Our Vision
To be a world-class financial services provider.

Our Mission
To be in every household providing wealth management and risk protection services, using the most sophisticated technology and man-power, thereby creating value to all stakeholders.

Shared Values

- **CUSTOMER DEDICATION**

  Our philosophy is being customer focused and desirous of exceeding customer expectation at all times. Customers can count on us to deliver superior products and services which are tailored to enable them achieve their personal and business goals.

- **RESPECT FOR INDIVIDUALS**

  We treat ourselves with respect and dignity, valuing our natural differences. Our environment supports growth, continuous learning and professionalism.

- **CREATIVITY**

  We are certain that creativity is the driving force which keeps us growing and which is most vital to our customers.

- **TEAMWORK**

  We appreciate and reward both individual and team achievements. We relate freely with colleagues across organisational boundaries. Our team spirit is excellent and worthy of emulation.

- **INTEGRITY**

  We ensure that the confidence reposed in us by our stakeholders will never be undermined and we are continuously striving to fulfill our obligations to them.

Contents	Pages

Notice of the
17th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of Capital Express Assurance Limited will hold on Thursday 13th September 2018 at theMetropolitan Club located at 15 Kofo Abayomi Street, Victoria Island, Lagos at 3pm to transact the following businesses:

Ordinary Business

i) To receive the Audited Approved Financial Statements for the year ended 31st December 2017, the report of the Directors, and the Auditors thereon

ii) To consider and if thought fit, fix the remuneration of the Directors

iii) To consider and if thought fit, authorize the Directors to fix the remuneration of the Auditors

iv) To consider and if thought fit, appoint members of the Audit Committee

v) To consider and if thought fit, approve the appointment of Otunba Ademola Adenuga as a non –executive director and re-elect Dr. Olusegun Aina as an IndependentNon- Executive Director

NOTES:

Proxies

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company. For the appointment to be valid, a proxy form must be completed and duly signed/stamped by the member and delivered to the Company Secretary, at the Head Office of the Company at 13 Bishop Kale Close, Off Saka Tinubu Street, Off Kasumu Ekemode Street, Victoria Island, Lagos, not less than forty-eight (48) hours before the date of the meeting.

Closure of Register

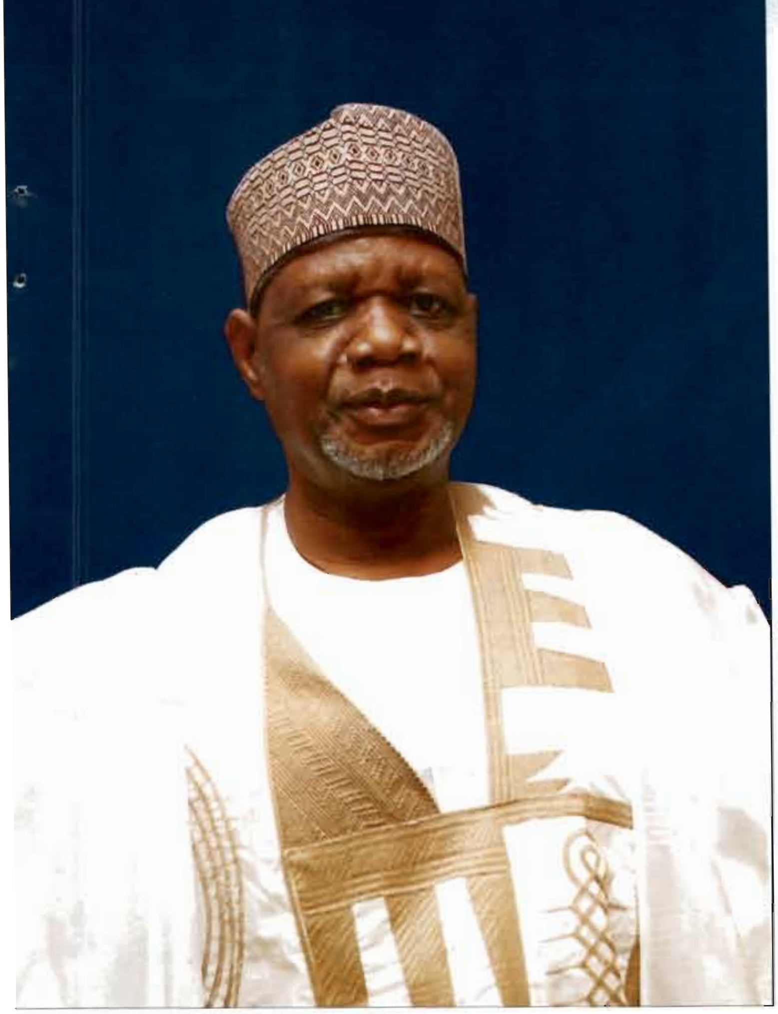
The register of members shall be closed from 10th to 12th September 2018, both dates inclusive.

Dated this 23rd day of August 2018

BY ORDER OF THE BOARD

....

I.J. Sulucainan
Company Secretary/Legal Adviser



Fellow shareholders, distinguished colleagues on the Board, our customers and stakeholders, invited guests, gentlemen of the press, ladies and gentlemen.

It gives me great pleasure to welcome you here and to preside over today's Seventeenth Annual General Meeting of our company and to present a review of our financial performance for the year ended 31 December 2017.

Global Operating Environment

The year 2017 experienced a slow pace of global economic recovery, as against the recession of the preceding year. The International Monetary Fund's (IMF) World Economic Outlook puts global output growth at marginal 3.5% increase in 2017 over the 3.1% recorded in 2016.

The global price of the bench mark crude Brent increased by 122% from a low of $27 per barrel to a record high of $60 per barrel, the highest in two years.

Global insurance premiums increased by 1.5% in real terms to nearly US$5 trillion in 2017. Notwithstanding, global life insurance premiums only managed a marginal increase of 0.5% to roughly US$2.7 trillion. The low life premium growth was mainly attributed to the falling life premiums in Western Europe, United State and other advanced countries markets. On the average, life premiums from advanced markets declined by 2.7% during the year under review. Contrary, life premiums in emerging markets, like China, soared by 14%, well above the 10-year average of 8.3 percent. Generally, the insurance markets in emerging countries have outperformed the corresponding economies because for decades, incomes, revenues and assets of individuals and companies are growing in these markets, which in turn boost the demand for insurance.

The Domestic Environment

Infrastructure deficit like roads, transports and power supply, high interest rates plus credit inaccessibility, and social unrest epitomized in citizens, expatriates and businesses being taken hostage for huge ransoms remained the key challenges that slowed down Nigeria business operating environment in 2017.

The Gross Domestic Product (GDP) experienced a progressive growth rate through each quarter of year 2017: from a decline of -1.58% in 2016, the rate grew to 0.7% in second quarter and doubled to 1.4% in third quarter. The GDP aggregate growth rate for 2017 stood at 0.82% above the negative record of the previous year 2017. This growth was made possible by the improved earnings from the increased crude oil price and contributions from the non-oil sector of the economy. Also the double digit general price level (inflation) experienced a progressive monthly decline for eleven months: from 18.7% in January to 15.4% in December.

The Nigeria Insurance Environment
The Gross Premium Income (GPI) for Insurance grew from N380 billion in 2016 to N470 billion an estimated 24% growth, far below the National Insurance Commission (NAICOM) projection of N1 trillion. This contribution still accounts for less than 1% of annual GDP. On the other hand, insurance accounts for a 13% of Financial Sector GDP in Nigeria for the year 2017.

28% of the Industry's GPI was paid out as claims in 2016, helping businesses and individuals recover from losses quickly. However, in 2017, rising claims continue to upstage the rate of growth in premium, a development which threatened the profitability of operators.

The current inflationary pressures have an upside on the Industry's investment portfolio performance as interest rates soar to overcome rising inflation and negative returns on investments. The Industry also benefited from a probable devaluation and continued growth in life business in 2017.

The Operating Results

In the year under review, our company was able to generate a gross written premium income of N2.30 billion as against N2.24billion in the previous year showing a marginal increase of 2.6%. However, the gross premium income fell by 15% with a premium income of N2.71 billion in 2016 as against N2.35 billion in the current year.

The decline can be traced to non-renewal of some (of) our corporate and government businesses due to non-release of funds to the affected agencies. Another major factor is our resolve to undertake more prudent underwriting to mitigate high exposure business in view of the poor rates generally in the market.

Notwithstanding, the operational set back which resulted in a loss of N353.7 million in the year under review, it is worthy of mention, a 30% growth in investment income from 96.5 million in 2016 to N136.8 million in 2017. While the net premium income also increased from N1.9 billion to N2.4 billion in the current year. Despite the challenges in the operating industry and environment our strategic focus remains to grow our business to deliver a better result in the coming year.

APPRECIATION

On behalf of the entire Board, I wish to appreciate all our shareholders and other stakeholders most especially our policyholders, Agents, Brokers and staff for their invaluable contributions and support in the course of the operating year. Words cannot be enough to say thank you for your trust and commitment.

We assure you that with your continual support, things can only get better, as we are motivated to strive to attain greater height and unrivaled financial position in the coming years.

Thank you all.

Alhaji Isa Bello Sali

Corporate Information

Country of incorporation and domicile	Nigeria
Company registration number	RC 380157
Nature of business and principal activities	The principal activities of the Company are the provision of Life Assurance and Mortgage Protection

Directors

Alhaji Isa Bello Sali	Chairman
Mr. Anthony Aletor	Vice Chairman
Mrs.Bola Odukale	Managing Director/CEO
Mr. Festus Olabiyi	Executive Director
Mrs. (Dr.) Dere Awosika	Director
Dr. Olusegun Aina	Director
Barr. Osahon Idemudia	Director

Company Secretary

Mrs. Joy Sulucainan
Capital Express Assurance Limited
13, Bishop Kale Close
Off Kasumu Ekemode Street
Behind Saka Tinubu Street, Victoria Island, Lagos

Registered Office

13, Bishop Kale Close
Off Kasumu Ekemode Street
Behind Saka Tinubu Street, Victoria Island, Lagos.

Corporate Head Office

13, Bishop Kale Close
Off Kasumu Ekemode Street
Behind Saka Tinubu Street, Victoria Island, Lagos.

Bankers

Access Bank Plc
Ecobank Nigeria Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
GTBank Plc
Skye Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

Auditors

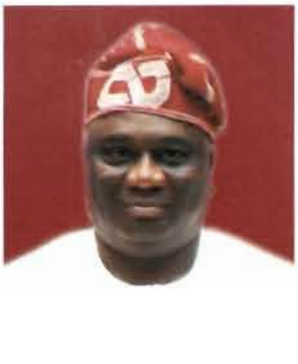
BDO Professional Services
(Chartered Accountants)
ADOL House, 15 CIPM Avenue
Central Business District
Alausa, Ikeja, Lagos.
P.O.Box 4929,GPO, Marina Lagos.
www.bdo-ng.com

Board of Directors

DR. (MRS) 'DERE AWOSIKA
MFR, mni
Director

DR. OLUSEGUN AINA
Director

BARR. OSAHON IDEMUDIA
Director



MR. ANTHONY ALETOR
Vice Chairman

ALHAJI ISA BELLO SALI
CFR, mni, Dan Masanin, Mwbi
Chairman

MRS. ADEBOLA ODUKALE
Managing Director/CEO

MR. FESTUS OLABIYI
Executive Director

Management Team

Mrs. Adebola Odukale	Managing Director/CEO
Mr. Festus Olabiyi	Executive Director, Operations
Mr. Jubril O Ajose	Chief Financial Officer
Mr. Francis Oketola	Chief Risk Officer
Mr. Akin Aboaba	Head, Abuja Annex Office
Mrs. Joy Sulucainan	Company Secretary/Chief Compliance Officer
Mr. Dipo Anifowose	Head, Information Communication Technology
Mr. Olugbenga Owodunni	Head, Lagos Marketing
Mr. Matthew Ogwezhi	Head, Branch Marketing and Agency Operation
Mr. Olufemi Adediran	Head, Agency Operations
Mr. Olugbemileke Olusesan	Zonal Manager, South-South
Mr. Chima Okeoma	Zonal Manager, South-East
Mr. Steve Akadiri	Zonal Manager, South-West
Mr Sani Ahmed	Zonal Manager, North

Management Team

MR. FESTUS OLABIYI
Executive Director

MRS. ADEBOLA ODUKALE
Managing Director / CEO

MR. AKIN ABOABA
Head, Abuja Head Office Annex

MR. JUBRIL O. AJOSE
Chief Finance Officer

FRANCIS OKETOLA
Chief Risk Officer

JOY SULUCAINAN (MRS.)
Company Secretary/Chief Compliance Officer

MR. OLUGBENGA OWODUNNI
Head, Lagos Region

MR. MATTHEW OGWEZHI
Head, Branch / Agency Operations

Management Team (Cont'd)

MR. OLADIPO ANIFOWOSHE
Head, Information Technology

MR. OLUFEMI ADEDIRAN
Head, Agency Administration

AKOLAWOLE OGUNBAYO
Head, Actuarial Services

MR. OLUGBEMILEKE OLUSESAN
Zonal Manager, South-South Region

MR. STEVE AKADIRI
Zonal Manager, South-West Region

AHMED SANI
Zonal Manager, North Region

MR. CHIOMA EKEOBA
Zonal Manager, South-East Region

Result at a Glance

Major Financial Position Items	2017 ₦'000	2016 ₦'000	₦'000	Changes %
Assets				
Cash and cash equivalents	334,904	440,322	(105,418)	(24)
Financial assets	2,585,549	1,843,380	742,169	40
Investment properties	2,502,445	2,497,180	5,265	-
Property, plant and equipment	828,837	746,693	82,144	11
Liabilities				
Insurance contract liabilities	(2,748,523)	(2,556,575)	(191,948)	8
Investment contract liabilities	(1,640,668)	(1,379,429)	(261,239)	19
Trade payable	(64,679)	(8,143)	(56,536)	694
Major profit or loss items				
Gross premium written	2,297,253	2,237,599	59,654	3
Gross premium income	2,349,871	2,713,147	(363,276)	(13)
Reinsurance expense	(14,462)	(734,000)	(719,538)	98
Net underwriting income	2,360,659	1,992,299	368,360	18
Net claims expenses	(2,036,268)	(1,528,579)	507,689	(33)
Underwriting profit	53,482	64,810	(11,328)	(17)
Investment income	136,781	96,480	40,301	42
Management expenses	(953,151)	(855,778)	(97,373)	(11)
Loss before taxation	(344,981)	(323,619)	(21,362)	7
Loss for the year	(353,710)	(337,236)	(16,474)	5
Total comprehensive profit/(loss) for the year	8,697	(44,911)	53,608	(119)
Per Share Data				
Basic loss per share (kobo)	(17)	(15.93)		
Diluted loss per share (kobo)	(17)	(15.93)		

Report of Directors

The Directors submit their report together with the financial statements of Capital Express Assurance Limited for the year ended 31st December 2017.

1. **Legal form**

The Company was incorporated as a Private Limited Liability Company on 9th May 2000 under the Companies and Allied Matters Act, CAP C20 LFN 2004 and was licensed by the National Insurance Commission to transact life insurance business. It formally commenced business in the year 2000 under a restructured management and the corporate name, Capital Express Insurance Company Limited, was changed to Capital Express Assurance Limited.

2. **Principal activities and corporate development**

The Company underwrites life assurance and related products, investment products; investment funds derived there from are utilised among other things to meet claims obligations to its numerous policy holders.

3. **Result for the year**

	N'000
Gross premium written	2,297,253
Gross premium income	2,349,871
Reinsurance expense	(14,462)
Net underwriting income	2,360,659
Net claims expenses	(2,036,268)
Underwriting profit	53,482
Investment income	136,781
Management expenses	953,151
Loss before taxation	(344,981)
Loss for the year	(353,710)
Total comprehensive profit for the year	8,697
Per Share Data	
Basic loss per share (kobo)	(17)
Diluted loss per share (kobo)	(17)

4. **Corporate governance**

The Company conducts its business under structured corporate governance environment incorporating the Board, Committees and an Executive Management system. The Board of Directors is the apex decision making body responsible for controlling and managing the strategic business of the Company and constantly reviews and presents a balanced and comprehensive assessment of the Company's performance and future prospects.

The Company is committed to the principles of Corporate Governance and the Code of Best Practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of all stakeholders. The Board, in compliance with the guidelines of the National Insurance Commission carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition and structure, frequency of meetings, duties, tenure and reporting lines to the Board.

