3)	133,393	89,809	133,393	89,809
Reinsurers' share of claims paid (Note 9.4)	54,337	-	54,337	-
	1,491,852	870,359	1,491,852	870,359

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9.1 PREPAID RE-INSURANCE

	Group 2017	Group 2016	Company 2017	Company 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)	-	-
Acquisition of assets in Liberia	-	-	-	-
Reinsurance cost during the year (Note 33)	709,668	1,050,864	709,668	641,917
Reinsurance expenses (Note 33)	(696,708)	(1,041,254)	(696,708)	(693,456)
	208,735	356,144	208,735	195,775
Derecognised asset-Equity Assurance Ghana Limited	-	(160,369)	-	-
Balance at December 31	208,735	195,775	208,735	195,775

	Group 2017	Group 2016	Company 2017	Company 2016
9.2 The movement in reinsurance share of outstanding claim is as follows:				
Balance at January 1	584,775	703,441	584,775	589,083
Exchange difference	-	(3,062)	-	-
Changes during the year (Note 35)	510,612	(4,308)	510,612	(4,308)
	1,095,387	696,071	1,095,387	584,775
Derecognised asset-Equity Assurance Ghana Limited	-	(111,296)	-	-
Balance at December 31	1,095,387	584,775	1,095,387	584,775

	Group 2017	Group 2016	Company 2017	Company 2016
9.3 The movement in reinsurance share of IBNR				
Balance at January 1	89,809	124,914	89,809	102,042
Exchange difference	-	-	-	-
Changes during the year (Note 35)	43,584	(12,233)	43,584	(12,233)
	133,393	112,681	133,393	89,809
Derecognised asset-Equity Assurance Ghana Limited	-	(22,872)	-	-
Balance at December 31	133,393	89,809	133,393	89,809

	Group 2017	Group 2016	Company 2017	Company 2016
9.4 The movement in reinsurance share of recoverable on claims paid				
Balance at January 1	-	57,807	-	-
Acquisition of asset in Liberia	-	-	-	-
Exchange difference	-	-	-	-
Reinsurance recoveries from claims paid (Note 35)	418,196	368,496	418,196	261,921
Receipt from Reinsurance during the year	(363,859)	(261,921)	(363,859)	(261,921)
	54,337	164,382	54,337	-
Derecognition of EA Ghana asset	-	(164,382)	-	-
Balance at December 31	54,337	-	54,337	-

IN THOUSANDS OF NIGERIAN NAIRA

(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.

10.0 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 2017	Group 2016	Company 2017	Company 2016
At 1 January	95,863	247,150	95,863	142,249
Exchange difference	-	18,729	-	-
Additions in the year (Note 18.1)	562,212	884,124	538,563	376,122
Expensed during the year (Note 36)	(532,068)	(898,339)	(508,419)	(422,508)
	126,007	251,664	126,007	95,863
Derecognised asset-Equity Assurance Ghana Limited	-	(155,801)	-	-
At 31 December	126,007	95,863	126,007	95,863

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

11.0 PREPAYMENTS AND OTHER RECEIVABLES

	Group 2017	Group 2016	Company 2017	Company 2016
Other receivables (11.1)	172,794	140,753	98,602	79,236
Due from Equity Resort Hotel (Note 11.2)	164,088	168,912	164,088	168,912
Due from Related companies (Note 11.3)	28,423	25,295	28,423	32,969
Due from Staff	39,476	16,804	36,070	16,804
Prepayments- Others	40,362	48,919	25,328	22,718
	445,143	400,683	352,511	320,639
Current	281,055	231,771	188,423	151,727
Non-current	164,088	168,912	164,088	168,912

11.1 OTHER RECEIVABLES

	Group 2017	Group 2016	Company 2017	Company 2016
Investment receivables	25,853	16,051	25,853	16,051
Withholding tax receivables	26,681	22,117	26,681	22,117
Sundry receivables	120,260	102,585	46,068	41,068
At 31 December	172,794	140,753	98,602	79,236

11.2 DUE FROM EQUITY RESORT HOTEL LIMITED

	Group 2017	Group 2016	Company 2017	Company 2016
At 1 January	168,912	160,369	168,912	159,469
Reimbursable expenses incurred	4,587	5,690	4,587	5,690
Repayment during the year	-	(1,395)	-	(495)
(Loss)/Profit from concessionary arrangement	(9,411)	4,248	(9,411)	4,248
At 31 December	164,088	168,912	164,088	168,912

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11.3 DUE FROM RELATED PARTIES	Group 2017	Group 2016	Company 2017	Company 2016
Managed Health Care Services Limited	-	-	-	7,674
Equity Micro Life Insurance Company Limited	2,062	1,761	2,062	1,761
Equity Assurance Limited, Ghana	23,601	21,963	23,601	21,963
Equity Assurance Limited, Liberia	2,760	1,571	2,760	1,571
	28,423	25,295	28,423	32,969

12 INVESTMENT IN SUBSIDIARIES	Group 2017	Group 2016	Company 2017	Company 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 Dec-17	Dec-16
EA Capital Management Limited	Asset Management	100	100
Managed HealthCare Services Limited	Health Management	63.19	67.56
Equity Assurance Limited, Ghana	Non-Life Insurance	-	-

1. 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 Oluwole Street, Victoria Island, Lagos, Nigeria.

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.

   EA Capital Management Limited divested its shareholding in Managed HealthCare Services Limited during the period under review. This reduces Equity Assurance Plc's total shareholding in Managed Healthcare Services from 67.56% to 63.19%.

   During 2016 financial year , the Company disposed off its investment of N307.382Million in Equity Assurance Limited Ghana on December 30, 2016. A proceed of US$2,266,205.84 with Nigerian Naira equivalent of N690,059,678.28 was received from the disposal.

	Group 2017	Group 2016	Company 2017	Company 2016
Fair value of consideration received	-	690,060	-	690,060
Net assets of EA Ghana at the date of disposal	-	(1,316,263)	-	-
Carrying value of investment in EA Ghana	-	-	-	(307,382)
	-	(626,203)	-	382,678
Non-controlling interest at date of disposal	-	596,683	-	-
(Loss)/profit on disposal of investment in EA Ghana	-	(29,520)	-	382,678

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13 INVESTMENT PROPERTIES

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at 1 January	351,400	397,477	301,400	301,400
Derecognition of EA Ghana asset		(46,077)		
Additions	10,256	-	10,256	-
Balance at 31 December	361,656	351,400	311,656	301,400
The investment properties are being held as follows:				
Investment properties held by the Company	311,656	301,400	311,656	301,400
Investment properties held by EA Capital	50,000	50,000	-	-
	361,656	351,400	311,656	301,400

The Investment Properties were independently valued by Igbenabor Uzorchikwa of Millsnabor & Associates Limited, quantity surveyors and valuers with FRC No FRC/2018/00000011860 on 18 December 2017 to ascertain the open market value using the market comparison approach through analysis of recent transaction of sale of comparable properties in the neighbourhood. The description, location and valuation of the investment properties are as follows:

S/N	Description	Location of Properties	Valuation
1	6 Nos 4 bedroom Semi Detached Prototype Duplexes	Diamond Estate, Sangotedo along Cardinal Anthony Okojie (Otherwise known as New Road) off Lagos- Epe Expressway, Lagos, Nigeria	311,656
	Total Investment property for the Company		**311,656**
2	3 Bedroom all en-suit flat	Flat 103, Seagle Towers Odudu Road, Oniru, Victoria Island, Lagos, Nigeria	50,000
	Total Investment properties for the Group (1+2)		**361,656**

The Deed of Assignment for the investment properties are currently undergoing perfection.

14 INTANGIBLE ASSETS

	Group 2017	Group 2016	Company 2017	Company 2016
COST				
Balance at 1 January	1,254,410	1,309,020	1,235,560	1,235,560
Additions	6,503	5,719	3,333	-
Derecognition of EA Ghana assets	-	(60,329)	-	-
Balance on 31 December	1,260,913	1,254,410	1,238,893	1,235,560
ACCUMMULATED AMORTISATION				
Balance at 1 January	388,823	336,985	381,893	326,113
Amortisation charge for the year	53,515	61,106	51,358	55,780
Derecognition of EA Ghana assets		(9,268)		-
Balance on 31 December	442,338	388,823	433,251	381,893
Carrying value	818,575	865,587	805,642	853,667

The closing net book of the intangible assets comprises the following:

	Group 2017	Group 2016	Company 2017	Company 2016
Computer Software	17,370	17,252	4,437	5,332
Leasehold improvements on Equity Resort hotels	801,205	848,335	801,205	848,335

The Parent Company was granted a concession right in 2010 by the Ogun state Government to manage the affairs of Equity Resort Hotel, Ijebu-ode for a 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.

IN THOUSANDS OF NIGERIAN NAIRA

15.1 PROPERTY, PLANT AND EQUIPMENT (GROUP)

	Leasehold Land	Buildings	Office Equipment	Motor Vehicles	Furniture and Fittings	ICT Equipment	Bill Board	Total
COST								
At 1 January 2017	1,204,933	1,937,585	175,046	416,839	51,219	-	5,730	3,791,352
Reclassification	(41,025)	41,025	(39,459)	-	-	39,459	-	-
Additions	2,468	34,477	11,884	39,966	1,333	6,300	-	96,428
Disposals	-	-	(8,426)	(50,144)	-	(243)	-	(58,813)
Transfer to revaluation reserve	(966,623)	(1,544,092)	-	-	-	-	-	(2,510,715)
Revaluation	1,000,000	1,649,000						2,649,000
At 31 December 2017	1,199,753	2,117,995	139,045	406,661	52,552	45,516	5,730	3,967,252
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 15.2.1)	-	(41,025)	-	-	-	-	-	(41,025)
Disposals	-	-	(85)	(23,425)	-	-	-	(23,510)
Adjustment	-	(13,488)	-	-	-	-	-	(13,488)
Derecognition of EA Ghana assets	-	(6,727)	(48,885)	(146,038)	(37,381)	-	-	(239,031)
At 31 December 2016	1,204,933	1,937,585	175,046	416,839	51,219	-	5,730	3,791,352
ACCUMULATED DEPRECIATION								
At 1 January 2017	-	51,585	127,095	173,200	42,697	-	5,730	400,307
Reclassification	-	-	(29,958)	-	-	29,958	-	-
Charge for the year	-	35,672	14,141	71,516	2,831	2,828	-	126,988
Disposals	-	-	(7,053)	(42,099)	-	(218)	-	(49,370)
Transfer to revaluation reserve	-	(61,764)	-	-	-	-	-	(61,764)
At 31 December 2017	-	25,493	104,225	202,617	45,528	32,568	5,730	416,161
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 assets	-	(6,283)	(27,947)	(85,192)	(22,659)	-	-	(142,081)
At 31 December 2016	-	51,585	127,095	173,200	42,697	-	5,730	400,307
CARRYING VALUE								
At 31 December, 2017	**1,199,753**	**2,092,502**	**34,820**	**204,044**	**7,024**	**12,948**	**-**	**3,551,091**
At 31 December, 2016	**1,204,933**	**1,886,000**	**47,951**	**243,639**	**8,522**	**-**	**-**	**3,391,045**

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15.2 PROPERTY, PLANT AND EQUIPMENT (COMPANY)

	Leasehold Land	Buildings	Office Equipment	Motor Vehicles	Furniture & Fittings	ICT Equipment	Bill Board	Total
COST								
At 1 January 2017	1,204,933	1,531,667	114,437	348,537	43,560	-	5,730	3,248,864
Reclassification	(41,025)	41,025	(38,547)	-	-	38,547	-	-
Additions	2,477	-	3,252	3,330	454	6,300	-	15,813
On disposals	-	-	(8,426)	(42,429)	-	(243)	-	(51,098)
Transfer to revaluation reserve	(966,623)	(1,544,092)						(2,510,715)
Revaluation	1,000,000	1,649,000	-	-	-	-	-	2,649,000
At 31 December 2017	1,199,762	1,677,600	70,716	309,438	44,014	44,604	5,730	3,351,864
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 (Note 15.2.1)	-	(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
ACCUMULATED DEPRECIATION								
At 1 January 2017	-	32,598	83,190	124,604	36,367	-	5,730	282,489
Reclassification	-	-	(29,166)	-	-	29,166	-	-
Charge for the year	-	31,454	6,842	54,175	2,285	2,793	-	97,549
On disposals	-	-	(7,053)	(34,384)	-	(218)	-	(41,655)
Transfer to revaluation reserve	-	(61,764)	-	-	-	-	-	(61,764)
At 31 December 2017	-	2,288	53,813	144,395	38,652	31,741	5,730	276,619
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
CARRYING VALUE								
At 31 December 2017	1,199,762	1,675,312	16,903	165,043	5,362	12,863	-	3,075,245
At 31 December 2016	1,204,933	1,499,069	31,247	223,933	7,193	-	-	2,966,375

15.2.1 During 2016 financial year, 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.

15.2.2 **Valuation of properties**

Land and building held by Equity Assurance Plc was independently valued by Igbenabor Uzorchikwa of Millsnabor & Associates Limited, quantity surveyors and valuers on December 22, 2017 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.

15.2.3. **Assets pledged as security**

None of the Company's property, plant and equipment was pledged as security for facility.

15.2.4 **Capital commitment**

The Group had no commitments for capital expenditure as at the statement of financial position date (2016: Nil) and no borrowing costs was capitalised in the current year (2016: Nil)

15.2.5 There were no impairment losses recognized during the year (2016:nil).

16 STATUTORY DEPOSIT

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning	300,000	324,302	300,000	300,000
Additions during the year	-	103,776	-	-
Derecognition of EA Ghana asset	-	(128,078)	-	-
Closing balance	300,000	300,000	300,000	300,000

These represent deposits with the Central Bank of Nigeria in accordance with Section 10(3) of the Insurance Act CAP I17 LFN 2004.