Report of Directors (Cont'd)

THE BOARD OF DIRECTORS

The Board of Directors employs effective tools in the delivery of good corporate practice and other objectives. The Board exercises effective oversight functions on management performance primarily through its committees. The Board may exercise all such powers of the Company as are not, by law or the Articles of the Company, required to be exercised by the Company in general meetings.

The Board of Directors of the Company is composed of a mix of non-executive and executive members whereby the number of non-executives exceeds the executives while the position of the Chairman of the Board is clearly delineated from that of the Chief Executive Officer.

The Chairman

The Chairman of Capital Express Assurance Limited was duly appointed. The Chairman's primary role is to ensure that the Board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively and ensures that Board Members make concrete contributions towards the decisions of the Board and that the Board operates in harmony.

The Chief Executive Officer

The Chief Executive Officer with members of management is responsible for developing, implementing and monitoring the strategic and financial plans of the Company with the cooperation and support of the Board. The CEO sees to the effective operation and management of the Companys resources in order to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

The Board appointed one independent member who has remained truly independent since his appointment.

(a) **ACTIVITIES OF THE BOARD**

The Board meets at least quarterly to discuss critical issues affecting the organisation and performs other responsibilities that fall within its purview as provided in the Companys Article of Association and by other relevant regulatory authorities. Meetings were well attended with sufficient notice given well in advance of the meetings.

Names	Status	Mar 23	Jun 15	Jul 20	Nov 7
Alhaji Isa Bello Sali	Chairman	✓	✓	✓	✓
Mr. Anthony Aletor	Vice Chairman	✓	✓	✓	✓
Dr. (Mrs.) Dere Awosika	Director	✓	✓	✓	✓
Dr. Olusegun Aina	Director	✓	✓	✓	✓
Bar. Osahon Idemudia	Director	✓	✓	✓	✓
Mrs. Adebola Odukale	Managing Director	✓	✓	✓	✓
Mr. Festus Olabiyi	Exec. Director	✓	✓	✓	✓

(b) **Board Committees**

The Board functions through the below stated committees, whose memberships are as follows:

Report of Directors (Cont'd)

i. **Audit and Compliance Committee**

In line with the National Insurance Commission's code, the Committee is responsible for providing oversight functions with regards to the financial statements and its internal control and risk management functions. Also, the Committee reviews the terms of engagement and recommends the appointment or reappointment and compensations of independent external auditors to the Board and the Shareholders. The Committee also reviews the Companys compliance level to relevant laws, regulations, guidelines, directives and circulars that are currently in force regarding the Companys operations.

Names	Status	Mar 15	Jun 14	Oct 23	Nov 23
Dr. Olusegun Aina	Chairman	✓	✓	✓	✓
Mr. Anthony Aletor	Member	✓	✓	✓	✓
Mr. Anthony Eromosele (Shareholder)	Member	✓	✓	✓	✓
Mr. Segun Olorunfunmi (Shareholder)	Member	✓	✓	✓	✓
Mr. Festus Olabiyi	Member	✓	✓	✓	✓

ii. **Enterprise Risk Management Committee**

The Board Enterprise Risk Management and Governance Committee is responsible at ensuring that the generated risks by the Company in its pursuit of its corporate goals and objectives are within the risk appetite level approved by the Board, ensures that the mitigating solutions proffered to manage the identified risks are adequate and effective to allow a comfortable solvency level that would support the Companys operations. In addition the Committee also ensure that the Organizations governance structures are well established and working optimally to ease the Companys operations.

The recorded attendance at the meeting of the Committee is stated below:

Names	Status	Mar 14	Apr 20	July 19	Oct 26
Dr. (Mrs.) Dere Awosika	Chairman	✓	✓	✓	✓
Mr. Anthony Aletor	Member	✓	✓	✓	✓
Bar. Osahon Idemudia	Member	✓	✓	✓	✓
Mrs. Adebola Odukale	Member	✓	✓	✓	✓
Mr. Festus Olabiyi	Member	✓	✓	✓	✓

iii. **The Board of Finance, Investment and General Purpose Committee**

The Board of Finance, Investment and General Purpose Committee is responsible for budget monitoring, evaluating the finance performance in accordance with budget targets, control of expenses, ensuring the reliability and integrity of the quarterly management accounts submitted to the Regulator, setting the investment policy and periodic reviews of same, approving the Companys investment plan, reviews and evaluates the Companys various investment portfolios amongst other things. In addition the Committee also oversees all other matters of the Company's operations not specifically assigned to the other Board Committees under its general purpose roles.

The meetings held by the Committee and the recorded attendance by its members is reported below:

Report of Directors (Cont'd)

Names	Status	Mar 16	Apr 25	July 17	Oct 26
Mr. Anthony Aletor	Chairman	✓	✓	✓	✓
Dr. Olusegun Aina	Member	✓	✓	✓	✓
Dr. (Mrs) Dere Awosika	Member	✓	✓	N/A	✓
Mrs. Bola Odukale	Member	✓	✓	✓	✓
Mr. Festus Olabiyi	Member	✓	✓	✓	✓

***N/A** means not on Board or resigned from Board

5. **Directors' Interest**

Directors

None of the directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the Company was involved during the year ended 31 December 2017.

Directors' interest

The direct and indirect interest of directors in the issued share capital of the Company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of Section 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 is as noted:

	Direct Units	Indirect Units	Total Units
Mr. Anthony Aletor	213,595,000	295,000,000	508,595,000

6. **Property, plant and equipment**

Movement in property, Plant and equipment during the year is shown in note 10 of the notes to the financial statements. In the opinion of the Directors, the market value of the Company's property is not less than the value shown in the financial statements.

7. **Dividends**

The Directors did not recommend dividend for the financial year ended 31 December 2017.

8. **Post reporting date**

There are no post reporting date events, which could have had material effect on the state of affairs of the Company, and the result for the year ended 31 December 2017 which have not been adequately provided for in the financial statements.

9. **Reinsurance arrangement**

The Company maintains a Life Reassurance Treaty with African Reinsurance Corporation during the financial year under review.

10. **Business outlook**

The Company continues to pursue its vision of being a world class financial service provider. It enhanced its re-engineering processes aimed at rendering wealth management and financial protection services to every household.

11. **Employment and Employees**

A. **Employment of physically challenged Persons:**

It is the Companys policy that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees are given equal opportunities for self-development. As at 31 December 2017 however, no physically challenged person was in the employment of the Company.

Report of Directors (Cont'd)

B. **Health, Safety and Welfare**

Health, Safety and Welfare regulations for employees are enforced within the premises of the Company and employees are fully aware of existing safety regulations. The Company provides safety equipment at all its premises and also has in force an arrangement with a Health Management Organisation (HMO) to provide medical services to all categories of employees. The Company has enhanced safety measures in this regard as well as educating staff and its clients on appropriate hygiene manners.

C. **Employee involvement and training**

The Company has continued to ensure that it maintains an efficient and effective information dissemination system. Information is circulated constantly to update the various categories of staff in terms of the Companys values, goals, policies, performance, procedures and progress. Employees at various levels are encouraged to express their opinions on issues ranging from personal to corporate management matters.

This is mainly achieved at different meetings such as Staff General Meetings, Departmental/Divisional Meetings, Regional Directors Meetings, Executive Management Meetings and Branch Managers Meetings, all of which are structured and held at stated times.

Capital Express Assurance Limited places high premium on employee development. The Company continuously trains its staff both locally and internationally and encourages each staff to embrace professional tutelage and certification. With its corporate policy on employee development, the Company is able to strengthen the skills and competencies of its employees with the aim of increasing the value that we bring to our clients, business partners and other stakeholders.

D. **Whistle blowing policy**

The Company has installed an effective whistle blowing mechanism which encourages staff to put forward their opinion with regard to certain corporate and operational issues under strict confidence. The mechanism also provides the needed protection to such staff to ensure that they are not unnecessarily victimised for whistle blowing.

12. Auditors

The Auditors, Messrs BDO Professional Services (Chartered Accountants) have indicated their willingness to continue in office in compliance with NAICOM Corporate Governance regulation. Messrs BDO has been appointed as Auditors in compliance with section 357(1) of the Companies and Allied Matters Act of Nigeria.

COMPLIANCE WITH CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2017

In line with the principles of Corporate Governance the Company made efforts to satisfy the requirement of convening a Board Meeting every quarter. The Board Committees established are equally viable and are working in line with their Terms of Reference.

By Order of the Board

Joy I. Sulucainan (Mrs.)
Company Secretary/Legal Adviser

Date..
FRC/2013/NBA/00000003483

Enterprise Risk Management Report

OVERVIEW

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. In line with best practice, operational risk in the Company is composed of the following risk types: operations risk, legal risk, regulatory compliance risk, financial crime risk, people risk, property, technology, vendor, financial, and environmental risks.

The Company recognises the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

Objectives

The Company is committed to the management of operational risks. The Companys operational risk management framework aims to:

- Reduce losses arising from operational risk -a key role of operational risk management in the Company is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;
- Improve performance measurement -the Company's improved understanding of its operational risk profile shall enable appropriate allocation of risk and economic capital to individual lines of business, which would allow improved performance measurement and evaluation of activities;
- Ensure better control of operations - the Company expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvement in the control of operations and the emergence of a more proactive operational risk management culture;
- Provide early warning signals of deterioration in the Company's internal control system; and
- Raise awareness of operational risk in the Company from top to bottom through the implementation of an enterprise-wide operational risk approach.

Philosophy and principles

The following philosophy and principles govern the management of operational risk in the Company:

- The Board of Directors is responsible for setting the operational risk strategy of the Company and its implementation.
- The Board approves and periodically reviews the operational risk management framework.
- Operational risk in the Company is coordinated through a centralised and independent risk management function.
- Ownership, management and accountability for operational risk are decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting operational risk.
- The Company's operational risk management practices are in line with best practices.
- The Companys operational risk management practices are subject to regular independent review internally and externally.
- Operational risk management is governed by well-defined policies and procedures which are clearly communicated across the Company.
- Operational risk-related issues are taken into consideration in business decisions including new product and process designs.

Enterprise Risk Management Report (cont'd)

- Operational risk and loss events are reported openly and fully to the appropriate levels once they are identified.
- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling operational risks are being implemented by the Company.

Methodologies

In order to meet its operational risk management objectives, each business function within the Company is required to identify, assess, measure and control its operational risk in line with the policy set by the Board.

The following are some of the key tools and techniques used by each business unit, in line with the nature and scale of the business risks:

Operational risk reporting template

This template is used for operational risk reporting on a monthly basis. Issues to be reported using this template take the form of significant operational risk exposures, exceptions from Key Risk Indicators (KRI) analysis and trending, exceptions from Control Risk Self-Assessment (CRSA), operational and fraudulent losses incidences, significant control breakdowns rectified during the month, all exceptions to corporate governance standards and outstanding audit issues, and any other issues with operational risk implications.

Real time incidence reporting

This is for reporting urgent and significant operational risk issues/events that have to be escalated to relevant senior management stakeholders within 72 hours of the incidence without having to wait for the monthly risk reporting cycle. Examples of significant operational risk issues are: fraud, accidents and whistle blowers alerts.

Risk and Control Self-Assessment (RCSA)

Risk and control self-assessment is a key component of the Companys operational risk framework and involves, on a quarterly basis, each business unit within the Company proactively identifying and assessing its significant operational risks and the controls in place to manage those risks.

Internal loss data

The tracking of internal loss event data is a key component of the Company's operational risk framework. Internal loss events and data are analysed with a view to focusing attention on where they are needed and to forestall re-occurrence through sharing lessons learnt.

Key Risk indicators (KRIs)

Key risk indicators are measures that track the risk profile of the Company. Each business unit within the Company develops and monitors key risk indicators for its significant risks, which:

- target key operational risk exposures for the business unit;
- enable management of the underlying causes of risk exposures;
- use thresholds aligned to the Companys risk appetite and enable risk-based decision-making;
- are monitored with a frequency that matches the nature of the risks;
- complement the self-assessment and loss-event collection processes; and
- are reported as part of monthly management reporting.

Enterprise Risk Management Report (cont'd)

Key operational risks

Major operational risks faced by the Company are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Company is also investing in enhanced loss control. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Policyholder (KYP) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Companys customers for each activity on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff, agents and brokers; and
- installation of panic alarm system, CCTV.

Strategy

Failure to manage operational risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of insurance license, all of which directly impact shareholders value. Accordingly, the Companys operational risk strategy aims to minimise the impact of operational risk on its shareholders value. In more specific terms, the Company's strategy is to:

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;
- minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Companys long-term growth, cash flow management and statement of affairs protection, and;
- make all managers responsible for the management of operational risk and thus minimise actual or potential losses. The Company recognises that some losses, such as operational errors, are inevitable and are normal business cost but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Company:

- has put in place best-practice operational risk management policies and procedures. These include procedures to help identify, assess, control, manage and report on operational risk within the Company;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;
- ensures that all staff in business and support functions are aware of their responsibilities for operational risk management;
- considers the potential operational risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to the Board Audit & Risk Committees respectively;
- ensures that staff are provided with appropriate operational risk management training that is commensurate to their roles;

Enterprise Risk Management Report (cont'd)

- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of operational losses, through management of risk factors and utilisation of insurance and other risk transfer strategies; and
- ensures that staff responsibility with respect to operational risk management is communicated through ongoing risk awareness workshops and management action.

Governance

The overall responsibility for operational risk management in the Company resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on Companys operational risk profile through the Board Risk Committee.

To ensure consistency and prudent management of operational risks, the responsibility for managing operational risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Committees) and Management Risk Committee;
- the approval of operational risk policies and standards of risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board and Board Committees;
- the operational risk management framework implementation and review is owned by the Risk Management department; and
- the implementation of the operational risk framework within the branches, departments/business units and the day-to-day management of operational risks is owned by their respective core processes and executed through their management structure.
- the assurance role that operational risk management controls are effective is owned by the internal audit function.

The Board and Board Committees

The Board of Directors, Board Audit & Risk Committees and the Management Risk Committee shall have overall oversight function for operational risk management. It shall be their responsibility to ensure effective management of operational risk and adherence to the approved operational risk policies.

Board of Directors

The Board of Directors:

- Sets the Company's operational risk strategy and direction in line with the Companys corporate strategy;
- Gives final approval for the Company's operational risk management framework, policies and procedures; and
- Periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities.

Enterprise Risk Management Report (cont'd)

Board Audit & Risk Committee

The Board Committees:

- Ensures that the operational risk management framework is comprehensive and in line with the Companys strategy;
- Approves the operational risk management framework and oversees its implementation;
- Establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and
- Reports significant operational risk issues to the Board of Directors.

Management Risk Committee

The Company's Management Risk Committee:

- Ensures that the framework is implemented consistently across the Company;
- Ensures policies and procedures are developed for operational risk management;
- Ensures that all levels of staff understand their responsibilities with respect to operational risk management;
- Reviews the Company's risk dashboard and assesses potential impact on the activities of the Company or business unit;
- Ensures the Company's risk profile is within established risk parameters;
- Ensures that staff are adequately trained and have access to the necessary resources;
- Obtains and reviews periodic reports on operational loss events, risk profiling and control failures Company-wide and ensures corrective measures are being implemented;
- Ensures that the outputs from the operational risk management process are factored into the day-to-day management decisions of the Company; and
- Ensures that the Company's operational policies and procedures promote the desired risk culture.

Chief Risk Officer

The Chief Risk Officer shall:

- Lead the development and implementation of operational risk management across the Company.
- Develop operational risk management strategy, principles, framework and policy.
- Implements appropriate operational risk management processes and methodologies.
- Advise and coach management and business units on risk management.
- Coordinate the appropriate and timely delivery of risk management information.
- Exercise supervisory responsibilities over operational risk management in addition to responsibility over insurance risk, market risk, credit risk and other key risk types.
- Approve all reports, operational risk policy proposals, recommendations and other documents prepared for presentation to the Management Risk Committee, and Board Audit & Risk Committees.

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters, monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit.

Enterprise Risk Management Report (cont'd)

Future outlook

The Company is on a journey to embedding a robust operational risk management practice, culture and environment beyond complying with regulatory requirements. The goal is to make risk management a value driver that enhances and contributes to stakeholders value and the long-term existence and survival of the institution. To this end, a number of initiatives and projects are being initiated. When completed, it will enhance the risk management culture and practices within the organisation and by extension significantly reduce the Company's operational risk exposures and incidences, monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from natural disasters.