17 INSURANCE CONTRACT LIABILITIES

	Group 2017	Group 2016	Company 2017	Company 2016
Claims reported and loss adjustment expenses (17.1)	2,360,461	1,562,269	2,360,461	1,562,269
Claims incurred but not reported (17.2)	299,470	372,982	299,470	372,982
Unearned premiums (17.3)	718,006	641,779	718,006	641,779
Total Insurance contract iabilities, gross	3,377,937	2,577,030	3,377,937	2,577,030
Reinsurance receivables	1,228,780	674,584	1,228,780	674,584
Net insurance contract liabilities	2,149,157	1,902,446	2,149,157	1,902,446

17.1 The movement in claims reported and loss adjustment expenses is as follows

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning of the year	1,562,269	1,401,172	1,562,269	1,336,419
Exchange difference	-	(34,538)	-	-
Increase during the year (Note 35)	798,192	281,105	798,192	225,850
	2,360,461	1,647,739	2,360,461	1,562,269
Derecognition of EA Ghana liabilities	-	(85,470)	-	-
Balance at the end of the year	2,360,461	1,562,269	2,360,461	1,562,269

The Age Analysis of Outstanding Claims in thousands of Nigerian Naira as at December 31, 2017 is as follows:

Amount Range	0 - 90 Days	91 - 180 Days	181 - 270 Days	271 - 365 Days	366 Days and Above	Total
1 - 250,000	8,800	6,403	54,493	51,443	159,773	280,912
250,001 - 500,000	11,429	7,983	19,471	16,242	55,042	110,167
500,001 - 1,500,000	16,546	10,334	11,515	6,018	36,493	80,906
1,500,001 - 2,500,000	5,659	5,500	5,607	3,629	25,028	45,423
2,500,001 - 5,000,000	11,591	10,016	6,518	11,235	18,551	57,911
Above 5,000,000	59,985	42,834	674,307	99,573	908,443	1,785,142
TOTAL	114,010	83,070	771,911	188,140	1,203,330	2,360,461
Number of Claimants	175	120	615	569	2,172	3,651

Of the outstanding claims, 95% are above 90days holding period with 85% of those being related to pending substantiating documentations; 2% related to awaiting adjusters' report while 13% related to discharge Vouchers having been issued but yet to be returned for settlement by our customers.

17.2 The movement in claims incurred but not reported is as follows

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning of the year	372,982	235,071	372,982	222,120
Exchange difference	-	3,039	-	-
(Decrease)/increase during the year (Note 35)	(73,512)	151,966	(73,512)	150,862
	299,470	390,076	299,470	372,982
Derecognition of EA Ghana liabilities	-	(17,094)	-	-
Balance at the end of the year	299,470	372,982	299,470	372,982

17.3 The movement in Unearned Premium is as follows

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning of the year	641,779	1,070,628	641,779	584,477
Exchange difference	-	79,165	-	-
Increase during the year (Note 32)	76,227	214,549	76,227	57,302
	718,006	1,364,342	718,006	641,779
Derecognition of EA Ghana liabilities	-	(722,563)	-	-
Balance at the end of the year	718,006	641,779	718,006	641,779

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18 TRADE PAYABLES

Trade payables represent liabilities to Agents, Brokers and Re-insurers as at year end.

	Group 2017	Group 2016	Company 2017	Company 2016
Reinsurance payable	-	11,419	-	11,419
Commission payable (Note 18.1)	25	1,713	25	1,713
Coinsurance payable	127	-	127	-
Other trade payables	32,564	22,899	-	-
	32,716	36,031	152	13,132

18.1 Commission payable

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning of the year	1,713	26,325	1,713	7,628
Additions during the year (Note 10)	562,212	884,124	538,563	376,122
Payment during the year	(563,900)	(908,736)	(540,251)	(382,037)
Balance at the end of the year	25	1,713	25	1,713

19 OTHER PAYABLES

	2017	2016	2017	2016
Due to related parties (Note 19.1)	54,695	54,399	90,329	75,449
Deferred income (Note 19.2)	65,709	76,174	-	-
Dividend payable	38,798	38,798	38,798	38,798
Withholding tax payable	25,837	29,755	25,837	29,755
Staff pension and gratuity	6,745	15,073	6,745	14,990
Unclaimed dividend	28,421	28,421	28,421	28,421
Due to Ex-Director (Note 19.3)	49,634	2,224	49,634	2,224
Interest received in advance on T bills	22,225	-	22,225	-
Unearned commission	38,580	38,347	38,580	38,347
Penalty due to NAICOM (Note 19.4)	346,929	432,242	346,929	432,242
Sundry creditors	83,936	152,645	41,060	70,967
Accrued expenses	74,185	82,668	43,700	54,883
	835,694	950,746	732,258	786,076
Current	423,056	874,572	385,329	786,076
Non-current	412,638	76,174	346,929	-

19.1 DUE TO RELATED PARTIES

	2017	2016	2017	2016
EA Capital Management Limited	-	-	34,161	21,050
Managed Healthcare Services Limited	-	-	1,473	
Due to Sunu Group	54,695	54,399	54,695	54,399
	54,695	54,399	90,329	75,449

19.2 This represents unearned income from the businesses of EA Capital Management Limited- N25.772Million (2016-N15.867Million) and Managed Healthcare Services Limited- N39.937Million (2016-N60.307Million).

19:3 This represents balance of severance pay due to the Company's former Group Managing Director, Mr Ibidolapo Balogun.

19.4 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. The Company remitted nigerian naira equivalent of US$283,903 to NAICOM being 20% instalmental payment of the penalty.

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20 DEPOSIT FOR SHARES

	Group 2017	Group 2016	Company 2017	Company 2016
At January 1	18,179	800	-	-
Additions during the year	3,734	17,379	-	-
Transfer to Share Capital of Managed Healthcare Services Limited	(21,913)	-	-	-
At December 31	-	18,179	-	-

Deposit for shares in Managed Healthcare Services Limited	Group 2017	Group 2016	Company 2017	Company 2016
Dr Chika Enueme	-	3,298	-	-
KYT investments Limited	-	5,391	-	-
Alhaji Dan Bappa	-	411	-	-
Jimi Agbaje	-	124	-	-
Oracle Assets Limited	-	5,320	-	-
Benolox Nigeria Limited	-	2,527	-	-
Dr P.C Korie	-	1,108	-	-
	-	18,179	-	-

21 BORROWINGS

	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
Obligations under finance lease (Note 21.1)	-	-	-	2,495
Convertible redeemable loan (Note 21.2)	2,644,867	2,432,750	2,644,867	2,432,750
Total	2,644,867	2,432,750	2,644,867	2,435,245
Maturity analysis				
Current portion	-	-	-	2,495
Non-current portion (Note 49(d))	2,644,867	2,432,750	2,644,867	2,432,750
	2,644,867	2,432,750	2,644,867	2,435,245

21.1 Obligation under finance lease

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

21.2 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 year is as follows:

	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
Balance at January 1	2,432,750	1,903,989	2,432,750	1,903,989
Interest charges	107,824	99,438	107,824	99,438
Payments during the year	-	-	-	-
Exchange difference	104,293	429,323	104,293	429,323
Balance as at 31 December	2,644,867	2,432,750	2,644,867	2,432,750

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The Company issued a zero coupon global bond/option valued at 1,350,000,000 Japanese Yen (JPY) (USD12,420,000) to Daewoo Securities (Europe) Limited in 2008, who act as subscriber to the Bond. This is due to be repaid in year 2026. The Bond were issued with the options to subscribe for the ordinary shares of the Company.

The Company commenced a writ of summons and statement of claim against Daewoo Securities (Europe) Limited at the High Court of Lagos State, Igbosere in 2017 in suit no: LD/2899CMW/17 challenging the validity of the lending agreement between the Company and Daewoo Securities (Europe) Limited among other issues.

During the year, the professional opinion obtained from the counsel of the Company, Bayo Osipitan & Co confirmed that the Company has a high chance of success and it is most improbable that the Company would incur any liability from the suit.

In 2016, the Company treated Daewoo bond as principal less repayments to date based on the outcome of the review of the bond agreement by legal and financial consultants. However, after our consultation with the Financial Reporting Council (FRC) during the period under review, an interest of 4.25% per annum was charged on the outstanding bond to date in line with bond agreement but pending the determination of the matter in court.

22 CURRENT INCOME TAX LIABILITIES

The movement in this account during the year is as follows:	Group 2017	Group 2016	Company 2017	Company 2016
Balance as at January 1	143,456	153,657	89,625	87,132
Acquisition during the year	-	-	-	-
Exchange difference	-	5,661	-	-
Charge for the year (see note 22.1 below)	36,714	155,567	32,318	62,818
WHT Tax credit offset	(3,745)	(1,273)	-	-
Payment during the year	(60,249)	(131,680)	(58,928)	(60,325)
	116,176	181,932	63,015	89,625
Derecognition of EA Ghana liabilities	-	(38,476)	-	-
Balance as at December 31	116,176	143,456	63,015	89,625

22.1 The tax charge for the year comprises:

	Group 2017	Group 2016	Company 2017	Company 2016
Company income tax				
-Equity Assurance Plc	22,949	49,903	22,949	49,903
-Managed Healthcare Services	2,902	8,628	-	-
-EA Capital Management Limited	1,301	13,079	-	-
-Equity Assurance Limited- Ghana	-	52,421	-	-
Education Tax				
-Equity Assurance Plc	8,986	9,025	8,986	9,025
-Managed Healthcare Services	193	-	-	-
Minimum tax				
-Equity Assurance Plc	-	-	-	-
National fiscal stabilisation levy/NITDA				
-Equity Assurance Plc	383	18,621	383	-
-Equity Assurance Limited- Ghana	-	-	-	-
Under provision in previous year				
-Equity Assurance Plc	-	3,890	-	3,890
	36,714	155,567	32,318	62,818
Deferred tax				
-Equity Assurance Plc	-	-	-	
-Managed Healthcare Services	-	-	-	-
-EA Capital Management Limited	-	1,067	-	-
-Equity Assurance Limited- Ghana	-	8,577	-	-
	-	9,644	-	-
Total tax charge for the year	36,714	165,211	32,318	62,818

The charge for Income and Education taxes in these financial statements has been based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended to date and Education Tax Act CAP E4 LFN 2004 respectively.

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22.2 Actual tax charge on the Company's profit differ from the standard rate of corporate tax in Nigeria applied to profits for the year as analysed below:

	Company 2017	Company 2016
Current tax on results for the year:		
Income Tax	22,949	49,903
NITDA	383	-
Education tax	8,986	9,025
Under provision in previous year	-	3,890
Total current tax	32,318	62,818
Deferred tax liability		
Origination and reversal of temporary differences	-	-
Total tax expense	32,318	62,818
Tax Expense recognised in Other Comprehensive Income		
Capital Gains Tax on Revaluation Surplus	-	-

The reasons for the difference between the actual tax charge for year and the standard rate of corporate tax in Nigeria applied to profits for the year are as follows:

Profit/(loss) before tax	28,585	(1,488,179)
Tax at the statutory corporation tax rate of 30%	8,576	(446,454)
Effect of income that is exempt from taxation	(132,838)	(505,292)
Effect of expenses that are not deductible in determining taxable profit	234,031	694,323
Balancing charge	2,897	4,780
Capital allowances absorbed	(91,796)	(90,246)
Effects of reinstatement	-	342,889
Total fiscal profit for the year	(20,487)	-
Minimum tax	22,949	49,903
Tertiary education tax	8,986	9,025
Under provision in previous year	-	3,890
Tax expense recognised in profit or loss statement	32,318	62,818
Effective tax rate	1.13	(0.04)

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23 DEFERRED TAX	Group 2017	Group 2016	Company 2017	Company 2016
Balance at the beginning of the year	60,784	22,359	48,994	48,994
Exchange difference	-	-	-	-
Acquisition during the year	-	-	-	
Write back for the year	-	-	-	-
Charge for the year:				
- Income statement	-	9,644	-	-
- Other comprehensive income	-	-	-	-
Derecognition of EA Ghana liabilities	-	28,781	-	-
Balance at the end of the year	60,784	60,784	48,994	48,994
Current	-	-	-	-
Non current	60,784	60,784	48,994	48,994

23.1 **Deferred income tax are attributable to the following:**
Company

	Opening balance as at 1 January 2017	Recognized in net income	Recognized in OCI	Closing Balance at 31 December 2017
Deferred tax liabilities				
Excess of NBV over TWDV	30,986	-	-	30,986
Unrealised Exchange gain				
Revaluation Surplus	18,008	-	-	18,008
	48,994	-	-	48,994
Deferred tax assets				
Other timing difference items	-	-	-	-
Net deferred tax liabilities	48,994	-	-	48,994

24 SHARE CAPITAL **Authorised**	Group 2017	Group 2016	Company 2017	Company 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 Ordinary shares of 50k each	7,000,000	7,000,000	7,000,000	7,000,000

25 SHARE PREMIUM	Group 2017	Group 2016	Company 2017	Company 2016
Opening balance	1,023,465	1,023,465	1,023,465	1,023,465
Private placement costs				
At 31 December	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

26 **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.

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

	Group 2017	Group 2016	Company 2017	Company 2016
At 1 January	792,147	837,291	792,147	731,725
Transfer from retained earnings	80,183	125,789	80,183	60,422
Derecognition of EA Ghana reserves	-	(170,933)	-	-
At 31 December	872,330	792,147	872,330	792,147

27 ASSETS REVALUATION RESERVES

	2017	2016	2017	2016
As at 1 January	156,490	168,890	156,490	168,890
Transfer from property, plant and equipment:				
-cost (Note 15)	(2,510,715)		(2,510,715)	
-accumulated depreciation(Note 15)	61,764		61,764	
Revaluation for the year(Note 15)	2,649,000	-	2,649,000	-
Transfer to retained earnings (Note 29)	-	(12,400)	-	(12,400)
At 31 December	356,539	156,490	356,539	156,490

The sum of N12.4Million represent the revaluation reserve on land derecognized as disclosed in Note 15.2.1.

28 AVAILABLE FOR SALE RESERVE

	2017	2016	2017	2016
As at 1 January	250	-	250	-
Gain on Available-for-sale	370	250	370	250
Transfer to retained earnings	(250)	-	(250)	-
At December 31	370	250	370	250

This represents gain on available for sale financial assets

29 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

	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
At 1 January (as restated)	(5,120,756)	(3,419,521)	(5,350,549)	(3,751,530)
Comprehensive income for the year	3,244	(1,758,779)	(3,733)	(1,550,997)
Transfer from Asset Revaluation Reserves (Note 27)	-	12,400	-	12,400
Transfer to contingency reserves	(80,183)	(125,789)	(80,183)	(60,422)
Contigency reserves derecognised	-	170,933	-	-
Transfer from Available for Sale Reserves	250	-	250	-
At 31 December (Note 49(e))	(5,197,445)	(5,120,756)	(5,434,215)	(5,350,549)

30 NON-CONTROLLING INTERESTS IN EQUITY

	Group 2017	Group 2016
Managed Healthcare Services Limited (MHS)	223,659	199,308
	223,659	199,308

The movement in non-controlling interest was as follows:

	Group 2017	Group 2016
Balance as at 1 January	199,308	435,779
Additional equity investment	21,922	330,691
Exchange difference on translation on foreign operations	-	(22,373)
Transfer from the profit or loss account	2,429	51,894
Transfer to profit on disposal of EA Ghana	-	(596,683)
	223,659	199,308

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The balance at the end of 2017 represents the interest of shareholders holding 36.81% (2016: 32.44%) of the shareholding of Managed Healthcare Services Limited.

31 RELATED PARTY TRANSACTIONS

Transactions between Equity Assurance Plc and the subsidiaries meet the definition of related party transactions. Where these are eliminated as a result of consolidation, they are not disclosed in the consolidated financial statements.

Transactions with key management personnel
The Group's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with Equity Assurance Plc.