Some of these key initiatives and projects are as follows:

- Sourcing of a risk solution that has capacity to support the management of insurance risks, operational risk, credit risk and market risk in line with best practices and ultimately complying with risk-based capital regulation in anticipation;
- Structuring a business continuity management framework and infrastructure;
- Review and update of existing operational risk management processes and introduction of new ones; and
- Ongoing aggressive Company-wide operational risk awareness campaign to increase employees risk-awareness level, competence and involvement in managing risks.

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2017.

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's operational guidelines 2011, the Directors are responsible for the preparation of annual financial statements which reflect a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

i. implements appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities.

ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20, LFN 2004, Insurance Act CAP I17, LFN, 2004, and NAICOM Operational Guidelines and Circulars.

iii. has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors accept responsibility for maintaining adequate accounting records as required by:

a. International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
b. Companies and Allied Matters Act, CAP C20, LFN 2004;
c. Insurance Act, CAP I17, LFN 2004;
d. NAICOM Operational Guidelines and circulars.
e. Banks and Other Financial Institutions Act, 1991;
f. Financial Reporting Council Act 2011.
g. Investment and Securities Act 2007.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors indicating that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.

Mr. Tony Aletor	**Mrs. Adebola Odukale**
Vice Chairman	***Managing Director***
FRC/2013/CISN/00000003344	**FRC/2013/CIIN/00000003501**

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 Financial Statements for the year ended 31 December 2017 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statement 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.
- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
  - Have evaluated the effectiveness of the Companys internal controls as of date within 90 days prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
  - All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- 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. ....
Chief Finance Officer
Date.. 7/8/18
FRC/2013/ICAN/00000003148

Mrs. Adebola Odukale
Managing Director/CEO
Date.. 7/8/18
FRC/2013/CIIN/00000003501

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAPITAL EXPRESS ASSURANCE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Capital Express Assurance Limited**, which comprise, the statement of financial position as at 31 December 2017, 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 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, the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

2. **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements on page 20 of our report. We are independent of the Company 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.

3. **Emphasis of matter**

Without qualifying our opinion, we draw your attention to the shortfall of N177 million in assets cover in note 49 to the financial statements indicating that the Company was not able to generate adequate liquid assets to cover the policy holders' funds.

4. **Key Audit Matters**

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) **Revenue recognition**

In view of large number of policies underwritten by the Company, the gap between the underwritting and finance departments, and manual interference in the premium documentation, there is a risk that revenue may not be completely accounted for in the financial statements.

Response

- We have tested the design and implementation of key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical procedures on gross and unearned premium balances.

We performed other substantive procedures to confirm completeness of revenue by:

- Selecting some debit notes from hard copy files and traced to soft copy listing of premium and obtained a serially generated debit notes and investigated missing and duplicated debit notes
- We ensured that an appropriate and consistent revenue recognition policy is in place and in line with the Company's accounting policies and international accounting standard number 18.

(ii) **Valuation of investment properties**

Management has estimated the value of the Company's investment properties to be N2.5 billion as at 31 December 2017. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent externa valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures on note 9 to be appropriate based on the assumptions and available evidence.

(iii) **Valuation of insurance and investment contracts liabilities.**

Management has estimated the value of insurance and investment contract liabilities in the Company's financial statements to be N4.4 billion as at year ended 31 December 2017 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

- The valuation has been made on the following key assumptions which were determined by the Actuary:
- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We ascertained the following

- Evaluated and validated controls over insurance and investment contract liabilities,
- Checked the claims register for completeness and accuracy of claims accrued, additional adjustment was raised
- Reviewed transactions after year end for claims paid but not accrued, additional audit adjustment was raised

- Evaluated the independent external Actuarys competence, capability and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the results based on the assumptions.

5. **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Chairmans and Directors statements, 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 conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during 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 other information, we are required to report that fact. We have nothing to report in this regard.

BDO

6. **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Management 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, the Companies and Allied Matters Act, CAP C20 LFN 2004, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. **Auditors responsibilities for the Audit of the Financial Statements**

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 29 of these financial statements. This description forms part of our audit report.

8. **Contravention of laws and regulations**

As stated in note 48 of these financial statements, the Company paid the sum of one hundred and six thousand naira only to Federal Inland Revenue Service and the sum of five thousand naira only to National Insurance Commission for late submission of returns during the year.

9. **Report on other legal and regulatory requirements**

The Companies and Allied Matters Act, CAP C20, LFN, 2004 and 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

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.

iv) to the best of our knowledge, the Company complied with the requirements of the relevant circulars issued by National Insurance Commission (NAICOM) and the regulations of the Insurance Act CAP I17 LFN 2004 during the year.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
0259021

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

Lagos, Nigeria
3 September 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's 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's 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 disclosures 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 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.

Report of the Audit Committee

To the members of Capital Express Assurance Limited

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP 59 of the Laws of the Federation of Nigeria 2004, we the Members of the Audit Committee of Capital Express Assurance Limited, have carried out our statutory functions under the Act, and hereby report as follows:

We have reviewed the scope and planning of the audit for the year ended 31 December 2017 and we confirm that they were adequate;

The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and

We are satisfied with the departmental responses to the External Auditors findings on management matters for the year ended 31 December 2017.

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Dr. Olusegun Aina
Chairman of the Audit Committee
Date..
FRN/2014/CIBN/00000007721

Members of the Audit Committee

Dr. Olusegun Aina	Chairman
Mr. Anthony Aletor	Member
Mr. Festus Olabiyi	Member
Mr. Segun Olorunfunmi	Member
Mr. Tony Ailen Eromosele	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.


CAPITAL EXPRESS
ASSURANCE LIMITED
Capital Express Protection
Plan
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APITAL EXPRESS
ASSURANCE LIMITED

Children Education Plan

Capital Express Assurance Limited
Financial Statements, 31 December, 2017

Statement of Significant Accounting Policies

1. **General Information**

Capital Express Assurance Limited ("CAPEX" or "the Company") was incorporated in Nigeria on 9 May 2000 as a private Limited Liability Company domiciled in Nigeria. It was licensed to carry on insurance business in the same year. The address of the Company's registered office is 13, Bishop Kale Close, Victoria Island Lagos. Capital Express Assurance Limited is a specialist life assurance Company with operations in major parts of the country. The Company's vision is to be a world class financial services provider.

Ownership structure

Capital Express Assurance Limited is fully owned by Nigerians.

Authorisation for issue

The financial statements of Capital Express Assurance Limited for the year ended 31 December 2017 were authorised for issue by the Directors on 20 June 2018.

2. **Summary of Significant Accounting Policies**

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

2.1 **Going Concern**

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

2.2 **Basis of Preparation and Compliance with IFRS**

The Company's financial statements for the year 2017 have been prepared 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, the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Capital Express Assurance Limited
Financial Statements, 31 December, 2017

Statement of Significant Accounting Policies

2.2.1 **Basis of measurement**

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as Available-for-sale which are measured at fair value through other comprehensive income;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income;
- Loans and receivables and held to maturity financial assets and financial liabilities which are measured at amortised costs; and
- Investment properties which are measured at fair value.

2.3 **Critical Accounting Estimates, Judgments and Assumptions**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Companys accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.4

2.4 **Judgments, Estimates and Assumptions**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

2.4.1 **Income Taxes**

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

Statement of Significant Accounting Policies

2.4.2 **Retirement Benefits**

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

2.4.3 **Fair Valuation of Investment Properties**

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

2.5 Changes in accounting policies

(a) **New standards, interpretations and amendments effective from 1 January 2017**

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the Companys financial statements.

(b) **New standards, interpretations and amendments not yet effective**

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decide not to adopt early. The most significant of these are:

Notes to the Financial Statements

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. The entity has not yet made a detailed assessment of the impact of this standard.

Notes to the Financial Statements

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.

Notes to the Financial Statements

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 14 Issued in January 2014	Regulatory Deferral Accounts	IFRS 14 applies to entities that conduct 'rate-regulated activities' i.e. activities that are subject to rate regulation. The rate regulation is a framework that establishes prices for goods and/or services that are subject to the oversight/approval of a 'rate regulator' The Standard permits an entity in the rate regulated industry to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.	1 January 2016	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.

Notes to the Financial Statements

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the rights to direct the identified asset's use and to obtain substantially all the economic benefits from that use. **Accounting by lessees** Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless: i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.	Annual reporting periods beginning on or after 1 January 2019	**The Company is still reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted in 2019.**

Note to the Financial Statements

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
		The lease liability is subsequently re-measured to reflect changes in: • the lease term (using a revised discount rate); • the assessment of a purchase option (using a revised discount rate); • the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or • future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The re-measurements are treated as adjustments to the right-of-use asset. Accounting by lessor Lessor shall continue to account for leases in line with the provision in IAS 17.		

Statement of Significant Accounting Policies

2.6 Foreign Currency Translation
Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

The financial statements are presented in Nigerian naira (₦), which is the presentation currency, and rounded to the nearest thousand (₦000) unless otherwise indicated.

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 or losses resulting from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income' or 'other operating expenses'.

2.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short-term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts.

2.8 Trade Receivables

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect the entire amount due under 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 derecognised 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 recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the Income Statement.

Statement of Significant Accounting Policies

2.9 **Deferred Acquisition Costs**

Deferred acquisition costs comprise of commission, brokerage and other related expenses arising from generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognised in the subsequent period. They are recognised on a basis consistent with the related provision for unearned premiums.

2.10 **Financial Assets**

A financial asset is recognised when the Company becomes a party to the contractual provisions of the instrument.

2.10.1 **Classification of financial assets**

The Company classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Management determines the appropriate classification of the investments at initial recognition and the classification depends on the purpose for which the investments were acquired or originated. The Company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets classified as trading are acquired principally for the purpose of selling in the short term.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognised in the income statement in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices. The fair values of unquoted equities, and quoted equities for which there is no active market, are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than an insignificant amount of held-to- maturity assets, the entire category would be obtained and classified as available for sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Statement of Significant Accounting Policies

Available-for-sale financial assets (AFS)

Available for sale financial investments include equity and debt securities. The Company classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments at fair value through profit or loss. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the income statement upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in income statement when the Companys right to receive payment has been established.

2.10.2 **Initial recognition and measurement**

Financial assets are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial assets on a fair value basis, because the related liabilities are also managed on this basis.

2.10.3 **Subsequent measurement**

Fair values of quoted investments in active markets are based on quoted bid prices.
Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are re-measured subsequent to initial recognition, at fair value.

Held to maturity

Held-to-maturity investments after initial measurement are carried at amortised cost using the effective interest rate method (EIR), less impairment. Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired.

Loans and receivables

Loans, advances and receivables after initial measurement are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement.

Available-for-sale financial assets

Changes in the carrying amount of available for sale financial assets are recognised in other comprehensive income and accumulated under the heading of Available-for-sale reserve. Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at the end of each reporting period.

Statement of Significant Accounting Policies

2.10.4 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Financial assets carried at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at financial asset's original effective interest rate.

If a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Companys internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, past-due status and other relevant factors.

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

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Statement of Significant Accounting Policies

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the end of reporting period, that have an impact on the future cash flows of the asset.

An available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Significant is to be evaluated against the original cost of the investment and prolonged against the period in which the fair value has been below its original cost.

Where there is a decline in available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the loss recognised in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial assets carried at cost

For financial assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Statement of Significant Accounting Policies

2.10.5 **De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

2.11 **Reinsurance Assets**

The Company cedes insurance risk in the normal course of business on the bases of treaty agreements. Reinsurance assets represent balances due from Reinsurance Companies. Reinsurance assets are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Reinsurance assets also include prepaid reinsurance cost as at the reporting date. The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the income statement. There are no indications of impairment as at year end. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurers policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

Premiums, losses and other amounts relating to reinsurance treaties are recognised over the period from inception of a treaty to expiration of the related business. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

2.12 **Prepayments and Other Receivables**

Prepayments and other receivables are carried at cost less accumulated impairment losses.The carrying amounts of the Company's non-financial assets other than deferred tax assets are assessed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in income statement.

Statement of Significant Accounting Policies

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a prorata basis. 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.

Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement. Impairment losses on revalued assets are recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 **Investment properties**

Investment properties are those properties held for rentals and appreciation in value and are not occupied by the Company. Investment properties comprise freehold land and buildings.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Fair value changes are recognised under net fair value gains/losses in the income statement.

Derecognition

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfer

Transfers are made to or from investment properties only when there is a change in use evidenced by the owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfer between investment property and owner-occupied property does not change the cost of that property for measurement or disclosure purposes.

Statement of Significant Accounting Policies

2.14 **Property, Plant and Equipment**

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.

Recognition and measurement

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.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is provided on a straight line basis so as to allocate the cost/revalued amounts less their residual values over the estimated useful lives of the assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de- recognised or classified as held for sale in accordance with IFRS 5 *Non-current* assets held for sale and discontinued Operations.

The depreciation rates for the current and comparative periods are as follows:

Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Machinery	10%
Computer equipment	15%
Office equipment	15%

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the reporting year.

De-recognition

An item of property, plant and equipment is derecognised 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement of the year the asset is derecognised.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in income statement.

2.15 **Statutory Deposit**

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act, 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

Statement of Significant Accounting Policies

2.16 **Intangible assets (Software)**

2.16.1 **Recognition and Measurement**

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable to and will flow to the Company. Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs are not to be included. Internally developed software is capitalised when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

2.16.2 **Amortisation**

Amortisation is calculated on intangible assets on the straight line basis to write down the cost of software to its residual value over its estimated useful life. Amortisation methods, useful lives and residual values are reassessed at each reporting date. No Amortisation is charged on intangible assets until they are available for use.

Amortisation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

IES-Online Software	20%

2.17 **Insurance Contracts Liabilities**

2.17.1 **Classification**

IFRS 4 requires contracts written by insurers to be classified as either insurance contracts or investment contracts depending on the level of insurance risk transferred.

The Company issues life insurance contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the Policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues contracts with a discretionary participation feature.

2.17.2 **Recognition and Measurement of Insurance Contracts**

Premium income is recognised on assumption of risks. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission and are gross of any taxes.

Gross Premiums

Gross premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums.

Statement of Significant Accounting Policies

Reinsurance

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross premiums written. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

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

Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognised at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognised on the same basis as the acquisition costs incurred. Premiums ceded, claims recovered and commission received are presented in the Income Statement separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer.

Claims and policyholder benefits payable

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date. Claims and loss adjustment expenses are charged to Income Statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

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. The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognised as impairment loss in income statement.

2.18 Investment Contracts Liabilities

Investment Contracts Liabilities are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

2.18.1 Interest on Investment Contracts

Interest accruing to the assured from investment of the savings is recognised in the income statements in the period it is earned while interest paid and due to depositors is recognised as expense. The net amount of the deposit administration revenue is transferred to the income statement.

Statement of Significant Accounting Policies

2.18.2 **Recognition and measurement of investment contracts**

Receipt and payments under investment contracts are not classified as insurance contracts in the Income Statements but are deposits accounted in the Statement of Financial Position in line with the accounting policies for financial instruments. The deposit liability recognised in the Statement of Financial Position represents the amounts payable to the holders of the investment contracts inclusive of allocated investment income.

A number of insurance and investment contracts contain a discretionary feature. This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that is likely to be a significant portion of the total contractual benefits.
- whose amount or timing is contractually at the discretion of the Company; and
- that are contractually based on:

- the performance of a specified pool of contracts or a specified type of contract
- realised and /or unrealised investment returns on a specified pool of assets held by the Company
- the profit or loss of the Company, fund or other entity that issues the contract.

Investment Contracts with Discretionary Participation Feature (DPF)

Insurance contracts and investment contracts with DPF are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Long-term Insurance Business (i.e. Long-term insurance contracts with fixed and guaranteed terms, and Long-term insurance contracts without fixed terms and with DPF) includes insurance business of all or any of the following classes, namely; life insurance business, superannuation business and business incidental to any such class of business.

The Company is concerned with Long-term insurance contracts without fixed terms and with DPF. Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuation of human life and any contract securing the grant of an annuity for a term dependent upon human life.

2.19 **Financial Liabilities**

Financial liabilities are classified as either financial liability at fair value through profit or loss (FVTPL) or other financial liabilities: Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.The Company's financial liabilities include investment contracts without discretionary participation feature (DPF) trade and other payables, insurance payables.

The Company does not have financial liabilities classified as at FVTPL. Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Statement of Significant Accounting Policies

De-recognition
The Company de-recognises financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Offsetting financial instruments
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.20 **Trade Payables**
Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. These include amounts due to agents, brokers, insurance contract holders, insurance companies and reassurance companies.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

Derecognition
Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.21 **Other Payables and Accruals**
Other payables and accruals 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.