The volume of related party transactions, outstanding balances at the year end and related expense and income for the year are as follows:

(a) Loans and advances to key management personnel	**2017**	**2016**
Balance outstanding as at January 1	-	-
Addition during the year	25,057	-
Repayment during the year	(5,116)	-
Balance outstanding as at 31 December	19,941	-

(b) Other Payables	**2017**	**2016**
Balance outstanding as at January 1	56,623	206,207
Additions during the year	151,461	54,399
payment during the year	(68,121)	(203,983)
Balance outstanding as at 31 December	139,963	56,623

(c) Key management compensation
See note 48 for key management compensation

(d) Sale of insurance contracts and other services	**2017**	**2016**
Premium received (Note d(i))	12,689	43,542
Training and other expenses	-	2,100
Claims paid	950	2,958

Terms and conditions

(i) Premium received relates to sale of insurance contracts in the ordinary course of business.

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32 NET PREMIUM INCOME

	Group 2017	Group 2016	Company 2017	Company 2016
Gross direct premium written	3,070,102	4,800,315	2,611,167	1,978,058
Inward reinsurance premium	61,603	36,019	61,603	36,019
Gross premium written	3,131,705	4,836,334	2,672,770	2,014,077
Increase in unearned premiums	(76,227)	(214,549)	(76,227)	(57,302)
Gross Premium income	3,055,478	4,621,785	2,596,543	1,956,775
Less: Reinsurance costs	(696,708)	(1,041,254)	(696,708)	(693,456)
Net Premium income	2,358,770	3,580,531	1,899,835	1,263,319

33 REINSURANCE EXPENSES

	Group 2017	Group 2016	Company 2017	Company 2016
Prepaid reinsurance at the beginning of the year	195,775	350,009	195,775	247,314
Exchange difference	-	(3,475)	-	-
Acquisition of assets in Liberia	-	-	-	-
Additions during the year	709,668	1,050,864	709,668	641,917
Total	905,443	1,397,398	905,443	889,231
Prepaid reinsurance at the end of the year (Note 9.1)	(208,735)	(356,144)	(208,735)	(195,775)
Reinsurance expenses	696,708	1,041,254	696,708	693,456

34 COMMISSION INCOME

Commission income	123,018	240,549	123,018	118,636

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

35 NET CLAIMS EXPENSES

	Group 2017	Group 2016	Company 2017	Company 2016
Gross claims paid during the year	1,018,603	1,814,687	821,047	883,197
Changes in Outstanding claims (Note 17.1)	798,192	281,105	798,192	225,850
Changes in IBNR (Note 17.2)	(73,512)	151,966	(73,512)	150,862
Total claims and loss adjustment expenses	1,743,283	2,247,758	1,545,727	1,259,909
Recoverable from re-insurance	(972,392)	(351,955)	(972,392)	(245,380)
	770,891	1,895,803	573,335	1,014,529
Recoverable from re-insurances				
Reinsurance share of claims paid during the year (Note 9.4)	(418,196)	(368,496)	(418,196)	(261,921)
Changes in the Reinsurance share of outstanding claims (Note 9.2)	(510,612)	4,308	(510,612)	4,308
Changes in Reinsurance share of IBNR (Note 9.3)	(43,584)	12,233	(43,584)	12,233
Recoverable from re-insurances	(972,392)	(351,955)	(972,392)	(245,380)

36 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 2017	Group 2016	Company 2017	Company 2016
Acquisition costs (Note 10)	532,068	898,339	508,419	422,508
Other underwriting expenses	90,189	74,226	90,189	68,947
Total underwriting expenses	622,257	972,565	598,608	491,455

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37 NET INCOME FROM NON-INSURANCE COMPANIES

	Group 2017	Group 2016	Company 2017	Company 2016
EA Capital Management Limited	11,806	42,090	-	-
Managed Healthcare Services Limited	104,595	161,592	-	-
	116,401	203,682	-	-

These were the revenue of non-insurance businesses of the group's subsidiaries that is, EA Capital Management Limited and Managed Health Care Services Limited less direct costs of generating those businesses. This is the gross profit from the group's subsidiaries that are not related to insurance businesses.

38 INVESTMENT INCOME

	Group 2017	Group 2016	Company 2017	Company 2016
Cash and cash equivalents interest income	514,550	546,923	442,251	293,718
Dividend income	11,763	7,475	4,852	7,475
Rental income	5,717	8,651	2,867	5,251
	532,030	563,049	449,970	306,444

The investment income comprises the following:

	2017	2016	2017	2016
Investment income attributable to shareholders	17,480	269,331	7,719	12,726
Investment income attributable to policyholders	514,550	293,718	442,251	293,718
	532,030	563,049	449,970	306,444

39 NET REALISED GAINS ON FINANCIAL ASSETS

	2017	2016	2017	2016
Realised gain on unquoted equity securities(Note 7.2.3)	10,767	-	10,767	-
Realised gain on quoted equity securities(Note 7.1a(ii))	14,012	99	14,012	99
	24,779	99	24,779	99

40 NET FAIR VALUE GAIN ON FINANCIAL ASSETS

	2017	2016	2017	2016
Net fair value Gain on financial assets at fair value through profit or loss	41,882	(7,197)	39,587	(7,366)

41 OTHER OPERATING INCOME

	2017	Restated 2016	2017	Restated 2016
Profit/(loss) from sale of property, plant & equipment	5,778	2,983	3,945	2,983
Exchange gain	68,416	71,997	68,416	34,816
Bank interest	1,764	667	1,745	610
Other income	108,347	107,369	91,811	94,783
Gain on disposal of Equity Assurance-Liberia	-	119,323	-	-
	184,305	302,339	165,917	133,192

42 IMPAIRMENT LOSS

	2017	2016	2017	2016
Impairment on premium receivables	-	88,849	-	-
Impairment on other trade receivables	41,612	31,029		
Impairment loss -others	23,814	-	-	-
Impairment loss on Available-for-sale	-	-	-	-
Impairment loss on available-for-sale financial assets reclassified to profit or loss	-	-	-	-
	65,426	119,878	-	-

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43 OTHER OPERATING EXPENSES

	Group 2017	Group 2016	Company 2017	Company 2016
Depreciation and amortization charges	180,504	197,041	148,908	130,887
Auditors remuneration	13,196	16,978	9,296	7,700
Non-audit service expenses	-	-	-	-
Directors expenses	42,935	72,977	34,925	42,800
Professional fees	72,798	43,562	72,724	21,826
Bank charges	7,093	15,901	4,549	10,100
Training expenses	15,831	22,098	14,043	12,857
Communication expenses	45,146	47,932	34,604	29,562
Marketing expenses	63,936	238,028	47,042	80,902
Statutory fees	63,420	42,585	59,981	30,934
Naicom penalty on aviation business	-	432,242	-	432,242
Repairs and maintenance	81,131	91,332	51,358	39,818
Diesel and electricity	141,328	93,355	132,612	45,103
Rent and rates	29,712	49,032	19,408	12,378
Insurance expenses	26,029	25,819	12,604	12,311
Pension and gratuity	144,615	99,040	132,054	75,753
Printing and stationery	9,925	19,582	4,440	6,148
Travelling and accomodation	96,237	131,737	74,672	85,490
Assets written off	-	41,025	-	41,025
Group overhead costs	-	113,930	-	52,426
Other administrative expenses	92,307	135,853	76,470	77,868
	1,126,143	1,930,049	929,690	1,248,130

44 FINANCE COSTS

	Group 2017	Restated Group 2016	Company 2017	Restated Company 2016
Loan interest	107,824	99,438	107,824	99,438
Exchange loss arising from Daewoo loan	104,293	429,323	104,293	429,323
Lease interest	-	321	640	2,509
	212,117	529,082	212,757	531,270

45 PROFIT/(LOSS) PER SHARE

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

	Group 2017	Group 2016	Company 2017	Company 2016
Profit/(Loss) attributable to the equity holders	3,244	(1,758,779)	(3,733)	(1,550,997)
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 profit/(loss per share (kobo)	0.02	(12.6)	(0.03)	(11.1)
Diluted profit/(loss) per share (kobo)	0.02	(12.6)	(0.03)	(11.1)

IN THOUSANDS OF NIGERIAN NAIRA

46 CASH GENERATED FROM OPERATIONS

This comprises:

	Group 2017	Group 2016	Company 2017	Company 2016
Profit/(loss) for the year	3,244	(1,758,779)	(3,733)	(1,550,997)
Adjustment to reconcile profit before taxation to net cash flow from operations:				
Depreciation charges	126,988	135,935	97,549	75,107
(Profit) on sale of property, plant and equipment	(5,778)	(2,983)	(3,945)	(2,983)
Profit from sale of subsidiary	-	29,520	-	(382,678)
Assets written off	-	41,025	-	41,025
Dividend income	(11,763)	(7,475)	(4,852)	(7,475)
Rental income	(5,717)	(8,651)	(2,867)	(5,251)
Interest charges and exchange difference on borrowings	212,117	528,761	212,117	528,761
Impairment of quoted equity securities	(41,882)	7,197	(39,587)	7,366
Gain on quoted equity securities	(24,779)	(99)	(24,779)	(99)
Amortization of intangible assets	53,515	61,106	51,358	55,780
Foreign currency translation reserve	-	43,974	-	-
Derecognition of EA Ghana assets	-	194,088	-	-
Net assets of EA Ghana at the date of disposal	-	(1,316,263)	-	-
Adjustment to property, plant and equipment	-	3,747	-	-
Non-controlling interest	24,351	360,212	-	-
Operating profit before changes in working	330,296	(1,688,685)	281,261	(1,241,444)
Changes in working capital:				
Decrease/(increase) in trade receivables	112,717	218,571	(13,535)	4,078
(Increase)/Decrease in reinsurance receivables	(621,493)	365,812	(621,493)	68,080
(Increase)/decrease in other receivables	(44,460)	96,527	(31,872)	(13,634)
(Increase)/decrease in deferred acquisition	(30,144)	151,287	(30,144)	46,386
Decrease in statutory deposit	-	24,302	-	-
Increase/(decrease) in insurance contract liabilities	800,907	(129,841)	800,907	434,014
Decrease in trade payables	(3,315)	(112,967)	(12,980)	(29,881)
(Decrease)/Increase in other payables	(115,052)	85,191	(53,818)	208,160
Decrease in obligation under finance lease	-	(2,990)	(2,495)	(9,775)
(Decrease)/increase in income tax liabilities	(27,280)	(10,201)	(26,610)	2,493
Increase in deferred tax liabilities	-	38,425	-	-
Decrease in deposit for shares	(18,179)	-	-	-
Changes in working capital	53,701	724,116	7,960	709,921
Net cash from operating activities	383,997	(964,569)	289,221	(531,523)

IN THOUSANDS OF NIGERIAN NAIRA

47 SALARIES, BENEFITS AND DIRECTORS FEES AND REMUNERATION

	Group 2017	Group 2016	Company 2017	Company 2016
Chairman's and other directors' emoluments				
47.1 Fees				
Chairman	1,813	1,750	1,000	1,000
Other directors	6,158	4,900	2,950	2,400
Total fees	7,971	6,650	3,950	3,400
47.2 Other emoluments				
Chairman	5,267	5,400	4,500	4,650
Other directors	106,364	46,100	86,665	28,940
Total other emoluments	111,631	51,500	91,165	33,590
Highest paid director per annum	23,150	20,000	23,150	20,000
47.3 The number of directors who had no emoluments is	NIL	NIL	NIL	NIL

48 EMPLOYEES BENEFITS

48.1 EMPLOYEES REMUNERATED AT HIGHER RATES

The number of employees in receipt of emoluments within the following ranges and the related staff costs are:

N N	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
300,001 to 500,000	19	34	4	15
500,001 - 750,000	17	22	8	9
750,001 - 1,000,000	23	35	11	24
1,000,001 - 2,000,000	65	63	27	35
2,000,001 - 3,000,000	31	16	13	12
3,000,001 - 4,000,000	13	9	9	8
4,000,001 - 5,000,000	11	22	9	21
5,000,001 and above	20	19	15	15
	199	220	96	139

48.2 Staff costs

	Dec 2017 Number	Dec 2016 Number	Dec 2017 Number	Dec 2016 Number
Managerial	65	73	31	56
Senior	113	110	58	59
Junior	21	37	7	24
	199	220	96	139
Staff costs	532,553	951,816	350,720	404,045

IN THOUSANDS OF NIGERIAN NAIRA

48.3 EMPLOYEES' RETIREMENT BENEFITS

The company and its subsidiaries operate a contributory retirement benefit scheme. For Companies resident in Nigeria the Contributions to the scheme are funded through payroll deductions at the rate of 8% monthly for employees and 10% employer's contribution in compliance with the provisions of the Pension Reform Act, 2014.

49 PRIOR YEAR RESTATEMENTS

In 2016, following the successful acquisition of 61.72% of Equity Assurance Plc by SUNU Group and the consequent reconstitution of the Board and Management in April 2016, the Company engaged the services of financial and legal consultants to review the Subscription Bond Agreement and based on their advice, the Company discontinued the recognition of interest due on Daewoo loan in the Financial Statements which led to the qualification of the 2016 Audited Financial Statements by the External Auditors.

However during the year 2017, with the intervention of Financial Reporting Council (FRC), interest rate of 4.25% per annum was charged on the Daewoo bond from inception to date.

The financial statements have been restated to reflect the interest of 4.25% per annum charged from 2008 to date. The restatement required adjustment in the statement of profit or loss and other comprehensive income for the year ended December 31, 2016 and the statement of financial position as at 31 December 2016.

The affected line items and related notes have been restated and the details of the restatement are as follows:

Statement of Profit or Loss and Other Comprehensive Income

		Group 2016	Company 2016
a	**Other Operating income**		
	As previously reported	1,474,833	1,305,686
	Adjustment : Unrealised interest written back on Daewoo loan	(1,172,494)	(1,172,494)
	As restated	302,339	133,192
b	**Exchange loss**		
	As previously reported	402,304	402,043
	Adjustment : Additional exchange loss on Daewoo loan	27,280	27,280
	Adjustment : Transfer to finance costs	(429,323)	(429,323)
	As restated	261	-
c	**Finance costs**		
	As previously reported	321	2,509
	Adjustment : Interest charges on Daewoo loan	99,438	99,438
	Adjustment : Transfer from exchange loss	429,323	429,323
	As restated	529,082	531,270

Statement of Financial Position

		Group 2016	Company 2016
d	**Borrowings**		
	As previously reported	1,133,538	1,136,033
	Adjustment : Interest charges on Daewoo loan	99,438	99,438
	Adjustment : Transfer from exchange loss	27,280	27,280
	Adjustment : Unrealised interest written back on Daewoo loan	1,172,494	1,172,494
	As restated	2,432,750	2,435,245
e	**Retained Earnings**		
	As previously reported	(3,821,544)	(4,051,337)
	Adjustment : Interest charges on Daewoo loan	(99,438)	(99,438)
	Adjustment : Transfer from exchange loss	(27,280)	(27,280)
	Adjustment : Unrealised interest written back on Daewoo loan	(1,172,494)	(1,172,494)
	As restated	(5,120,756)	(5,350,549)

IN THOUSANDS OF NIGERIAN NAIRA

50 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

1. The company did not charge any of its assets to secure the liability of any third party.

2. There were no commitments to capital expenditure at the year-end both in respect of either contracted or authorized but not contracted.