2.22 **Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

2.22.1 **Current tax**

Current tax is the expected tax payable on total or taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2.22.2 **Deferred tax**

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

Statement of Significant Accounting Policies

Deferred income tax assets are recognised for all deductible temporary differences and unused tax credits and losses, only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.23 **Share capital and reserves**

Issued Share Capital
The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend

Dividends on ordinary shares are recognised and deducted from equity when they are approved by the Companys shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are disclosed as an event after reporting date.

2.24 **Statutory Contingency Reserve**

Contingency reserve is done in accordance with the provisions of Section 22(1) (b) of the Insurance Act CAP I17 LFN 2004. The contingency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profit. The amount shall accumulate until it reaches the amount of the minimum paid up capital.

2.25 **Asset Revaluation Reserve**

Subsequent to initial recognition, an item of property and equipment and, in certain circumstances, an intangible asset, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in income statement. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

2.26 **Available-For-Sale Reserve**
The fair value reserve shows the effect from the fair value measurement of financial instruments categorised as available-for-sale financial assets after deduction of deferred taxes. Any gains or losses are not recognised in the Income Statement until the financial asset has been sold or impaired.

2.27 **Retained Earnings**
Retained earnings comprise of undistributed profits from previous years, which have not been reclassified to any other reserve attributable to shareholders.

2.28 **Revenue Recognition**
Revenue comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

2.28.1 **Insurance Premium Revenue**
Gross recurring premium on life and investment contracts with Discretionary Participating Features (DPF) are recognised as revenue when payment is made by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Statement of Significant Accounting Policies

Gross premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. These are shown gross of any taxes or duties levied on premiums. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

2.28.2 Unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.28.3 Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into for the period and are recognised on the date on which the policy incepts. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

2.28.4 Fees and commission income

Fees are charged on insurance and investment contracts for policy administration services, investment management services, surrenders, reinstatement and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Commission income is earned on reinsurance arrangement made with the reinsurer. It is recognised as revenue over the period in which the related reinsurance arrangement covered.

2.28.5 Interest Income

Interest income for interest bearing financial instruments, are recognised within interest income in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

2.28.6 Dividend Income

Dividend income is recognised in the Income Statement when the Companys right to receive payment is established.

Statement of Significant Accounting Policies

2.28.7 **Realised gains and losses**

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.29 **Benefits, claims and expenses recognition**

2.29.1 **Gross benefits and claims**

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

2.29.2 **Claims expenses recovered**

This represents claims expenses recovered or recoverable from reassurers based on reinsurance contracts arrangement made with reinsurance companies.

2.29.3 **Changes in Life Insurance Contract Liability**

This is based on actuarial valuation reports as at the reporting date. Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there are charged to the income statement while the surplus is appropriated to the shareholders and credited to the income statement.

2.30 **Expense Recognition**

2.30.1 **Underwriting expenses**

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance and investment contracts. These costs include, but are not limited to, commission expense and other technical expenses.

Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting year in which they are incurred.

2.30.2 **Management expenses**

Management expenses are charged to Income Statement when the goods are received or services rendered. They are expenses other than claims, investments and underwriting expenses. It includes audit fee, Directors' emoluments, employee benefits, depreciation charges, amortisation charge, finance charges, legal and professional fees, marketing and other administration/operating expenses.

Finance charge relates to Interest expense for interest bearing financial instruments. It is recognised within finance charge included in management expenses in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the net carrying amount of the financial liability. The effective interest rate is calculated on initial recognition of the financial liability and is not revised subsequently.

Statement of Significant Accounting Policies

2.30.3 **Short -term employee benefit**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as part of management expenses as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2004. The contribution of the Company is 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees. Employees' contribution is 8%. The Companys obligations for contributions to the plan are recognised as an expense in Income Statement when they are due.

2.31 **Earnings per share**

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements that could give rise to dilution of equity.

2.32 **Provisions, contingent liabilities and contingent assets**

a. **Provisions**

A provision is recognised when the Company has present obligations as a result of past event, it is probable that a outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate can be made of amount of the obligation. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the reporting date. these estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

b. **Contingent assets**

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

c. **Contingent liabilities**

A Contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability alos arises in extremely rare cases where there is liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contigent liability but discloses its existence in the financial statements.

Statement of Financial Position as at 31 December, 2017

			Restated
Assets		2017	2016
Non-current assets	Note	N'000	N'000
Cash and cash equivalents	3	334,904	440,322
Financial assets:			
- Available-for-sale	4.1	1,136,598	902,667
- Fair value through profit or loss	4.2	1,335,165	847,978
- Held to maturity	4.3	73,664	59,469
- Loans and receivables	4.4	40,122	34,532
Trade receivables	5	171,814	14,302
Reinsurance assets	6	152,599	375,681
Deferred acquisition cost	7	32,618	39,290
Prepayments and other receivables	8	82,616	58,214
Investment properties	9	2,502,445	2,497,180
Property, plant and equipment	10	828,837	746,693
Statutory deposit	11	215,000	215,000
Intangible assets	12	18,941	17,120
Total assets		6,925,323	6,248,448
Liabilities			
Insurance contract liabilities	13	2,748,523	2,556,575
Investment contract liabilities	14	1,640,668	1,379,429
Trade payables	15	64,679	8,143
Other payables & accruals	16	283,722	126,474
Current income tax payable	17	8,729	13,617
Deferred tax	18	22,810	16,715
Total liabilities		4,769,131	4,100,953
Equity			
Issued share capital	19	2,116,595	2,116,595
Statutory contingency reserve	20	345,066	322,093
Available-for-sale reserve	22	444,184	210,253
Asset revaluation reserve	21	356,699	228,223
Retained earnings	23	(1,106,352)	(729,669)
Total equity		2,156,192	2,147,495
Total liabilities and equity		6,925,323	6,248,448

The financial statements on pages 55 to 89 were approved by the Board of Directors and authorised for issue on 20 June 2018 and signed on its behalf by:

	7/8/18	7/8/18
Mr. Tony Aletor	**Mrs. Adebola Odukale**	**Mr. Oyetunde Kayode**
Vice Chairman	**Managing Director/CEO**	**Chief Finance Officer**
FRC/2013/CISN/00000003344	**FRC/2013/CIIN/00000003501**	**FRC/2016/ICAN/00000014210**

The accompanying notes and significant accounting policies on pages 31 to 87 and other national disclosures on pages 88 and 89 form an integral part of these financial statements.

Auditors' report, pages 26 to 29

Statement of Profit or Loss and other comprehensive income for the year ended 31 December 2017

	Note	2017 N'000	Restated 2016 N'000
Gross premium written	24	2,297,253	2,237,599
Changes in unearned premium	25	52,618	475,548
Gross premium income		2,349,871	2,713,147
Reinsurance expenses	26	(14,462)	(734,000)
Net premium income		2,335,409	1,979,147
Fees and commission income	27	25,250	13,152
Net underwriting income		2,360,659	1,992,299
Net claims incurred	28	2,036,268	1,528,579
Changes in life insurance contract liabilities	13.3	(88,501)	(55,375)
Underwriting Expenses	29	359,410	454,285
Total underwriting expenses		2,307,177	1,927,489
Underwriting profit		53,482	64,810
Investment income	30.1	136,781	96,480
Net realised gains	31	491	(4,431)
Net fair value gains	32	492,452	383,595
Loss on investment contract liabilities	33	(75,036)	(8,295)
Management expenses	34	(953,151)	(855,778)
Impairment loss	35	-	-
Loss before taxation		(344,981)	(323,619)
Income tax expense	17.2	(8,729)	(13,617)
Loss for the year		(353,710)	(337,236)
Other comprehensive income			
Item that may be reclassified to Profit or Loss:			
Fair value gain on available-for-sale	22	233,931	141,892
Item that will not be reclassified to profit or loss:			
Revaluation gain on property, plant and equipment (net of tax)	21	128,476	150,433
Other comprehensive income for the year		362,407	292,325
Total comprehensive Profit/(loss) for the year		8,697	(44,911)
Earning per share			
Basic/diluted loss per share	36	(0.17)	(0.16)

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Auditors' report, pages 26 to 29

Statement of Changes in Equity
for the year ended 31 December 2017

	Issued Share capital	Statutory contingency reserve	Asset revaluation reserve	Available-for-sale reserve	Deposit for shares	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2017	2,116,595	322,093	228,223	210,253	-	(729,669)	2,147,495
Loss for the year	-	-	-	-	-	(353,710)	(353,710)
Other comprehensive income:							
Changes in Available-for-sale financial assets	-	-	-	233,931	-	-	233,931
Changes in valuation of land and building	-	-	128,476	-	-	-	128,476
Transfer between reserves	-	22,973	-	-	-	(22,973)	-
Balance at 31 December 2017	2,116,595	345,066	356,699	444,184	-	(1,106,352)	2,156,192
Balance at 1 January 2016	2,000,000	299,718	77,790	68,361	-	(370,058)	2,075,811
Loss for the year	-	-	-	-	-	(337,236)	(337,236)
Other comprehensive income:							
Changes in Available-for-sale financial assets	-	-	-	141,892	-	-	141,892
Changes in valuation of land and building **(restated)**	-	-	150,433	-	-	-	150,433
Deposit for shares	-	-	-	-	116,595	-	116,595
Transfer between reserves	116,595	22,375	-	-	(116,595)	(22,375)	-
Balance at 31 December 2016	2,116,595	322,093	228,223	210,253	-	(729,669)	2,147,495

The accompanying notes and significant accounting policies on pages 31 to 87 and other national disclosures on pages 88 and 89 form an integral part of these financial statements.

Auditors' report, pages 26 to 29

Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 N'000	Restated 2016 N'000
Cash flows from operating activities			
Premium received from policy holders	5.1	2,139,741	2,223,297
Commission paid	29.1	(140,623)	(185,631)
Commission received	27	25,250	13,152
Cash paid to and on behalf of Employees	34	(383,562)	(334,070)
Cash received from Investment Contract Holders - Grp	14.1	11,014	125,029
Cash received from Investment Contract Holders - Ind	14.2	374,742	410,255
Cash paid to Investment Contract Holders - Grp	14.1	(98,951)	(46,397)
Cash paid to Investment Contract Holders - Ind	14.2	(108,204)	(112,627)
Reinsurance premium paid	26	(49,639)	(40,890)
Claims expenses recovered from reinsurer	28	-	1,483,154
Other underwriting expenses	29.2	(212,115)	(216,665)
Unallocated premium received		57,136	-
Other operating cash payments		(258,203)	(470,496)
Claims paid	28	(1,615,575)	(2,955,201)
Fund in trust	14.3	(11,935)	(9,894)
Company income tax paid	17.1	(13,617)	(40,487)
Net cash used in operating activities	39	(284,541)	(157,471)
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(8,245)	(10,020)
Purchase of Intangible assets	12	(6,101)	-
Proceeds from sale of property and equipment	31.1	1,700	-
Proceeds from sale of financial assets -FVPL	4.2	-	379,940
Proceeds from sale of financial assets -HTM	4.3	51,361	375,000
Purchase of financial assets - FVPL	4.2	-	(432,590)
Purchase of financial assets - HTM	4.3	(56,438)	(423,534)
Loan granted to staff & policy holders	4.4	(15,415)	(20,815)
Repayment of staff & policy loan	4.4	13,653	11,426
Dividend received	8.2.2	46,789	30,504
Rent Income received	16.6	18,000	15,000
Interest received on statutory deposit	8.2.1	33,600	22,727
Interest and other investment incomes received	30	70,012	36,366
Net Cash in/(out) flow from investing activities		148,916	(15,996)
Cash flows from financing activities:			
Proceeds from borrowings	16	30,207	-
Proceeds from deposit for shares	16.3	-	116,595
Net Cash in flow from financing activities		30,207	116,595
Net decrease in cash and cash equivalents		(105,418)	(56,872)
Cash and cash equivalents at the beginning		440,322	497,194
Cash and cash equivalents at the end of the year		334,904	440,322

The accompanying notes and significant accounting policies on pages 31 to 87 and other national disclosures on pages 88 and 89 form an integral part of these financial statements.

Auditors' report, pages 26 to 29

Note to the Financial Statements

		2017	2016
3.	Cash and cash equivalents	N'000	N'000
	Cash - petty cash	15	15
	Balances with Local banks	46,088	162,864
	Domiciliary accounts with local banks	5,225	8,256
	Placement with banks	283,576	269,187
		334,904	440,322
	Current	334,904	440,322
	Non-current	-	-
		334,904	440,322

Placements with banks are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the company. All deposits are subject to an average variable rate of 14.5%, (Dec 2016: 12.5%)

3.1	Attributable to policyholders	N'000	N'000
	Balances with Local Banks	36,923	13,538
	Placement with Banks	129,581	222,101
		166,504	235,639
3.2	Attributable to investment contracts	N'000	N'000
	Balances with local banks	9,165	149,326
	Domiciliary Accounts with local banks	5,225	8,256
	Placement with Banks	153,995	47,086
		168,385	204,668
3.3	Attributable to shareholders	N'000	N'000
	Cash - Petty Cash	15	15
	Balances with local banks	-	-
		15	15
	Cash and cash equivalents	334,904	440,322
4.	Financial assets	N'000	N'000
	The company's financial assets are summarised by categories as follows:		
	Available-for-sale (Note 4.1)	1,136,598	902,667
	Fair value through profit or loss (Note 4.2)	1,335,165	847,978
	Held to maturity (Note 4.3)	73,664	59,469
	Loans and receivables (Note 4.4)	40,122	34,532
		2,585,549	1,844,646
	Current	1,375,287	881,244
	Non-current	1,210,262	962,136
		2,585,549	1,843,380
4.1	Available for Sale	N'000	N'000
	Balance at the beginning of the year	902,667	760,775
	Fair value gains (Note 22)	233,931	141,892
	Disposal during the year	-	-
	Balance at the end of the year	1,136,598	902,667
	Attributable to policy holders	500,000	500,000
	Attributable to investment contract	636,598	402,667
		1,136,598	902,667

The fair value gain in the carrying amount of available for sale financial assets are recognized in other comprehensive income and accumulated under the heading of Available-For-Sale Reserve.

Note to the Financial Statements

		2017	2016
4.2	**Fair Value through Profit or Loss**	**N'000**	**N'000**
	Balance at the beginning of the year	847,978	817,944
	Purchases	-	432,590
	Fair value gains/(loss) (Note 32)	487,187	(18,185)
	Disposal	-	(379,940)
	Loss on disposal (Note 31)	-	(4,431)
	Balance at the end of the year	1,335,165	847,978
	Attributable to policyholders	869,860	641,798
	Attributable to investment contract	180,454	206,180
	Attributable to shareholders	284,851	-
		1,335,165	847,978

Management valued the Company's quoted equities at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. This prompted the classification of quoted investment as Financial Assets Fair Value through Profit or Loss (FVPL).

The fair value gain in the carrying amount of fair value through profit or loss financial assets are recognised in under 'fair value gains/losses' in the income statement. None of the financial assets fair value through profit or loss was designated at initial recognition. The prices used in valuation above is as provided on trading floor of the Nigerian Stock Exchange market.

4.3 **Held to maturity**

Loss before taxation is stated after accounting for the following:

	N'000	N'000
Balance at the beginning of the year	59,469	-
Purchases during the year	56,438	423,534
Accrued interest capitalised (Note 30)	9,118	10,935
	125,025	434,469
Disposal during the year	(51,361)	(375,000)
Balance at the end of the year	73,664	59,469
Attributable to policyholders	73,664	59,469
Attributable to investment contract	-	-
	73,664	59,469

This represents investment in 91 days Federal Government of Nigeria Treasury Bills issued by Central Bank of Nigeria at 13.0% per annum.

		N'000	N'000
4.4	**Loans and receivables**		
	Balance at the beginning of the year	34,532	24,452
	Loan granted during the period	15,415	20,815
	Interest on loan	3,828	691
		53,775	45,958
	Repayment during the period	(13,653)	(11,426)
	Balance at the end of the year	40,122	34,532
	Attributable to policyholders	32,968	27,104
	Attributable to shareholders	7,154	7,428
		40,122	34,532

Note to the Financial Statements

		2017	2016
4.4.1	**Loan to policy holder**	**N'000**	**N'000**
	Balance at the beginning of the year	27,104	18,277
	Loan granted during the year	11,500	17,612
	Interest on loan (Note 30)	3,604	551
		42,208	36,440
	Repayment during the period	(9,240)	(9,336)
	Balance at the end of the year	32,968	27,104

The Company grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 80% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholder upon cancellation of the insurance contact as at the date of determination and it is used as collateral on policy cash loan granted.

Policy Loans are not impaired as balances are set-off against benefits accruable to the policyholder. The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 15% per annum and it is reviewed periodically.

4.4.2	**Staff loans**	**N'000**	**N'000**
	Balance at the beginning of the year	7,428	6,175
	Loan granted during the year	3,916	3,203
	Interest on loan	224	140
		11,568	9,518
	Repayment during the year	(4,414)	(2,090)
	Balance at the end of the year	7,154	7,428

The Company grants loans to staff at below market rate (7%) per annum, these loans were re-measured at transition date at amortize cost using average prime lending rate issued by Central Bank of Nigeria. The difference between the fair value using average prime lending rate and the rate at which the loan was granted is included in employee costs.

5.	**Trade receivables**	**N'000**	**N'000**
	Premium receivable (Note 5.1)	171,814	233,696
	Impairment-trade receivables (Note 5.2)	-	(219,394)
		171,814	14,302
5.1	**Premium receivable**		**N'000**
		N'000	
	Balance at the beginning of the year	233,696	219,394
	Premium receivable during the year (Note 24)	2,671,995	2,647,854
	Premium received during the year	(2,514,483)	(2,633,552)
	Amount written off against bad debts (Note 5.3)	(219,394)	-
	Balance at the end of the year	171,814	233,696
	Current	171,814	14,302
	Non-current	-	219,394
		171,814	233,696
5.2	**Impairment - Trade receivables**	**N'000**	**N'000**
	Balance at the beginning of the year	219,394	219,394
	Impairment during the year	-	-
	Amount written off against bad debts (Note 5.3)	(219,394)	-
	Balance at the end of the year	-	219,394

Note to the Financial Statements

5.3 **Basis of Impairment**

An impairment rate is derived based on the likelihood that a premium debt will not be paid and will fall into default. Debts are assessed individually and where objective evidence of impairment exists, for receivables considered significant, they are impaired accordingly.

If the Company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with the same credit risk characteristics and collectively assesses them for impairment.

		2017	2016
6.	Reinsurance assets	N'000	N'000
	Reinsurer Share of UPR (Note 6.1)	28,912	8,363
	Reinsurer Share of IBNR (Note 6.2)	19,019	106,645
	Prepaid Reinsurance Expenses M & D (Note 6.3)	25,128	6,949
	Co assurance receivables (Note 6.4)	79,540	253,724
		152,599	375,681
	Current	152,599	375,681
	Non-current	-	-
6.1	**Reinsurer share of UPR**	N'000	N'000
	Balance at the beginning of the year	8,363	265,689
	Movement during the year (Note 26)	20,549	(257,326)
	Balance at the end of the year	28,912	8,363
6.2	**Reinsurer share of IBNR**	N'000	N'000
	Balance at the beginning of the year	106,645	909,941
	Movement during the year	(87,626)	(803,296)
	Balance at the end of the year	19,019	106,645
6.3	**Prepaid Reinsurance expenses M& D**	N'000	N'000
	Balance at the beginning of the year	6,949	442,733
	Premium used during the year	53,190	40,890
	Amortised reinsurance expenses (Note 26)	(35,011)	(476,674)
	Balance at the end of the year	25,128	6,949
6.4	**Co assurance receivables**	N'000	N'000
	Gross amount recoverable	155,182	329,366
	Impairment loss (Note 6.5)	(75,642)	(75,642)
		79,540	253,724
6.5	**Impairment loss**	N'000	N'000
	Balance at the beginning of the year	75,642	75,642
	Provision during the year	-	-
	Balance at the end of the year	75,642	75,642
7.	Deferred acquisition cost	N'000	N'000
	Balance at the beginning of the year	39,290	91,279
	Commission paid during the year (Note 29.1)	140,623	185,631
	Balance at the end of the year	179,913	276,910
	Amortised acquisition cost during the year (Note 29.1)	(147,295)	(237,620)
		32,618	39,290
	Current	32,618	39,290
	Non-current	-	-

Note to the Financial Statements

		2017	2016
8.	Prepayments and other receivables	N'000	N'000
	Prepayment (Note 8.1)	18,081	17,564
	Receivable from stocksbrokers	19,457	19,457
	Withholding tax recoverable	11,168	7,863
	Other receivables (Note 8.3)	22,506	-
		71,212	44,884
	Accrued investment income (Note 8.2)	11,404	13,330
		82,616	58,214
	Current	82,616	58,214
	Non-current	-	-
		82,616	58,214

The carrying value of prepayments and other receivables approximate their fair value.

8.1	**Prepayments**	N'000	N'000
	Prepaid rent (Note 8.1.1)	9,698	10,964
	Prepaid insurance (Note 8.1.2)	3,824	2,097
	Other prepayment (Note 8.1.3)	4,559	4,503
		18,081	17,564
8.1.1	**Prepaid rent**	N'000	N'000
	Balance at the beginning of the year	10,964	10,044
	Payment during the year	17,479	20,665
	Accrued rent (Note 16.1)	4,956	2,902
	Amortisation during the year (Note 34)	(23,701)	(22,647)
	Balance at the end of the year	9,698	10,964
8.1.2	**Prepaid insurance**	N'000	N'000
	Balance at the beginning of the year	2,097	2,446
	Payment during the year	12,585	10,650
	Amortisation during the year (Note 34)	(10,858)	(10,999)
	Balance at the end of the year	3,824	2,097
8.1.3	**Other prepayment**	N'000	N'000
	Balance at the beginning of the year	4,503	-
	Payment during the year	11,426	10,083
	Amortisation during the year	(11,370)	(5,580)
	Balance at the end of the year	4,559	4,503
8.2	**Accrued investment income**	N'000	N'000
	Accrued interest on statutory deposit (Note 8.2.1)	11,404	13,330
	Dividend receivable (Note 8.2.2)	-	-
		11,404	13,330
8.2.1	**Accrued interest receivable**	N'000	N'000
	Balance at the beginning of the year	13,330	10,998
	Interest earned on Bond (Note 30)	1,552	1,294
	Interest earned on statutory deposit (Note 30)	30,122	23,765
	Interest received during the year	(33,600)	(22,727)
	Balance at the end of the year	11,404	13,330
8.2.2	**Dividend receivable**	N'000	N'000
	Balance at the beginning of the year	-	-
	Dividend earned during the year (Note 30)	46,789	30,504
	Dividend received during the year	(46,789)	(30,504)
	Balance at the end of the year	-	-

Note to the Financial Statements

		2017	2016
8.3	**Other receivables**	N'000	N'000
	Balance at the beginning of the year	-	-
	Addition during the year	22,506	-
	Repayments during the year	-	-
	Balance at the end of the year	22,506	-
9.	**Investment properties**	N'000	N'000
	Balance at the beginning of the year	2,497,180	2,095,400
	Fair value gains (Note 32)	5,265	401,780
	Balance at the end of the year	2,502,445	2,497,180

9.1	**The Company's investment properties are as stated below:**	**Balance at the begining of the year**	**Fair value changes**	**Carrying amount**
		N'000	N'000	N'000
	Oba Adesida Road Akure	36,000	100	36,100
	Oko Orisan Water Front Lekki Lagos	38,950	250	39,200
	4A Robinson Street Apapa Lagos	202,930	150	203,080
	Plot 383 Cadastral Zone AO2 Wuse 1 Abuja	406,100	70	406,170
	18 Bishop Kale Street Victoria Island Lagos	507,000	475	507,475
	35 Akin Adesola Street Victoria Island Lagos	553,000	2450	555,450
	162C Idejo Street Victoria Island Lagos	753,200	1770	754,970
	Total investment properties	2,497,180	5,265	2,502,445

9.2	**The Company's investment properties are allocated as follows:**	N'000	N'000
	Attributable to policyholders	961,708	894,801
	Attributable to investment contract	574,070	482,800
	Attributable to shareholders	966,667	1,119,579
		2,502,445	2,497,180

Investment properties are stated at fair value, which has been determined based on valuations performed by Austine Udoh & Partners (FRC/2013/NIESV/00000004380) who are accredited independent valuers, as at 31 December 2017.

The valuer is an industry specialist in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standard Committee. Valuation is performed on an annual basis and the fair value gains and losses are recorded within the Income Statement.

The present status of the properties is presented hereunder:

Property	Type	Acquisition Date	Present Title	Rental Status
35 Akin Adesola Street Victoria Island	Land & Building	14th February 2007	Capital Express Asssurance Ltd	The building is currently occupied by tenant
Oba Adesida Road Akure Ondo State	Land	14th February 2007	Capital Express Asssurance Ltd	This is for future development and capital appreciation
Oko Orisan Water Front Lekki, Lagos	Land	20th April 2012	Capital Express Asssurance Ltd	This is for future development and capital appreciation

Note to the Financial Statements

Property	Type	Acquisition Date	Present Title	Rental Status
4A Robinson Close Apapa Lagos	Land & Building	24th October 2007	Capital Express Asssurance	The building is available for rent.
162C Idejo Street Victoria Island Lagos	Land & Building	6th July 2007	Capital Express Asssurance Ltd	The building is currently occupied by tenants
18 Bishop Kale Close Victoria Island Lagos	Land & Building	3rd April 2007	Capital Express Asssurance Ltd	The building is currently occupied by tenants
Plot 383 Cadastral Zone A02 Abuja FCT	Land & Building	30th May 2012	Capital Express Asssurance Ltd	The building is scheduled for renovation upon relevant government approval

Note to the Financial Statements

10. Property, plant and equipment

(a)

As at 31 December 2017	Land	Building	Plant and machinery	Motor vehicles	Computer equipment	Office equipment	Furniture & Fittings	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2016	199,100	304,627	23,696	258,528	50,763	30,626	76,412	943,752
Additions	-	-	7,447	-	-	-	2,573	10,020
Revaluation surplus	73,500	93,648	-	-	-	-	-	167,148
At 31 December 2016	272,600	398,275	31,143	258,528	50,763	30,626	78,985	1,120,920
At 1 January 2017	272,600	398,275	31,143	258,528	50,763	30,626	78,985	1,120,920
Additions	-	-	320	-	4,432	1,590	1,903	8,245
Disposals	-	-	-	(7,201)	-	-	-	(7,201)
Revaluation surplus	400	60,550	-	-	-	-	-	60,950
At 31 December 2017	273,000	458,825	31,463	251,327	55,195	32,216	80,888	1,182,914
Accumulated depreciation								
At 1 January 2016	-	59,027	12,499	120,054	36,317	22,474	57,959	308,330
Charge for the year	-	6,628	3,093	46,116	3,018	1,487	5,555	65,897
Disposals	-	-	-	-	-	-	-	-
At 31 December 2016	-	65,655	15,592	166,170	39,335	23,961	63,514	374,227
At 1 January 2017	-	65,655	15,592	166,170	39,335	23,961	63,514	374,227
Charge for the year	-	7,966	2,970	39,319	3,360	1,572	4,276	59,463
Disposals	-	-	-	(5,992)	-	-	-	(5,992)
Transfer to revaluation reserve (Note 21)	-	(73,621)	-	-	-	-	-	(73,621)
At 31 December 2017	-	-	18,562	199,497	42,695	25,533	67,790	354,077
Carrying amounts at:								
31 December 2017	273,000	458,825	12,901	51,830	12,500	6,683	13,098	828,837
31 December 2016	272,600	332,620	15,551	92,358	11,428	6,665	15,471	746,693

Note to the Financial Statements

Other than land and building, the carrying value of assets had been under cost model. There is no indication of impairment on any items of property, plant and equipment as at the reporting date.

(a) The Company's land and building were professionally valued at the reporting date by Austine Udoh & Partners, an accredited independent valuer, with registration number FRC/2013/NIESV/00000004380 based on the open market value of the properties. The revaluation surpluses arising therefrom were taken to revaluation reserve in accordance with International Accounting Standard - IAS 16 paragrah 31.

(b) No leased assets are included in the above property, plant and equipment (2016: Nil)

(c) The Company had no capital commitments as at the statement of financial position date (2016: Nil).

(d) There is no restriction on title of any item of property, plant and equipment.

		2017	2016
11.	**Statutory Deposit**	N'000	N'000
	Deposit with Central Bank of Nigeria	215,000	215,000

This represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

12. **Intangible Assets**

Intangible assets represent computer softwares acquired by the Company for use in it daily operations. The table below shows the details of balances at the year end.

Cost	N'000	N'000
At 1 January 2017	21,400	21,400
Additions	6,101	-
At 31 December 2017	27,501	21,400
Amortisation		
At 1 January 2017	4,280	-
Charge for the year (Note 34)	4,280	4,280
At 31 December 2017	8,560	4,280
Carrying value	18,941	17,120

13.	**Insurance contract liabilities**	N'000	N'000
	Outstanding claims (Note 13.1)	1,627,728	1,294,661
	Unearned premium reserve (Note 13.2)	357,327	409,945
	Life insurance contract liabilities (Note 13.3)	763,468	851,969
		2,748,523	2,556,575

The firm of Ernst & Young, an actuarial service organisation did the valuation of life insurance portfolio for the reporting year. The actuarial valuation reports were authorised by Mr Olurotimi O. Okpaise, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738).

13.1	**Outstanding claims**		
	Outstanding claims as reported by policyholders:	N'000	N'000
	Balance at the beginning of the year	820,845	685,886
	Claims incurred during the year (Note 28)	1,854,308	3,090,160
	Claims paid during the year (Note 28)	(1,615,575)	(2,955,201)
	Balance at the end of the year	1,059,578	820,845
	Provision for claims incurred but not reported	568,150	473,816
		1,627,728	1,294,661
	Current	1,627,728	1,294,661
	Non-current	-	-

Note to the Financial Statements

The sum outstanding as unsettled claims as at the reporting date according to age analysis is as follows:

	2017	2016
	N'000	N'000
0 - 90 days	66,093	193,999
91 - 180 days	88,331	82,662
181 - 270 days	69,425	178,092
270 - 365 days	63,346	93,066
365 days and above	772,383	273,026
	1,059,578	820,845

Outstanding claims are as a result of the following:

- Some claims for which discharged vouchers had been issued but are yet to be returned by our customers for settlement.
- Some claims for which discharged vouchers have not been issued due to either incomplete documentations or awaiting necessary documentations.

13.2	**Unearned Premium Reserve**	N'000	N'000
	Balance at the beginning of the year	409,945	885,493
	Changes in unearned premium (Note 25)	(52,618)	(475,548)
	Balance at the end of the year	357,327	409,945
13.3	**Life insurance contract liabilities**	N'000	N'000
	Balance at the beginning of the year	851,969	907,344
	Movement during the year (Note 28)	(88,501)	(55,375)
	Balance at the end of the year	763,468	851,969
13.4	Life insurance contract liabilities is represented by:	N'000	N'000
	Cash and cash equivalent (Note 3.1)	166,504	235,639
	Financial assets - available-for-sale (Note 4.1)	500,000	500,000
	Financial assets - fair value through profit or loss (Note 4.2)	869,860	641,798
	Financial assets - held to maturity (Note 4.3)	73,664	59,469
	Financial assets - loans and receivables (Note 4.4)	32,968	27,104
	Reinsurer share of UPR (Note 6.1)	28,912	8,363
	Reinsurer share of IBNR (Note 6.2)	19,019	106,645
	Investment properties (Note 9.2)	961,708	894,801
		2,652,635	2,473,819
13.5	**Assets Cover**		
	Insurance Contract Liabilities	2,748,523	2,556,575
	Assets Allocated	(2,652,635)	(2,473,819)
	Shortfall in Assets	95,888	82,756
14.	**Investment Contract Liabilities**	N'000	N'000
	Investment contract liabilities - Group (Note 14.1)	582,107	641,109
	Investment contract liabilities - Individual (Note 14.2)	1,013,753	698,977
	Fund in trust (Note 14.3)	44,808	39,343
		1,640,668	1,379,429
	Current	553,024	356,318
	Non-current	1,087,644	1,023,111
		1,640,668	1,379,429

Investment contract liabilities is stated at amortised cost and analysed as follows:

14.1	**Investment Contract Liabilities - Group**	N'000	N'000
	Balance at the beginning of the year	641,109	528,059
	Deposit during the year	11,014	125,029
	Withdrawal during the year	(98,951)	(46,397)
		553,172	606,691
	Guaranteed interest (Note 33)	28,935	34,418
	Balance at the end of the year	582,107	641,109

Note to the Financial Statements

		2017	2016
14.2	**Investment Contract Liabilities - Individual**	N'000	N'000
	Balance at the beginning of the year	698,977	390,837
	Deposit during the year	374,742	410,255
	Withdrawal during the year	(108,204)	(112,627)
		965,515	688,465
	Guaranteed interest (Note 33)	48,238	10,512
	Balance at the end of the year	1,013,753	698,977
14.3	**Fund in trust**	N'000	N'000
	Balance at the beginning of the year	39,343	31,497
	Claims incurred during the year (Note 28)	17,400	17,740
	Payment made during the year	(11,935)	(9,894)
	Balance at the end of the year	44,808	39,343
	Current	44,808	39,343
	Non-current	-	-
		44,808	39,343

Fund in trust represents amount held in trust on behalf of policyholder arising from insurance contracts. This has been separated from outstanding claims because of the peculiar mode of payment under the policy condition. Death cover is provided under Guaranteed Tuition Protection Policy (GTPP) for payment of tuition fees of named beneficiary in case of the death of the insured. Payments are made directly to the school to settle school fees when due subject to the sum assured. Unutilised amount (if any) on graduation of the beneficiary is paid directly to the beneficiary.