51 PENALTY FOR RESTATEMENT OF FINANCIAL STATEMENTS

The Company incurred the sum of N15Million to the Financial Reporting Council of Nigeria as cost of restatement of 2016 audited financial statements.

52 EVENTS AFTER REPORTING PERIOD

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2017 and profit attributable to equity holders.

53 HYPOTHECATION

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

Group - 31 December 2017	Insurance funds	Shareholders' funds	Total
Assets			
Cash and Cash equivalents	3,440,507	-	3,440,507
Financial assets	508,397	145,221	653,618
Trade receivables		158,643	158,643
Re-insurance receivables	1,491,852	-	1,491,852
Deferred acquisition costs	-	126,007	126,007
Other receivables and prepayments	-	445,143	445,143
Investment property	-	361,656	361,656
Intangible assets	-	818,575	818,575
Property, plant and Equipment	-	3,551,091	3,551,091
Statutory deposit	-	300,000	300,000
Total Assets	5,440,756	5,906,336	11,347,092
Liabilities			
Insurance contract liabilities	3,377,937	-	3,377,937
Trade payables	-	32,716	32,716
Provision and other payables	-	835,694	835,694
Deposit for shares	-	-	-
Borrowings	-	2,644,867	2,644,867
Income tax liabilities	-	116,176	116,176
Deferred tax liabilities	-	60,784	60,784
Total Liabilities	3,377,937	3,690,237	7,068,174
GAP	2,062,819	2,216,099	4,278,918

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)
IN THOUSANDS OF NIGERIAN NAIRA

Group - 31 December 2016	Insurance funds	Shareholders' funds	Total
Assets			
Cash and Cash equivalents	3,599,976		3,599,976
Financial assets	87,599	36,008	123,607
Trade receivables	-	271,360	271,360
Re-insurance receivables	870,359	-	870,359
Deferred acquisition costs	-	95,863	95,863
Other receivables and prepayments	-	400,683	400,683
Investment property	-	351,400	351,400
Intangible assets	-	865,587	865,587
Property, plant and Equipment	-	3,391,045	3,391,045
Statutory deposit	-	300,000	300,000
Total Assets	**4,557,934**	**5,711,946**	**10,269,880**
Liabilities			
Insurance contract liabilities	2,577,030	-	2,577,030
Trade payables	-	36,031	36,031
Provision and other payables	-	950,746	950,746
Deposit for shares	-	18,179	18,179
Borrowings	-	2,432,750	2,432,750
Income tax liabilities	-	143,456	143,456
Deferred tax liabilities	-	60,784	60,784
Total Liabilities	**2,577,030**	**3,641,946**	**6,218,976**
GAP	**1,980,904**	**2,070,000**	**4,050,904**

Company - 31 December 2017	Insurance funds	Shareholders' funds	Total
Assets			
Cash and Cash equivalents	3,012,534		3,012,534
Financial assets	427,708	109,398	537,106
Trade receivables	-	13,535	13,535
Reinsurance receivables	1,491,852	0	1,491,852
Deferred acquisition costs	-	126,007	126,007
Other receivables and prepayments	-	352,511	352,511
Investment in subsidiaries	-	659,624	659,624
Investment properties	-	311,656	311,656
Intangible assets	-	805,642	805,642
Property, plant and Equipment	-	3,075,245	3,075,245
Statutory deposit	-	300,000	300,000
Total Assets	4,932,094	5,753,618	10,685,712
Liabilities			
Insurance contract liabilities	3,377,937		3,377,937
Trade payables	-	152	152
Provision and other payables	-	732,258	732,258
Borrowings	-	2,644,867	2,644,867
Income tax liabilities	-	63,015	63,015
Deferred tax liabilities	-	48,994	48,994
Total Liabilities	3,377,937	3,489,286	6,867,223
GAP	1,554,157	2,264,332	3,818,489

IN THOUSANDS OF NIGERIAN NAIRA

Company - 31 December 2016	Insurance funds		Shareholders' funds	Total
Assets				
Cash and Cash equivalents	3,083,899		-	3,083,899
Financial assets	84,071		36,008	120,079
Trade receivables	-		-	-
Reinsurance receivables	870,359		-	870,359
Deferred acquisition costs	-		95,863	95,863
Other receivables and prepayments	-		320,639	320,639
Investment in subsidiaries	-		659,624	659,624
Investment properties	-		301,400	301,400
Intangible assets	-		853,667	853,667
Property, plant and equipment	-		2,966,375	2,966,375
Statutory deposit	-		300,000	300,000
Total Assets	**4,038,329**		**5,533,576**	**9,571,905**
Liabilities				
Insurance contract liabilities	2,577,030		-	2,577,030
Trade payables	-		13,132	13,132
Provision and other payables	-		786,076	786,076
Borrowings	-		2,435,245	2,435,245
Income tax liabilities	-		89,625	89,625
Deferred tax liabilities	-		48,994	48,994
Total Liabilities	**2,577,030**	**2,577,030**	**3,373,072**	5,950,102
GAP	**1,461,299**	**(2,577,030)**	**2,160,504**	3,621,803

EQUITY ASSURANCE PLC
(RC: 65443)

APPENDIX TO THE FINANCIAL STATEMENTS

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED (GROUP)

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, goverment and that retained for the future creation of more wealth.

	2017 ₦'000	%	2016 ₦'000	%
Gross premium earned	3,055,478		4,621,785	
Investment, commission and other income	971,122		1,313,966	
Re-insurance, claims, commission and services	(2,978,857)		(5,673,697)	
Value added	1,047,743	100	262,054	100
% Value added	34%		6%	
Applied as follows:				
Payment to employees				
Employee benefit expenses	532,553	51	951,816	363
Payment to providers of capital				
Interest and similar charges	212,117	20	529,082	202
Payment to government				
Taxation	36,714	4	165,211	63
Retained for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	126,988	12	135,935	52
Amortisation of intangible asset	53,515	5	61,106	23
Contingency reserve	80,183	8	125,789	48
Profit/(loss) for the year	5,673	1	(1,706,885)	(651)
	1,047,743	100	262,054	100

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED (COMPANY)

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, goverment and that retained for the future creation of more wealth.