The carrying amount disclosed above reasonably approximates fair value at the reporting date.

14.4	**Investment Contract fund is represented by:**	N'000	N'000
	Cash and cash equivalents (Note 3.2)	168,385	204,668
	Financial Assets - Available-for-Sale (Note 4.1)	636,598	402,667
	Financial Assets - Fair Value through profit or loss (Note 4.2)	180,454	206,180
	Investment properties (Note 9.2)	574,070	482,800
		1,559,507	1,296,315
14.5	**Assets Cover**		
	Investment Contract Liabilities	1,640,668	1,379,429
	Assets Allocated	(1,559,507)	(1,296,315)
	Shortfall in Assets Cover - Investment Contract Liabilities	81,161	83,114
	Shortfall in Assets Cover - Insurance Contract Liabilities	95,888	82,756
	Shortfall in Assets	177,049	165,870
15.	<u>Trade payables</u>	N'000	N'000
	Reinsurance companies (Note 15.1)	6,147	2,596
	Insurance companies (Note 15.2)	159	4,763
	Insurance brokers (Note 15.3)	1,237	784
	Due to direct insured	57,136	-
		64,679	8,143
	Current	64,679	8,143
	Non-current	-	-
		64,679	8,143

Trade payable represents the reinsurance premium payable to reinsurance companies, co-insurance premium to co-underwriters and commission due to insurance brokers. The carrying amounts disclosed above approximate fair value at the reporting date.

Note to the Financial Statements

		2017	2016
15.1	**Reinsurance companies**	**N'000**	**N'000**
	Balance at the beginning of the year	2,596	9,590
	Treaty premium ceded to reinsurance (Note 26)	53,190	33,351
	Commission receivable on reinsurance (Note 27)	(13,298)	(8,338)
	Payment made during the year	(36,341)	(32,007)
	Balance at the end of the year	6,147	2,596
15.2	**Insurance companies**	**N'000**	**N'000**
	Balance at the beginning of the year	4,763	-
	Movement during the year	(4,604)	4,763
	Balance at the end of the year	159	4,763
15.3	**Insurance brokers**	**N'000**	**N'000**
	Balance at the beginning of the year	784	363
	Movement during the year	453	421
	Balance at the end of the year	1,237	784
16.	**Other payables and accruals**	**N'000**	**N'000**
	Accrued rent (Note 16.1)	4,956	2,902
	Accrued management expenses	97,132	18,507
	Agency career fund (Note 16.2)	33,007	28,971
	Commission payable	2,294	1,405
	Deposit for shares (Note 16.3)	-	-
	Due to Stock Brokers	-	13,691
	Insurance supervisory levy	24,000	24,000
	Statutory payables (Note 16.4)	14,771	10,568
	Policy proposal	56,972	5,794
	Loan from director (Note 16(b))	30,207	-
	Other creditors	11,383	13,136
		274,722	118,974
	Deferred income (Note 16.6)	9,000	7,500
		283,722	126,474
	Current	250,715	95,003
	Non-current	33,007	31,471
		283,722	126,474

(a) The carrying amount disclosed above reasonably approximates fair value at the reporting date. The amounts are payable within one year.

(b) Short term loan represents facility granted to Capital Express Assurance Limited by a director, to enable the Company meets its operational expenses.

		2017	2016
16.1	**Accrued rent**	**N'000**	**N'000**
	Balance at the beginning of the year	2,902	3,357
	Changes during the year	2,054	(455)
	Balance at the end of the year	4,956	2,902
16.2	**Agency career fund**	**N'000**	**N'000**
	Balance at the beginning of the year	28,971	24,824
	Provision during the year	6,394	6,097
	Payment during the year	(2,358)	(1,950)
	Balance at the end of the year	33,007	28,971

Note to the Financial Statements

		2017	2016
16.3	**Deposit for shares**	**N'000**	**N'000**
	Balance at the beginning of the year	-	-
	Deposit made during the year	-	116,595
	Transfer to share capital (Note 19.2)	-	(116,595)
	Balance at the end of the year	-	-
16.4	**Statutory payables**	**N'000**	**N'000**
	Pay As You Earn	1,716	955
	Pension Fund (Note 16.5)	2,340	2,448
	Value Added Tax	1,036	188
	Withhoding Tax	9,679	6,977
		14,771	10,568
16.5	**Pension Fund**	**N'000**	**N'000**
	Balance at the beginning of the year	2,448	5,156
	Provision during the year	28,670	30,445
	Payment during the year	(28,778)	(33,153)
	Balance at the end of the year	2,340	2,448
16.6	**Deferred income**	**N'000**	**N'000**
	Balance at the beginning of the year	7,500	22,500
	Rent received during the year	18,000	15,000
	Rent earned during the year (Note 30)	(16,500)	(30,000)
	Balance at the end of the year	9,000	7,500

17. Current income tax payable

The major components of income tax expenses for the reporting periods are as follows:

17.1	**Per Statement of financial position**	**N'000**	**N'000**
	Balance at the beginning of the year	13,617	40,487
	Charge for the year (Note 17.2)	8,729	13,617
	Payments during the year	(13,617)	(40,487)
	Balance at the end of the year	8,729	13,617
17.2	**Per Income Statement**	**N'000**	**N'000**
	Company income tax	8,729	13,617

Note to the Financial Statements

17.3 **Reconciliation of total tax charge**

The income tax expense for the year can be reconciled to the accounting profit as per the statement of comprehensive income as follows:

	2017	2016
	N'000	N'000
Loss for the year	(344,981)	(323,619)
Tax at the statutory corporation tax rate of 30%	(103,494)	(97,086)
Effect of income that is exempt from taxation	(853,418)	(726,447)
Effect of expenses that are not deductible in determining taxable profit	690,316	565,742
Balancing Charge	397	-
Current year fiscal loss	266,250	257,791
Minimum tax	8,729	13,617
Tertiary education tax	-	-
NITDA Levy @ 1% of PBT	-	-
Deferred tax	-	-
Tax expense recognised in profit or loss statement	8,779	13,617
Effective rate	(0.03)	(0.04)

17.4 **Information Technology Levy**

In accordance with Section 12(2)(b) of The Nigerian Information Technology Development Act (NITDA) 2007, 1% of profit before tax is payable as information technology levy. No Provision has been made in these financial statements as the Company reported a loss before taxation.

18. **Deferred Tax**	2017	2016
	N'000	N'000
Balance at the beginning of the year	16,715	-
Defered tax on revaluation surplus on property and equipment (Note 21)	6,095	16,715
Assessed during the year	-	(161,150)
	22,810	(144,435)
Derecognised in the year	-	161,150
Balance at the end of the year	22,810	16,715

As a result of accelerated rates of capital allowances, the carrying amount of the Company's property, plant and equipment at the statement of financial position date exceeded their corresponding tax written down value by N436,430,483 (2016:N285,403,931). Deferred tax asset arising during the year which amounted to N1,389,676,000 was not recognised due to loss incurred by the Company during the year as analysed below:

	Opening balance as at 1 January 2017	Recognized in net income	Recognized in OCI	Recognised directly in equity	Reclassify from equity to net income	Closing Balance at 31 December 2017
Deferred Tax Liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Defered tax on revaluation surplus on property, plant and equipment	16,715	-	6,095	-	-	22,810
Difference between Carrying Value of PPE and TWDV	-	130,929	-	-	-	130,929
Total	16,715	130,929	6,095	-	-	153,739
Deferred tax assets						
Fiscal losses	-	1,139,313	-	-	-	1,139,313
Unutilised capital allowances	-	381,292	-	-	-	381,292
Sub total	-	1,520,605	-	-	-	1,520,605
Net deferred tax liability/ (asset)	16,715	(1,389,676)	6,095	-	-	(1,366,866)

Note to the Financial Statements

		2017	2016
19.	**Issued Share Capital**	N'000	N'000
19.1	**Authorised Share Capital**		
	7,500,000,000 Ordinary Shares of ₦1.00 each	7,500,000	7,500,000
19.2	**Ordinary shares issued and fully paid**	N'000	N'000
	Balance at the beginning of the year	2,116,595	2,000,000
	Transfer from deposit for shares (Note 16.3)	-	116,595
	Balance at the end of the year	2,116,595	2,116,595
20.	**Statutory contingency reserve**	N'000	N'000
	Balance at the beginning of the year	322,093	299,718
	Transfer from comprehensive income (Note 23)	22,973	22,375
	Balance at the end of the year	345,066	322,093

The statutory contingency reserve has been computed at the rate of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 21(1) of the Insurance Act, CAP I17 LFN 2004.

		2017	2016
21.	**Asset revaluation reserve**	N'000	N'000
	Balance at the beginning of the year	228,223	77,790
	Additions during the year (Note 10)	134,571	167,148
	Transferred to deferred tax (note 18)	(6,095)	(16,715)
	Balance at the end of the year	356,699	228,223
22.	**Available-for-sale reserve**	N'000	N'000
	Balance at the beginning of the year	210,253	68,361
	Additions during the year (Note 4.1)	233,931	141,892
	Balance at the end of the year	444,184	210,253
23.	**Retained earnings**	N'000	N'000
	Balance at the beginning of the year	(729,669)	(370,058)
	Loss for the year	(353,710)	(337,236)
	Transfer to contingency reserve (Note 20)	(22,973)	(22,375)
	Balance at the end of the year	(1,106,352)	(729,669)
24.	**Gross premium written**	N'000	N'000
	Direct business	1,989,552	1,953,562
	Facultative reinsurance	66,739	21,043
	Group life	2,056,291	1,974,605
	Individual life	615,704	673,249
	Allocation to investment contract (Note 14.2)	(374,742)	(410,255)
		2,297,253	2,237,599

Gross premium written is recognised as revenue when it becomes payable by the policyholders. Revenue is recognised on single premium business on the date on which the policy is effective.

		2017	2016
25.	**Changes in unearned premium**	N'000	N'000
	Changes in unearned premium reserve (Note 13.2)	52,618	475,548
26.	**Reinsurance expenses**	N'000	N'000
	Treaty premium ceded for reinsurers	53,190	33,351
	Facultative reinsurance outward	-	7,539
	Changes in reinsurer share of UPR (Note 6.1)	(20,549)	257,326
	Changes in prepaid reinsurance cost M & D	(18,179)	435,784
		14,462	734,000

Note to the Financial Statements

		2017	2016
27.	**Fees and commission income**	N'000	N'000
	Reinsurance commission income	13,298	8,338
	Facultative reinsurance commission	-	1,405
	Policy reinstatement and other fee	11,952	3,409
		25,250	13,152
28.	**Net claims incurred**	N'000	N'000
	Surrender	136,609	130,818
	Maturities	419,767	115,340
	Death	1,059,199	2,709,043
	Gross claims paid during the year (Note 13.1)	1,615,575	2,955,201
	Changes in outstanding claims	238,733	134,959
	Changes in Incurred But Not Reported Claims	94,334	(881,723)
	Gross claims incurred during the year	1,948,642	2,208,437
	Recoverables from Reinsurance (Note 28(a))	87,626	(679,858)
	Net claims incurred	2,036,268	1,528,579
	Recoverables from Reinsurance	N'000	N'000
(a)	Claims expenses recovered from reinsurer	-	(1,483,154)
	Changes in Reinsurer share of IBNR (Note 6.2)	87,626	803,296
		87,626	(679,858)
29	**Underwriting expenses**	N'000	N'000
	Acquisition expenses (Note 29.1)	147,295	237,620
	Other Underwriting expenses (Note 29.2)	212,115	216,665
		359,410	454,285
29.1	**Acquisition expenses**	N'000	N'000
	Commission on insurance contracts	140,623	185,631
	Changes in deferred acquisition cost	6,672	51,989
		147,295	237,620
29.2	**Other Underwriting expenses**	N'000	N'000
	Administrative charges	7,368	16,070
	Agency career fund - Company's contribution	1,947	3,049
	Agency running expenses	32,993	45,510
	Medical and stamp duty expenses	15,736	2,524
	Underwriting employee's benefits	145,871	139,292
	Value Added Tax on commission	8,200	10,220
		212,115	216,665

29.3 **Agency Career Fund**

The Company operates self-maintained contributory post-retirement benefits for the financial planners, in which the financial planners (Agents) and the Company contribute 5% each, of their monthly earnings. Financial planners are Sales Agent directly involved in marketing of various retails products of the Company on commission basis.

		2017	2016
30.	**Investment Income**	N'000	N'000
	Interest income - cash & cash equivalents	38,330	22,300
	Other income	31,458	14,066
		69,788	36,366
	Interest income - Treasury Bills (Note 4.3)	9,118	10,935
	Interest income - Bond (Note 8.2.1)	1,552	1,294
	Interest income - Policyholders Loans (Note 4.4.1)	3,604	551

Note to the Financial Statements

		2017	2016
		N'000	N'000
	Interest income - Staff Loans	224	140
	Rental income on investment properties	16,500	30,000
	Dividend income on financial assets (Note 8.2.2)	46,789	30,504
	Interest income on statutory deposit (Note 8.2.1)	30,122	23,765
		177,697	133,555
30.1	**Allocation of investment income**	N'000	N'000
	Attributable to policyholders	112,983	74,916
	Attributable to shareholders	23,798	21,564
		136,781	96,480
	Attributable to investment contracts	40,916	37,075
		177,697	133,555
31.	**Net Realised Gains/(Losses)**	N'000	N'000
	Property, plant and equipment:		
	Profit on disposal	491	-
	Quoted Equity Securities:		
	Fair value through profit or loss (Note 4.2)	-	(4,431)
		491	(4,431)
31.1	**Profit on disposal of property, plant and equipment**	N'000	N'000
	Sale proceeds	1,700	-
	Cost (Note 10)	(7,201)	-
	Accumulated depreciation (Note 10)	5,992	-
		491	-
32.	**Net fair value gains**	N'000	N'000
	Investment Properties:		
	Fair Value Gains (Note 9)	5,265	401,780
	Fair Value through Profit or Loss:		
	Quoted Equity Securities (Note 4.2)	487,187	(18,185)
		492,452	383,595
33.	**Loss on investment contract liabilities**	N'000	N'000
	Investment income	40,916	37,075
	Commission paid	(38,779)	(440)
	Guaranteed interest	(77,173)	(44,930)
		(75,036)	(8,295)
34.	**Management expenses**	N'000	N'000
	Actuarial Valuation Expenses	4,675	3,675
	Administration expenses	145,500	120,865
	Rent and rates (Note 8.1.1)	23,701	22,647
	Insurance expenses (Note 8.1.2)	10,858	10,999
	Audit Fee (Note 34.2)	4,200	4,200
	AGM and Other Meeting Expenses	2,447	1,244
	Amortisation of Intangible Assets (Note 12)	4,280	4,280
	Depreciation charge (Note 10)	59,463	65,897
	Directors' emoluments	64,137	51,815
	Employee benefits expenses (Note 34.1)	383,562	334,070
	Finance charges (Note 35)	11,432	14,706
	NIA Subscription	3,950	2,242
	Insurance supervisory levy	20,818	50,570
	Legal and professional fees	11,081	15,403
	Marketing expenses	203,047	153,165
		953,151	855,778

Note to the Financial Statements

34.1 Employees benefits expenses

	2017	2016
Empolyees benefits expenses comprise of:	N'000	N'000
Wages and salaries	302,591	275,991
Employer's Pensions Contribution	16,012	16,915
Staff Training and Development	12,878	16,360
NSITF/ITF Contribution and Others	52,081	24,804
	383,562	334,070

34.2 BDO Professional Services was appointed to carry out only the Statutory audit of the financial statements of the Company.

35. Finance charges

	N'000	N'000
Bank charges	11,369	9,397
Commission on finance charges	63	5,309
	11,432	14,706

36. Loss Per Share

Loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the number of ordinary shares issued and paid up at the reporting date.

	N'000	N'000
Net loss attributable to shareholders	(353,710)	(337,236)
Number of issued ordinary shares (Units)	2,116,595	2,116,595
Basic loss per share (kobo)	(0.17)	(0.16)
Dilluted loss per share (kobo)	(0.17)	(0.16)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

37. Loss before Taxation

Loss before taxation is stated after charging:	N'000	N'000
Auditors' remuneration (Note 34)	4,200	4,200
Bank Charges (Note 34)	11,432	14,706
Depreciation of property, plant and equipment (Note 10)	59,463	65,897
Directors' remuneration (Note 34)	64,137	51,815
Employee benefits expenses (Note 34.1)	383,562	334,070
and after crediting:		
Profit on disposal of property, plant and equipment (Note 31.1)	491	-

38 Employees benefits expenses and Directors' remuneration

38.1 **Employees benefits expenses**

	N'000	N'000
Employees benefits expenses incurred during the year amounted to:		
Wages and salaries	302,591	275,992
Employer's Pensions Contribution	16,012	16,914
Staff Training and Development	12,878	16,360
NSITF/ITF Contribution and Others	52,081	24,804
	383,562	334,070

The average number of person employed in the Company during the year was:

	Number	Number
Executive Directors	2	2
Management staff	9	11
Senior staff	56	64
Junior	66	69
	133	146

Note to the Financial Statements

		2017	2016
38.2	**Directors' remuneration**	**N'000**	**N'000**
	The remuneration paid to directors of the Company were:		
	Fees		
	Chairman	250	250
	Other non-executive directors	1,200	1,200
	Other allowances	62,687	50,365
		64,137	51,815
39.	**Net cash used in operating activities**	**N'000**	**N'000**
	Loss after taxation	(353,710)	(337,236)
	Adjustments for:		
	Depreciation - Property, plant & equipment (Note 10)	59,463	65,897
	Amortisation - Intangible assets (Note 12)	4,280	4,280
	Gain on disposal of property, plant and equipment	(491)	-
	Fair Value Gains on investment property (Note 9)	(5,265)	(401,780)
	Profit on disposal of financial assets FVPL (Note 4.2)	-	4,431
	Fair value loss on financial assets FVPL (Note 4.2)	(487,187)	18,185
	Investment income (Note 30)	(177,697)	(133,555)
	Operating loss before working capital changes	(960,607)	(779,778)
	Adjustments for Working Capital Items:		
	Increase in trade receivables	(157,512)	(14,302)
	Decrease in reinsurance assets	223,082	1,503,629
	Decrease in deferred acquisition cost	6,672	51,989
	Increase in prepayment and other receivables	(29,992)	(23,593)
	Increase/(decrease) in trade payable	52,381	(1,811)
	Increase/(decrease) in insurance contract liabilities	191,948	(1,277,686)
	Increase in investment contract liabilities	261,239	429,036
	Increase/(decrease) in other payable and accruals	128,248	(44,955)
	Cash used in operating activities	(284,541)	(157,471)

40. **Capital commitments**

There were no capital commitments at 31 December 2017 (2016 Nil).

41. **Contingent liabilities**

There were no material contingent liabilities at 31 December 2017 (2016 Nil).

42. **Comparative figure**

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

43. **Segment reporting**

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

Group Life

The group life insurance segment offers pure protection products and other long-term insurance contracts for employers of labour covering their workforce. It is purely a protection policy that pays benefit on the death of the life assured occurring within the period of insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

Individual Life

The individual life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk for policyholders on individual basis. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

Note to the Financial Statements

Investment contract
The investment contract segment offers savings, investment and other long-term contracts for both individual and group contract holders.

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

	Notes	Group Life N'000	Individual Life N'000	Investment Contract N'000	2017 N'000	2016 N'000
Gross premium written	24	2,056,291	240,962	-	2,297,253	2,237,599
Changes in unearned premium	13.2	52,618	-	-	52,618	475,548
Gross Premium Income		2,108,909	240,962	-	2,349,871	2,713,147
Premium ceded to reinsurers	26	(14,462)	-	-	(14,462)	(734,000)
Net premium income		2,094,447	240,962	-	2,335,409	1,979,147
Fees and commission income	27	25,250	-	-	25,250	13,152
Net underwriting income		2,119,697	240,962	-	2,360,659	1,992,299
Net Claims Incurred	28	1,777,161	259,107	-	2,036,268	1,528,579
Changes in life insurance contract liabilities		(88,501)	-		(88,501)	(55,375)
Underwriting Expenses	29	262,600	96,810	-	359,410	454,285
Total		1,951,260	355,917	-	2,307,177	1,927,489
Underwriting profit/(loss)		168,437	(114,955)	-	53,482	64,810
Investment Income	30.1	112,983	23,798	40,916	177,697	133,555
Net Realised gains/(losses)	31	491	-	-	491	(4,431)
Net Fair Value gains	32	492,452	-	-	492,452	383,595
Management expenses	34	(953,151)	-	(115,952)	(1,069,103)	(901,148)
Impairment loss		-	-	-	-	-
Loss before taxation		(178,788)	(91,157)	(75,036)	(344,981)	(323,619)
Income taxes	17.2	(8,729)	-	-	(8,729)	(13,617)
Loss for the year		(187,517)	(91,157)	(75,036)	(353,710)	(337,236)

44. Related Party Transactions

44.1 These are transactions with the key management personnel of the Company. The key management personnel comprises of Executive Management Team and the Board of Directors of the Company. These are mainly short term benefits such as directors' fee, sitting allowances, salaries and allowances.

	2017 N'000	2016 N'000
Chairman	250	250
Other Non-Executive Directors	1,200	1,200
Other allowances and emoluments of executives	62,687	50,365
Staff cost	383,562	334,070
	No.	**No.**
Managerial	11	13
Senior staff	56	64
Junior Staff	66	69
	133	146

Note to the Financial Statements

45 **Hypothecation**

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and reinsurance liabilities. In particular, the key financial risk is that in the long-term, it investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Asset & Liability management (ALM) attempts to address financial risks the company is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Company.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The notes below show how the Company has managed its financial risks.

	INSURANCE CONTRACT N'000	INVESTMENT CONTRACT N'000	SHAREHOLDERS' FUND N'000	TOTAL 2017 N'000
Cash and cash equivalents	166,504	168,385	15	334,904
Financial assets:				
- Available-for-sale	500,000	636,598	-	1,136,598
- Fair value through profit or loss	869,860	180,454	284,851	1,335,165
- Held to maturity	73,664	-	-	73,664
- Loans and receivables	32,968	-	7,154	40,122
Reinsurance assets	47,931	-	104,668	152,599
Deferred acquisition cost	-	-	-	-
Prepayments and other receivables	-	-	-	-
Investment properties	961,708	574,070	966,667	2,502,445
Total assets	2,652,635	1,559,507	1,363,355	5,575,497
Liabilities				
Insurance contract liabilities	2,748,523	-	-	2,748,523
Investment contract liabilities	-	1,640,668	-	1,640,668
Trade payable	-	-	64,679	64,679
Other payables & accruals	-	-	283,722	283,722
Current income tax payable	-	-	8,729	8,729
Deferred tax	-	-	22,810	22,810
Total liabilities	2,748,523	1,640,668	379,940	4,769,131
GAP	(95,888)	(81,161)	983,415	806,366

46. **Prior year restatement**

Correction of deferred tax on revaluation surplus

In 2016, deferred tax was not recognised on revaluation surplus, as a result deferred tax liabilities was understated by N16,714,800 while Asset revaluation reserve was overstated by N16,714,800.

The financial statements have been restated to correct these errors. The restatements required adjustments in the statement of financial position as at 31 December 2016 and adjustments of certain items in the statement of profit or loss and other comprehensive income for the year 31 December 2016.

To this effect, the Statement of profit or loss and other comprehensive Income, Statement of financial position, statement of changes in equity and affected notes showed restated comparative information for the year ended 31 December 2016.

Note to the Financial Statements

The details of the restatements are as follows:

2016 Restatements

a)	**Statement of profit or loss and other comprehensive income**	**2016**
		N'000
i	Revaluation gain on property, plant and equipment **(Previously reported)**	167,148
	Correction of deferred tax not previously charged	(16,715)
	Revaluation gain on property, plant and equipment **(As restated)**	150,433
b)	**Statement of financial position**	**N'000**
i	Deferred tax **(Previously reported)**	-
	Correction of deferred tax not previously charge on revaluation surplus	16,715

47. Events after reporting year

No events or transactions have occurred since the financial position dates, which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements.

48. Contraventions and Penalties

The following contraventions which resulted to payment of penalties by the Company to National Insurance Commission and Federal Inland Revenue Services were recorded during the reporting year.

	N'000
Late VAT Returns - Federal Inland Revenue Service	60
Late VAT Returns - Federal Inland Revenue Service	46
Late Submission of 3rd Quarter Returns-NAICOM	5
	111

49. Capital Management

Capital Express Assurance Limited has over the years been deploying capital from earnings and additional 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 businesses 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.

Capital Expresss 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 Companys objectives when managing capital are as follows:

i To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;

ii To generate sufficient capital to support the Companys overall business strategy;

iii To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board;

iv To ensure that the average return on capital over a 3-5 years performance cycle is sufficient to satisfy the expectations of investors.

v To maintain a strong risk rating;

vi To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital

vii To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);

viii To establish the efficiency of capital utilisation.

The Company comply with the minimum capital requirement of N2 billion for life operations.

This test compares insurers capital against the risk profile. The regulator indicated that insurers should produce a minimum capital base of 100%.

The Company did not comply with the hypothecation policy that the assets invested in using the policyholders fund should cover insurance liabilities. The Company recorded Insurance liabilities of N4,389,191,000 which is more than N4,212,142,000 assets allocated by N177,049,000.

Note to the Financial Statements

50. **Risk management framework**

50.1 **Overview**

The Company develops risk and financial management framework in order to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. The Board of the Company appreciates that risks are inherent in all aspects of the Company's operations and that it cannot totally eliminate risks. It therefore acknowledges the role of risk management as critical to the achievement of the objectives of the organisation in order to meet the varied expectations of its stakeholders.

The Board is committed to managing risk in accordance with established risk management standards and has overall responsibility for the establishment and oversight of the Company's risk management framework. There is an established Board Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. It meets quarterly to review risk reports from the Chief Risk Officer.

The Company's risk management policies are established to give broad guideline on how strategic objectives are to be set, and cascaded through to operational, reporting and compliance objectives. This is reviewed annually. To identify and analyse the risks faced by the Company, risks are attached to objectives, core processes and key dependencies. The Company's risk policies set appropriate risk limits and appetites that form the basis for priortising identified risks. Risk controls are set and reviewed continually to monitor adherence to risk appetite and limits.

The Company has a policy to review the risk management policies and systems every three years in order to reflect changes associated with its activities and the global economy generally. The Company, through regular risks workshops, trainings and design of standard operating procedures, aims to embed a risk culture in which all employees are risk aware in their respective roles and obligations.

The Company's risk management framework functions on three lines of risk defense. Core process owners function as the first line of risk defense and they have responsibility for risk prevention. The risk management unit assumes the second line of risk defense and is assigned responsibility to holistically coordinate the risk control functions, enterprise-wide. The internal audit function, as the last line of risk defense, functions to secure assurance that risk controls are effective and efficient.

50.2 **Long-term insurance contract**

50.2.1 Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS and a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, the risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. The Company charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delay in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

Note to the Financial Statements

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Company's underwriting procedures, to reflect the health condition and family medical history of the applicants.

The Company has a retention limit of ₦20million and ₦5million on any single life assured for group life and individual life respectively, and reinsures the excess through a surplus treaty reinsurance arrangement. The Company does not have in place any reinsurance for contracts that insure survival risk.

50.2.2 **Sources of uncertainty in the estimation of future benefit payments and premium receipt**

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Company over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Company's overall experience.

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

50.2.3 **Process used to decide on assumption**

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate,the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event.

50.3 The assumptions used for the insurance contracts disclosed in this note are as follows:

50.3.1 **Mortality**

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into the Company's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year.

Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

50.3.2 **Morbidity**

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

Note to the Financial Statements

50.3.3 **Persistency**

An investigation into the Company's experience over the most recent three years is performed, and statistical methods are used to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behaviour.

50.3.4 **Investment returns**

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Company's primary assumptions on investment returns relate to three components:

- Risk-free rates: The risk-free rates are the gross yields to redemption of benchmark government securities
- Equity investments: The expected long-term return (dividend and capital growth) is derived by adding to the risk-free rate of return an equity risk premium percentage considered to be appropriate.
- Overall investment returns: A weighted average rate of investment return is derived by combining different proportions of the above financial assets in a model portfolio, which is assumed to back the liabilities.

50.3.5 **Renewal expenses level and inflation**

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be a suitable rate above current inflation rates at 11% per annum in Nigeria.

50.3.6 **Tax**

It has been assumed that current tax legislation and rates continue unaltered.

50.4 Credit risks

Credit risk is the risk of financial loss to the Company if a customer or counterpart to a financial instrument fails to meet its contractual obligations. Key areas where the Company is exposed to credit risk are:

Reinsurer's share of insurance liabilities;
Amount due from reinsurers in respect of claims already paid;
Amount due from insurance policyholders;
Amount due from insurance intermediaries;
Amount due from loans and receivables;
Amount due from debt securities;
Amount due from money market and cash positions.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterpart, or groups of counterparties, and to geographical; and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

50.4.1 **Credit Risk Measurement, Control and mitigation**
Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurer is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Credit Control Committee works closely with the underwriting and reinsurance departments to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Note to the Financial Statements

Individual operating units maintain records of the payment history for significant policyholders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Exposures to individual policyholders and groups of policyholders are collated within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least BBB from rating agencies. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.


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Note to the Financial Statements

The table below presents industry analysis of credit risks in relation to investment.

2017	Financial Services	Government	Manufacturing	Others	Total
	N'000	N'000	N'000	N'000	N'000
Placement with banks	283,576	-	-	-	283,576
Trade receivable	-	-	-	171,814	171,814
Available for sale	1,136,598	-	-	-	1,136,598
Fair value through profit or loss	118,180	-	1,216,985	-	1,335,165
Loans and receivables	-	-	-	40,122	40,122
Held to maturity	-	11,440	-	62,224	73,664
Statutory deposit	-	215,000	-	-	215,000
	1,538,354	226,440	1,216,985	274,160	3,255,939
2016	N'000	N'000	N'000	N'000	N'000
Placement with banks	269,187	-	-	-	269,187
Trade receivable	-	-	-	14,302	14,302
Available for sale	902,668	-	-	-	902,668
Fair value through profit or loss	104,036	-	743,865	-	847,901
Loans and receivables	-	-	-	79	79
Held to maturity	-	59,468	-	33,266	92,734
Statutory deposit	-	215,000	-	-	215,000
	1,275,891	274,468	743,865	47,647	2,341,871

50.5 Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of over 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

Maturity analysis on expected maturity basis

The table below summarises the expected utilisation of assets and liabilities.