	2017 ₦'000	%	2016 ₦'000	%
Gross premium earned	2,596,543		1,956,775	
Investment, commission and other income	754,273		945,297	
Re-insurance, claims, commission and services	(2,529,664)		(3,263,627)	
Value added/(absorbed)	821,152	100	(361,555)	100
% Value added/(absorbed)	32%		(18)%	
Applied as follows:				
Payment to employees				
Employee benefit expenses	350,720	43	404,045	(112)
Payment to providers of capital				
Interest and similar charges	212,757	26	531,270	(147)
Payment to government				
Taxation	32,318	4	62,818	(17)
Retained for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	97,549	12	75,107	(21)
Amortisation of intangible asset	51,358	6	55,780	(15)
Contingency reserve	80,183	10	60,422	(17)
Loss for the year	(3,733)	-	(1,550,997)	429
	821,152	100	(361,555)	100

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY -GROUP
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)
IN THOUSANDS OF NIGERIAN NAIRA

Statement of Financial Position

	2017	2016	2015	2014	2013
Assets					
Cash and cash equivalents	3,440,507	3,599,976	3,596,868	3,741,023	1,818,259
Financial assets	653,618	123,607	657,025	618,406	560,430
Trade receivables	158,643	271,360	489,931	350,826	864,968
Reinsurance receivables	1,491,852	870,359	1,236,171	1,360,748	1,008,096
Deferred acquisition cost	126,007	95,863	247,150	259,582	311,608
Prepayments and other receivables	445,143	400,683	497,210	534,009	604,266
Investment properties	361,656	351,400	397,477	397,477	803,678
Goodwill and intangible assets	818,575	865,587	972,035	978,644	1,032,546
Property, plant and equipment	3,551,091	3,391,045	3,427,816	939,954	2,362,843
Statutory deposit	300,000	300,000	324,302	322,671	323,203
Total assets	11,347,092	10,269,880	11,845,985	9,503,340	9,689,897
Liabilities					
Insurance Contract Liabilities	3,377,937	2,577,030	2,706,871	3,302,335	2,754,236
Trade payables	32,716	36,031	148,998	127,040	256,738
Other payables	835,694	950,746	865,555	394,212	294,748
Deposit for shares	-	18,179	800	500	82,582
Borrowings	2,644,867	2,432,750	1,945,815	1,454,615	2,231,452
Retirement Benefit Obligations	-	-	-	-	-
Income tax liabilities	116,176	143,456	153,657	175,459	173,358
Deferred tax	60,784	60,784	22,359	50,898	44,657
Total liabilities	7,068,174	6,218,976	5,844,055	5,505,059	5,837,771
Net Assets	4,278,918	4,050,904	6,001,930	3,998,281	3,852,126
Equity					
Paid up share capital	7,000,000	7,000,000	7,000,000	4,423,649	4,423,649
Share premium	1,023,465	1,023,465	1,023,465	1,105,193	1,105,193
Contingency reserves	872,330	792,147	837,291	715,820	623,028
Revaluation reserves	356,539	156,490	168,890	168,890	1,560,477
Available for sale reserve	370	250	-	(18,468)	6,587
Retained earnings	(5,197,445)	(5,120,756)	(3,419,521)	(2,668,281)	(4,087,900)
Foreign currency translation	-	-	(43,974)	(16,432)	19,531
	4,055,259	3,851,596	5,566,151	3,710,371	3,650,565
Non controlling interest	223,659	199,308	435,779	287,910	201,561
Total equity	4,278,918	4,050,904	6,001,930	3,998,281	3,852,126

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY -GROUP
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)
IN THOUSANDS OF NIGERIAN NAIRA

Statement of Profit or Loss and Other Comprehensive Income

	2017	2016	2015	2014	2013
Gross premium written	3,131,705	4,836,334	4,470,627	4,845,997	4,616,050
Net underwriting income	2,481,788	3,821,080	3,660,476	3,933,996	3,378,908
Total underwriting expenses	1,393,148	2,868,368	1,859,204	2,421,082	1,752,059
Total underwriting profit	1,088,640	952,712	1,801,272	1,512,914	1,626,849
Total investment and other income	889,986	1,073,417	918,996	1,024,251	820,238
Total income	1,978,626	2,026,129	2,720,268	2,537,165	2,447,087
Expenses	(1,936,239)	(3,567,803)	(3,228,768)	(2,226,408)	(2,812,027)
Profit/(loss) before tax	42,387	(1,541,674)	(508,500)	310,757	(364,940)
Tax	36,714	165,211	93,161	127,423	72,892
Profit/(loss) after tax	5,673	(1,706,885)	(601,661)	183,334	(437,832)
Basic earnings/(loss) per share	0.02	(12.6)	(4.6)	1.8	(5.7)
Diluted earnings/(loss) per share	0.02	(12.6)	(6.9)	1.8	(5.7)

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES
OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY - COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2017
IN THOUSANDS OF NIGERIAN NAIRA

Statement of Financial Position

	2017	2016	2015	2014	2013
Assets					
Cash and cash equivalents	3,012,534	3,083,899	3,169,212	3,357,358	1,461,238
Financial assets	537,106	120,079	127,692	200,848	224,046
Trade receivables	13,535	-	4,078	57,406	403,409
Reinsurance receivables	1,491,852	870,359	938,439	1,133,154	773,196
Deferred acquisition cost	126,007	95,863	142,249	183,371	221,311
Prepayments and other receivables	352,511	320,639	307,005	402,627	481,726
Investment in subsidiaries	659,624	659,624	929,976	1,120,842	1,122,066
Investment properties	311,656	301,400	301,400	-	-
Goodwill and intangible assets	805,642	853,667	909,447	968,116	1,022,117
Property, plant and equipment	3,075,245	2,966,375	2,898,218	435,357	2,253,275
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Total assets	10,685,712	9,571,905	10,027,716	8,159,079	8,262,384
Liabilities					
Insurance Contract Liabilities	3,377,937	2,577,030	2,143,016	2,945,797	2,332,272
Trade payables	152	13,132	43,013	27,669	112,079
Other payables	732,258	786,076	577,916	186,199	119,525
Borrowings	2,644,867	2,435,245	1,916,259	1,452,233	2,241,255
Income tax liabilities	63,015	89,625	87,132	71,331	69,195
Deferred tax	48,994	48,994	48,994	48,994	48,994
Total liabilities	6,867,223	5,950,102	4,816,330	4,732,223	4,923,320
Net Assets	3,818,489	3,621,803	5,211,386	3,426,856	3,339,064
Equity					
Paid up share capital	7,000,000	7,000,000	7,000,000	4,423,649	4,423,649
Share premium	1,023,465	1,023,465	1,023,465	1,105,193	1,105,193
Contingency reserves	872,330	792,147	731,725	657,444	554,990
Revaluation reserves	356,539	156,490	168,890	168,890	1,560,477
Available for sale reserve	370	250	-	(18,468)	6,587
Retained earnings	(5,434,215)	(5,350,549)	(3,751,530)	(2,909,852)	(4,311,832)
Shareholders funds	3,818,489	3,621,803	5,172,550	3,426,856	3,339,064

EQUITY ASSURANCE PLC AND ITS SUBSIDIARY COMPANIES

OTHER NATIONAL DISCLOSURE

FIVE YEAR FINANCIAL SUMMARY - COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2017

IN THOUSANDS OF NIGERIAN NAIRA

Statement of Profit or Loss and Other Comprehensive Income

	2017	2016	2015	2014	2013
Gross premium written	2,672,770	2,014,077	2,476,046	3,415,146	3,256,827
Net underwriting income	2,022,853	1,381,955	2,048,069	2,713,825	2,138,309
Total underwriting expenses	1,171,943	1,505,984	986,935	1,786,098	1,203,164
Total underwriting profit	850,910	(124,029)	1,061,134	927,727	935,145
Total investment and other income	631,255	826,661	503,767	736,811	370,981
Total income	1,482,165	702,632	1,564,901	1,664,538	1,306,126
Expenses	(1,453,580)	(2,190,811)	(2,281,939)	(1,503,488)	(2,058,259)
Profit/(loss) before tax	28,585	(1,488,179)	(717,038)	161,050	(752,133)
Tax	(32,318)	(62,818)	(50,359)	(73,393)	(21,527)
(Loss)/profit after tax	(3,733)	(1,550,997)	(767,397)	87,657	(773,660)
Basic (loss)/earnings per share	(0.03)	(11.1)	(5.5)	1.0	(8.7)
Diluted (loss)/earnings per share	(0.03)	(11.1)	(8.3)	1.0	(8.7)