Assets	Under 30 days	31 - 365 days	Over 365 days	Total
2017	N'000	N'000	N'000	N'000
Cash and cash equivalents	334,904	-	-	334,904
Trade receivable	171,814	-	-	171,814
Available for sale	-	-	1,136,598	1,136,598
Fair value through profit or loss	-	-	1,335,165	1,335,165
Loans and receivables	-	-	40,122	40,122
Investment properties	-	-	2,502,445	2,502,445
Property and equipment	-	-	828,837	828,837
Prepayments and other receivables	-	82,616	-	82,616
Statutory deposit	-	-	215,000	215,000
	506,718	82,616	6,058,167	6,647,501
Liabilities				
Insurance contract liabilities	-	-	2,748,523	2,748,523
Investment contract liabilities	-	-	1,640,668	1,640,668
Trade payable	64,679	-	-	64,679
Other payables & accruals	-	-	283,722	283,722
Current income tax payable	-	8,729	-	8,729
Deferred Tax	-	-	22,810	22,810
	571,397	91,345	10,753,890	11,416,632

Note to the Financial Statements

Assets	Under 30 days	31 - 365 days	Over 365 days	Total
2016	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	440,322	-	-	440,322
Trade receivable	14,302	-	-	14,302
Available for sale	-	-	902,668	902,668
Fair value through profit or loss	-	-	847,978	847,978
Loans and receivables	-	13,717	19,549	33,266
Investment properties	-	-	2,497,180	2,497,180
Property and equipment	-	-	746,693	746,693
Prepayments and other receivables	-	59,480	-	59,480
Statutory deposit	-	-	215,000	215,000
	454,624	73,197	5,229,068	5,756,889
Liabilities				
Insurance contract liabilities	-	-	2,556,575	2,556,575
Investment contract liabilities	-	-	1,379,429	1,379,429
Trade payable	8,143	-	-	8,143
Other payables & accruals	107,050	126,474	19,065	252,589
Current income tax payable	-	13,742	-	13,742
Deferred Tax	-	-	16,715	16,715
	115,193	140,216	3,971,784	4,227,193

50.6 Market risks

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

50.6.1 Currency risks

Foreign currency risk management

The Company does not undertake its transactions in foreign currencies but maintain domiciliary bank account in foreign currency (USD $), hence, exposures to exchange rate fluctuation arise. The Company has minimal exposure to currency risk as the Company's bank account balances are primarily matched to the same currency as its insurance and investment contracts liabilities.

Carrying amount of Company's foreign currency denominated bank balance is:

	2017	2016
	N'000	N'000
Domiciliary account with Eco Bank Nigeria Limited	8,256	8,256

50.6.2 **Interest rate risks**

Interest rate risk management

Interest rate risk is the risk that the values of future cash flows of a financial instrument will flunctuate because of the changes in market interest. The Company is not exposed to interest rate risk as the Company does not invest in long-term debt at floating interest rates and its limited fixed interest rate holding are placement with banks.

The Company has no significant concentration of interest rate risk. There were no interest rate sensitivity exposures at statement of financial position date.

50.6.3 **Equity price risks**

The Company is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for returns through dividend income and capital appreciation. Equity investments designated as available-for-sale are held for strategic rather than trading purposes. The Company has no significant concentration of price risk.

Note to the Financial Statements

50.6.4 **Fair value and fair value hierarchy**

The Company financial assets classified as available-for-sale and fair value through profit or loss are purely quoted securities and are fair value wholly at one level of fair value hierarchy using quoted (unadjusted) prices in active markets.

50.6.5 **Fair valuation methods and assumptions**

Financial assets and liabilities

- Cash and Cash equivalents
  Cash and cash equivalents represent cash and placements held with banks for short-term. The carrying amount of these balances approximates their fair value.
- Other receivables and other payables
  Other receivables represent monetary assets which usually have a short recycle period and other payables represent amount outstanding on accounts payable. And as such the fair values of these balances approximate their carrying amount.
- Equity prices
  Listed equities were fair valued using quoted prices from the Nigerian Stock Exchange.

Embedded Value Disclosure

NAICOM issued Prudential Guideline effective from July 2016 requiring insurers to include a certified disclosure by the Actuary in the Annual Financial Statement (AFS) on their Embedded Value (EV).

The Embedded Value is made up of the value of:

- Shareholders Net Asset Value (NAV) as reported in the AFS.
- Deductions for the cost of holding the required capital which we estimate as nil.
- The expected future value of profits to shareholders arising from the business in force at the valuation date (the value of In-force or VIF).

Embedded Value captures the value from the in-force business only, Future new business is excluded.

New business includes any future business underwritten for which a new insurance contract is issued, and in Nigeria will include renewed group Life business and General insurance business. Since these are re-priced with new contract issued. Put another way, we are not reflecting future renewable group life business in EV calculations.

We illustrate below that 72% of the reported technical reserves by class of business as at 31 December 2017 represents group life business. The retail business represents only 28% of current reserves and is too small a base to materially provide future profits to shareholders as is indicated in the attached certification.

	Gross Reserve 31 December 2017 N'000	%
Group life	1,985,055	72%
Long Term risk reserves	763,468	28%
Total Insurance Liability	2,748,523	100%
Investment Contract Liabilities	1,640,668	
Total Insurance and Investment Liabilities	4,389,191	

Embedded Value Certification

The actuary certify that as at 31st December 2017, the Embedded Value of Capital Express Assurance Limited was not materially different from the reported audited Net Asset Value.

The firm of Ernst & Young, an actuarial service organisation did the Embedded Value of life insurance portfolio for the reporting period. The Embedded valuation reports were authorised by Mr. Olurotimi O.Okpaise, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number (FRC/2012/NAS/00000000738).

Other National Disclosure
Statement of Value Added

	2017		2016	
VALUE ADDED	**N'000**	%	**N'000**	%
Gross premium income	2,349,871		2,713,147	
Fees and commission income	25,250		13,152	
Investment income	136,781		96,480	
	2,511,902		2,822,779	
Net claims incurred	(1,947,767)		(1,473,204)	
Other operating & underwriting expenses less employees benefits	(466,091)		(1,273,227)	
Value Added	98,044	100	76,348	100
Applied as follows:				
Employees:				
Employees benefits expenses	383,562	391	334,070	438
Government:				
Income tax	8,729	9	13,617	18
Retained for business expansion:				
Depreciation	59,463	61	65,897	86
Loss for the year	(353,710)	(361)	(337,236)	(442)
	98,044	100	76,348	100

Value added represents the additional wealth the company has been able to create by its own and its employees' efforts.

This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the year.

Other National Disclosure
Five Year Financial Summary

	2017	2016	2015	2014	2013
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	334,904	440,322	497,194	610,255	2,290,608
Trade receivable	171,814	14,302	-	-	255,162
Deferred acquisition cost	32,618	39,290	91,279	16,632	113,623
Financial assets	2,585,549	1,843,380	1,603,171	896,979	1,087,788
Reinsurance assets	152,599	375,681	1,618,363	89,420	5,373
Prepayments & other receivables	82,616	59,480	293,235	832,497	443,224
Investment Properties	2,502,445	2,497,180	2,095,400	2,087,508	2,006,508
Property and equipment	828,837	746,693	635,421	700,835	556,027
Statutory Deposit	215,000	215,000	215,000	215,000	215,000
Intangible asset	18,941	17,120	21,400	-	-
Total assets	6,925,323	6,248,448	7,070,463	5,449,126	6,973,313
Insurance contract liabilities	2,748,523	2,556,575	3,834,261	2,265,330	3,074,208
Investment contract liabilities	1,640,668	1,379,429	950,393	914,086	809,668
Trade payable	64,679	8,143	9,953	32,188	803,764
Other payables & Accruals	283,722	126,474	159,558	167,185	175,437
Current income tax payable	8,729	13,617	40,487	12,678	29,916
Deferred Tax	22,810	16,715	-	-	-
Total liabilities	4,769,131	4,100,953	4,994,652	3,391,467	4,892,993
Issued share capital	2,116,595	2,116,595	2,000,000	2,000,000	2,000,000
Statutory Contingency Reserve	345,066	322,093	299,717	250,398	231,273
Asset Revaluation Reserve	356,699	228,223	77,790	71,586	60,308
Available-For-Sale Reserve	444,184	210,253	68,361	56,856	95,125
Retained earnings	(1,106,352)	(729,669)	(370,057)	(321,181)	(306,386)
Total equity	2,156,192	2,147,495	2,075,811	2,057,659	2,080,320
Total liabilities and equity	6,925,323	6,248,448	7,070,463	5,449,126	6,973,313

Income Statement for the year ended 31 December

	N'000	N'000	N'000	N'000	N'000
Gross premium written	2,297,253	2,237,599	4,931,955	1,912,469	3,423,991
(Loss)/profit before taxation	(344,981)	(323,619)	54,871	16,008	(99,364)
Income tax expense	(8,729)	(13,617)	(54,427)	(11,678)	(9,881)
(Loss)/profit for the year	(353,710)	(337,236)	444	4,330	(109,245)
Basic (loss)/earnings per share (kobo)	(16.71)	(15.93)	0.02	0.22	(5)

OUR COMPANY

- Capital Express Assurance Limited was incorporated in 2000 when it took over the life assurance arm of Perpetual Assurance Company Limited, which was then a Composite insurance company. To strengthen the company's capacity even further, Capital Express Assurance acquired the life arm of thirteen insurance companies during the last recapitalization exercise in the insurance industry in 2007.

- The Life portfolios were from the following companies: Linkage Assurance Plc, NEM Insurance Plc, Central Insurance Company Limited, First Chartered Insurance Company Limited, United Trust Insurance Company Limited, GTI Insurance Company Limited, Sovereign Trust Insurance Company Limited, and Oasis Insurance Company Limited. Others include Hallmark Insurance Company Limited, Regency Life Assurance Company Limited, NGI Insurance Company Limited, First Chartered Insurance Company Limited as well as Golden Insurance Company Limited.

- The company is a specialist life assurance company with operations in major parts of the country, the company has an authorised capital N7.5b, paid-up share capital of N2.16 Billion, and asset base in excess of N6 Billion.

- The company currently has a robust clientele cutting across various sectors amongst which are Government Agencies and Parastatal, Banking and Investment, Multi-nationals, Military and Para-military, Clubs and Association, Manufacturing, Finance and Regulatory Bodies, Aviation, Pharmaceuticals, Educational Institutions, Hospitality industry, various other corporate organizations in Nigeria, as well as numerous individuals.

- With a formidable reinsurance treaty in place with African Reinsurance Corporation, the company's unique strength resides in the area of excellent design and effective management of tailored-made financial services. Capital Express Assurance is reckoned to be the fastest growing life assurance company in Nigeria.

CAPITAL EXPRESS ASSURANCE LIMITED
DETAILS OF REGIONAL & BRANCH NETWORK ON STATE BASIS

Branch Location	Address	Branch Manager	Telephone No.	E-mail
Aba	143, Azikiwe Road, (3rd Floor) Aba, Abia State	Mrs. Chioma Oguno	08029999658	coguno@capitalexpressassurance.com
Abeokuta	2A, Segun Osoba Way, Okelewo, Abeokuta	Mr. Babatunde Oyewole		08029999659 oyewole@capitalexpressassurance.com
Abuja	Plot 3B, Accelerated Development District, Herbert Macaulay Way, Wuse Abuja.	Mr. Chukwu Agha	08029999671	cagha@capitalexpressassurance.com
Ado Ekiti	7, Ado Iworoko Road, Opp. Omolayo Hostel Similoluwa Adebayo, Ado - Ekiti	Bamidele Ogundare	08060735863	bogundare@capitalexpressassurance.com
Akure	4th floor, Tisco House, Oba Adesida Road, Alagbaka-Akure, Ondo State.	Mr. Kehinde Adedeji	08029999676	aadedeji@capitalexpressassurance.com
Alaba	Fedan Plaza 6/7, Alaba International Market, Ojo, Lagos	Mr. Julius Azeke	0802999960	
Anthony	300, Ikorodu Road (3rd Floor) Anthony, Lagos	Mr. Abiodun Adebayo	08029999708	aadebayo@capitalexpressassurance.com
Asaba	City Complex, 455, Nnebisi Road, Asaba, Delta State	Mr. Olisa Osakwe	0812 998 8037	
Benin	FMFL, 12 Ewaise Street, Forestry Road, Benin City, Edo State	Mr. Oti Collins	08029999677	coti@capitalexpressassurance.com
Calabar	3, Bassey Duke Street, By Chamley Junction, Calabar Cross River	Mr. Peter Ibekwe	08029999682	pibekwe@capitalexpressassurance.com
Enugu	3rd Floor, Martina Chukwuma, 2A, O'Connor Street, Asata, Enugu	Mr. Chima Ekeoma	08029999684	cekeoma@capitalexpressassurance.com
Ibadan	3rd Floor FMBN Building 14, Ring Road, Challenge, Ibadan, Oyo State.	Mrs. Ayotunde Alao	08029999686	aalao@capitalexpressassurance.com

Branch Location	Address	Branch Manager	Telephone No.	E-mail
Ikeja	(3rd Floor, Olaoluwa House) 47, Toyin Street, Ikeja Lagos	Mr. Phillip Okonkwo	08129988001	pokonkwo@capitalexpressassurance.com
Ilorin	199A, Ibrahim Taiwo Road, Ilorin Kwara State	Mr. Teki Alawiye	08029999694	talawiye@capitalexpressassurance.com
Jos	28/30, Bukuru Bye Pass, Jos, Plateau State	Mr. Isah Emmanuel	08029999690	eisah@capitalexpressassurance.com
Kaduna	(1st Floor, Wema Bank Building) Plot No 13, Bida Road, Kaduna, Kaduna State.	Mr. Ahmed Sani	08029999696	asani@capitalexpressassurance.com
Kano	2nd Floor, Union Bank Building, 43, Niger Street, Kano, Kano State.	Abdul Ganiy Akogun	08129988021, 08029999693	bakogun@capitalexpressassurance.com
Maiduguri	FMFL BLD, Shehu Laminu Way, Maiduguri, Borno State	Mrs. Alkali Ibrahim Hauwa	08029999695 08023754334	
Makurdi	45, Railway Bye-pass, High Level, Makurdi, Benue State	Mr. Sar Tabunde	08029999691	starbunde@capitalexpressassurance.com
Nnewi	The Ancestors House, 57/58 Onitsha Road, Nnewi. Anambra State.	Mr. Ugochukwu Okafor	08029999728 08033266911	uokafor@capitalexpressassurance.com
Nsukka	9 Orba Road (3rd Floor), Nsukka. Enugu State.	Mr. Obetta Jonas	08123217070	
Onitsha	87, Upper New Market Road Onitsha, Anambra State	Echerenwa Lawrence	08029999683	
Osogbo	Debitosh Building, 6c, Fagbewesa Street, Osogbo, Osun State	Mr. Ezekiel Adisa	08029999711	eadisa@capitalexpressassurance.com
Owerri	1st Floor, Plot B, Okigwe Road, Opp. Government College, Owerri, Imo State	Mr. Cyril A Osakuni	08029999697	cosakuni@capitalexpressassurance.com
Port Harcourt	Stephanie House, 3 Bons Avenue, Rumogba Housing Est., Port-Harcourt, R/State	Mr. Olusesan Olugbemileke	08053316406 08039430768	oolugbemileke@capitalexpressassurance.com
Sango Ota	Km 2, Idiroko Road, Sango Ota, Ogun State	Mr. Gbolahan Asorobi	08080280510	

Branch Location	Address	Branch Manager	Telephone No.	E-mail
Uyo	5, Udotung Ubo Street, Off Aka Road, Uyo, Akwa Ibom State Manager:	Ebi-Mathias Ndifreke	08029999725	emathias@capitalexpressassurance.com
Warri	179, Jakpa Road, by Ken Plaza, Effurum-Warri	Mr. Sada Peter	08029999723	psada@capitalexpressassurance.com
Yaba	394, Herbert Macaulay Way Presbyterian Church Premises Yaba, Lagos	Mr. Olabode Ogunbusuyi	08129988023	iwillie@capitalexpressassurance.com
Yenagoa	Suite 003, No 1 Bay Bridge Kpansia, Yenagoa, Bayelsa State	Mrs. Lauretta Illaya	08029999722	lilaya@capitalexpressassurance.com
Yola	Sabru House, 2nd Floor Right Wing, 30, Mubi Road, Yola, Adamawa State	Mr. Usman Abubakar	08029999706	

CAPITAL EXPRESS ASSURANCE LIMITED
RC. NO. 380157

PROXY FORM

I/We...of...,in Nigeria, being a member/members of the above-named Company, hereby appoint Chief/Mr./Mrs. ....of..orfailing him/her..................................of ....as my /our proxy to vote for me/our behalf at the Annual General Meeting of the Company to be held on Thursday, 13th September 2018 at 3pm or at any adjourned date.
Signed this...day of 2018

....
(Name of Shareholder/Appointer)

Ordinary Business:

1. To receive the Audited Approved Financial Statements for the year ended 31st December 2017, the report of the Directors, and the Auditors thereon
2. To consider and if thought fit, fix the remuneration of the Directors
3. To consider and if thought fit, authorize the Directors to fix the remuneration of the Auditors
4. To consider and if thought fit, appoint Members of the Audit Committee
5. To consider and if thought fit, approve the appointment of Otunba Ademola Adenuga as a non – executive director and re-elect Dr. Olusegun Aina as an Independent non – executive director.

Ordinary Business

***In favor of**	***Against**
Resolution 1..........................	....
Resolution 2..........................	....
Resolution 3..........................	....
Resolution 4..........................	....
Resolution 5..........................	....